

**Subsidized Child Care Assistance Program Policy Manual**  
Chapter 16. Payment Policies

# Subsidized Child Care Assistance Program Policy Manual

## Chapter 16. Payment Policies

REVISED 9/29/2023

### I. CHAPTER OVERVIEW

Payments for the Subsidized Child Care Assistance (SCCA) Program are issued to the Child Care Facility bank accounts by direct deposit. All facilities/providers are required to set up direct deposit with FIS Merchant Services. This will require the use of a computer with internet access and a printer.

- Facility/Providers should go to the FIS website to download and print the Direct Deposit Provider Agreement. To receive a copy of the Provider Agreement by mail call 800-894-0050.
- Facility/Providers must read the Provider Agreement, complete all required fields, and electronically sign. Facility/providers should keep a copy of the signed Provider Agreement for their facility records.
- Send the completed form to FIS by fax at 414-341-7058 (secure line) or by mail at:

FIS Merchant Services  
Attn: Merchant Services  
P.O. Box 290  
Milwaukee, WI 53201-0290

Once complete, the facility will be able to receive direct deposit payments as a reimbursement from the SCCA Program. Payment for subsidized child care services is determined by the level of care for the child, the age, the facility/providers star rating, as well as based on the child's enrollment and attendance. This chapter discusses the policies for payment. Information regarding allowable payment rates can be found in Chapter 17: Payment Rates.

### II. BASIC PAYMENT POLICIES

Payments for the Subsidized Child Care Assistance (SCCA) Program are issued to the Child Care Facility bank accounts by direct deposit. All facilities/providers are required to set up direct

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deposit with FIS Merchant Services. This will require the use of a computer with internet access and a printer.

### III. PAYMENT POLICIES AND PROCEDURES

Subsidy policy allows facilities/providers to choose fifteen (15) days a calendar year for automatic approval for holidays and vacation days. This limit does not include closing for inclement weather and emergencies. The limit for inclement weather and emergencies will be up to five (5) calendar days per month, which may or may not coincide with local emergency school closings.

Each facility/provider will enroll annually through the NC FAST Provider Portal. Facility/Providers will have to configure their fifteen (15) closure days (not emergency/inclement weather days) in advance. Additionally, they will indicate the type of closing on their attendance rosters. NC FAST will pay for the first fifteen (15) days. Subsidy policy requires that payment for facility closures is only authorized for days that privately paying parents are required to pay.

#### A. Payment Based on Enrollment

1. The payment is made based strictly on enrollment when the child is enrolled according to the family's plan of care and is attending regularly.
2. When the child is enrolled in the same childcare arrangement and care one (1) through 17 hours a week, the appropriate monthly 50% rate for half-time care is paid to the facility.
3. When the child is enrolled in the same childcare arrangement and care averages 18 through 31 hours per week, the appropriate monthly 75% rate for three-fourths of care is paid to the facility.
4. When the child is enrolled in the same childcare arrangement and care averages 32 through 55 hours per week, the

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appropriate monthly 100% rate for full-time care is paid to the facility.

5. When the child is enrolled in the same childcare arrangement and the need for care is above 55 hours a week and the child attend the same facility/provider for all hours of care, the child would have one plan of care at 150%, 175% or 200 % instead of two plans of care. NC FAST will automatically create one plan of care and one voucher in these situations.
  - i. If a has a need for care above 55 hours a week and the child does not attend the same facility/provider for all hours of care, a plan of care and voucher will be needed for each facility/provider.

### **B. Payment Based on Attendance**

Payment will be made for childcare services based on attendance (the daily rate) when:

1. The child has been absent more than ten (10) days;
2. The facility charges only on the basis of attendance;
3. The facility has an unpaid closure;
4. Payment is based on attendance on the voucher;
5. The child enrolls after the first of the month or the service is terminated at any time during the month.

In these situations, NC FAST will automatically calculate the payment amount when the number of service days are entered on the child's attendance roster in NC FAST system.

**NOTE:** Calculating the Daily Rate. The monthly average for service days is 21.67 days. This average number of days is used to calculate the daily rate. The daily rate for facility rates is calculated based on the following formula:

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Daily Rate = Approved Monthly Rate / 21.67. Then rounded to the nearest cent. For example, (Approved monthly rate)  
 $\$1500/21.67 = 69.22011 \sim 69.22$

If the child attended 5 days, the payment amount, including the 10 paid days of absence, would be  $69.22 * 15 = 1038.30 \sim \$1038$  is what the facility/provider would be paid for that month.

If child enrollment started at the facility towards the end of the month, only attending 5 days, the facility/provider would not receive 10 paid days of absence.

### C. Subsidy Payment Rates Based on License Status

Licensed child care centers and homes with three or more stars shall receive the market rate for that rated license level for that age group. Religious sponsored child care facilities operating pursuant to G.S. 110-106 shall be paid the one-star county market rate. However, there are times when a facility may be operating with a different type of license which may impact payments.

If the facility is a **new program**, a temporary license is issued. The subsidy payment is the three-star market rate for temporary license and Out-of- State programs. The Department of Defense and G.S. 110-106 religious-sponsored facilities subsidy payment rate is the three-star market rate.

1. If the facility has a **change of location**, a temporary license is issued. The subsidy payment can continue at the same rate as the previous license.
2. If the facility receives a **provisional, probationary, or special provisional license**, the subsidy payment rate can continue at the same rate as the previous license.

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3. If the program is already established and the facility has a **change of ownership**, a temporary license is issued. The new owner can receive the private paying rate up to the market rate for the star rated license that was issued to the previous owner. The Regulatory Services Section Licensing Consultant will inform the facility/provider during the first month that they have until the end of six (6) months to earn a star rated license.

### **D. Submitting Attendance Through the NC FAST Provider Portal:**

Monthly attendance rosters must be submitted by 9:00 p.m. on the 5th calendar day of the following month after childcare services were provided. **Attendance must be submitted for each child before payment can be made.** Only complete rosters can be submitted. If rosters are submitted after the 5th day of the month, they are considered late, and the facility will not receive their subsidy payment until the following month.

During emergency situations, when a facility/provider is unable to access the NC FAST Provider Portal, a DSS/LPA Provider Manager, DCDEE Provider Manager, or Child Care/Eligibility Supervisor may enter attendance and submit rosters on behalf of a facility/provider. Those rosters must be in Open status.

There will only be three (3) months of rosters available at any time in the NC FAST Provider Portal. The three (3) months of available rosters consist of the current month and two previous months. Unless there is a help desk ticket, no payments will be made for any attendance rosters prior to the two previous months. Attendance rosters older than two (2) previous months will cycle out of NC FAST on the last day of the month.

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### **E. Roles and Responsibilities of FIS Merchant Services**

1. To process information regarding expenditures in NC FAST monthly for the services to be reimbursed.
2. To make accurate and timely direct deposit payments.
3. To give the facility/provider the ability to review and print transaction information after payment has been made. However, if the total amount of the reimbursement to the facility is different from the amount in FIS the facility/provider should call FIS Merchant Services at 800-894-0050.

**NOTE:** After payment is made to the facility/provider, there will be a Payment Summary in the Provider Portal. The NC FAST payment summary explains to the facility/provider the payment amount for each child. It allows the facility/provider to review the information. If there are payment discrepancies or concerns, the facility/provider must report them by contacting their local DSS/LPA within thirty (30) calendar days. The local DSS/LPA will work to resolve the payment issue. If the local DSS/LPA cannot resolve the payment issue, the DSS/LPA will contact the county TA or complete a help desk ticket on behalf of the facility/provider. The facility/provider must report all underpayments within ninety (90) calendar days of receipt of the transaction history statement in NC FAST to receive reimbursement for payment. Discoveries of an underpayment that are not reported within 90 calendar days will not receive reimbursement of payment.

### **F. Responding to Absences**

It is the responsibility of the facility/provider to record and submit absences in NC FAST. Facilities/providers are required to report absences and submit attendance rosters in the NC FAST Provider Portal by 9 p.m. on the 5th day of the month after services are rendered to receive payment.

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1. Ten or More Days of Absences
2. A child is allowed 10 days of paid per month. In certain cases, NC FAST may pay for more than ten absences in a service month. Here is an example.
3. Hardship Cases or Unusual Circumstances
4. In certain cases, NC FAST may pay for more than ten absences in a service month. Childcare social workers are encouraged to make decisions on hardship cases with respect to the needs of the family. Hardship cases occur when a child is expected to be absent from care for more than ten (10) days in a month due to an identified situation. Parents are required to contact their child care worker to discuss their situation and provide information so that the worker can determine if the situation results in an approved hardship. Prior to the 10<sup>th</sup> day of absence, the worker completes the approval process. The childcare worker may determine that payment for care is in the best interest of this particular child. Some examples of hardship cases are:
  - i. Illness
  - ii. Temporary disruption of transportation services; or
  - iii. Unstable family situations involving child custody problems or child protective services issues. A situation in which a child is out temporarily to visit his/her divorced parent may be considered an unusual circumstance.

The number of paid absences **may not exceed 30 consecutive service days without prior approval** from the Division of Child Development and Early Education (DCDEE). Approved Hardship Absence: Allows the facility/provider to be paid for services when the child is absent for more than 10 days.

1. Procedures in NC FAST
  - i. When the parent's hardship request is approved by the LPA, the LPA will provide the Provider with written



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approval stating the dates the Hardship payment is allowed for the child. ii. The worker will enter the Exemption evidence into NC FAST (see Job Aid - SCCA-Exemption Evidence). This will allow the Provider to mark the attendance for the child as 'Hardship' and payment to be made on the approved dates.

- a. When the hardship is expected to last longer than 30 days. LPAs should be able to authorize hardship exemptions for less than 30 days without DCDEE approval.

The worker must provide the child's name, the date of absence, and a rationale for the absences. Whenever hardship cases exceed 30 consecutive service days, a statement of approval/disapproval will be sent from the Subsidy Services Consultant to the facility/provider. The statement of DCDEE approval must be retained in the record.

**NOTE:** A family vacation should not be considered a hardship or an unusual circumstance.

Refer to SCCA Job Aid Exemption Evidence.

### 2. Habitual Absences

Whenever a child is habitually absent, the child worker would need to determine whether a change in the need has occurred and whether the change is a temporary or non-temporary change.

If there is a non-temporary change in the recipient's status pertaining to working or attending a job training or education program, that contributes to a child being habitually absent. In that case, the recipient must report this to the DSS/LPA within ten (10) business days from the date the change occurs.

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The facility/provider must notify the DSS/LPA after ten (10) absences.

The child care worker must react to the change within ten (10) business days. Payment for childcare services will be based on attendance when the child has been absent more than ten (10) days in a month.

3. Use of Absent and Not Enrolled
4. When a child is enrolled but has one or more absences in a month, follow these guidelines for use of Absent and Not Enrolled:
  - i. When a child is absent up to and including 10 paid absent days, select present and absent according to the attendance. Payment is based on enrollment.
  - ii. When a child is absent for more than 10 days in a month, select present and absent according to the attendance. Payment is made for 10 days of absence and the attendance payment is prorated based on the number of days the child attended.
  - iii. When a child does not attend any day during a month on the first month of occurrence, select absent for every day of the month. Payment is based on ten (10) days of absence.
  - iv. When a child does not return in the month after one full month of absence, use Not Enrolled for all days of that month and following months. No payment is made for the 2nd and following months when the child does not attend any days.
  - v. Remember that facilities/providers must contact the parent and DSS/LPA to report the absences whenever there are more than ten (10) absences in any month.

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### 5. When the Need for Child Care Changes

When the need for childcare assistance changes from one need category to another, the childcare worker must re-evaluate the family's income and hours. For example, a change may occur such as, a child who receives childcare to support the parent's employment now, receives care to support education.

The worker must update the income, need for care, and evaluate the new hours for the plan of care. Reminder the new hours on the plan of care cannot be decreased until the end of the certification period unless requested by the family.

When the parental fee is discontinued, the payment amount must be adjusted in NC FAST. In this instance, the parental fee should be end dated in the same month (only) that the need for care change was reported by sending all parties the Child Care Action Notice (DCDEE-0450).

### **G. When Services Terminate**

When services terminate for one of the following reasons, NC FAST will send the facility a minimum of ten (10) working days' notice of termination of services. A ten (10) workday notice is given when one of the following situations exists:

1. The parent/responsible adult provides written or verbal notification that the service is no longer needed or wanted and waives the 90-day transition.
2. The child has been admitted to an institution and is no longer able to use the service.
3. The facility/provider terminates care.

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If the facility/provider terminates care, refuses to serve the child, or indicates that it is not necessary to pay for a notice, payment will be made only for those days the child attends.

Refer to Chapter 11: Responding to Eligibility Changes and Redetermination provides additional information regarding the termination of services.

### **H. When Part-time Child Care is Not Available**

Full-time payment for part-time care will now be available for families in limited situations. This should only be utilized when a child's need for care is part-time but there is either no available part-time care for the child or the available care would not meet the needs of the child.

The childcare worker must document the burden/hardship while noting the burden/hardship of part-time care.

Refer to Chapter 5 Plan of Care for additional information regarding Full-time Payment for Part-time Care.

### **I. Payment for Provider Closure Days**

Subsidy policy allows facility/providers to choose fifteen (15) days a calendar year for automatic approval for holidays and vacation days. This limit does not include closing for inclement weather and emergencies. The limit for inclement weather and emergencies will be up to five (5) calendar days per month, which may or may not coincide with local emergency school closings.

Facilities/providers must configure their fifteen (15) closure days into the portal before they can enter Provider Closure days on the roster. NC FAST will pay for the first fifteen (15) days. Subsidy policy requires that payment for facility

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closures are only authorized for days that privately paying parents are required to pay.

If there are questions about facility closures due to extenuating circumstances, contact DCDEE.

### **J. Alternate Child Care Facility**

When the primary childcare facility/provider cannot provide child care for less than 30 calendar days, the recipient can choose to have their child care provided by an alternate facility/provider. The facility selected as the alternate facility/provider must be approved to receive subsidy payments and enrolled in the NC FAST Provider Portal. Alternate facilities/providers can only provide services for up to 30 calendar days when the primary facility/provider is closed, and the recipient needs care during the time the primary facility/provider will be closed.

After the recipient has selected an alternate facility/provider, payment for the primary facility/provider will be suspended in NC FAST via an action notice for the time the alternate facility/provider covers the suspension of the primary facility. The alternate facility/provider must be attached to the primary facility/provider's plan of care in NC FAST.

When the primary facility/provider is closed, the primary facility/provider will select "Not Enrolled/Scheduled" in the NC FAST Provider Portal.

The alternate facility/provider will record attendance when they provide childcare for the child and will be paid by attendance. Start dates for child care and end dates for child care will be printed on the Action Notice sent to the primary facility indicating the dates that child care will be needed.

At the end of the closure of the primary facility/provider, the child care worker will ensure that the primary

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facility/provider is available, and the voucher for the alternate facility can be extended if less than 30 calendar days.

If the primary facility/provider closure time exceeds 30 calendar days, the 10-day notice policy will apply. The notice will be sent on the last day, and the recipient must select a new facility.

The recipient may (or may not) choose the alternate facility as their new primary facility. Once the recipient has selected a new facility, a new voucher will be issued in NC FAST.

### **K. Joint Custody**

When an applicant/recipient shares physical custody of a child and there are children with various age groups, the following service is offered:

- i. For preschool age children in preschool, the service offered is 0-5 in NC FAST and a 50% rate can be paid for each parent/responsible adult.
- ii. For School-age children with school age service offering will be paid at the 75% rate for each parent/responsible adult.

The facility/provider will receive a payment of 150% due to having active joint custody cases. If recipients work different shifts, they can receive the full 100% of care at the same facility/provider.

The Level of Care cannot be reduced on an existing voucher in order to adjust payments unless it is voluntary. If one joint custody parent already has a case and then the second parent applies, the Level of Care can only be increased.

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For additional information regarding Joint Custody refer to Chapter 5 Plan of Care and Chapter 7: Family Definition and Determining Income Eligibility or the SCCA Joint Custody Job Aid.

### **L. Children Turning 13 Years of Age**

SCCA policy requires that services continue for children who turn 13-years old, through the end of their certification period. They should not be terminated during the month that they turn 13-years old. If the child's 13th birthday falls on the first day of a new certification period, services should end on the last day of the previous month. This should not include children who are over 12 years of age who have a special need, who are under court ordered supervision, who are receiving child protective services or foster care services. Or children who would be left in an unsafe situation if care were not provided.

NC FAST will automatically terminate care on the last day of the certification period after a child turns 13 years of age. No action is required in NC FAST to make this extension occur. Childcare workers need to ensure that the child's parent/responsible adult understands that services will terminate at the end of the certification period and not during the birth month.

If a family receives graduated phase out at the end of their certification period and a child turns 13 during the graduated phase out, subsidized childcare assistance for the 13-year-old child should continue until the end of the graduated phase out. If the family becomes income eligible during the graduated phase out, the 13-year-old cannot be recertified past the end date of the graduated phase out.

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### M. Blended Rates

A blended rate is 83% of the facility/provider full-time approved subsidy rate and is used for children who need before school, after school, or before and after school care, full-time care during school closure days (teacher workdays, holidays, or inclement weather) and full-time care during the summer/track-out. The rate includes up to a maximum of

fifteen (15) holidays, ten (10) teacher workdays, and fifteen (15) inclement weather days) when school is closed, and childcare is provided.

Calculating the Blended Rate:

Facility's Approved Rate \* 83% = Blended Rate.

For example: \$1500 \* .83 = \$1245

#### 1. When Facilities Qualify for Blended Rate

- ii. Facility provides care during at least one of the following schools closures days: Inclement Weather days, Teacher Workdays, and Holidays.
- iii. Facility provides full-time care during the Summer/Track-out.
- iv. Facility provides the appropriate services.
  - For pre-school age children who attend a school-day program such as Head Start, NC Pre-K, or public-school service such as Title 1 or a special education classroom: provides 3-year-old, 4-year-old, or 5-year-old services.
  - For school age children provides Before, After, or Before and After School services.



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A facility/provider needs to provide care for each of the three categories for Blended Rates to apply. An exception does apply; a second facility/provider can offer care on certain school closure days. One example is when one facility/provider cares for a child before school, during the summer, and on teacher workdays, while another facility/provider offers care during inclement weather days.

### 2. Children Who Qualify for A Blended Rate

- i. Child attends the facility/provider year-round.
- ii. Child attends the facility for either Before, After, or Before and After School care during the school year.
- iii. Child attends the facility/provider on school closure days (Inclement Weather days, Teacher Workdays, and Holidays).
- iv. Child attends full-time during Summer/Track-out.

Children who qualify for a Blended Rate can ONLY attend a facility/provider that is eligible to be paid a blended rate. The user will not be able to select a facility/provider for a child who qualifies for a Blended Rate if the facility/provider does not meet qualifications for a blended rate.

### 3. Facilities/Provider's That Cannot Provide Care for Children Who Qualify for Blended Rate:

- i. Does not provide care during any school closure days (Inclement Weather days, Teacher Workdays, and Holidays)
- ii. Does not provide full-time care during the Summer/Track-out.

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- iii. Does not provide the appropriate services.
  - iv. For pre-school age children: does not provide 3-year-old, 4-year-old, or 5-year-old services.
  - v. For school-age children: does not provide Before, After, or Before and After School services.
4. Children Who **DO NOT** Qualify for A Blended Rate
- i. 0-2-year-old
  - ii. Do not attend the same facility/provider throughout the year.
  - iii. Do not need care before and/or after school.
  - iv. Do not need care on any school closure days (Inclement Weather days, Teacher Workdays, or Holidays).
  - v. Do not need full-time care during Summer/Track-out.
  - vi. Child needs school age care (2<sup>nd</sup> or 3<sup>rd</sup> shift).

### 5. Program Operating Only in The Summer

For facilities/providers that only operate in the summer receive payment based on the level of care approved for the child and will not receive a blended rate payment.

### 6. Blended Rate and Certified Developmental Day Centers

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Certified Developmental Day Centers operating 12 months a year are subject to the blended rate policies. Certified Developmental Day Centers operating only during the school year receive payment based upon the child's level of care. Blended rates will not be used for children ages zero to two (0-2).

Certified Developmental Day Centers offering before and after, just before, or just after school care, plus summer/track-out, and at least one additional care feature (teacher workdays, holidays, inclement weather days) with a care plan of 100% will be paid at 83% of the facility's cost study rate for children who qualify for a blended rate.

### 7. Payment: Facilities That Qualify for Blended Rate

- i. Non-CDDC Facility
- ii. Pre-School Age Blended Rate

Approved Rate: 83% of the facility approved rate for the appropriate service depending on the child's age (3-5-year-old). When preschool age children need full time summer/track-out care in addition to before, after, or before and after school care during the school year, a blended rate of 83% of the facility approved subsidy rate for the specific age group will be paid for the entire year.

### 8. Blended Rate for School Age Children

- iii. A blended rate is the rate that will be used for children who need before school, after school, or before and after school care, full-time care during school closure days (teacher workdays, holidays, or inclement weather) and full-time care during the summer/track-out. The rate

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includes up to a maximum of fifteen (15) holidays, ten (10) teacher workdays, and fifteen (15) inclement weather days) when school is closed, and childcare is provided.

- iv. Before School, After School, and Before and After School can each have their own unique blended rate.
- v. Market Rate: 83% of the School Age market rate for that facility according to the appropriate type of facility (home/center) and the facility star rating.
- vi. Approved Rate: The Market Rate for that rated license level for that age group.

A school age child who does not qualify for a blended rate but is attending a facility that qualifies to care for a blended rate child, will be paid a 75% rate. This will take the approved (83%) rate and divide it by .83 and then multiply it by .75 (for example: if blended rate is \$83 then  $(83/.83) * .75 = \$75$ ).

### 9. Pre-School and School Age Blended Rate:

- i. Approved Rate: 83% of the facility's Typically Developing or Special Needs rate if the child has a plan of care with a level of care at 100%.

A child who does not qualify for a blended rate but is attending a facility that is eligible to care for a blended rate child, will be paid at a 75% rate. The rate will be 75% of the facility's typically, developing or Special Needs rate if the child has a plan of care with a level of care of 75%.

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### 10. Payment for Facilities that DO NOT qualify for Blended Rate.

#### i. Pre-School Age Children

Approved Rate: The Market Rate for that rated license level for that age group.

### **N. School Age Children (Before, After, or Before and After School Services)**

1. A Private Rate: there are some facilities that may offer additional care features but not full-time summer/track-out care OR vice versa. The facility has included the differential cost of care in their private pay rate and that will be compared to the appropriate market rate to determine their approved rate.
2. Market Rate: 75% of the School Age market rate for that facility according to the appropriate type of facility (home/center) and the facility's star rating.
3. Approved Rate: The Market Rate for that rated license level for that age group.

### **O. More Than One Plan of Care**

When a situation occurs in which the average number of hours that care is needed exceeds 55 hours a week, childcare can be provided through two (2) different facilities or through a single facility that offers care for extended hours.

1. When two (2) different facilities are used, each facility is paid the rate appropriate for the established plan of care.
2. If a single facility is paid for more than one shift, the licensed childcare center or home must be approved by the Regulatory Services Section Licensing Consultant to

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provide care for more than one shift and the approval must be included on the facility's Approval Notice.

3. If a child has a need for care above 55 hours/week and the child attends the same facility/provider for all hours of care, the child will have one plan of care at 150%, 175% or 200 % instead of two plans of care. NC FAST will automatically create one plan of care and one voucher in these situations.
4. If a child has a need for care above 55 hours/week and the child does not attend the same facility/provider for all hours of care, a plan of care and voucher will be needed for each facility/provider.

Refer to Chapter 5 Establishing a Need, Level, and Plan of Care.

### **P. Payment for Religious-Sponsored Programs (G.S. 110-106)**

Any religious-sponsored child care program (G.S. 110-106) receiving a Notice of Compliance from DCDEE is approved for participation in the Subsidized Child Care Assistance (SCCA) Program and eligible for subsidy vouchers.

These programs are not required to obtain a license, but they must meet all of the licensing requirements except those that relate to staff qualifications, staff training, and activity plans and schedules. Religious sponsored programs without a star rated license will be paid the one-star market rate.

### **Q. When the Child Receives Care in His/her Home**

A family may choose in-home care for their child(ren) if that is the best option. In order for child/ren to receive subsidy services in their own home, the child(ren)'s home must be licensed as a Family Child Care Home.

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When an eligible family chooses in-home care, the family must complete the licensing process necessary to become a Family Child Care Home facility/provider. The process includes the parent(s) who will be the owner(s) of the home and the person who will be providing the child care. The individual(s) providing the child care cannot be the child's parent(s).

Additionally, in order to authorize payment for services for a child in his/her own home, one of the following situations exists:

1. A child is in DSS custody and resides in a licensed foster home and the foster parent operates a licensed family childcare home.
2. A child is in DSS custody and is placed in the home of a relative and the relative operates a licensed family childcare home.
3. A child and recipient reside in the home with another adult household member who operates a licensed family childcare home, and the recipient is not the teacher who directly cares for their biological child.
4. A child whose parent/responsible is in the Armed Forces and has selected the licensed family childcare home facility to be the child's guardian while he or she is deployed.
5. A child whose parent/responsible adult is incarcerated and has given custody (physical and/or legal) and/or power of attorney to a licensed family childcare home operator.

The in-home child care provider will be paid according to their star rated license at the time the child stays with the provider.

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### **R. Out-of-County and Out-of-State Facilities/Providers**

There may be situations in which it is necessary for a child receiving subsidy assistance to receive childcare assistance from a facility in another state. Examples might include:

1. A child in the custody of a local department of social services is placed in a foster home or relative's home in another county or state, and childcare assistance is needed.

**NOTE:** The DSS/LPA county with the open CWS/CPS case is responsible for managing the case and is financially responsible for the case.

2. A parent commutes to an employment location that is in another county or state and requests childcare near the employment location.

For additional information regarding Enrollment Procedures and Payment Rates for Out-of- State facilities refer to Chapter 15: Approval and Enrollment Procedures for Licensed Facilities.

### **S. County Transfers**

Recipients are required to report changes to their DSS/LPA including when they move from one county to another within the state. When a family moves from one county to another within the state and continues to need subsidized childcare, the family's eligibility for SCCA and their case shall continue with no interruption in eligibility and the case shall be transferred to the new county. The family shall not be placed on a waiting list in their new county.

1. The receiving county becomes responsible for managing the case on the date the transfer is made.



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2. The transferring county continues to pay for services until the first of the following month, when the receiving county becomes the funding county.

### **T. Before Starting A Transfer**

1. Ensure that all changes and updates reported to the current county have been completed.
2. Obtain the new address of the Case Head to ensure transfer to the correct county.
3. Update the new address in NC FAST prior to transferring the case.
4. Consult with client to determine whether the child will remain with the current facility/provider and make any necessary changes.

For additional information regarding County Transfers refer to Chapter 4 and the SCCA County Transfer Job Aid.

### **U. Making Payment for Children Over Twelve (12) Years of Age**

In order for children over the age of 12 who are receiving subsidy assistance to be served in a licensed program, the facility must comply with licensing requirements for school age children.

Refer to Chapter 4: Application, Eligibility Determination and Documentation for additional information regarding serving children over the age 12.

## **IV. USING MORE THAN ONE SOURCE OF FUNDS TO PAY CHILD CARE COSTS**

The facility may receive payment for childcare assistance from two (2) or more sources of funds, for an individual child provided the total

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payment (including the parent fee) does not exceed the private paying rate which has been reported to the DSS/LPA.

When a facility/provider receives payment from two (2) or more sources for an individual child, the facility/provider must notify the

DSS/LPA of the child(ren) who will be receiving multiple sources of assistance and the amount to be paid by the other funding source. The facility/provider should include information about other funding sources used for a specific child.

### A. Public Funds

More than one funding source may be used to pay for a child enrolled in a childcare program. That part of the program or the hours of care that are paid by other funding sources cannot also be paid with subsidized childcare assistance funds. Some examples of these public funds are:

#### 1. Early Head Start Facilities

- i. Federal [Head Start](#) funding is expected to pay for all required services during the hours of operation in which Head Start services are provided. Head Start programs usually operate four (4) or five (5) days a week for five (5) or six (6) hours a day. Most programs are funded for nine (9) or ten (10) months per year. However, many Head Start agencies offer childcare during the hours before and after the regular Head Start program and during the summer months when Head Start is not in operation. If a Head Start program wants to participate in the Subsidized Child Care Assistance Program, those hours of the program that are **not** funded by Head Start can be approved for a child eligible for subsidized childcare assistance.

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### 2. Local Education Agency

- i. When a **preschool age** child is enrolled in a certified developmental day facility or any special needs services, the local purchasing agency pays the appropriate rate which is indicated on the Approval Notice. The child's approved plan of care determines the portion of the day for which payment will be made.
- ii. When a **school-age child** is placed by the local education agency (LEA) in a certified developmental day facility, the LEA pays the center for basic education and related services for the school portion of the day for that child. The DSS/LPA cannot use subsidy funds to pay for the hours that the school operates.
- iii. If the child needs before and/or after-school care and the certified developmental day program offers childcare, the DSS/LPA may pay a part-time rate for that service (before and/or after-school). In order to pay for before and/or after-school care, the DSS/LPA must determine what the school hours are, what hours are for before and/or after-school care, and if private paying parents are charged for that time. Payment will be based on the part-time rate (as stated above) for before and/or after-school care.

The DSS/LPA may also pay a full day rate for childcare provided to school-age children at a certified developmental day facility on public school holidays, teacher workdays, and during summer vacation, if care is needed. The payment to the facility/provider is reduced by the parental fee.

Refer to Chapter 17: Payment Rates for information regarding payments to certified developmental day centers.

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### **B. Grants, Loans, and Scholarships**

A parent may receive financial assistance which is designated for childcare, e.g., from the state funded childcare program through the community college system or other community college funding, based on criteria established by the local community college.

The child care worker must document in the child care cost sharing evidence. The cost sharing benefit amount is first applied to the parental fee. If cost sharing amount is applicable, subtract monthly parental fee from the monthly cost sharing amount. If the monthly cost sharing amount is greater than the monthly parental fee, the difference is then subtracted from the monthly service amount.

The parent must use the financial assistance to pay the facility. Funds received in hand from other grants, loans, or scholarships (e.g., Pell grant) are not designated specifically for childcare and the parent cannot be required to use such funds to pay for childcare services.

When a facility/provider offers a scholarship to help families pay for childcare, the facility's/provider's policies about the scholarship must be in writing and made available to families.

Although DCDEE does not monitor the facility/provider's scholarship programs, DCDEE does expect the facility/provider to have written policies that govern their scholarship program. The facility/provider determines the funding source for the scholarship. There is an expectation of fairness as it relates to private pay/subsidy pay, and that expectation is to be the same.

### **C. Employer Benefits**

Childcare workers should discuss with parents/responsible adults the possibility of receiving employer benefits or discounts for childcare. An employer benefit is usually paid to an employee to assist with the cost of childcare.

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### V. SUSPENSION OF SUBSIDIZED CHILD CARE ASSISTANCE PAYMENTS

#### A. Reasons for Suspensions or Termination

Subsidized childcare payments are subject to termination for failure by the facility/provider to meet licensing requirements that jeopardize the health and safety of children. NC FAST may not make subsidized childcare payments to a facility or issue new Child Care Vouchers in the following situations:

1. When the license has been revoked or denied (45 days).
2. When the facility has received a Notice to Cease Operations (applies to a religious-sponsored facility operating under G. S. 110-106).
3. When a facility/provider fails to maintain a 3-5 star rated child care license.

Unless an administrative action or court order mandates otherwise, the termination of subsidy payments remains when the facility/provider appeals any action or situation listed above.

**NOTE:** A facility shall be permanently disqualified from participating in the SCCA on the first incidence of fraudulent misrepresentation. A sanction or financial error rate greater than 10% is first instance of fraud or 3rd determination of non-compliance within a 2-year period. These are permanent ineligibility.

Refer to Chapter 12: Licensing Requirements, Non-Compliance, and Sanctions for a listing of Administrative Actions available to DCDEE and Chapter 19: Fraudulent Misrepresentation, Improper Payments, Sanctions, and Appeals for information regarding imposing Sanctions.

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### B. DCDEE Responsibilities

DCDEE may take any of the actions previously mentioned when violation of any section of the statutes or rules has been willful, continual, or hazardous to children. In addition, DCDEE may take any of the actions noted if the facility has not made reasonable efforts to comply, or is unable to comply, with the required standards.

In situations where there is an Order Requiring Summary Suspension of License, the facility must immediately surrender the license on the date of the Order. On this date subsidy payments will stop, and subsidy services will terminate for children who are enrolled.

When any of the other actions listed are taken, DCDEE will email a Notice of Administrative Action, which is marked “proposed action”, to the facility/provider informing him or her of the intended action. A cover letter will be attached, which states: “The Department of Health and Human Services is preparing to take administrative action.” A copy of the letter and action will also be sent to the childcare coordinator of the DSS/LPA as an advance warning for the DSS/LPA that an action may occur. **The DSS/LPA will not act on this “proposed” action.** If the action is to proceed, DCDEE will then hand deliver to the facility another Notice of Administrative Action with a cover letter that states, “this action is taken.” A copy will also be emailed to the childcare coordinator of the DSS/LPA.

When the DSS/LPA receives its copy, they should proceed by notifying the facility/provider and parents that subsidy will be suspended within 45 calendar days from the date the action was delivered. During these 45 calendar days, NC FAST shall not enroll any new children receiving subsidies.

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In other situations where the DSS/LPA receives authorization to discontinue Subsidized Child Care payments, this authorization is given directly to the DSS/LPA. The DSS/LPA notifies the facility/provider of the facility concerning the determination.

**NOTE:** The Approval Notice will be terminated for all the actions stated above when the Rate Setting Unit receives notification.

### C. Local Purchasing Agency Responsibilities

1. When the DSS/LPA receives from DCDEE **the copy of the Order Requiring Summary Suspension of License**, the DSS/LPA must take the following action immediately:
  - i. Notify the parents of the children enrolled at the facility via telephone and in writing that the subsidy payment for care at the facility will cease on that date and the reason why.
  - ii. DSS/LPA will enter the Plan of Care information into NC FAST so that a new voucher will generate.
2. When the DSS/LPA receives from DCDEE **the copy of the Notice to Cease Operation (G.S. 110-106) or the notice that the license has been revoked or denied**, the DSS/LPA must take the following action immediately:
  - i. If a parent chooses to withdraw the child(ren) before the 45 calendar day period ends send a Child Care Action Notice giving a ten (10) workday notice of termination to the facility.
  - ii. At least ten (10) workdays prior to the final date that subsidy payments can be made send an Action Notice to both the parents and the facility to terminate services for all children who remain in care at the facility.
  - iii. During the 45 days the DSS/LPA shall not enroll any new children receiving subsidies.
3. When an DSS/LPA has concerns about repeated instances of noncompliance by a childcare facility/provider and wishes to

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terminate the Child Care Provider Agreement, the DSS/LPA should contact the Subsidy Services Section of the DCDEE with the information that supports the DSS/LPA's concerns.

DCDEE staff in the Subsidy Services Section will review information and determine whether the Provider Agreement should be terminated based on the information provided. When the DSS/LPA receives notice from DCDEE authorizing the discontinuance of subsidy payments to the facility, the DSS/LPA should follow the steps in Section B above.

4. In other situations where the DSS/LPA receives authorization to discontinue subsidized childcare payments, this authorization is given directly to the DSS/LPA. The DSS/LPA notifies the facility/provider of the facility concerning the determination.

### D. Option for Parents

Parents, guardians, or responsible adults who choose to select another arrangement in situations where subsidy payments have been suspended must contact the DSS/LPA to obtain a new Child Care Voucher. In some cases, it will be necessary for the DSS/LPA to pay for two (2) arrangements for a ten (10) workday period, such as when a parent wishes to move his/her child immediately upon learning of the action during the time the ten (10) day notice is given to the facility.

If parents continue to choose a facility that is appealing to an action described in this section, they are responsible for paying for the facility after the 45-day limit.

**NOTE:** In cases of administrative actions other than when the facility is closed by DCDEE, the DSS/LPA must honor the provider agreement and continue to pay the facility/provider for subsidized childcare. See information above regarding when to stop subsidy payment for revocations, denial of license, and notice to cease operation.



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For additional information on policy discussed in this chapter please refer to:

### **SCCA Manual:**

Chapter 3 Roles and Responsibilities

Chapter 4 Application, Eligibility Determination and Documentation

Chapter 11 Responding to Eligibility Changes and Redetermination

Chapter 12 Licensing Requirements, Non-Compliance, and Sanctions

Chapter 15 Approval and Enrollment Procedures for Licensed Facilities

Chapter 17 Payment Rates

Chapter 19 Fraudulent Misrepresentation and Overpayments

### **SCCA Child Care Rules:**

[10A NCAC 10 .0203](#) Payment rates for Subsidized Child Care

[10A NCAC 10 .0307](#) Payment

[10A NCAC 10 .0308](#) Fraudulent Misrepresentation

[10A NCAC 10 .0313](#) Termination of Approval Based Upon an  
Administrative Action Issued Against Provider

### **NC FAST Job Aids**

SCCA - Alternate Plan of Care Evidence

SCCA - Application Transfer

SCCA - Attendance Roster Search and Anatomy

SCCA - Attendance Statuses and Absence Reasons Reference Guide

SCCA - Blended Rates

SCCA - Calculating Provider Payments

SCCA - Child Care Special Needs Evidence

SCCA - County Transfer

SCCA - CPS, CWS, and Foster Care Referrals

SCCA - DCDEE Provider Manager: Enrolling or Re-enrolling a CDDC  
Provider

SCCA - Dollar Food Subsidy

SCCA – Evidence Reference Guide

SCCA - Foster Care

SCCA - Homeless Living Arrangements

SCCA - Joint Custody

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SCCA - LPA Fund Manager: Funding Approval Process for Out-of-County Children

SCCA - Provider Location Change

SCCA - Provider Manager: Changing County/LPA Owner of a Provider Record

SCCA - Provider Manager: Enrolling or Re-enrolling a Provider

SCCA - Provider Manager: Managing Provider NCIDs

SCCA - Provider Manager: Record Attendance and Submit a Roster

SCCA - Provider Manager: Un-enrolling a Provider

SCCA - Provider Manager: Unlinking Provider NCIDs

SCCA - Provider Sanctions Fraudulent Misrepresentation

SCCA - Provider Sanctions/Non-compliance

SCCA - Provider's Star Rating Decreases to One or Two

SCCA - Viewing a Provider's Star Rating