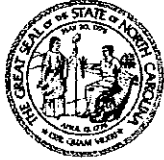


North Carolina Department of Health and Human Services
DIVISION OF CHILD DEVELOPMENT



Michael F. Easley, Governor

Dempsey Benton, Secretary

Cynthia L. Bennett, Director

SUBSIDIZED CHILD CARE SERVICES MANUAL - CHANGE NOTICE # 4 - 07

TO: County Department of Social Services
Other Local Purchasing Agencies

FROM: Cynthia L. Bennett

DATE: September 17, 2007

RE: Implementation of 2007 Market Rates

During the recent Legislative Session, additional subsidy funds were provided to implement new market rates for 3 to 5 star licensed centers and homes based upon the data from the 2007 Market Rate Survey. You recently received your county's allocation of child care subsidy funds for State Fiscal Year (SFY) 2007-08 which includes the additional funds to support the new rates. The new rates are effective October 1, 2007, as specified by the General Assembly in the Budget Bill.

Market Rate Implementation

Prior to issuing payments in November for October services, LPA staff must determine which rates must be revised. Following are steps for implementing the new market rates.

1. Review the new market rates tables provided by the Division in August to identify which market rates by type of facility and star rated license level have changed in your county.
2. Compare the private paying rates on file to the new market rates for all of these providers.
3. Determine the subsidy payment rate. The payment rate for children receiving subsidy services is the private paying rate for the appropriate age group and star rated license level for the facility, whichever is lower. If the private paying rate indicates that a provider can receive a higher subsidy payment, then the payment rate must be revised. (Note: The Payment Rate Calculator will be updated to include new rates. Local purchasing agencies are encouraged to use the rate calculator to determine the correct subsidy payment rates.)
4. Enter the revised payment rates in the Subsidized Child Care Reimbursement System (SCCRS).

Market rates for one and two star facilities and non-licensed homes were not included in the market rate changes. The rates reflected on the market rate tables for these programs are the same as last year.

Physical Address:
319 Chapanoke Road
Raleigh, NC 27603



Mailing Address:
2201 Mail Service Center
Raleigh, NC 27699

Provider Issues

Typically, providers are asked to provide a 30-day notice of rate increases; however, the local purchasing agency may choose to waive the 30-day notice. Current subsidy services policy limits providers to one rate increase per year; however, that policy limit will not apply to the new market rates. An increase in the subsidy payment rate as a result of implementing the new market rates does not count toward the limit of one rate increase for a calendar year. Funds were budgeted to allow for providers who are not receiving the new market rate to potentially increase up to that rate if charged to private paying parents.

In the event you wish to notify providers of the implementation of the new market rates, a flyer is attached that can be included in the checks issued to providers or distributed at any upcoming meetings you have. Your local Child Care Resource and Referral agency may also assist with distributing this information.

Instructions for Maintenance of Subsidized Child Care Manual

Your agency must maintain at least one copy of the previous market rates for reference during single audits, state monitoring visits and fraud investigations. Retain the market rate tables for non-licensed homes dated April 1, 2003, since these rates did not change.

Remove

Subsidized Child Care Market Rates for
Child Care Centers and Family Child Care
Homes, Effective 10/01/06,
Appendix B

Provider Notice Dated August 2006,
Appendix B

Insert

Subsidized Child Care Market Rates for
Child Care Centers and Family Child
Care Homes, Effective 10/01/07,
Appendix B

Provider Notice, Dated September 2007
Appendix B

Please share this information with other child care and fiscal reimbursement staff in your agency. In the next few weeks, your agency can assess a copy of the Change Notice and Provider Notice on-line at <http://ncchildcare.net> by accessing the on-line manual. The Subsidy Services Consultant assigned to your county will assist you with any questions you may have regarding the implementation of market rates. If you have questions regarding your county's market rates, please address those to John Winstead at (919) 662-4535, extension 7123.

Enclosures