



North Carolina Department of Health and Human Services

DIVISION OF CHILD DEVELOPMENT

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SUBSIDIZED CHILD CARE SERVICES MANUAL CHANGE NOTICE # 3 – 02

TO: County Departments of Social Services
Other Local Purchasing Agencies
State Level Contract Agencies

FROM: Peggy M. Ball

EFFECTIVE: October 1, 2002

SUBJECT: New Subsidized Child Care Services Manual

ISSUE DATE: September 16, 2002

Attached is the new **Subsidized Child Care Services Manual** which is a result of the Child Care Policy Simplification Project. The Project was initiated as a part of the work done under NC FAST. A workgroup, which included county department of social services staff, clarified the policies contained in the manual and aligned it with other programs when possible. Please note that the name of the manual has been changed from **Child Care Subsidy Services Manual** to **Subsidized Child Care Services Manual**.

The **Subsidized Child Care Services Manual** is reorganized and consolidated. Please see the attachment, [“Renumbered Subsidized Child Care Services Manual,”](#) which shows the previous chapter numbers and names and the new location. The manual is now in a standard outline format consistent with other program manuals within the Department of Health and Human Services. When the revised manual is posted on-line, links will be activated which link to chapters in the manual and additional resources.

The attached material includes some changes in subsidy policies which become effective October 1, 2002 and are itemized below. Instructions for replacing existing manual materials are provided at the end of this letter. Your agency must maintain at least one copy of the previous manual materials for reference during single audits, state monitoring visits and fraud investigations.

We strongly recommend that staff review the entire manual to become familiar with the new organization and the policy clarifications and changes. Training sessions are being offered later this month for local purchasing agency staff. In addition, this manual will soon be available on-line at the following web site:

<http://info.dhhs.state.nc.us/olm/manuals/dcd/ccs/man/index.htm>.

Some subsidy forms in Appendix A have been revised and significant changes will be noted



during the training sessions. Revised forms will be available soon from the Division. In the meantime, your agency can exhaust your existing supply of forms before ordering new ones. You may also choose to make copies of those provided with the revised manual or access them on-line once the forms are updated.

The major changes are summarized below.

Chapter 2: Funding for Subsidized Child Care Services

Additional information is provided in this chapter regarding funding sources and the allocation of funds, as well as the use of services support funds.

Chapter 4: Application, Eligibility Determination and Documentation

This chapter includes some clarification about the eligibility determination process, including additional information about serving children over the age of 12. In order for children over the age of twelve receiving subsidized child care to be served in a licensed program, the provider's license must reflect approval to serve children over age twelve. The information describes the process which DCD staff follow to issue a revised license.

Chapter 5: Establishing Need and a Plan of Care

Clarification is provided regarding how to code the need for care when the parent is employed and attending school. If child care is needed to support both education and employment, and the hours spent in each activity are equal, or the hours of employment are greater than the hours spent in the educational activity, the need for care is coded as employment. The two-year education period would still need to be tracked manually.

Additional information related to providing subsidy services to support education is provided. The two year limit on post-secondary education or skills training applies to individuals, not households. For example, when there are two parents in the household and one parent is enrolled in post-secondary education and the other is working, a two year limit applies to the parent in the educational activity. If the parent who was employed later decides to enroll in a post-secondary educational activity, a separate two year limit applies to that parent.

Another clarification relates to the provision of documentation to support education. When a recipient of child care must submit grades or a class schedule, they must submit these within a "reasonable time period." The reasonable time period should be established by the LPA.

Chapter 6: Serving Children with Special Needs

This is a new chapter in which the various references in the previous manual have been grouped together into one chapter. This chapter also includes the information regarding the use of the 400 series of need codes. The 400 series may now be used to identify any child with special needs as long as the LPA has documentation of the child's special needs as verified by the Referral for Child Care--Children with Special Needs form (DCD-0093) or a copy of the current Service Delivery Plan page of the Individualized Family Service Plan (IFSP) or Individualized Education Program (IEP).

Chapter 7: Family Definition and Determining Income Eligibility

This chapter has been expanded to define the various types of earned income and provides specific guidance regarding how to calculate income eligibility. In addition, a change is included regarding the conversion of income. Weekly income will now be converted to monthly income by multiplying the weekly amount by 4.333. The change was made to be consistent with the conversion method used for payment rates. This new conversion method will apply to families who apply on or after October 1, 2002 and as families currently receiving services report changes or eligibility reviews occur.

Additional information and examples are also provided regarding self-employment.

Chapter 9: Parental Choice and Voucher Procedures

This chapter clarifies the instances when parental choice cannot be honored, such as those when the provider agreement terminates. This may occur when the Division takes action to revoke or deny a provider's license or when DCD approves the termination of subsidy funds due to instances of noncompliance. Clarification is also provided regarding the policy which prohibits enrolling new children receiving subsidy funds when an action such as a revocation or denial occurs.

Chapter 11: Responding to Eligibility Changes and Redetermination

This chapter clarifies the policy regarding the notice provided to the parent and provider when changes occur and at the end of the eligibility period. A ten-day notice must be given to the parent and the provider prior to terminating subsidy services, except for certain circumstances which are listed in this chapter which allow for a five-day notice.

Chapter 16: Approval and Enrollment Procedures for Licensed Facilities

Effective October 1, 2002, the Approval Notice for every provider will indicate the maximum full and part-time rates which may be paid instead of the private paying rates. The LPA will determine the subsidy payment rates for each provider based on the payment policies in the manual.

Additional information regarding out-of-state providers has been added to this chapter.

Chapter 20: Payment Policies

Explanations are provided regarding the payment rates that are paid when the following occurs: (1) a location change, (2) an ownership change, and (3) a change in license type (provisional, probationary, or special provisional license).

The local purchasing agency (LPA) will no longer submit rate changes to the Rate Setting Unit in DCD to generate a change on the Approval Notice. Instead, the LPA will maintain the rates in the agency and will pay the market rate or the provider's private paying rate, whichever is lower, unless the policy specifies otherwise.

Chapter 21: Payment Rates

A provider can only receive an increase in their subsidy payment rates once a year unless the increase in rates is the result of a provider receiving a higher star rated license. The time

period for measuring the year has been revised and is now a calendar year (January through December). If a provider only changes one rate for a particular age group, this is considered the rate increase for the year. Providers should not submit rate increases more than three months prior to the effective date.

The LPA has the option to reduce the notice period or waive their right to a thirty (30) day notice of increase in a provider's private paying rates. This must be included in local policy.

Chapter 22: Local Policy Options

This is a new chapter in which the various references throughout the manual concerning local policy options have been grouped together into one chapter.

Chapter 23: Fraudulent Misrepresentation and Overpayments

This chapter has been revised and provides the instructions for correcting payment errors that are the result of fraud. In addition, two examples have been added.

Chapter 24: Appeals and Hearings

This is a new chapter in which the various references throughout the previous manual concerning appeals and hearings have been grouped together into one chapter.

Appendix A: Subsidized Child Care Forms

Several forms have been updated to correspond with policy changes and clarifications. These are indicated by the revision dates.

Appendix F: Subsidized Child Care Codes

The need categories for which local TANF (fund source 71) funds may be used have been expanded to include additional codes. The reimbursement codes have been updated to include these. In addition, a list of the codes has been added that are used to identify counties and state level contract agencies in the SCC Reimbursement System.

Acronyms/Definitions

Definitions of the most frequently used acronyms and terms used throughout the manual are included here.

The instructions for the maintenance of the Subsidized Child Care Manual are described as follows.

**INSTRUCTIONS FOR MAINTENANCE OF NEW
SUBSIDIZED CHILD CARE SERVICES MANUAL**

RETAIN

Appendix B: Market Rates dated September 2000 from the previous Child Care Subsidy Services Manual.

Appendix E: Change Notices and Letters from the previous Child Care Subsidy Services Manual.

REMOVE

Child Care Subsidy Services Manual,
Chapters 1 – 26.

Appendix A dated April 2001.

Appendix C dated April 2001.

Appendix D dated April 2000.

Appendix F dated April 2001.

INSERT

Subsidized Child Care Services Manual,
Chapters 1 – 24 dated October 2002.

Appendix A dated October 2002.

Appendix B: Market Rates
dated September 2000.

Appendix C dated October 2002.

Appendix D dated October 2002.

Appendix E: Change Notices and Letters.

Appendix F dated October 2002.

Acronyms/Definitions dated October 2002.

A copy of this **Change Notice** should be retained in your manual in **Appendix E**.

Only a limited number of copies of this Change Notice and manual will be printed. If your agency needs additional copies, they can be made at the local level. In the future, we will be transitioning to providing the manual on-line rather than printing paper copies. Questions regarding the manual materials should be directed to your Subsidy Services Consultant.

Attachment