

B. Grants, Loans, and Scholarships

A parent may receive financial aid which is *designated for child care*, e.g., from the state funded child care program through the community college system or other community college funding, based on criteria established by the local community college. The amount of the financial aid will be subtracted from the payment made by the LPA to the provider. The parent must use the financial aid to pay the provider. Communication between the financial aid officer and the child care worker will assure that efforts are not duplicated and the applicant receives the maximum benefit for which she is eligible. Funds received in hand from other grants, loans, or scholarships (e.g., Pell grant) are not designated specifically for child care and the parent cannot be required to use such funds to pay for child care services.

To determine the amount of payment in this situation, the parent's fee is subtracted from the grant first; the remainder is then applied to the amount that the LPA pays. The difference is the amount that the LPA can pay.

C. Employer Benefits

Child care workers should discuss with parents/responsible adults the possibility of receiving employer benefits or discounts for child care. An employer benefit is usually paid to an employee to assist with the cost of child care. When a parent receives a child care benefit from her employer, the benefit is first applied to the parent's fee and then to the amount the LPA pays to the provider. The LPA pays the remaining balance of the payment.

VII. SUSPENSION OF SUBSIDIZED CHILD CARE PAYMENTS**A. Reasons for Suspension or Termination**

Subsidized child care payments are subject to termination for failure by the provider to meet licensing requirements that jeopardize the health and safety of children. LPAs may not make subsidized child care payments to a provider or issue new Child Care Vouchers ([DCD-0446](#)) in the following situations.

1. When the license has been summarily suspended and the facility is closed by DCDEE.
2. When the license has been revoked or denied.
3. When the provider has received a Notice to Cease Operations (applies to a religious-sponsored facility operating under G. S. 110-106).
4. If there are other situations where an LPA has concerns about repeated instances of noncompliance they should contact the Subsidy Services

Section, to determine if the LPA can be authorized to discontinue payment. Examples of noncompliance could be violations of record keeping or payment policies.

The termination of subsidy payments remains in effect even if the provider appeals any action or situation listed above.

NOTE: A provider could also be permanently disqualified from participating in the SCC Program when there is a sanction imposed for a second incidence of fraudulent misrepresentation.

Refer to Chapter 15: Noncompliance with Licensing Requirements for a listing of Administrative Actions available to DCDEE and Chapter 23: Fraudulent Misrepresentation and Overpayments for information regarding imposing sanctions.

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 provider 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 provider 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. See Section C.1. below for additional information about Summary Suspension.

When any of the other actions listed are taken, DCDEE will mail a Notice of Administrative Action, which is marked “proposed action”, to the provider informing 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 child care coordinator of the LPA as an advance warning for the LPA that an action may occur. **The LPA will not act on this “proposed” action.** If the action is to proceed, DCDEE will then hand deliver to the provider another Notice of Administrative Action with a cover letter that states “this action is taken.” A copy will also be mailed to the child care coordinator of the LPA. When the LPA receives its copy, they should proceed by notifying the provider and parents that subsidy will be suspended within 45 calendar days from the date the action was delivered. During this 45 calendar days, the LPA shall not enroll any new children receiving subsidies. See Section C.2. on the next page for additional instructions.

In other situations where the LPA receives authorization to discontinue Subsidized Child Care payments, this authorization is given directly to the LPA. The LPA notifies the provider concerning the determination. See Section C.3. on the next page for additional instructions.

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 LPA receives from DCDEE **the copy of the Order Requiring Summary Suspension of License**, the LPA must take the following action immediately:
 - a. 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.
 - b. Complete a Child Care Action Notice (DCD-0450) terminating care at the current facility and provide the parents with other options for care.
 - c. Complete a Child Care Voucher (DCD-0446) authorizing care at a new facility of the parent's choice.
 - d. Notify the provider *in writing* that the provider agreement is terminated on that date, the reason why payment is terminated, and that payment will not be made for care provided to children remaining in the facility after that date.

Sample letters for the parent and provider are attached.

2. When the 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 LPA must take the following action immediately:
 - a. Notify the parents of the children enrolled at the facility *in writing* of the date that subsidy payments for care at the facility will be discontinued and the reason why. The *final date* that subsidy payments can be made for children remaining in care at the facility is 45 calendar days from the delivery date; however, parents may withdraw their children at any time before this date.
 - b. Notify the provider *in writing* that the provider agreement terminates 45 calendar days from the date on the notice. This

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means that payments will not be made for care provided to children remaining in the facility after that date.

- c. If a parent chooses to withdraw the child(ren) before the 45 calendar day period ends, send a Child Care Action Notice (DCD 0450) giving a ten (10) work day notice of termination to the provider.
- d. At least ten (10) work days prior to the final date that subsidy payments can be made send an Action Notice to both the parents and the provider to terminate services for all children who remain in care at the facility.
- e. During the 45 days the LPA shall not enroll any new children receiving subsidies.

Sample letters for the parent and provider are attached.

- 3. When a LPA has concerns about repeated instances of noncompliance by a child care provider and wishes to terminate the Child Care Provider Agreement (DCD-0452), the LPA should contact the Subsidy Services Section of the DCDEE with the information that supports the LPA's concerns. DCDEE staff in the Subsidy Services Section will review information and determine whether or not the Provider Agreement should be terminated based on the information provided. When the LPA receives notice from DCDEE authorizing the discontinuance of subsidy payments to the provider, the LPA should follow the steps in Section VIII.C.2.a-e above.

Sample letters for the parent and provider are attached.

In other situations where the LPA receives authorization to discontinue subsidized child care payments, this authorization is given

directly to the LPA. The LPA notifies the provider concerning the determination.

D. Option for Parents

Parents who choose to select another arrangement in situations where subsidy payments have been suspended must contact the LPA to obtain a new Child Care Voucher (DCD-0446). In some cases, it will be necessary for the LPA to pay for two (2) arrangements for a ten (10) work day 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 provider.

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

NOTE: In cases of administrative actions other than when the facility is closed by DCDEE, the LPA *must honor the provider agreement and continue to pay the provider for subsidized child care*. See information above regarding when to stop subsidy payment for revocations, denial of license, and notice to cease to operate. An LPA that has concerns about repeated instances of noncompliance should contact the Subsidy Services Section of DCDEE at (919) 662-4561.