NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

JOSH STEIN • Governor
DEVDUTTA SANGVAI • Secretary
CARLA WEST • Division Director, Human Services

July 17, 2026

DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

ATTENTION: Child Support Managers and Supervisors

SUBJECT: SFY 2026 Annual Incentive Expenditures Report/SFY 2027 Annual Incentive Plan

REQUIRED ACTION: _____ Information Only	_____ Action Needed
__X___ Time Sensitive Action Needed	_____ Immediate Action Needed

Pursuant to Session Law 2015-241; SECTION 12C.7(c), County Child Support Services Programs are required to:

1. Submit an annual plan describing how federal incentive funding would improve program effectiveness and efficiency as a condition of receiving federal incentive funder; and
2. Report annually on:
   i. how federal incentive funding has improved program effectiveness and efficiency and been reinvested into their programs;
   ii. provide documentation that the funds were spent per their annual plan; and
   iii. explain any deviations from their plans.

The document will be distributed to individual counties via email today, July 17, 2026.

The report is due on **Friday, August 14, 2026**. A sample of the report is attached along with instructions for completing the report accurately.

The document includes the following elements that are populated for each county.

PART 1 – SFY2026 ANNUAL REPORT OF EXPENDITURES
Total Incentive Funds Disbursed (Informational) This section provides information regarding the amount of incentives that were actually disbursed to your county in SFY2026.

Information from SFY2025 Annual Plan (Informational) This section indicates how much your county estimated to spend using incentive funds in SFY2026 pursuant to your county's plan.
Performance Measures (Informational) This section allows you to compare your county's performance measures for **SFY2025 vs. SFY2026**.

1. **Expenditures and Savings (REQUIRED TO BE COMPLETED)** Report how much of the disbursed amount was:
   - **Spent** on eligible activities
   - **Saved** for future use

Note: The total of "spent" and "saved" ***must*** equal the total amount disbursed. Please do not include any expenditures that were paid using previous years' incentive funds.

2. **Optional** If your county made any **changes or deviations to the SFY2026 Annual Incentive Plan**, you may document those in the space provided.

PART 2 – SFY2027 ANNUAL INCENTIVE PLAN
Information to be Completed

1. **IV-D Service Area** Indicate the area(s) where funds will be used. Check all that apply. ***If "Other" is selected, you must complete item #2.***

Estimated Incentive Expenditures (SFY2027) Provide an estimate of how much your county plans to spend of the incentive funds that will be disbursed in SFY2027.

Expected Performance Areas Check all applicable performance areas your county expects to impact using these funds.

2. **(Optional)** Use this space to provide additional information regarding the SFY2027 Incentive Plan.

3. **Authorized County Representative** This section must be completed and signed by the designated representative**.**

Helpful Notes:

- The **Authorized County Representative** is determined by each county. Digital/Electronic Signatures are acceptable.
- To estimate SFY2027 expenditures, review your county's **past spending trends** and **anticipated future needs**.

Should you have questions or need additional information, please contact Stephanie Wells at (919) 855-4458.

Sincerely,

Verna Donnelly

Verna Donnelly
North Carolina State Child Support Deputy Director

Attachments
cc: IV-D Regional Continuous Quality Improvement Specialists

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