



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

April 1, 2019

SENT VIA ELECTRONIC MAIL

The Honorable Joyce Krawiec, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 308, Legislative Office Building
Raleigh, NC 27603

The Honorable Josh Dobson, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B, Legislative Office Building
Raleigh, NC 27603

The Honorable Donny Lambeth, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 303, Legislative Office Building
Raleigh, NC 27603

Dear Chairmen:

Session Law 2017-57, Section 11B.5.(a), requires the Department of Health and Human Services, Division of Child Development and Early Education, to submit a report detailing the amount of funds used from the child care allocation formula, the date the funds were distributed and any counties whose funds were decreased from previous years and the amount in which they were decreased. This report is due to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on or before April 1. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions concerning this report, please contact Anna Carter, Director for the Division of Child Development and Early Education, at Anna.Carter@dhhs.nc.gov.

Sincerely,

Mandy Cohen, MD, MPH
Secretary

cc:	Matt Gross	LT McCrimmon	Rob Kindsvatter	Anna Carter	Rod Davis
	Kody Kinsley	Joyce Jones	Marjorie Donaldson	Steve Owen	Lisa Wilks
	Theresa Matula	Denise Thomas	Katherine Restrepo	Erin Matteson	Mark Benton
	Zack Wortman	Deborah Landry	Susan Perry-Manning	Mark Collins	Jessica Meed
	reports@ncleg.net				

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



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DEPARTMENT OF HEALTH AND HUMAN SERVICES

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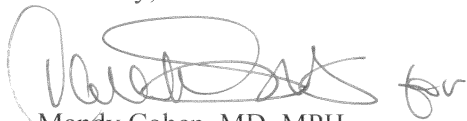
Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

Dear Director Trogdon:

Session Law 2017-57, Section 11B.5.(a), requires the Department of Health and Human Services, Division of Child Development and Early Education, to submit a report detailing the amount of funds used from the child care allocation formula, the date the funds were distributed and any counties whose funds were decreased from previous years and the amount in which they were decreased. This report is due to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on or before April 1. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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Child Care Allocation Formula
Session Law 2017-57, Section 11B.5.(a)



Report to the
Joint Legislative Oversight Committee on Health and
Human Services
and
Fiscal Research Division

By
NC Department of Health and Human Services

April 1, 2019

Background

Pursuant to Session Law 2017-57, Section 11B.5.(a), the Division of Child Development and Early Education (DCDEE) is required to submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than April 1 of each year regarding the amount of subsidy funds used to prevent terminations of service, repay federal funds and the date that any of these funds were distributed, as well as any counties that did not receive at least the same allocation as the previous year.

CHILD CARE ALLOCATION FORMULA

SECTION 11B.5.(a) The Department of Health and Human Services, Division of Child Development and Early Education (Division), shall allocate child care subsidy voucher funds to pay the costs of necessary child care for minor children of needy families. The mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation under G.S. 143B-168.15(g) shall constitute the base amount for each county's child care subsidy allocation. The Department of Health and Human Services shall use the following method when allocating federal and State child care funds, not including the aggregate mandatory thirty percent (30%) North Carolina Partnership for Children, Inc., subsidy allocation:

- (1) Funds shall be allocated to a county based upon the projected cost of serving children under age 11 in families with all parents working who earn less than the applicable federal poverty level percentage set forth in Section 11B.3(a) of this act.
- (2) The Division may withhold up to two percent (2%) of available funds from the allocation formula for (i) preventing termination of services throughout the fiscal year and (ii) repayment of any federal funds identified by counties as overpayments, including overpayments due to fraud. The Division shall allocate to counties any funds withheld before the end of the fiscal year when the Division determines the funds are not needed for the purposes described in this subdivision. The Division shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division, which report shall include each of the following:
 - a. The amount of funds used for preventing termination of services and the repayment of any federal funds.
 - b. The date the remaining funds were distributed to counties.
 - c. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

The Division shall submit a report in each year of the 2017-2019 fiscal biennium 30 days after the funds withheld pursuant to this subdivision are distributed but no later than April 1 of each respective year.

Pursuant to Session Law 2017-57, Section 11B.5.(a), The Department of Health and Human Services, Division of Child Development and Early Education has provided the required information below.

A. The amount of funds used for preventing termination of services and the repayment of any federal funds.

The Department of Health and Human Services, Division of Child Development and Early Education withheld \$1M from the overall State Fiscal Year 18-19 Child Care Subsidy Allocation to prevent terminations and provide for any repayment of federal funds.

B. The date the remaining funds were distributed to counties.

The Department of Health and Human Services, Division of Child Development and Early Education will allocate the withheld \$1M to overspending counties by April 30, 2019 to allow continued service to families and prevent terminations of child care subsidy assistance.

Currently, no funds have been requested or required to be reverted to the Federal Government for repayment, and so therefore none have been spent (or reverted) for that purpose. Quarterly revisions to the federal government, made according to the federal fiscal calendar, will need to be made only if there are any prior year reversions that cannot be allocated.

C. As a result of funds withheld under this subdivision and after funds have been distributed, any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased.

See the chart below for the list of counties that received a lower amount than the previous year, the total received each year and the difference.

Combined Allocations

County\ Agency	Combined Direct Services Allocation 2017-18	Combined Direct Services Allocation 2018-19	Difference
Anson	\$1,252,195	\$1,251,520.00	(\$675)
Ashe	\$1,032,686	\$1,016,348.00	(\$16,338)
Caldwell	\$3,301,478	\$3,286,286.00	(\$15,192)
Catawba	\$6,144,882	\$6,082,475.00	(\$62,407)
Jones	\$568,527	\$566,027.00	(\$2,500)
Pamlico	\$564,746	\$547,652.00	(\$17,094)
Polk	\$431,941	\$409,301.00	(\$22,640)