

STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

MANDY COHEN, MD, MPH  
SECRETARY

December 7, 2020

**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

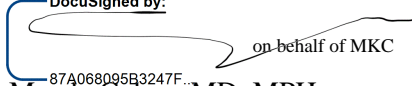
The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 303, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

Session Law 2017-57, Section 11B.5.(c), requires the Division of Child Development and Early Education (DCDEE), as part of the Department of Health and Human Services to submit an annual 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. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

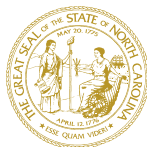
Should you have any questions about this report, please contact Ariel Ford, Director for the Division of Child Development and Early Education, at 919-814-6300.

Sincerely,

DocuSigned by:  
  
on behalf of MKC  
87A068095B3247F...  
Mandy Cohen, MD, MPH  
Secretary

cc:	Matt Gross	Hattie Gawande	Rob Kindsvatter	Ariel Ford
	Kody Kinsley	Joyce Jones	Marjorie Donaldson	Jared Simmons
	Lisa Wilks	Theresa Matula	Luke MacDonald	Katherine Restrepo
	Erin Matteson	Jane Chiulli	Susan G. Perry	Mark Collins
	Jessica Meed	<a href="mailto:reports@ncleg.net">reports@ncleg.net</a>		

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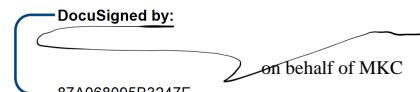
Mr. Mark Trogon, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603-5923

Dear Director Trogon:

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 submit an annual 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. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

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# **Annual Report on Child Care Subsidy Allocation Formula**

**SL 2017-57, Section 11B.5.(c)(1)**



**Legislative Report to the  
Joint Legislative Oversight Committee on  
Health and Human Services  
And  
The Fiscal Research Division  
By  
North Carolina Department of  
Health and Human Services**

**December 9, 2020**

Pursuant to Section 11B.5.(c)(1) of Session Law 2017-57 as shown below, the North Carolina Division of Child Development and Early Education (DCDEE) shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2020, on the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

**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 2019-2020 so there were no waivers. All counties qualified to receive additional funds above their State Fiscal Year 2019-2020 final expenditures.