

**Child Care Allocation Formula**  
**Session Law 2017-57, Section 11B.5.(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 1, 2019**

## **Background**

Pursuant to Session Law 2017-57, Section 11B.5.(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 11B.5.(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 11B.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 2017-2019 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 2017-57, Section 11B.5.(a), 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 18-19 Child Care 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, 2019 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.

**Combined Allocations**

<b>County\ Agency</b>	<b>Combined Direct Services Allocation 2017-18</b>	<b>Combined Direct Services Allocation 2018-19</b>	<b>Difference</b>
Anson	\$1,252,195	\$1,251,520.00	(\$675)
Ashe	\$1,032,686	\$1,016,348.00	(\$16,338)
Caldwell	\$3,301,478	\$3,286,286.00	(\$15,192)
Catawba	\$6,144,882	\$6,082,475.00	(\$62,407)
Jones	\$568,527	\$566,027.00	(\$2,500)
Pamlico	\$564,746	\$547,652.00	(\$17,094)
Polk	\$431,941	\$409,301.00	(\$22,640)