

**Annual Report on Child Care Subsidy Allocation
Formula**

SL 2017-57, Section 11B.5.(c)(1)



**Legislative Report to the
Joint Legislative Oversight Committee on
Health and Human Services**

And

The Fiscal Research Division

By

**North Carolina Department of
Health and Human Services**

December 9, 2020

Pursuant to Section 11B.5.(c)(1) of Session Law 2017-57 as shown below, the North Carolina Division of Child Development and Early Education (DCDEE) shall submit a report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division by October 1, 2020, on the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.

SECTION 11B.5.(c) When implementing the formula under subsection (a) of this section, the Division shall include the market rate increase in the formula process rather than calculating the increases outside of the formula process. Additionally, the Department shall do the following:

- (1) Implement the final one-third change in a county's allocation beginning fiscal year 2018-2019. A county's initial allocation shall be the county's expenditure in the previous fiscal year or a prorated share of the county's previous fiscal year expenditures if sufficient funds are not available. With the exception of market rate increases consistent with any increases approved by the General Assembly, a county whose spending coefficient is less than ninety-two percent (92%) in the previous fiscal year shall receive its prior year's expenditure as its allocation and shall not receive an increase in its allocation in the following year. A county whose spending coefficient is at least ninety-two percent (92%) in the previous fiscal year shall receive, at a minimum, the amount it expended in the previous fiscal year and may receive additional funding, if available. The Division may waive this requirement and allow an increase if the spending coefficient is below ninety-two percent (92%) due to extraordinary circumstances, such as a State or federal disaster declaration in the affected county. **By October 1 of each year, the Division shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division the counties that received a waiver pursuant to this subdivision and the reasons for the waiver.**

After Session Law 2017-57 was enacted, DCDEE prepared counties' allocations following the formula in Section 11B.5. All counties' final spending coefficients were greater than 92% in State Fiscal Year 2019-2020 so there were no waivers. All counties qualified to receive additional funds above their State Fiscal Year 2019-2020 final expenditures.