



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Child Development and Early  
Education

**JOSH STEIN** • Governor  
**DEVPUTTA SANGVAI** • Secretary  
**CANDACE WITHERSPOON** • Director

January 23, 2026

## Dear County Directors of Social Services and Local Purchasing Agencies

**Letter Number:** SCCA DCDL 2026 - #02

**Attention:** Directors of County Departments of Social Services  
Directors of Other Local Purchasing Agencies  
Child Care Coordinators, Supervisors, and Managers  
Other DSS Personnel who work with the Subsidized Child Care Assistance Program

## **Subject: Smart Start and Non-Smart Start Spending**

The purpose of this Dear County Director Letter is to provide guidance on managing allocations and spending of Subsidized Child Care Assistance (SCCA) funds.

The statewide combined spending coefficient for November services paid in December was 88.43% and the preliminary spending coefficient for December services paid in January is also 88.43%.

### **Non-Smart Start Spending**

Due to low statewide spending, all counties are permitted to take applications and serve children using their Non-Smart Start allocation. All counties may also use their Non-Smart Start allocation to serve children from waiting lists, **regardless of the spending coefficient**. Any counties without a current waiting list are not required to start a waiting list if expenditures increase because of this guidance. DCDEE plans to review expenditures and complete reversions and reallocations to ensure counties with a spending coefficient above 100% will end the fiscal year without overspending.

The Division of Child Development and Early Education (DCDEE) recognizes there may be hesitation with spending due to the lack of a state budget. DCDEE would like to reassure counties that although there is currently not an approved state budget, the state is operating under a continuing resolution and DCDEE does not expect funding allocations to fall below current estimated allocations once a state budget is approved.

### **Smart Start Spending**

The statewide spending coefficient for Smart Start expenditures for November services paid in December was 116.57%, and the preliminary spending coefficient for Smart Start expenditures for December services paid in January is 113.44%. All counties should work with their DCDEE Technical Assistance (TA) Consultant and their local partnership to develop a plan for Smart Start spending for the remainder of the fiscal year.

For counties currently overspending Smart Start funds, it is critical to monitor and control expenditures to ensure Smart Start funds are not overspent. Recommendations include regularly monitoring Smart Start spending, changing fund rankings in NC FAST and/or completing fund transfer obligations to remove children from the Smart Start fund source.

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION**

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SCCA DCDL 2026 - #02

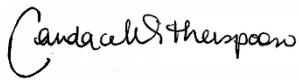
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Please remember that Smart Start allocations must be spent within \$100 of the allocation total. DCDEE does not have the same flexibility with Smart Start allocations, therefore, reversions and reallocations cannot be completed in the same way they are completed for Non-Smart Start allocations.

DCDEE appreciates efforts to efficiently manage and spend the Smart Start and Non-Smart Start allocations to support the SCCA program. If you have questions with this letter or need assistance managing allocations, please contact your Technical Assistance Consultant.

Sincerely,

A handwritten signature in cursive script that reads "Candace Witherspoon".

Candace Witherspoon

CW/RS