



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 Local Purchasing Agencies

FROM: Deborah J. Cassidy, PhD 

DATE: September 13, 2010

RE: Allocation Management Plan for State Fiscal Year 2010-11

EFFECTIVE DATE: Upon Receipt

The purpose of this memorandum is to provide information on the process for managing your allocation of child care subsidy funds for the current state fiscal year. After hearing concerns from the NC Association of County Directors of Social Services (NCACDSS) and considering alternative plans to the quarterly allotment process which were submitted by the Division of Child Development (DCD), the Department of Health and Human Services (DHHS) has approved moving forward with an annual allocation of child care funding. With reduced funding available this fiscal year, we are challenged with the responsibility of keeping our spending within this allocation.

In order to prevent overspending of the child care funds, an Allocation Management Plan is being implemented effective immediately. The leadership of the NCACDSS will collaborate with DHHS and DCD to establish and follow approved business plans and spending strategies within each county.

Steps to be Taken

The Division first will distribute the annual allocations to the county Departments of Social Services. Then, using a three-year history and the expenditures for the first quarter SFY 2010-11, overspending patterns in specific counties will be identified. Subsidy Technical Assistance staff will work with staff in the identified overspending counties to establish an approved business plan to bring spending down to an acceptable and manageable level.

Overspending Counties

Counties with the highest monthly spending coefficients will be identified for intense technical assistance immediately to include more urgent measures of allowable spending and priority groups. The remaining overspending counties will receive technical assistance to begin to establish priorities that will allow consistent attrition.

Guidelines to establish an approved business plan will include, but not be limited to:

- Not filling slots vacated by children receiving subsidy who have moved to the More at Four Pre-Kindergarten Program
- Not filling slots vacated by preschool children who have started to school
- Revising services to priority groups to essential care such as Child Protective Services, etc.
- Identifying other resources to cover spending over the allocation, if applicable.

Business plans must be followed and expenditures capped; ***the county will be responsible for expenditures beyond its approved level*** using a graduated step down of approved expenditures.

Underspending Counties

Counties that are spending under their allocations will receive technical assistance to determine the best methods of continuing to spend within their allocation and develop strategies to maintain spending within their allocation in subsequent state fiscal years.

For those underspending counties with a waiting list, technical assistance will be provided to determine how to serve additional children and remain within their allocation. Funds from underspending counties that do not have a waiting list or have a waiting list and spending is below 95% will be reallocated as DCD deems necessary.

Thank you for your commitment to the Subsidized Child Care Program and the Allocation Management Plan as we work together to develop strategies to keep the spending of our child care funding within the annual allocation and to ensure that as many families as possible have access to subsidized child care services.

DJC/RB/bc

cc: Child Care Coordinators
Subsidy Services Consultants
Program Compliance Consultants