

III. ALLOCATION OF SUBSIDIZED CHILD CARE FUNDS

Each county Department of Social Services (DSS) receives an annual allocation of child care funding. The amount of funding may vary from year to year due to the amount of federal and state funds that are available. A portion of the allocation is designated for services support. See [Section VIII](#) below for information concerning services support funds

State and federal funds are combined at the state level so the county DSS receives a single annual allocation of funding. DSS staff are notified by DCD each year regarding the amount of funding they will receive for the next state fiscal year (SFY), which runs from July 1 through June 30 for service months June through May. Counties initially receive a projected allocation amount for the next SFY in their annual budget package. This package is distributed by the Division of Social Services in February to county DSS directors and includes information regarding the availability of funding for all programs administered by the local department of social services.

DCD later issues a funding authorization to each county to verify the amount of funding allocated to the county for the year by the Division. The county may find that the allocation figure on the funding authorization is different from the projected amount issued in February. The projected allocation amounts are revised according to actual funding approved by the General Assembly each year and funding authorizations are issued upon receipt of the state's annual certified budget. The county allocation may also be adjusted again when the budget for the federal fiscal year (which runs from October 1 through September 30) is approved and federal grant awards are received. The Division also issues funding authorizations to LPAs for Smart Start funds designated by the local Smart Start partnership for subsidy services and services support.

NOTE: Periodically, the Division receives one-time, nonrecurring state funding. The funding is only guaranteed in the year that it is dispersed and may be used to prevent termination of services or to remove families from the waiting list. In addition, counties may use the funding to serve eligible families for a limited time period. Refer to [Chapter 4: Application, Eligibility Determination and Documentation](#); [Chapter 9: Parental Choice and Voucher Procedures](#); and the Child Care Voucher and Instructions ([DCD-0446](#)) for information regarding one-time funding and limited time for child care services.

IV. ALLOCATION PROCESS FOR CHILD CARE FUNDS

When allocating state and federal child care funding (excluding Smart Start), the Division of Child Development follows the allocation formula as outlined in state legislation. The first step involves estimating each county's need for subsidy funds based on the number of children under age 11 with a parent or both parents working and whose family's income does not exceed 75% of state median income. Based on the information gathered during the first step, each county's total need for funding is determined. This amount is adjusted by subtracting the amount of funding equal to 30% of the Smart Start allocation for that county