



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

KODY H. KINSLEY  
SECRETARY

April 1, 2024

**SENT VIA ELECTRONIC MAIL**

The Honorable Donny Lambeth, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 620, Legislative Office Building  
Raleigh, NC 27603

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 Larry Potts, Chair  
Joint Legislative Oversight Committee on  
Health and Human Services  
North Carolina General Assembly  
Room 307B1, Legislative Office Building  
Raleigh, NC 27603

Dear Chairmen:

Session Law 2023-134, Section 9D.4(a) requires the Department of Health and Human Services to allocate childcare subsidy voucher funds to pay the costs of necessary childcare for minor children of needy families. It further requires the Department to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research on the amount of funds used for preventing termination of services and the repayment of any federal funds, the date the remaining funds were distributed to counties and any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at [Karen.Wade@dhhs.nc.gov](mailto:Karen.Wade@dhhs.nc.gov).

Sincerely,

DocuSigned by:

*Susan Osborne*

On behalf of Kody H. Kinsley

45A8654FA28C41F...

Kody H. Kinsley  
Secretary

WWW.NCDHHS.GOV

TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



STATE OF NORTH CAROLINA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER  
GOVERNOR

KODY H. KINSLEY  
SECRETARY

April 1, 2024

**SENT VIA ELECTRONIC MAIL**

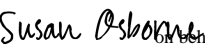
Mr. Brian Matteson, Director  
Fiscal Research Division  
Suite 619, Legislative Office Building  
Raleigh, NC 27603-5925

Dear Director Matteson:

Session Law 2023-134, Section 9D.4.(a) requires the Department of Health and Human Services to allocate childcare subsidy voucher funds to pay the costs of necessary childcare for minor children of needy families. It further requires the Department to report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research on the amount of funds used for preventing termination of services and the repayment of any federal funds, the date the remaining funds were distributed to counties and any counties that did not receive at least the amount the counties received the previous year and the amount by which funds were decreased. Pursuant to the provisions of law, the Department is pleased to submit the attached report.

Should you have any questions regarding this report, please contact Karen Wade, Director of Policy, at [Karen.Wade@dhhs.nc.gov](mailto:Karen.Wade@dhhs.nc.gov).

Sincerely,

DocuSigned by:  
  
on behalf of Kody H. Kinsley  
45A8654FA28C41F...  
Kody H. Kinsley  
Secretary

[WWW.NCDHHS.GOV](http://WWW.NCDHHS.GOV)

TEL 919-855-4800 • FAX 919-715-4645

LOCATION: 101 BLAIR DRIVE • ADAMS BUILDING • RALEIGH, NC 27603

MAILING ADDRESS: 2001 MAIL SERVICE CENTER • RALEIGH, NC 27699-2000

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

**Child Care Allocation Formula**  
**SL 2023-134, Section 9D.4.(a)2**



**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, 2024**

## **Background**

Pursuant to Session Law 2023-134, Section 9D.4.(a)2, 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 9D.4.(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 9D.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 2023-2025 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 2023-134, Section 9D.4.(a)2, 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 23-24 Child are 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, 2024, 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.

County/Agency	Combined Direct Services Allocation SFY 22-23	Combined Direct Services Allocation SFY 23-24	Difference
Avery	\$ 648,559.94	\$ 624,087.71	\$ (24,472.24)
Brunswick	\$ 5,347,001.74	\$ 5,199,191.81	\$ (147,809.93)
Burke	\$ 3,999,270.44	\$ 3,823,290.64	\$ (175,979.80)
Caldwell	\$ 3,402,342.57	\$ 3,386,894.12	\$ (15,448.45)
Dare	\$ 1,082,257.83	\$ 978,727.34	\$ (103,530.49)
Henderson	\$ 3,544,063.56	\$ 3,379,398.15	\$ (164,665.40)
Hertford	\$ 1,812,839.40	\$ 1,566,178.68	\$ (246,660.72)
Macon	\$ 1,846,354.94	\$ 1,742,764.63	\$ (103,590.32)
Madison	\$ 456,440.70	\$ 452,662.00	\$ (3,778.70)
Moore	\$ 3,368,784.44	\$ 3,189,136.96	\$ (179,647.49)
Pamlico	\$ 545,605.51	\$ 540,700.63	\$ (4,904.89)

<b>Rutherford</b>	\$	4,482,302.34	\$	4,477,897.68	\$ (4,404.66)
<b>Stokes</b>	\$	1,381,578.96	\$	1,261,624.60	\$ (119,954.36)
<b>Swain</b>	\$	928,128.51	\$	837,654.29	\$ (90,474.22)
<b>Transylvania</b>	\$	1,747,447.30	\$	1,692,861.36	\$ (54,585.95)
<b>Watauga</b>	\$	808,217.58	\$	703,179.81	\$ (105,037.76)
<b>Wilkes</b>	\$	2,567,841.92	\$	2,338,849.36	\$ (228,992.56)