

I. CHAPTER OVERVIEW

Subsidized Child Care Services are provided with federal and state funds. The Division of Child Development (DCD) administers both types of funding. This chapter describes how these funds are appropriated and distributed to counties through an annual allocation process.

II. FUNDING SOURCES

There are three federal funding streams that help pay for child care services in North Carolina. These federal funds are combined with state funding to create a seamless child care program for families who need help in paying for care. By combining funds at the state level, local purchasing agencies do not need to track federal funding sources or categories within federal funding sources. An explanation of the federal funds and the eligibility criteria for each is provided below.

A. Federal Funds

1. Child Care and Development Fund (CCDF)

The Child Care and Development Fund is the largest source of federal funding available for child care services. This funding can be used to pay for child care to support education, training and employment.

The CCDF has three funding components: mandatory, matching and discretionary. Each state is required to spend 70% of the mandatory/matching allocation for families who are receiving public assistance, families who are attempting through work activities to transition off public assistance, and families who are at risk of becoming dependent on public assistance. The discretionary funds can be used for other income-eligible families who are working or in education and training activities. Local purchasing agencies (LPA) do not have to track the 70% requirement. This is done at the state level. A state match is required for the matching portion of this funding.

Funds are also used for payment of initiatives such as activities to support inclusion of children with special needs, expansion of before/after-school child care services and resource and referral services. In addition some of the CCDF monies received by the state must be spent to improve the quality of child care. These funds are distributed through contracts and grants.

2. Temporary Assistance for Needy Families (TANF)

The Temporary Assistance for Needy Families (TANF) Program is a federal block grant program that provides financial assistance to needy families and offers supportive services to help families achieve self-sufficiency. The Department of Health and Human Services (DHHS) must use the available TANF funds for eligible, needy families with a child for the following purposes: