

**Department of Health and Human Services, Division of Child Development
Report to Joint Legislative Commission on Governmental Operations**

September 21, 2004

Purpose of Report

The purpose of this report is to consult with the Commission on the reallocation of \$2,235,355 in federal Child Care and Development Fund (CCDF) funding by the Division of Child Development (DCD) from SFY 03-04 to SFY 04-05.

Each year, DCD allocates a blend of federal and state funding for subsidized child care to local county departments of social services and other local purchasing agencies. The allocations represent the amount that DCD will reimburse counties for their expenditures to pay child care providers for providing subsidized child care.

Carry-Forward CCDF Funds

At the end of SFY 03-04, Durham, Henderson, and Mecklenburg Counties were able to identify \$1.6 million in local funds to pay for part of their subsidy expenditures in June. Using these local funds to cover part of their expenditures allowed DCD to carry forward the same amount of federal CCDF funds into SFY 04-05. Since CCDF funds are on a federal fiscal year cycle, they may be carried forward into SFY 04-05. These funds will be used entirely for subsidized child care services.

Reallocated CCDF Funds at the National Level

In addition, DCD received \$572,657 in CCDF funding from the Administration for Children and Families (ACF) as funds were reallocated from underspending states for FFY 03-04. These new CCDF funds are to be allotted for subsidized child care services. All of these funds must be expended by September 30, 2004.

Summary

DCD has budgeted an additional \$2.2 million in CCDF funding for subsidized child care in SFY 04-05. These funds will be allocated to counties for SFY 04-05.

CCDF carried forward due to use of local funds in SFY 03-04:	\$1,662,698
Additional CCDF reallocated to DCD from ACF:	<u>\$ 572,657</u>
Total	\$2,235,355