



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**

PAT MCCRORY
GOVERNOR

LEE HARRISS ROBERTS
STATE BUDGET DIRECTOR

February 4, 2015

The Honorable Phil Berger, President Pro Tempore
NC Senate
16 West Jones Street, Room 2007
Raleigh, NC 27601-2808

The Honorable Tim Moore, Speaker
NC House of Representatives
16 West Jones Street, Room 2304
Raleigh, NC 27601-1096

Co-Chairs, Joint Legislative Commission on Governmental Operations

Dear President Pro-Tempore Berger and Speaker Moore:

Pursuant to Session Law 2014-100, Section 12J.1.(e), the Office of State Budget and Management (OSBM) respectfully submits this letter reporting changes to the Child Care and Development Fund (CCDF) block grant. The information reported is consistent with Session Law 2013-360, as modified by Section 4.7 of Session Law 2013-363, in which Section 12B.7.(d) states that the Division of Child Development and Early Education (DCDEE) may adjust allocations in the Child Care and Development Fund Block Grant based on allocations of four percent (4%) for administrative costs.

In Session Law 2014-100, the General Assembly approved the same funding level for subsidized child care administration as authorized in Session Law 2013-360. This amount appropriated in the CCDF block grant for subsidized child care administration was based on funding the allowance that county departments of social services may use for administrative costs at three percent of a county's total child care subsidy funds allocated in the CCDF block grant plan or \$80,000, whichever is greater.

However, Section 12B.7.(a) of Session Law 2013-360 directed DCDEE to fund the allowance at four percent or \$80,000, and not three percent. To address this difference, Section 4.7 of Session Law 2013-363 allows DCDEE to adjust the allocations in the CCDF block grant plan under 12J.1.(a). This adjustment to the allocations decreases CCDF subsidized child care services and increases CCDF subsidized child care administration by \$2,655,866.

If further information is needed, please contact Pam Kilpatrick, Assistant State Budget Officer for Health and Human Services, by telephone to (919) 807-4722 or by email to pam.kilpatrick@osbm.nc.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Lee Roberts", written over a horizontal line.

Lee Harriss Roberts



North Carolina Department of Health and Human Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

November 13, 2014

Ms. Pam Kilpatrick, Assistant State Budget Officer
Office of State Budget and Management
116 West Jones Street
Raleigh, NC 27603-8005

Dear Ms. Kilpatrick:

Pursuant to Session Law 2014-100, Section 12J.1.(e), the Division of Budget and Analysis respectfully submits this letter outlining proposed changes to the Child Care and Development Fund (CCDF) block grant within the Division of Child Development and Early Education (DCDEE) in the Department of Health and Human Services.

A total of \$13,274,413 in CCDF funds for local subsidized child care services support certified under the Division of Social Services' (DSS) budget per Section 12J.1.(a) of Session Law 2014-100. However, the amount submitted in the SFY 14-15 CCDF legislative block grant plan for subsidized child care services support was \$15,882,428. This amount was calculated per Section 12B.7.(a) of S.L. 2013-360, which allows county departments of social services to use up to four percent of their total subsidized child care allocation or \$80,000, whichever is greater, for administrative costs.

The General Assembly approved the SFY 14-15 legislative block grant plan based on the same amount for subsidized child care services support for SFY 13-14 in S.L. 2013-360 (\$13,274,413). In addition, the General Assembly revised the net total amount of funds available for subsidized child care which resulted in a final calculation of \$15,930,279 for subsidized child care services support. Therefore, an adjustment of \$2,655,866 is needed to increase subsidized child care services support and to decrease the amount for child care services by the same amount. While \$15,930,279 is the maximum amount that counties may use for services support, it is possible that this amount may be less, as some counties may choose to use some of these funds for direct services.

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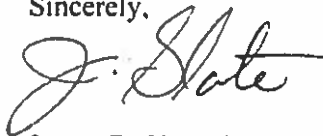
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DCDEE proposes to realign the CCDF subsidized child care services allocation as follows:

CCDF Budget Item	As Enacted S.L. 2014-100	Funds After Realignment
CCDF Subsidized Child Care Services	\$ 168,536,136	\$ 165,880,270
CCDF Subsidized Child Care Services Support	\$ 13,274,413	\$ 15,930,279
Total	\$ 181,810,549	\$ 181,810,549

If further information is needed, please contact Rob Kindsvatter, Director for DCDEE at 919-527-6500 or by email at rob.kindsvatter@dhhs.nc.gov. Thank you.

Sincerely,



James B. Slate, Jr.
Director

cc: Joe White
Jennifer Stackpole
Marjorie Donaldson