

**Report on Final Adjustments to Child Care and Development Fund  
Block Grant**

to

Joint Legislative Oversight Committee on Health and Human Services

and

Fiscal Research Division

Session Law 2015-241, Section 12B.6



January 1, 2016

North Carolina Department of Health and Human Services

Division of Child Development and Early Education

## **Report on Final Adjustments to Child Care and Development Fund Block Grant**

**January 1, 2016**

### **ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES/USE OF SUBSIDY FUNDS FOR FRAUD DETECTION**

**SECTION 12B.6.(a)** *The Department of Health and Human Services, Division of Child Development and Early Education, shall fund the allowance that county departments of social services may use for administrative costs at four percent (4%) of the county's total child care subsidy funds allocated in the Child Care and Development Fund Block Grant plan or eighty thousand dollars (\$80,000), whichever is greater.*

**SECTION 12B.6.(b)** *Each county department of social services may use up to two percent (2%) of child care subsidy funds allocated to the county for fraud detection and investigation initiatives.*

**SECTION 12B.6.(c)** *The Division of Child Development and Early Education may adjust the allocations in the Child Care and Development Fund Block Grant under Section 12I.1 of this act according to (i) the final allocations for local departments of social services under subsection (a) of this section and (ii) the funds allocated for fraud detection and investigation initiatives under subsection (b) of this section. **The Division shall submit a report on the final adjustments to the allocations of the four percent (4%) administrative costs to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division no later than January 1, 2016, for the 2015-2016 fiscal year and no later than September 30 of each year thereafter.***

### **Background**

Each year, county departments of social services' receive Child Care and Development Fund (CCDF) allowances for eligibility determination, or nondirect subsidy services support, as part of their subsidy allocation. These amounts are calculated based upon a legislatively prescribed allocation formula that is detailed in the budget bill (S.L. 2015-241, Section 12B.3).

For purposes of providing an estimated amount for services support, overall availability for subsidy funding is estimated prior to final passage of the budget. Once a final budget is enacted, the allocation for services support is re-calculated based upon final availability of subsidized child care funding as adopted in the budget bill. For SFY 15-16, the CCDF legislative block grant is \$15,930,279.

The final budget resulted in an increase of funds for subsidized child care from what had been estimated when the initial block grant plan was prepared. Based upon the subsidy allocation formula, this resulted in a change in the maximum amount of CCDF that counties may use for services support to \$16,341,881. However, it is possible that this amount may be less, as some

counties may choose to use some of those funds for direct services. The total amount of CCDF funds allocated to counties for subsidized child care has not changed. The total increase to administrative expenses and decrease to subsidized child care services is \$411,602.

### **Realignments to CCDF Subsidized Child Care Services Allocations**

CCDF Budget Item	As Enacted S.L. 2015-241	Funds After Realignment
CCDF Subsidized Child Care Services	\$ 154,278,008	\$ 153,866,406
CCDF Subsidized Child Care Services Support	\$ 15,930,279	\$ 16,341,881
	<u>\$ 170,208,287</u>	<u>\$ 170,208,287</u>

### **Fraud Detection and Investigation Initiatives**

To date, five counties have chosen to allocate a portion of their overall funding away from direct services and set aside those funds for fraud detection and investigation initiatives as noted below.

Cabarrus	\$ 40,000
Henderson	\$ 27,000
Onslow	\$ 177,739
Wake	\$ 20,000
Wilson	\$ 75,108

### **Summary**

As allowed by S.L. 2015-241 Section 12B.6 (c), the Division of Child Development and Early Education has adjusted the CCDF amount allocated for subsidized child care services according to the final budget availability. This resulted in \$411,602 being moved from subsidized child care direct services to subsidized child care services support at the local level. In addition, five counties to date have moved funds from direct services to nondirect services support as allowed by Section 12B.6 (b) in order to support fraud detection initiatives. Finally, one county has moved funds from their nondirect services support allocation to direct services. The current CCDF Subsidized Child Care Services Support allocations as of December 15, 2015 are shown in the attached chart.

	<b>Maximum CCDF Allowed for Services Support (4% or \$80,000)</b>	<b>Funds Moved from Direct Services for Fraud Detection (up to 2%)</b>	<b>Funds Moved to Direct Services</b>	<b>Service Support Allocations as of 12/15/15</b>
Alamance	\$ 207,405			\$ 207,405
Alexander	\$ 80,000			\$ 80,000
Alleghany	\$ 80,000			\$ 80,000
Anson	\$ 80,000			\$ 80,000
Ashe	\$ 80,000			\$ 80,000
Avery	\$ 80,000			\$ 80,000
Beaufort	\$ 95,066			\$ 95,066
Bertie	\$ 80,000			\$ 80,000
Bladen	\$ 80,000			\$ 80,000
Brunswick	\$ 201,092			\$ 201,092
Buncombe	\$ 339,345			\$ 339,345
Burke	\$ 90,145			\$ 90,145
Cabarrus	\$ 175,209	\$ 40,000		\$ 215,209
Caldwell	\$ 96,875			\$ 96,875
Camden	\$ 80,000		\$ (10,000)	\$ 70,000
Carteret	\$ 80,000			\$ 80,000
Caswell	\$ 80,000			\$ 80,000
Catawba	\$ 237,712			\$ 237,712
Chatham	\$ 80,000			\$ 80,000
Cherokee	\$ 80,000			\$ 80,000
Chowan	\$ 80,000			\$ 80,000
Clay	\$ 80,000			\$ 80,000
Cleveland	\$ 97,513			\$ 97,513
Columbus	\$ 80,000			\$ 80,000
Craven	\$ 192,352			\$ 192,352
Cumberland	\$ 582,497			\$ 582,497
Currituck	\$ 80,000			\$ 80,000
Dare	\$ 80,000			\$ 80,000
Davidson	\$ 225,401			\$ 225,401
Davie	\$ 80,000			\$ 80,000
Duplin	\$ 115,168			\$ 115,168
Durham	\$ 669,358			\$ 669,358
Edgecombe	\$ 99,381			\$ 99,381
Forsyth	\$ 545,243			\$ 545,243
Franklin	\$ 104,067			\$ 104,067
Gaston	\$ 272,933			\$ 272,933
Gates	\$ 80,000			\$ 80,000

	<b>Maximum CCDF Allowed for Services Support (4% or \$80,000)</b>	<b>Funds Moved from Direct Services for Fraud Detection (up to 2%)</b>	<b>Funds Moved to Direct Services</b>	<b>Service Support Allocations as of 12/15/15</b>
Graham	\$ 80,000			\$ 80,000
Granville	\$ 80,000			\$ 80,000
Greene	\$ 80,000			\$ 80,000
Guilford	\$ 782,612			\$ 782,612
Halifax	\$ 80,000			\$ 80,000
Harnett	\$ 148,304			\$ 148,304
Haywood	\$ 133,652			\$ 133,652
Henderson	\$ 120,150	\$ 27,000		\$ 147,150
Hertford	\$ 80,000			\$ 80,000
Hoke	\$ 106,471			\$ 106,471
Hyde	\$ 80,000			\$ 80,000
Iredell	\$ 133,471			\$ 133,471
Jackson	\$ 80,000			\$ 80,000
Johnston	\$ 280,239			\$ 280,239
Jones	\$ 80,000			\$ 80,000
Lee	\$ 89,716			\$ 89,716
Lenoir	\$ 88,018			\$ 88,018
Lincoln	\$ 80,000			\$ 80,000
Macon	\$ 80,000			\$ 80,000
Madison	\$ 80,000			\$ 80,000
Martin	\$ 80,000			\$ 80,000
McDowell	\$ 80,000			\$ 80,000
Mecklenburg	\$ 1,622,995			\$ 1,622,995
Mitchell	\$ 80,000			\$ 80,000
Montgomery	\$ 80,000			\$ 80,000
Moore	\$ 98,018			\$ 98,018
Nash	\$ 109,085			\$ 109,085
New Hanover	\$ 263,299			\$ 263,299
Northampton	\$ 80,000			\$ 80,000
Onslow	\$ 355,478	\$ 177,739		\$ 533,217
Orange	\$ 187,755			\$ 187,755
Pamlico	\$ 80,000			\$ 80,000
Pasquotank	\$ 80,000			\$ 80,000
Pender	\$ 80,000			\$ 80,000
Perquimans	\$ 80,000			\$ 80,000
Person	\$ 80,000			\$ 80,000
Pitt	\$ 313,814			\$ 313,814

	<b>Maximum CCDF Allowed for Services Support (4% or \$80,000)</b>	<b>Funds Moved from Direct Services for Fraud Detection (up to 2%)</b>	<b>Funds Moved to Direct Services</b>	<b>Service Support Allocations as of 12/15/15</b>
Polk	\$ 80,000			\$ 80,000
Randolph	\$ 181,697			\$ 181,697
Richmond	\$ 80,000			\$ 80,000
Robeson	\$ 272,204			\$ 272,204
Rockingham	\$ 113,586			\$ 113,586
Rowan	\$ 175,987			\$ 175,987
Rutherford	\$ 99,493			\$ 99,493
Sampson	\$ 95,521			\$ 95,521
Scotland	\$ 80,000			\$ 80,000
Stanly	\$ 80,000			\$ 80,000
Stokes	\$ 80,000			\$ 80,000
Surry	\$ 80,604			\$ 80,604
Swain	\$ 80,000			\$ 80,000
Transylvania	\$ 80,000			\$ 80,000
Tyrrell	\$ 80,000			\$ 80,000
Union	\$ 206,817			\$ 206,817
Vance	\$ 80,000			\$ 80,000
Wake	\$ 1,205,843	\$ 20,000		\$ 1,225,843
Warren	\$ 80,000			\$ 80,000
Washington	\$ 80,000			\$ 80,000
Watauga	\$ 80,000			\$ 80,000
Wayne	\$ 173,813			\$ 173,813
Wilkes	\$ 80,000			\$ 80,000
Wilson	\$ 156,477	\$ 75,108		\$ 231,585
Yadkin	\$ 80,000			\$ 80,000
Yancey	\$ 80,000			\$ 80,000
<b>North Carolina</b>	<b>\$ 16,341,881</b>	<b>\$ 339,847</b>	<b>\$ (10,000)</b>	<b>\$ 16,671,728</b>