



North Carolina Department of Health and Human Services
DIVISION OF CHILD DEVELOPMENT

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Beverly Eaves Perdue, Governor

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Deborah J. Cassidy, Director

MEMORANDUM

TO: Directors of County Departments of Social Services
Directors of Other Local Purchasing Agencies

FROM: Deborah J. Cassidy *DJC*

DATE: February 1, 2011

RE: OSBM Mandated Subsidy Budget Reduction for SFY 10-11

The purpose of this memorandum is to provide information regarding the current state mandated reduction of Subsidized Child Care funding for the remainder of State Fiscal Year (SFY) 2010-2011.

The Office of State Budget and Management's reduction requirement resulted in a total of \$9.1 M for child care subsidy that must be obtained from a reversion of the state-wide allocation and utilizing some funds previously set aside for other projects. The Division of Child Development (DCD) has identified \$6.9 M from current under spending counties' allocations for this purpose.

The following process was used to identify funds from under spending counties to reduce funds from allocations to meet the requirement for the state mandated reduction amount. Three categories of under spending counties were determined to pull these funds.

Category One

Counties identified as spending less than 97% of their combined allocation with no waiting list. These counties' allocations are reduced to allow for a projected spending coefficient of 97%, leaving the county with a cushion of 3% above projected spending to continue serving mandated priority populations.

Category Two

Counties identified as spending less than 96% of their combined allocation with a waiting list of 100 or less. These counties' allocations are reduced to allow for a projected spending coefficient of 96%, leaving the county with a cushion of 4% above projected spending to continue serving mandated priority populations.

Category Three

Counties identified as spending less than 95% of their combined allocation with a waiting list greater than 100. These counties' allocations are reduced to allow for a projected spending coefficient of 95%, leaving the county with a cushion of 5% above projected spending to continue serving mandated priority populations.

Forty-six (46) counties fall into one of the three categories and will be contacted by their Subsidy Consultant in the next few days to discuss the amount identified to be reduced from their county allocation. Eighteen (18) of these

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forty-six (46) counties were identified for one additional step. These eighteen counties' (18) statistical information reflect that if they were to gear up to spend the balance of their allocation in the last months of SFY 10-11 would be placed into a high risk of over spending in the next SFY 11-12. These counties were identified for additional funds for reversion to place them into positions to maintain spending less than 106% of their estimated allocations as they go into SFY 11-12.

Counties are cautioned only to serve families at this point in the year as can be sustained in the coming SFY. This means working with your services consultants to plan for a sustainable service level that can be maintained through attrition next year. Taking this proactive approach may provide some relief in the upcoming months of SFY 11-12.

If you have questions as to your funding level being reduced, or planning for sustainable service levels next year, you are asked to discuss the concerns with the Subsidy Consultant assigned to your county.

DJC:RB

cc: Child Care Coordinators
Subsidy Services Consultants
North Carolina Partnership for Children