



STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

PAT MCCRORY
GOVERNOR

ART POPE
STATE BUDGET DIRECTOR

January 8, 2014

The Honorable Phil Berger, President Pro Tempore
NC Senate
16 West Jones Street, Room 2008
Raleigh, NC 27601-2808

The Honorable Thom Tillis, Speaker
NC House of Representatives
16 West Jones Street, Room 2304
Raleigh, NC 27601-1096

Co-Chairs, Joint Legislative Commission on Governmental Operations

Dear President Pro-Tempore Berger and Speaker Tillis:

Pursuant to Session Law 2013-360, Section 12J.1.(c), the Office of State Budget and Management (OSBM) respectfully submits this letter outlining proposed changes to the Child Care and Development Fund (CCDF) block grant. OSBM intends to implement the changes outlined in the attached letter from the Department of Health and Human Services.

If further information is needed, please contact Pam Kilpatrick, Assistant State Budget Officer for Health and Human Services, by telephone at (919) 807-4722 or by email at pam.kilpatrick@osbm.nc.gov.

Sincerely,

A handwritten signature in cursive script that reads "Art Pope".

Art Pope, Director

cc: Senator Ralph Hise, Chair, Senate Appropriations Committee on Health and Human Services
Senator Louis Pate, Chair, Senate Appropriations Committee on Health and Human Services
Representative Marilyn Avila, Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Representative William Brisson, Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Representative Mark Hollo, Chair, House of Representatives Appropriations Subcommittee on Health and Human Services
Mark Trogdon, Director, Fiscal Research Division



North Carolina Department of Health and Human Services
Division of Budget and Analysis

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

James B. Slate, Jr.
Division Director

November 4, 2013

Pam Kilpatrick, Assistant State Budget Officer
Office of State Budget and Management
116 West Jones Street
Raleigh, NC 27603-8005

Dear Ms Kilpatrick:

Pursuant to Session Law 2013-360, Section 12J.1.(e), the Division of Budget and Analysis respectfully submits this letter requesting two changes to the Child Care and Development Fund (CCDF) block grant within the Department of Health and Human Services.

First, the CCDF funds for local subsidized child care services support were certified under the Division of Child Development and Early Education (DCDEE) per Section 12J.1.(a) of Session Law 2013-360; however, these funds need to be budgeted in the Division of Social Services (DSS). The department requests these funds designated for local subsidized child care services support transfer from DCDEE, where it is held in reserve, to DSS, where it will be spent by county departments of social services. Consistent with Session Law 2013-360, \$13,274,413 in CCDF will be used for subsidized child care services support.

Second, the amount appropriated in the SFY 13-14 CCDF legislative block grant plan for subsidized child care services support was based on funding the allowance that county departments of social services may use for administrative costs at three percent of the county's total child care subsidy funds allocated in the CCDF block grant plan or \$80,000, whichever is greater. However, Section 12B.7.(a) of Session Law 2013-360 directed DCDEE to fund the allowance that county departments of social services may use for administrative costs at four percent of the county's total child care subsidy funds allocated in the CCDF block grant plan or \$80,000, whichever is greater. Therefore, to address this difference, Section 4.7 of Session Law 2013-363 allows DCDEE to adjust the allocations in the CCDF block grant under Section 12J.1.(a). This adjustment to the allocations decreases CCDF subsidized child care services and increases CCDF subsidized child care services support by \$2,608,015. The maximum amount counties may use for services support is \$15,882,428. However, it is possible that this amount may be less, as some counties may choose to use some of those funds for direct services.

www.ncdhhs.gov

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Realign CCDF
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DCDEE proposes to realign the CCDF subsidized child care services allocation as outlined below.

CCDF Budget Item	As Enacted S.L. 2013-360	Funds After Realignment
CCDF Subsidized Child Care Services	\$156,566,345	\$153,958,330
CCDF Child Care Services Support	\$13,274,413	\$15,882,428
Total	\$169,840,758	\$169,840,758

If further information is needed please contact Rob Kindsvatter, Director for DCDEE at 919-662-4543 or by email at rob.kindsvatter@dhhs.nc.gov.

Sincerely,



James B. Slate, Jr.
Director

cc: Joe White
Melanie Bush
Marjorie Donaldson