

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

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Subsidized Child Care Assistance Program Policy Manual

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I. CHAPTER OVERVIEW

Families who are income eligible for subsidized child care assistance (SCCA) are required to pay a portion of the cost of child care through parental fees. This chapter describes who must pay a parental fee, how parental fees are assessed and special circumstances that may affect parental fees.

II. WHEN PARENTAL FEES ARE NOT ASSESSED

Parental fees are not assessed for child care assistance when one of the following apply:

1. Child care assistance is provided in conjunction with a child protective services plan to enable the child to remain in his/her own home;
2. Assistance is needed to support child welfare services as described in Chapter 5: Establishing Need and a Plan of Care;
3. Children who are receiving foster care services and need child care assistance. The foster children must be in the custody of the county department of social services and
 - i. Residing in a licensed foster care home, or
 - ii. Placed with an adult other than their parents.

NOTE: If a child returns home and is no longer in the custody of the department of social services, a new application is required, and the applicant/recipient's income must be considered to determine eligibility for assistance.

III. WHEN PARENTAL FEES ARE ASSESSED

All families who are eligible for SCCA based on their countable income will be charged a parental fee for a portion of the cost of child care assistance. A parental fee is assessed if countable income is received for a child, including, but not limited to child support payments, social security disability payments, or social security survivor benefits.

Parental fees for new applicants are effective on the first day the child attends care.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

NOTE: When a family is deemed income eligible through Food and Nutrition Services (FNS), the parent fee is calculated from the verified gross monthly countable income.

IV. RESPONSIBILITIES REGARDING PARENTAL FEES

A. Responsibilities of the Department of Social Services (DSS) or Local Purchasing Agency (LPA)

1. When services are approved, the DSS/LPA must notify the recipient in writing as to the amount of the parental fee to be collected from the recipient using the Child Care Voucher (DCDEE-0446) or Child Care Action Notice (DCDEE-0450). The provider receives parental fee information on the voucher electronically through the NC FAST Provider Portal.
2. The LPA must give the recipient a clear explanation of the parental fee policy, the specific charges imposed, and the recipient's responsibility for payment.
3. Any change in the amount of the parental fee must be made known to the provider and recipient using the Child Care Action Notice (DCDEE-0450).
4. Collection of past due parental fees are limited to 1 month prior to the provider's request for termination of services. Refer to Section C., 4 below regarding termination of child care arrangements when parental fees are not paid.

Child care expenses affect the Work First, FNS and Medicaid benefits a family is eligible to receive; therefore, the child care worker should notify the Work First, FNS and Medicaid unit(s) of any parental fee assessed, the effective date and any changes in the parental fee. A copy of the Child Care Voucher (DCDEE-0446) or Child Care Action Notice (DCDEE-0450) can serve as the means of notification.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

B. Responsibilities of the Family

1. The recipient is responsible for paying the parental fee for child care assistance directly to the child care provider.

Note: The child care worker may encourage the recipient to negotiate with the provider a parental fee payment plan that best suits the recipient's needs. The recipient and the provider may agree upon an individual plan for collecting parental fee payments at less than monthly intervals.

2. Should a recipient choose a provider who charges more than the subsidy market rate the DSS/LPA has authorized, the recipient may pay the difference between the provider's charge and the rate paid by the DSS/LPA. However, the recipient is not required to pay the difference. If the recipient is unable or unwilling to pay the difference in this situation, another provider must be selected by the recipient.

For additional information regarding parental choice, refer to Chapter 9 Recipient Choice and Voucher Procedures.

3. There may be cases where providers charge applicant/recipient additional fees for activities not included in the normal program of child care. The DSS/LPA or DCDEE is not responsible for payment for these separate fees charged to recipients. These additional charges may include but are not limited to:

- i. Enrollment or registration fees when the fees are not paid using county funds;

- ii. Fees for arriving late to pick up the child or for late payment of the fee; or

- iii. Special fees for activities such as swimming or dance lessons.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

C. Responsibilities of the Provider

1. Collect the parental fee from the recipient on a regular basis and apply the same policy for non-payment of parental fees to private paying recipients receiving subsidies. Providers are solely responsible for the collection of parental fees. Collection of past due parental fees to one (1) month prior to the provider's request for termination of services. Providers should contact the DSS/LPA as soon as possible, within the 30-day period to inform the DSS/LPA of unpaid parental fees and to request termination of services.
2. Give the recipient a clear written explanation of the arrangement for paying the required parental fee and discuss the consequences of non-payment.
3. Give the recipient a dated receipt for payment of the parental fee, as payment is received. Receipts should include the period that the payment covers and the type of payment (such as child care, registration, parent fee, outstanding balance, etc.).

The provider must retain copies of these receipts for at least three (3) years, and they may not be destroyed until authorized by DCDEE or the DSS/LPA. Recipients should be encouraged to retain receipts as well; in case they need to verify that the fee has been paid for a month.

4. If a recipient has failed to pay parental fees and the provider notifies the DSS/LPA of the unpaid fees, the following guidelines must be followed:
 1. The provider must indicate the amount that is unpaid and may request that services be terminated for non-payment of parental fees. The unpaid parental fee is limited to one month.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

2. If the provider requests the termination of the plan of care, the child care worker must issue a Child Care Action Notice (DCDEE-0450) to both the recipient and provider, indicating that the arrangement is being terminated at the provider's request for failure to pay parental fees.
3. One month of parental fees must be paid in full or satisfactory arrangements made between the recipient and provider for repayment before a voucher for another provider can be issued. If the provider notifies the DSS/LPA that a repayment agreement has been developed, services may continue.
4. The DSS/LPA must document in the record the reason services are terminated and the amount of the unpaid parental fees. The provider or recipient must submit verification when the parental fees are paid.

v. **DETERMINATION OF THE PARENTAL FEE AMOUNT**

Parental fees are the same across the state for all types of child care arrangements. A parental fee is assessed if countable income is received. It is based on the family's gross income.

There is one (1) parental fee for families receiving subsidized child care assistance, regardless of the number of children in care. In cases wherein, the parental fee exceeds the cost of care, services cannot be authorized. An exception to this would be when more than one (1) child is in care and the total cost exceeds the parental fee; the parental fee will be divided between or among the children. **If the parental fee exceeds all the children's cost of care, the case is ineligible.**

When the total cost for before and/or after school care exceeds the parental fee, the recipient can request services for teacher workdays and holidays and care must be authorized if the daily provider payment

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

rate exceeds the daily parental fee amount. When the recipient requests services for summer and/or track out care only, care must be authorized if the monthly payment rate exceeds the monthly parental fee amount. The family should not be placed on the child care waiting list, the case can be suspended until the child attends.

A. Parental Fee Calculation

The parental fee is 10% of the gross income. The worker must multiply the gross income by .10 to determine the amount the applicant is responsible for paying. For the daily fee divide the parent fee by 21.67. The daily rates are rounded to the nearest cent.

B. Parental Fee Levels

1. Recipients with a full-time level of care, 32 or more hours per week, the parental fee shall be 100%.
2. Recipients with a part-time level of care, 31 or less hours per week, the parental fee shall be 75% of the full-time fee.
3. When a recipient qualifies for a blended rate, the parental fee shall be 83% of the full-time fee.
4. The parental fee for families who receive part-time care with full-time pay shall remain at 75% of the parental fee. The details of these situations must be documented in the case narrative.

C. Parental Fees With Graduated Phaseout

During the graduated phase out, parental fees will increase to reflect the family's new reported income. At redetermination, the recipient's income is to be compared to 85% SMI. If the income is less than 85% SMI but exceeds the FPL limits, the child will be given a graduated phase out period of 12-months during which services continue with adjustment of the parental fee.

A Child Care Action Notice ([DCDEE-0450](#)) is to be sent to notify recipients and providers of the increase in the parental fee due to new reported income.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

D. Parental Fees For Partial Months

There may be times when the child care worker must assess a parental fee for child care that begins or ends in the middle of the month. For example, when a child starts after the 1st of the month (starts on the 15th), NC FAST will calculate a prorated parent fee amount if the plan of care of care starts after the 1st of the month.

The following situations describe how parental fees are determined when child care assistance is needed for part of a month.

1. When the monthly parental fee amount and the beginning date are entered, NC FAST will automatically assess the parent fee.
2. When child care assistance is terminated during a month, a partial month parental fee must be assessed for the number of days care is needed. NC FAST will calculate the parental fee based on the number of days that care was needed.
3. When there is a hardship and the child attends a partial month, please refer to the Exemption Evidence Job Aid. Hardship cases occur when the child is expected to be absent from care for more than ten (10) days in a service month due to identified situations. Parents are required to contact their Child Care worker to discuss their situation and provide information. The worker then determines if this is an approved hardship and approves the Provider payment for these days.

NOTE: The full-time monthly and daily parental fee are be shown on the voucher.

E. Parental Fees With Different Plans Of Care

Sometimes varying child care arrangements are needed because of different work schedules. When a parent/responsible adult work

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

schedule is unusually long, two types of child care arrangements or extra hours of care in the same arrangement may be needed. In either situation, the child care worker assesses the parental fee based on 10% of the family's monthly gross income.

There may be instances where the plan of care creates a need to change between two (2) providers. A parent/responsible adult may work a varying work schedule of both daytime and nighttime hours. Some months, the daytime arrangement is used more, and other months, there is more need for nighttime care. In this situation, the child care worker will

1. select the facility/provider where care is required for the most hours to collect the parental fee rather than trying to split the parental fee based on the hours care is needed. This must be documented in the case notes/narrative.
2. assess the parental fee to the facility/provider who provides the most hours of care.

NOTE: If each provider cares for the child for an equal amount of time, a 50% parental fee may be assessed to each provider.

VI. ADJUSTMENTS IN PARENTAL FEES

A. Parental Fee Reinstatement

While the parental fee must not increase during the 12-month eligibility period, the parental fee may be reinstated in 2 circumstances:

1. CWS/CPS Cases

When a CPS application is being processed, the childcare worker should obtain the gross monthly income of the family to establish a parental fee. The parental fee is then waived until the need for CPS/CWS ends. Once the CPS/CWS need ends, the parental fee can be assessed to the family. If the income information is not collected from the

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

family at the time of eligibility determination, a parental fee cannot be assessed to the family until the next redetermination at the end of the 12-month certification period.

2. Change in Income

When a recipient reports a decrease in their gross monthly income, the parental fee must be reduced to reflect the reported decreased income. If the recipient later reports a new change in income that is higher than the income assessed at initial application, the parental fee can only be reinstated up to the initial parental fee amount.

For example:

- Eligibility was determined on 04/10/2023 and initial income warranted a \$100 parental fee.
- On 07/25/2023 the recipient reported decreased countable income and the parental fee is reduced to \$50.
- On 11/15/2023 the recipient reports increased gross monthly income and the child care worker assesses the gross monthly income and 10% is now \$200.
- The parental fee can only be reinstated back to the initial 04/10/2023 parental fee amount of \$100.
- The recipient is certified through 04/30/2024, the parental fee can be increased if applicable as of 05/01/2024 when the redetermination has been completed.

Refer to Chapter 11. Responding to Changes and Redetermination more information regarding reacting to changes.

B. Manual Parental Fee Adjustment

Adjustments are made to parent fees and levels of care during a recipient's 12-month certification period to align with changes occurring in cases. These adjustments are made to benefit the family when there is a change to ensure that they receive the appropriate level of service, that their parent fee is appropriate and to ensure that these changes occur in a timely manner. NC FAST

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

adjusts parent fees and level of care changes automatically based on changes made to cases within the system.

There are some situations in which adjustment of the parent fee or level of care change in NC FAST does not align per current policy. To ensure that these adjustments do align correctly based on current policy, functionality is available within NC FAST to manually adjust parent fees when the system does not align the changes per policy.

The manual parent fee adjustment functionality must only be used in the following scenarios:

1. Child is beginning or ending school.
2. Immediate change of child care providers (can be due to an emergency)
3. Parent fee is not applied to correct child.

Refer to the SCCA Manual Adjustment Job Aid associated with manual parent fee adjustments to make necessary changes when one of the above-mentioned scenarios occurs. This functionality should not be used to resolve defects or any other issues unless it has been approved by DCDEE.

C. Parental Fee Adjustments when the Plan of Care or Eligibility Changes, Including Redetermination

Parental fees cannot increase during a 12-month certification period due to changes in income. Whenever the family's gross monthly income increases during a certification period, the income is calculated outside of NC FAST and documented in the case notes. If income decreases, the worker must recalculate and enter the income and decrease the parental fee. Refer to Chapter 11. Responding to Changes and Redetermination more information regarding reacting to changes. Any decrease in parental fees is to be effective on the first day of the month the decrease is reported.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

At the annual redetermination, the parent fee can increase based off an increase in income.

D. Parental Fee Adjustments for Child Care Benefits

Money from a child care benefit is counted as part of the allowable cost of care. Money from the benefit is first applied to the parental fee; any remaining amount is subtracted from the reimbursement amount the child care provider received. If the parent/responsible adult is employed by a child care facility who offers an employee discount, the discount is not considered when determining parental fees and payments. Refer to Chapter 16. Payment Policies regarding cost sharing benefits.

E. Parental Fee Adjustments for High Medical Expenses

Families with large medical expenses may find the payment of a parental fee more of a hardship than other families of similar size and income. To help in this situation, the family's gross income upon which the parental fee is assessed will be reduced by subtracting the amount of documented medical expenses paid more than 10% of that gross income.

Medical expenses are considered only in relation to the payment of parental fees, not in determining basic income eligibility.

The recipient's statement concerning medical expenses shall be accepted; however, the child care worker may need to assist the recipient in identifying and computing medical expenses to make the most accurate statement possible. Information provided by the parent/responsible adult about the family's medical expenses must be documented in the case record.

1. One-Time Medical Adjustment

A one-time medical adjustment can be given when a parent/responsible adult pays a high medical expense for

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

one month. The excess medical expense is deducted from the gross monthly income and the parental fee for the upcoming month is reduced. Thereafter, the parental fee goes back to the amount assessed prior to the adjustment.

2. Medical Expense Spread Over Several Months

When a parent/responsible adult pays high medical expenses for more than one- month, medical adjustments can be spread over several months. The excess medical expense is deducted from the gross monthly income for the months in which there are high medical bills. The parental fees are also reduced for those months. Refer to Chapter 7: Family Definition and Determining Income Eligibility for additional guidance.

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parental Fees

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

SCCA Manual:

Chapter 5: Establishing Need and a Plan of Care

Chapter 7: Family Definition and Determining Income Eligibility

Chapter 9: Recipient Choice and Voucher Procedures

Chapter 11: Responding to Changes and Redetermination

Chapter 16. Payment Policies

NC FAST Job Aids:

SCCA – Split Parental Fee

SCCA – Tasks Reference

SCCA – Manual Adjustments Last Updated

SCCA – Payments Process for Child Care Workers Reference Guide