

**CHILD CARE SUBSIDY SERVICES MANUAL
CHANGE # 1-00**

TO: County Departments of Social Services
Other Local Purchasing Agencies

FROM: Stephanie D. Fanjul, Director
Division of Child Development

EFFECTIVE: Upon Receipt

SUBJECT: **New Child Care Subsidy Services
Manual**

ISSUE DATE: April 2000

Attached is the new **Child Care Subsidy Services Manual** which incorporates policy changes which have become effective since July 1997.

This manual incorporates existing policy contained in the Child Day Care Services Manual issued July 1997, as well as subsequent Change Notices, Administrative Letters, Memoranda and Program Operations Section Letters. Please set aside these materials upon receipt of this new manual: however, staff must maintain a copy of these materials for reference during single audits, state monitoring visits and fraud investigations. Instructions related to reimbursement procedures for use of the Subsidized Child Care Reimbursement System should be retained until new instructions are received.

The attached material includes several policy changes. Fraud and overpayment policies in Chapter 26 have been revised. In addition, provider enrollment information has been incorporated into a new chapter, which is Chapter 17. The appendixes have also changed as follows: revised forms are in Appendix A; market rates are in Appendix B; information pertaining to serving children with special needs is in Appendix C; procedures for emergency child care are in Appendix D; administrative letters and change notices are in Appendix E; and reimbursement code combinations are in Appendix F.

We strongly recommend that both experienced and new staff read the entire manual to become familiar with the policy changes. Training will be offered in April for local purchasing agency staff. In addition, this manual will be available on-line in March as a result of the Business Process Reengineering Project.

The major changes are summarized below:

Chapter 2: Funding for Child Care Services

This chapter includes information about the use of Smart Start funding to augment the State's subsidy payment rate per child by paying *quality bonus payments* for preschool age children who are in facilities earning a two to five Star Rated License.

Chapter 4: Licensing Requirements for Family Child Care Homes

The new voluntary licensing requirements for homes are described in this chapter. Beginning January 1, 2000, family child care home operators can apply for a voluntary two to five *Star Rated License* if they have been in operation for at least six months.

Chapter 5: Licensing Requirements For Child Care Centers

This chapter includes the new voluntary licensing requirements for centers. Beginning July 1, 1999 child care center operators begin applying for a voluntary two through five *Star Rated License*.

Chapter 6: Non-Compliance with Licensing Requirements

This chapter defines the circumstances during which subsidy payments can not be made such as when a provider's license has been revoked by the Division of Child Development.

Chapter 7: Abuse And Neglect Investigations In Child Care Facilities

This chapter defines the circumstances during which subsidy payments can not be made such as when a provider's license has been revoked by the Division of Child Development.

Chapter 11: Determining Income Eligibility For Child Care Services

New information is provided in this chapter regarding acceptable sources of verification for self-employment which include business accounting records, statements of an outside accountant, ledger books or records maintained by the applicant, information from the most recent IRS tax forms or the Verification Form for Self-Employment Income and Expenses. *Maximum income eligibility limits*, which were revised effective June 1999, are also included here.

Chapter 15: Payment Rates

This chapter provides information about the payment rates for providers who elect to meet higher licensing standards for a higher star rated license. The procedures for determining the payment rate for certified developmental day centers are also described in this chapter.

Chapter 16: Payment Policies

New payment policies which allow *suspension* of subsidized child care payments for failure by the provider to meet licensing requirements that jeopardize health and safety

standards are described here. Policy describing when *shift overlap* can be approved is also included in this chapter.

Chapter 23: The Child Care Provider Agreement

This chapter discusses the provider agreement. Before the local purchasing agency can issue a vendor payment for subsidized child care services purchased from a child care provider, the Child Care Provider Agreement must be signed. New policy requires that the provider agreement be *renewed annually*.

Chapter 26: Overpayments and Fraudulent Misrepresentation

This chapter discusses types of overpayments and fraud, including the procedures to follow when an agency believes a recipient or provider has inappropriately received child care subsidy services or payments. It includes a description of unintentional error and intentional fraud and such policies regarding which errors are subject to a payback.

Appendix A: Child Care Services Forms and Instructions for Completion

Several child care services forms have been revised in order to capture the information necessary to provide services for children and families. The table of contents now includes the revision date of the forms and the typical order of usage for these forms. Form DCD-330 is now the Request to Change Private Paying Rates instead of the Request for Private Paying Rates and Form DCD-330T Request to Change Private Paying and Transportation Rates is new. The Nonlicensed Home Checklist has been revised to reflect additional requirements such as revised transportation requirements. New forms have also been added that address child care subsidy overpayment and error. These forms are DCD-0105, 0106, and two Sample forms.

Appendix C: Caring for Children with Special Needs

The supplementary information concerning children with special needs has been grouped into a separate document in this appendix.

Appendix D: Procedures for Emergency Child Care Services

Counties in a federal or state declared disaster area will follow these procedures for providing child care services to families and providers displaced by a disaster such as fire or flood.

Questions regarding the manual material should be directed to the Program Operations Services Consultant for your area.