



STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

September 28, 2018

SENT VIA ELECTRONIC MAIL

The Honorable Louis Pate, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 311, 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 301N, 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.(c), requires the Division of Child Development and Early Education (DCDEE), as part of the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal Research Division on the counties that received a child care allocation waiver pursuant to this subsection and report on the reasons for the waiver. This report is due annually no later than October 1 of each year. Pursuant to provisions of law, the Department is pleased to submit the attached report.

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

Sincerely,

Mandy Cohen, MD, MPH
Secretary

cc:	Anna Carter	Denise Thomas	Marjorie Donaldson	Katherine Restrepo
	Rod Davis	Theresa Matula	Joyce Jones	Pam Kilpatrick
	Matt Gross	Leah Burns	LT McCrimmon	Deborah Landry
	Lisa Wilks	Mark Benton	Susan Perry-Manning	reports@ncleg.net
	Zack Wortman	Kody Kinsley		

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STATE OF NORTH CAROLINA
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SECRETARY

September 28, 2018

SENT VIA ELECTRONIC MAIL

Mr. Mark Trogdon, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5923

Dear Director Trogdon:

Session Law 2017-57, Section 11B.5.(c), requires the Division of Child Development and Early Education (DCDEE), as part of the Department of Health and Human Services to report to the Joint Legislative Oversight Committee on Health and Human Services and Fiscal Research Division on the counties that received a child care allocation waiver pursuant to this subsection and report on the reasons for the waiver. This report is due annually no later than October 1 of each year. Pursuant to provisions of law, the Department is pleased to submit the attached report.

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

Sincerely,

Mandy Cohen, MD, MPH
Secretary

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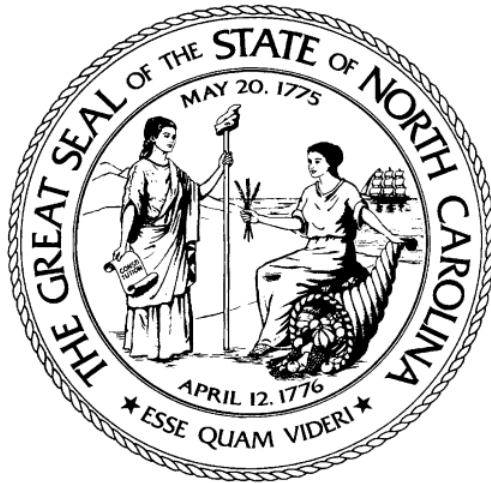
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Annual Report on Child Care Subsidy Allocation Formula

SL 2017-57, Section 11B.5.(c)



Report to

**Joint Legislative Oversight Committee on
Health and Human Services**

and

The Fiscal Research Division

by

North Carolina Department of Health and Human Services

September 28, 2018

Reporting Requirement

Pursuant to Section 11B.5.(c)(1) of Session Law 2017-57 as shown below, the Division of Child Development and Early Education (DCDEE) shall submit a report on the counties that received a waiver pursuant to Section 11B.5 to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2018.

SECTION 11B.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

- (1) Implement the final one-third change in a county's allocation beginning fiscal year 2018-2019. A county's initial allocation shall be the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety-two percent (92%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety-two percent (92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. **By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.**

After Session Law 2017-57 was enacted, DCDEE prepared counties' allocations following the formula in Section 11B.5. All counties' final spending coefficients were greater than 92% in State Fiscal Year 17-18, so there were no waivers. All counties qualified to receive additional funds above their State Fiscal Year 17-18 final expenditures.