

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

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HOUSE BILL 304
Second Edition Engrossed 4/5/99

Short Title: Child Care Subsidy Fraud/AB.

(Public)

Sponsors: Representatives Earle; Gardner and Wainwright.

Referred to: Children, Youth and Families.

March 4, 1999

A BILL TO BE ENTITLED

1 AN ACT TO PROVIDE CRIMINAL PENALTIES FOR FRAUDULENT
2 MISREPRESENTATION INVOLVING CHILD CARE SUBSIDIES AND TO
3 PROVIDE COUNTIES A FINANCIAL INCENTIVE TO INVESTIGATE AND
4 PURSUE FRAUD IN CHILD CARE PAYMENTS.
5

6 The General Assembly of North Carolina enacts:

7 Section 1. Chapter 110 of the General Statutes is amended by adding a new
8 section to read:

9 "**§ 110-107. Fraudulent misrepresentation.**

10 (a) A person, whether a provider or recipient of child care subsidies or someone
11 claiming to be a provider or recipient of child care subsidies, commits the offense of
12 fraudulent misrepresentation when both of the following occur:

13 (1) With the intent to deceive, that person makes a false statement or
14 representation regarding a material fact, or fails to disclose a material
15 fact.

16 (2) As a result of the false statement or representation or the omission, that
17 person obtains, attempts to obtain, or continues to receive a child care
18 subsidy for himself or herself or for another person.

1 (b) If the child care subsidy is in the amount of four hundred dollars (\$400.00) or
2 less, the person is guilty of a Class 1 misdemeanor. If the child care subsidy is in the
3 amount of more than four hundred dollars (\$400.00), the person is guilty of a Class I
4 felony.

5 (c) As used in this section:

6 (1) 'Child care subsidy' means the use of public funds to pay for day care
7 services for children of needy families.

8 (2) 'Person' means an individual, association, consortium, corporation, body
9 politic, partnership, or other group, entity, or organization."

10 Section 2. Chapter 110 of the General Statutes is amended by adding a new
11 section to read:

12 **"§ 110-108. Financial incentives for counties to investigate and pursue alleged child**
13 **care fraud.**

14 The Department of Health and Human Services shall allow each local purchasing
15 agency to retain as an incentive bonus the actual amount of child care fraud and
16 overpayment claims collected by the local purchasing agency. Incentive bonuses under
17 this section shall be used by the agency for the purchase of subsidized child care or to
18 enhance and improve program integrity. The agency shall use at least seventy-five
19 percent (75%) of the incentive bonus funds under this section for the purchase of
20 subsidized child care. The agency shall not use more than twenty-five percent (25%) of
21 the incentive bonus funds under this section for program integrity. On or before October
22 1 each year, each agency shall report to the Department of Health and Human Services on
23 the use of the incentive bonuses under this section during the previous fiscal year. This
24 section does not apply to overpayments due to administrative errors of local purchasing
25 agency staff."

26 Section 3. Section 1 of this act becomes effective December 1, 1999, and
27 applies to offenses committed on or after that date. The remainder of this act becomes
28 effective July 1, 1999.