



North Carolina Department of Health and Human Services  
Division of Child Development and Early Education

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**SUBSIDIZED CHILD CARE SERVICES ADMINISTRATIVE LETTER No. 02-14**

TO: Directors County Departments of Social Services  
Directors of Other Local Purchasing Agencies

FROM: Robert W. Kindsvatter 

SUBJECT: Maximum Income Eligibility Limits  
Parental Fee Percentages  
Prorated Parental Fees  
Income Unit Definition  
Market Rate Adjustments

ISSUE DATE: August 13, 2014

The purpose of this letter is to provide information about changes to the Subsidized Child Care Program as required by the General Assembly in the Session Law 2014-100 for State Fiscal Year 2014-2015.

**Changes Effective October 1, 2014**

**Maximum Income Eligibility Limits**

The income eligibility requirements for children served in the subsidized child care program have changed. For children ages 0-5 and for children with special needs, the maximum income limit for families will change from 75% of State Median Income (SMI) to 200% of the Federal Poverty Level (FPL). In addition, the maximum income limits for families who need assistance for children ages 6-12 have changed from 75% of SMI to 133% of FPL. Families who receive assistance to support Child Welfare Services, Child Protective Services and foster children in DSS custody will continue to be served without regard to income.

**Parental Fees**

Changes were made to set parental fees at 10% of gross monthly income for all families who are required to pay a fee. Families who receive assistance to support Child Welfare Services or Child Protective Services will continue to be exempt from the fee requirement. Families who provide foster care services for children who are in the custody of the county department of social services are also exempt. Policies related to these changes will become effective October 1, 2014.

**Prorated Parental Fees**

The proration of parental fees for part-time care is eliminated. Families who need part-time care will be assessed the full fee amount based on 10% of the gross monthly income. The increased parental fees will reduce the amount paid to child care providers by the Subsidized Child Care Program.

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### **Requirements and Procedures for Child Care Staff**

Attachment I of this letter provides information on new eligibility and income requirements for parents to receive subsidized child care assistance. The attachment also includes procedures for child care staff to follow when implementing these requirements. Also attached to this letter are the new maximum income limits which are to be used to determine eligibility effective October 1, 2014.

These policy changes must be used to determine eligibility for families who apply for child care assistance on or after October 1, 2014. Families currently receiving assistance will have their income eligibility determined according to these policies at their next redetermination.

### **Changes Effective January 1, 2015**

#### **Income Unit Definition**

The definition of income unit has been changed to include the following:

- A stepparent and stepparent's child, if applicable; and
- A nonparent relative caretaker, and the caretaker's spouse and child, if applicable, when the parent of the child receiving subsidized child care does not live in the home with the child.

Income earned by these family members must now be included in the calculation for determining the income eligibility of the child as well as the calculation of the parental fee. This policy change must also be applied to all families who are currently receiving child care assistance by January 1, 2015.

#### **Market Rate Adjustments**

Adjustments will be made to the child care market rates for three- to five-star child care centers and three- to five-star family child care homes. These adjustments will implement twenty-five percent (25%) of the recommended rate adjustments as defined in the 2013 Child Care Market Rate Study. Tables to reflect the new child care market rates are currently being finalized. These new rates will be posted on-line and provided in a subsequent change notice.

DCDEE staff will provide training related to these new requirements on August 18, 2014 and August 25, 2014 using Adobe Connect Pro and conference calling. There will be two training webinar sessions each day. The first session is scheduled for 10:00 a.m. to 11:30 a.m. The second session is scheduled for 2:00 p.m. to 3:30 p.m. This training will detail the policy changes and how to navigate to and utilize a Data Warehouse query designed to assist in identification of cases that require changes. Procedures for accessing the training sessions will be provided prior to the meetings.

Local purchasing agencies are encouraged to inform parents and providers of the new subsidy policies. This will help parents to prepare for possible changes to their eligibility status and/or parental fees. It could also help providers to prepare for possible changes to their subsidy payments.

A Change Notice will be issued to reflect the new policies prior to their effective date. Other changes in policies may also be addressed in the Change Notice. Please distribute this letter to your child care staff and all other agency staff who work with the Subsidized Child Care Program. If you have questions regarding the information in this letter, please contact staff in the Subsidy Services Section at 919-527-6590.

RWK/DM

Attachments

cc: Child Care Coordinators  
Subsidy Services Consultants  
Program Compliance Consultants

**Attachment I**

**DCDEE Administrative Letter No. 2-14**

**Effective October 1, 2014**

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**Instructions for Implementation of New Eligibility Guidelines for Subsidized Child Care**

**A. Maximum Income Eligibility Limits – Effective October 1, 2014**

1. For **all new applicants**, to determine a child's eligibility for subsidized child care, county staff will use:
  - a. 200% of the federal poverty for children ages 0-5 and for all children with special needs
  - b. 133% of the federal poverty level for all children ages 6-12 who do not have special needs  
(see chart below).
2. For **children currently receiving child care subsidy**, children shall continue to receive services based on 75% of the State median income criteria until the child's next eligibility redetermination. This includes any child whose next eligibility redetermination begin date is prior to October 1, 2014. Children who are determined to no longer be eligible for subsidy services (at their redetermination) under the new income guidelines must receive a ten day notice prior to termination of subsidized child care services.

**B. Percentage of Income used for Parental Fees – Effective October 1, 2014**

1. Effective October 1, 2014 fees for families who are required to share in the cost of care shall be established based on ten percent (10%) of gross family income regardless of family size.
2. The Division of Child Development and Early Education have provided a query to assist counties in identifying those families who are currently paying less than a 10% parental fee. (The information in these queries is based on household income entered into the reimbursement system by county staff)
3. Counties may also use information in the existing case record from the last reported income.
4. In order for the increase in parental fee to be effective on October 1, 2014 and to comply with the ten day notice requirement, county staff must send an action notice to each family informing them of the new parental fee no later than September 15, 2014.

**C. Proration of Parental fees – Effective October 1, 2014**

1. Effective October 1, 2014 parental fees will no longer be prorated for partial day level/plan of care.
2. All families with children receiving part time care will pay 100% of the parental fee based on 10% of the family's gross income.
3. This means that if a family's parental fee has been assessed to a school age or preschool age child with wrap care, the family will pay 100% of the parental fee based on 10% of the family's gross income.
4. County staff will use the queries provided by DCDEE or the information in the existing case record from the last reported income and level of care to assess the new parental fee amount.
5. County staff must send child care action notices by September 15, 2014 with an October 1, 2014 effective date.

**Attachment I**

**DCDEE Administrative Letter No. 2-14**

**Effective October 1, 2014**

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**D. Definition of Income Unit - Effective January 1, 2015**

1. The determination of eligibility and income calculations on all cases receiving subsidized child care must include:
  - a) All members of the newly defined income unit
  - b) Any countable income of all income unit members.
2. DCDEE will provide counties with Data Warehouse queries in order to identify cases in which there are 0 – 1 responsible adults in the household. Counties may also use information in the case record.
3. County staff must contact families in order to obtain the following information:
  - a) Names of all household members and their relationship to the child/children in care.
  - b) Verification of income of all household members, if applicable (If household member receives FNS, staff may deem income from FNS).
4. All new household members and any income must be added to the case by January 1, 2015.
5. Child care action notices must be sent with a ten day termination notice for any child found to be ineligible due to this change with an effective date of January 1, 2015. These notices must be sent by December 16, 2014.

**Maximum Gross Monthly Income Eligibility Limits for Subsidized Child Care Services  
EFFECTIVE OCTOBER 1, 2014**

**200% Federal Poverty Level**

**(All children ages 0-5, and All special needs children)**

<b>Family Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Maximum Gross Monthly Income</b>	\$1,945	\$2,622	\$3,298	\$3,975	\$4,652

<b>Family Size</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Maximum Gross Monthly Income</b>	\$5,328	\$6,005	\$6,682	\$7,358	\$8,035	\$8,712	\$9,388

**133% Federal Poverty Level**

**(All children ages 6-12, no special needs)**

<b>Family Size</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>Maximum Gross Monthly Income</b>	\$1,293	\$1,743	\$2,193	\$2,643	\$3,093

<b>Family Size</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>
<b>Maximum Gross Monthly Income</b>	\$3,543	\$3,993	\$4,443	\$4,893	\$5,343	\$6,243	\$6,693