

STATE OF NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN
GOVERNOR

DEV DUTTA SANGVAI
SECRETARY

April 25, 2025

SENT VIA ELECTRONIC MAIL

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

The Honorable Carla Cunningham, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 402, Legislative Office Building
Raleigh, NC 27603

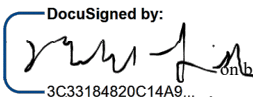
The Honorable Larry Potts, Chair
Joint Legislative Oversight Committee on
Health and Human Services
North Carolina General Assembly
Room 307B1, Legislative Office Building
Raleigh, NC 27603

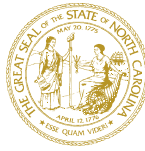
Dear Chairmen:

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.

Sincerely,

DocuSigned by:

on behalf of Devdutta Sangvai
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Devdutta Sangvai
Secretary



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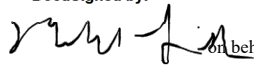
Mr. Brian Matteson, Director
Fiscal Research Division
Suite 619, Legislative Office Building
Raleigh, NC 27603-5925

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.

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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Child Care Allocation Formula
Session Law 2023-134, Section 9D.4.(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 25, 2025

BACKGROUND

Pursuant to Session Law 2023-134, Section 9D.4.(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 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), The Division 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 Division withheld \$1M from the overall State Fiscal Year 24-25 Child Care Subsidy Allocation to prevent termination and provide for any repayment of federal funds.

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

The Division will allocate the withheld \$1M to overspending counties by April 30, 2025, to allow continued service to families and prevent terminations of childcare 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 2023-24	Combined Direct Services Allocation SFY 2024-25	Difference
Alexander	\$1,278,164.48	\$1,207,388.27	(\$70,776.21)
Alleghany	\$367,711.27	\$289,380.80	(\$78,330.47)
Ashe	\$1,259,970.39	\$1,039,488.75	(\$220,481.65)
Avery	\$624,087.71	\$582,054.32	(\$42,033.38)
Brunswick	\$5,199,191.81	\$5,197,366.32	(\$1,825.49)
Buncombe	\$12,949,376.15	\$12,871,539.89	(\$77,836.26)
Burke	\$3,823,290.64	\$3,354,314.04	(\$468,976.61)
Caldwell	\$3,386,894.12	\$3,152,553.02	(\$234,341.10)
Camden	\$120,427.31	\$103,074.92	(\$17,352.39)
Carteret	\$1,800,622.82	\$1,570,613.07	(\$230,009.75)
Catawba	\$7,248,135.02	\$7,044,053.13	(\$204,081.89)
Cherokee	\$1,492,143.00	\$1,277,685.98	(\$214,457.02)
Chowan	\$609,510.25	\$604,717.55	(\$4,792.70)

County/Agency	Combined Direct Services Allocation SFY 2023-24	Combined Direct Services Allocation SFY 2024-25	Difference
Clay	\$626,193.30	\$582,334.22	(\$43,859.08)
Craven	\$6,073,785.00	\$5,025,705.32	(\$1,048,079.67)
Currituck	\$374,956.48	\$335,359.59	(\$39,596.89)
Dare	\$978,727.34	\$777,194.14	(\$201,533.21)
Davidson	\$7,090,673.60	\$6,055,938.25	(\$1,034,735.35)
Davie	\$1,850,101.26	\$1,508,294.25	(\$341,807.01)
Duplin	\$4,329,499.51	\$4,259,633.62	(\$69,865.89)
Durham	\$27,976,922.54	\$26,070,623.99	(\$1,906,298.56)
Forsyth	\$20,073,170.73	\$19,361,531.98	(\$711,638.75)
Gaston	\$12,663,668.42	\$11,784,399.92	(\$879,268.50)
Gates	\$238,538.42	\$120,119.62	(\$118,418.79)
Graham	\$426,562.86	\$414,114.09	(\$12,448.77)
Granville	\$2,983,466.38	\$2,745,643.36	(\$237,823.03)
Greene	\$1,216,231.24	\$1,174,030.75	(\$42,200.49)
Guilford	\$37,850,550.45	\$36,537,541.07	(\$1,313,009.38)
Halifax	\$2,880,972.79	\$2,795,303.57	(\$85,669.22)
Haywood	\$3,378,494.04	\$3,131,667.62	(\$246,826.42)
Henderson	\$3,379,398.15	\$3,222,512.70	(\$156,885.45)
Hertford	\$1,566,178.68	\$1,414,047.42	(\$152,131.26)
Hoke	\$2,591,464.58	\$2,587,815.15	(\$3,649.43)
Hyde	\$122,530.90	\$70,988.23	(\$51,542.66)
Jackson	\$2,132,369.23	\$1,348,384.11	(\$783,985.12)
Jones	\$632,842.26	\$538,088.28	(\$94,753.98)
Lee	\$3,768,156.66	\$3,540,374.28	(\$227,782.38)
Lenoir	\$3,427,947.17	\$3,326,994.53	(\$100,952.63)
Martin	\$1,555,707.72	\$1,423,812.09	(\$131,895.63)
McDowell	\$2,515,317.38	\$2,059,904.63	(\$455,412.75)
Mecklenburg	\$73,341,878.18	\$70,003,488.69	(\$3,338,389.49)
Mitchell	\$503,948.65	\$406,979.83	(\$96,968.82)
Montgomery	\$1,257,372.84	\$1,083,339.80	(\$174,033.03)
Moore	\$3,189,136.96	\$2,938,540.73	(\$250,596.23)
New Hanover	\$9,682,362.99	\$9,275,188.49	(\$407,174.50)
Northampton	\$1,171,808.67	\$1,161,102.43	(\$10,706.24)
Onslow	\$9,939,503.70	\$8,199,022.35	(\$1,740,481.36)
Pamlico	\$540,700.63	\$527,462.99	(\$13,237.64)
Perquimans	\$416,973.31	\$318,868.18	(\$98,105.13)

County/Agency	Combined Direct Services Allocation SFY 2023-24	Combined Direct Services Allocation SFY 2024-25	Difference
Polk	\$422,962.12	\$321,730.19	(\$101,231.93)
Randolph	\$7,436,443.81	\$6,513,079.42	(\$923,364.39)
Richmond	\$3,305,218.22	\$3,273,571.80	(\$31,646.42)
Rockingham	\$3,886,625.07	\$3,540,210.24	(\$346,414.83)
Rowan	\$6,108,757.56	\$6,010,740.17	(\$98,017.39)
Rutherford	\$4,477,897.68	\$4,171,587.23	(\$306,310.45)
Scotland	\$3,647,247.39	\$3,617,172.10	(\$30,075.29)
Surry	\$3,762,257.33	\$3,461,409.14	(\$300,848.19)
Swain	\$837,654.29	\$634,500.98	(\$203,153.31)
Transylvania	\$1,692,861.36	\$1,627,584.30	(\$65,277.05)
Tyrrell	\$110,931.61	\$56,218.52	(\$54,713.09)
Vance	\$5,291,251.68	\$5,252,555.08	(\$38,696.59)
Wake	\$64,594,341.01	\$63,829,103.26	(\$765,237.75)
Watauga	\$703,179.81	\$603,423.13	(\$99,756.68)
Wayne	\$8,123,523.88	\$7,455,330.41	(\$668,193.47)
Wilkes	\$2,338,849.36	\$1,663,657.23	(\$675,192.14)
Wilson	\$6,636,447.17	\$6,053,911.10	(\$582,536.07)
Yadkin	\$774,276.48	\$754,485.42	(\$19,791.07)
Yancey	\$324,053.99	\$240,514.60	(\$83,539.39)