



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

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**SUBSIDIZED CHILD CARE ASSISTANCE ADMINISTRATIVE LETTER #05-16 (CORRECTION)**

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

SUBJECT: Changes to Subsidized Child Care Assistance (SCCA) Policy

ATTENTION: Child Care Coordinators, Supervisors and Managers  
Other DSS Personnel who work with the Subsidized Child Care Assistance Program

ISSUE DATE: May 31, 2016  
AMENDED ISSUE DATE: June 21, 2017

EFFECTIVE DATE: June 1, 2016  
AMENDED EFFECTIVE DATE: June 21, 2017

The purpose of this Administrative Letter is to communicate changes to SCCA policy to align with provisions in the Child Care and Development Fund Act of 2014. Policies are changing regarding:

- (1) Annual Redetermination of Eligibility
- (2) 90 Day Transition/Job Search
- (3) Graduated Phase Out
- (4) 10 Day Notice of Termination
- (5) Provider Rate Change (**CORRECTION**)
- (6) Discounts
- (7) Scholarships and Sliding Fees
- (8) Definition of Foster Parent

**Annual Redetermination of Eligibility**

**1. General Information**

In accordance with Chapter 11, V., in order for an individual to continue to receive child care services, eligibility must be determined annually. As a part of the annual redetermination of eligibility, recipients must sign a new application for child care assistance prior to the end of the current certification period. Chapter 4, III, B., states that clients are encouraged to come to the agency to apply for child care services unless doing so presents an extreme hardship on the client. In these cases, the child care worker will mail the application, along with the instructions to the applicant or recipient.

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## 2. Policies

Anyone participating in the Subsidized Child Care Assistance Program will be able to complete the redetermination process by mail or phone upon request. In all situations, the child care worker must receive the completed application before the eligibility period ends. When completing mail or phone redetermination procedures, the recipient must be made aware that the redetermination application must be postmarked no later than the last day of the eligibility period. Verifications needed to redetermine eligibility must be provided within 30 calendar days of the date of the signature on the redetermination application.

## 3. Procedures

At least thirty calendar days, prior to the eligibility expiration date, the child care worker must make written contact with the recipient to notify her/him that the eligibility period is expiring. As a reminder, written notices must be mailed to the most recently reported home address. When a mail rectification process has been requested by the recipient, the child care worker will mail the application, along with the instructions to the recipient. Phone redeterminations will be conducted by appointment. Phone interviews require the recipient to sign the redetermination application completed during the phone interview prior to the ending date of the eligibility period. When there is insufficient time to complete the mailing process the child care worker will inform the recipient that an office visit is necessary to complete the redetermination.

## 90 Day Transition/Job Search

### 1. General Information:

In accordance with Chapter 5, III, A. (1), when a parent is approved to receive subsidy services to support employment, the LPA (Local Purchasing Agency) should inform the parent that child care services may be provided for a minimum of thirty days to seek employment if the parent becomes unemployed. The service can begin on the date the parent lost her job or begins the job search activity if child care is requested by the parent. The extension shall not exceed thirty days. Services are also provided if the parent or responsible adult is enrolled in a job search activity as part of an approved employment/training plan such as Work First.

### 2. Policies

New policy requires 90 days of continued child care assistance for the following instances when the parent is currently receiving child care assistance:

- (1) Seeking employment following a job loss
- (2) Transitions between training or education activities
- (3) Job search following the 20 month post-secondary education time limit

Continuation of the service may be extended beyond 90 days if the agency determines such extension is warranted. The reason for the extension must be documented in the client's record.

### 3. Procedures

It is the recipient's responsibility to report their employment and education status. When a recipient reports a need for transition time, a Child Care Action Notice must be issued to indicate the end of the 90 day transition period. During the transition period, the current plan of care will not change unless a change is requested by the recipient. If there is need for a change in the plan of care during transitions (i.e. worked

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third shift but now needs care for first shift to look for work), the child care worker will issue a Child Care Action Notice indicating the new plan of care. When in periods of transition, job search activities and educational plans must be communicated to the child care worker before the end of the 90 day transition period. If an extension is given, the reason for the extension must be documented in the client's case record. A new Child Care Action Notice must be issued with the new termination date. There is no additional 10 day notice.

### **Graduated Phase Out:**

#### **1. Background:**

The Graduated Phase Out of Eligibility was created for families that are over State Eligibility income criteria but at or below 85% of State Median Income

New legislation was passed on November 14, 2014 as follows:

CCDF Act of 2014 SEC. 658E. APPLICATION AND PLAN. Section c) Requirements of a Plan-Subsection [(N) Protection for Working Parents.— (iv) Graduated Phase Out of Care.—The plan shall describe the policies and procedures that are in place to allow for provision of continued assistance to carry out this subchapter, at the beginning of a new eligibility period under clause (i) (l), for children of parents who are working or attending a job training or educational program and whose family income exceeds the State's income limit to initially qualify for such assistance, if the family income for the family involved does not exceed 85 percent of the State median income for a family of the same size.

#### **2. Policies:**

In alignment with new Federal statute, change in policy and procedures will allow the Division of Child Development and Early Education (DCDEE) maximum flexibility in provision of services. These policies do not affect services provided without regard to income including CPS and CWS. In order to do so, changes must be made to support families that are over the Federal income guidelines but at or below 85% of State Median Income.

A graduated 90-day phase out period occurs when, at redetermination, families' gross countable monthly income exceeds Federal Poverty Levels of 133% for school age children or 200% for preschool age children and children with special needs whose income meets the federal income threshold of 85% State Median Income.

#### **3. Procedures**

At the time of the redetermination, the family income shall be compared to 85% State Median Income (SMI). If income is less than 85% SMI but exceeds the State Income limits, the family will be given a phase out period of 90 days during which child care subsidy services continue without adjustment of the parental fee. When the family income exceeds 85% at redetermination, a ten (10) work day notice will be issued to terminate services. Please see the attached procedures for keying into SCCRS.

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## 10 Day Notice of Termination

### 1. General Information

Chapter 11. VI. B. provides instances in which a provider is given less than a 10 work day notice of termination of services for a child(ren). A five (5) work day notice would apply when the following situations occur, (1) The parent provides written or verbal notification that the service is no longer needed or wanted; (2) The child moves out of the county; or (3) The child has been admitted to an institution and is no longer able to use service. The LPA would contact the provider verbally on the first day of notification and in writing via the Child Care Action Notice (DCD-0450) which is sent no later than the effective date of the termination.

### 2. Policies:

New policy will allow a ten (10) work day notice when the following situations occur, (1) The parent provides written or verbal notification that the service is no longer needed or wanted; (2) The child moves out of the county; or (3) The child had been admitted to an institution and is no longer able to use service, or immediate termination.

### 3. Procedures:

The Child Care Action Notice (DCDEE-0450) must be provided to the parent/responsible adult giving notice of the termination and the reason for termination at least ten (10) working days prior to the effective date of the termination when services end during a twelve month eligibility period. A copy of the Action Notice must also be sent to the provider and the person(s) in the local purchasing agency responsible for the reimbursement and payment process.

## Provider Rate Changes (CORRECTION)

### 1. General Information

Current policy in Chapter 21, V.A. states that providers are responsible for reporting changes (including both increases and decreases) in their private paying rates to the LPA. Changes in rates may be submitted to the LPA on the Private Paying Rates and Other Fees form (DCD- 0458) or on a document that is dated and signed by the provider indicating charges to private paying parents and the effective date of the rates. After receiving a two through five star rated license the operator may apply at any time for a higher star rating. With the request for a higher star rating, the child care provider can request an increase in child care rates

Chapter 21.IV. A. 1. states "A provider can only receive an increase in their subsidy payment rate once a year unless the increase in rates is the result of a provider receiving a higher star rated license." Currently, providers should not submit a rate increases request more than three (3) months prior to the effective date. Currently, requests for increases in private paying rates are processed for subsidy only once per year. If star rated license increases and private paying rates increase, subsidy payment rate may be adjusted if provider submits a change in private paying parent rates to the Local Purchasing Agency (LPA)

### 2. Policies:

A provider can only receive an increase in their subsidy payment rate once a year unless the increase in rates is the result of a provider receiving a higher star rated license or new market rates are established. All requests for rate increases related to market rates or the provider's star level can be submitted no later

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than 90 calendar days after the effective date of the change and no sooner than 90 days before the effective date. Any decreases in private paying rates will be processed for subsidy immediately after decreases are reported to the LPA. Decreases in private paying rates will take effect in the month in which the private paying rate was effective. If the decrease is due to a lower star rated license, the decrease will take effect in the month in which the star level decreased.

### **3. Procedures:**

If the provider's star level increases or if there is a Market Rate adjustment, the provider can request a rate change within 90 days of the star level increase or market rate adjustment. The rate change will be in effect the first day of a month after the 30 calendar day notice. Potential rate changes are limited to two (2) per year, (1) market rate increase, and (2) increase in stars on the rated license.

The provider is required to report changes in accordance with Provider Responsibilities requirements.

## **Discounts**

### **1. General Information**

Current policy in Chapter 21. III. B. states that if the provider offers private paying parents a discount for paying early, the subsidy payment shall not be more than ten percent (10%) above the provider's discounted early payment rate to private paying parents. This discount cannot exceed the on-time rate or the applicable market rate.

### **2. Policies:**

Discounts for early payments will not be used to calculate subsidy payment rates.

### **3. Procedures:**

Payments to providers will be based on the current market rate.

## **Scholarships and Sliding Fees:**

### **1. General Information**

Current policy in chapter 21. III. C. states providers may choose to offer parents varying rates based on a sliding fee scale or a reduced rate based on a scholarship. The provider's written policies on the sliding fee scale and/or scholarship program, along with the application completed by each parent requesting the assistance, must be on file on site and available for review by parents and authorized county, state, and federal staff. Once the sliding fee scale and/or scholarship program is determined to be valid, the local purchasing agency (LPA) determines the subsidy payment rates.

### **2. Policies:**

Subsidy will no longer pay based on sliding fee scales and scholarships.

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**3. Procedures:**

Payments to providers will be based on the current market rate.

**Definition of Foster Parent**

**1. General Information:**

The term Foster Parent was not defined in Subsidized Child Care Assistance Program.

**2. Policy**

Foster Parent is defined as anyone other than that child's parent (s) or legal custodian (s) who is providing full time care for a child who is in the custody of a North Carolina County Department of Social Services.

If you have questions about the information in this letter, or other Subsidized Child Care Assistance Program question, please contact [dcdee.subsidy.policy.help@dhhs.nc.gov](mailto:dcdee.subsidy.policy.help@dhhs.nc.gov) to reach technical assistance and policy consultation.

Sincerely,



Anna Carter, Director

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