

Subsidized Child Care Assistance Program Policy Manual

Chapter 8. Parent Fee

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REVISED 09/30/2025

I. CHAPTER OVERVIEW

The applicant/recipient who is deemed eligible may be required to pay a portion of the cost of child care through a parent fee. A parent fee is assessed if countable income is received for the household including a child(ren)'s unearned income such as child support payments, and or social security benefits (SSA).

This chapter describes who must pay a parent fee, how parent fees are assessed and special circumstances that may affect the parent fee.

II. WHEN PARENT FEES ARE NOT ASSESSED

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

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

III. WHEN PARENT FEES ARE ASSESSED

An applicant/recipient who is eligible for child care assistance based on their countable income will be charged a parent fee for a portion of the cost of child care assistance.

Parent fees are set at 10% of the gross monthly income for all applicants/recipients who are determined to pay a parent fee. Once the parent fee is

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assessed, the **applicant**/recipient is responsible for paying the parent fee directly to the child care provider. Parent fees for new applicants are effective on the first day the child attends care. Any decrease in a parent fee is to be effective on the first day of the month when the decrease is reported. **The parent fee is assigned to the youngest child on the child care case when there is more than one child receiving child care.**

Example: A change is reported to the worker in February, but the worker did not make the change until March. The decrease should start in February.

When an **applicant/recipient** is deemed income eligible through Food and Nutrition Services (FNS), the parent fee is calculated from the verified gross monthly countable income.

When a provider is paid based on a blended rate, the parent fee will be 83% of the full-time parent fee. **The parent fee for a 75% and 50% plan of care is 75% of the full-time parent fee.** The parent fee will apply **for** the entire eligibility period.

IV. RESPONSIBILITIES REGARDING PARENT FEE

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

1. When subsidized child care is approved, the **DSS/LPA** must notify the provider and **applicant**/recipient in writing as to the amount of the Parent fee to be collected from the recipient using the Child Care Voucher (DCD-0446) or Child Care Action Notice (DCD-0450).
2. The LPA must give the **applicant**/recipient a clear explanation of the Parent fee policy, located on the Rights and Responsibilities NC FAST 20009, the specific charges imposed, and the recipient's responsibility for payment.
3. Any change in the amount of the Parent fee must be made known to the provider and recipient using the Child Care Action Notice (DCDEE-0450). **However, the parent fee cannot increase due to an increase in income or change in the Plan of Care.**

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4. Collection of past due parent fees are limited to 1 month prior to the provider's request for termination of services. Refer to Section C., 3 below regarding termination of child care arrangements when Parent fees are not paid.
5. When a recipient contacts the DSS/LPA and requests to end care or change child care providers, the child care worker must contact the child care provider to ensure there are no past-due parent fees.

If the child care worker attempts to contact the provider but the provider cannot be reached, the child care worker must document all attempts to contact the provider prior to issuing a new voucher.

6. When a provider contacts the DSS/LPA to report unpaid parent fee and requests to terminate services, the child care worker must issue a Child Care Action Notice to terminate the Plan of Care according to Chapter 11 III.B.2. ii. of the SCCA Policy Manual and must document the case of the amount of unpaid Parent fee and the reason why the Plan of Care is being terminated. If the provider confirms unpaid fees but does not wish to terminate, the caseworker must document the amount owed, the provider's decision to continue services and any payment arrangements, if known.

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 parent fee assessed, the effective date and any changes in the parent fee. A copy of the Child Care Voucher (DCDEE-0446) or Child Care Action Notice (DCDEE-0450) can serve as the means of notification.

B. Responsibilities of the **Applicant/Recipient**

1. The **applicant/recipient** is responsible for paying the Parent fee for child care assistance directly to the child care provider.

Recipients may voluntarily report changes. Voluntary reporting made

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by the recipient should be entered into NC FAST by the child care worker if the change decreases the **parent fee** or increases the recipient's subsidy. Refer to Chapter 11 Responding to Eligibility Changes and redetermination for recipient required and voluntary reporting.

2. The **applicant**/recipient **can** negotiate with the provider a **parent fee** payment plan that best suits the **applicant's**/recipient's needs. The **applicant**/recipient and the provider may agree upon an individual plan for collecting parent fee payments at less than monthly intervals.
3. Should an **applicant**/recipient choose a provider who charges more than the subsidy rate the LPA has authorized, the **applicant**/recipient may pay the difference between the provider's charge and the rate paid by the LPA. If the **applicant**/recipient is unable or unwilling to pay the difference in this situation, another provider must be selected by the recipient. There may be cases where providers charge **the applicant/recipient** additional fees for activities not included in the normal program of child care. These additional charges may include:
 - 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.

NOTE: The LPA is not responsible for these separate fees charged to recipients.

C. Responsibilities of the Provider

1. Providers are solely responsible for the collection of parent fees. The provider must collect the parent fee from the recipient on a regular basis and apply the same policy for non-payment of

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parent fees to private paying recipients **and parents** receiving subsidies.

If there are unpaid parent fees, the provider must indicate the amount of unpaid parent fees. The recipient is only responsible for paying one month of unpaid parent fees to receive a new voucher. Any additional months that the provider has not collected any outstanding parent fees will not be considered when issuing a new voucher. Only the parent fee amount is considered when there are unpaid parent fees. Additional charges from the provider, such as late fees, are not included when issuing a new voucher.

2. When a provider consents to a repayment arrangement, it is the provider's responsibility to collect payments. Upon notification that a repayment arrangement has been made, the recipient is issued a new voucher. However, if the recipient later fails to complete the entire repayment agreement, the recipient's voucher continues and the voucher is not revoked.
3. If an **applicant/** recipient has failed to pay their monthly **parent fee**, the provider must notify the LPA of the unpaid fees, and the following guidelines must be followed:
 - i. The provider must indicate the amount that is unpaid immediately and may request that services be terminated for non-payment of parent fee. The unpaid parent fee is limited to one month. Any additional months the provider has not collected the parent fee from the family will not be held against the family in order to obtain a new voucher.
 - ii. If the provider requests the termination of the Plan of Care, the child care worker must issue a Child Care Action Notice (DCD-0450) to both the recipient and provider, indicating that the arrangement is being terminated at the provider's request for failure to pay parent fee. One month of parent fee must be paid in full or satisfactory arrangements made between the recipient and provider for repayment before

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a voucher for another provider can be issued.

- iii. **The provider must notify the LPA that a repayment agreement has been developed and that a payment plan with the parent and/or the outstanding one-month balance has been paid in full. When the LPA is notified, services may continue.**
- iv. The provider must give the recipient a dated receipt for payment of the parent 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.).
- v. 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 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.

If there is no repayment agreement and the parent has not paid the parent fee, the LPA must document in the record the reason services are terminated and the amount of the unpaid parent fee. The provider or recipient must submit verification when the parent fee are paid.

V. DETERMINATION OF THE PARENT FEE AMOUNT

Parent fees are the same across the state for all types of child care arrangements. The parent fee is 10% of the gross **monthly** income. **To ensure the parent fee does not exceed 10% of gross monthly income, the child care worker must multiply the gross monthly income by .10 and round down to the nearest dollar to determine the monthly amount the applicant is responsible for paying. For example, if the parent fee calculation results in \$234.75, the parent fee is rounded down to \$234. To determine the daily fee, divide the parent monthly fee by 21.67. The daily parent fee rates are rounded to the nearest cent. A Parent fee is assessed if countable income is received. It is based on the family's gross income.**

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There is one (1) parent fee for the **applicant/recipient** receiving subsidized child care assistance, regardless of the number of children in care and regardless of the hours of care needed. **The parent fee will follow the child with the highest level of care needed. If multiple children have the highest level of care, the parent fee is assessed to the youngest child.** In cases wherein the parent 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 parent fee; the parent fee will be divided between or among the children. **If the parent 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 parent fee, the recipient can request services for teacher workdays and holidays, and care must be authorized if the daily provider payment rate exceeds the daily parent 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 parent fee amount. The family should not be placed on the child care waiting list. The case can be suspended until the child attends.

A. PARENT FEE FOR FULL-TIME OR PART-TIME CARE

Full-time payment for part-time care will now be available for **applicant/recipient** 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 Parent fee for Applicant / Recipient who receive part-time care with full-time pay shall remain at 75% of the Parent fee. The details of these situations must be documented in the case narrative.

1. When the child is enrolled in the same child care arrangement and the care averages 32 or more hours per week, **the parent is charged the full-time 100% parent fee.** Calculate the parent fee based on 10% of the family's gross monthly income regardless of the number of children in care or the number of hours care is needed.

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2. When the child is enrolled in the same child care arrangement and care averages 1 through 31 hours (3/4 time) per week, the parent fee is 75% of the full-time fee.

For example:

- i. Full Time, 100%: 32 – 55 hours per week. Recipients will pay full time parent fee at 100%.
- ii. Blended Rate: Child attends facility year-round (during the school year as well as summer and school closings). Child attends before and/or after care and full time on school closure days and during summer/track out. Recipients will pay blended rate fee at 83%.
- iii. **75%** – 18 – 31 hours per week. Recipients will pay a **three-quarter** time fee at 75%.
- iv. **50%** 0 – 17 hours per week. Recipients will pay a part-time fee at 75%.

NOTE: Error messages will alert you upon entry of parent fee amounts for part-time care that are not 75% of the full-time parent fee. These are error messages because the Parent fee must be verified. For example, the parent fee is less than 75% of the full-time fee, and the parent fee exceeds 75% of the full-time fee.

B. PARENT FEE WITH GRADUATED PHASEOUT

A 12-month Graduated Phase Out period occurs when, at **recertification**, a family's gross countable monthly income exceeds Federal Poverty Levels of 133% for school age children or 200% for preschool age children and children with special needs and is at or below the federal income threshold of 85% State Median Income.

During the Graduated Phase Out, Parent fee will increase to reflect the family's new reported income. At **recertification**, the family's income shall be compared to 85% State Median Income (SMI). If the income is

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less than 85% SMI but exceeds the Federal Poverty Level (FPL) limits, the child will be given a Graduated Phase Out period of 12-months during which child care subsidy services continue with adjustment of the Parent fee.

A Child Care Action Notice (CCAN) will be sent to notify recipients and providers of the increase in the Parent fee due to new reported income. When the family's income exceeds 85% SMI at **recertification**, a ten (10) workday notice will be issued to terminate services. For applicants determined ineligible with less than 10 workdays remaining, care may continue until the current certification end date.

C. PARENT FEE FOR PARTIAL MONTHS

1. There may be times when the child care worker must assess a Parent 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 starts after the 1st of the month.
2. The following situations describe how parent fees are determined when child care assistance is needed for part of a month.
 - i. When the monthly parent fee amount and the beginning date are entered, NC FAST will automatically assess the parent fee.
 - ii. When child care assistance is terminated during a month, a partial month Parent fee must be assessed for the number of days care is needed. NC FAST will calculate the Parent fee based on the number of days that care was needed.
 - iii. 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

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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.

Refer to Chapter 16, page 6, Item 2, Hardship Cases and Unusual Circumstances.

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

D. PARENT FEE WITH DIFFERENT PLANS OF CARE

Sometimes varying child care arrangements are needed because of different work schedules. When a parent/responsible adult work 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 Parent 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 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 select the facility/provider where care is required for the most hours to collect the parent fee rather than trying to split the Parent fee **between providers. For example, a child may need 50% care at one provider and 50% care at another provider to cover the parent's long shift which covers 1st and 2nd shift. Additionally, if a child needs 50% care at one facility and 75% care at another, or 75% care at one facility and 75% care at another, the parent fee would be assessed at 100%. Manually adjust to assess the 100% parent fee at the facility that provides the highest level of care. If both facilities provide equal levels of care, the worker will select one of the facilities to receive the 100% parent fee.**

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VI. PARENT FEE ADJUSTMENTS **IN NCFAST**

Parent fees for child care are based on the family's ability to pay and are not intended to discourage Applicant / Recipient from using needed services.

A. Manual Parent Fee Adjustment

Adjustments are made to parent fees and levels of care during a recipient's 12-month certification period in order to align with changes occurring in cases. These adjustments are made in order 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 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 child care worker must review the Update Parent Fee Screen to access and to accept or adjust the update if correct.**

1. Update Parent Fee Screen

The Update Parent Fee decision screen is automatically populated when a new decision is assessed. The child care worker must review the Update Parent Fee Screen to review and to accept or adjust the update if correct.

2. Manual Parent Fee Adjustment

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

- Child is beginning or ending school.
- Immediate change of child care providers (can be due to

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emergency situation).

- Parent fee is not applied to correct child.
- When there is more than one PDC created, only the higher parent fee is assessed, and the worker must make a manual adjustment on the lower parent fee to \$ 0. For example: A mother and her boyfriend apply for SCCA for their mutual child and her child. The boyfriend's income is countable for their mutual child but not her child. When NC FAST creates two PDCs for each child, each PDC will have a parent fee. Only the higher parent fee is assessed. The worker must adjust the lower parent fee in the other PDC to \$0.
- When a child has two Plans of Care due to needing care at two different providers during the same time- period, the parental fee is assessed at 100%. For example: The parent works 16-hour shifts and utilizes a separate provider for 1st shift care and 2nd shift care. The child needs 50% care at one facility and 50% at another. Additionally, if a child needs 50% at one facility and 75% care at another, or 75% care at one facility and 75% care at another, the parent fee is assessed at 100%. Manually adjust to assess the 100% parental fee at the facility that provides the highest level of care. If both facilities provide equal levels of care, the worker will select one of the facilities to receive the 100% parental fee.

Child care workers should refer to the SCCA Job Aid Update Parent Fee and the SCCA Job Aid Manual Adjustment Job in order 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.

There are additional options in NC FAST for making manual parent fee adjustments, but these should ONLY be used if the child care worker is given direct guidance from DCDEE. If additional scenarios are approved by DCDEE, this will be communicated to child care workers by DCDEE and NC FAST communications.

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B. Parent Fee Adjustments when the Plan of Care or Eligibility Changes, Including **Recertification**

Whenever the **applicant/recipient** countable monthly income increases during a certification period, calculate the income outside of NC FAST. The income calculated outside of NC FAST is compared to 85% SMI, if under 85% SMI, then document the increased income in the case notes. The parent fee cannot increase during a 12-month certification period due to changes in income **or a change in the level of care**.

When a recipient reports a decrease in their gross monthly income, the parent fee must be reduced to reflect the reported decreased income. The worker must recalculate and enter the income and decrease the parent fee. A reduction in parent fee is made on the first day of the month when the change is reported.

1. **Parent Fee Reinstatement**

- i. **Reinstatement is the action of restoring the assessed parent fee at the initial application or recertification. There are times a parent fee is reinstated after change is reported. If the parent fee decreases during the 12-month eligibility period, the parent fee can be reinstated to the amount that was initially assessed at the most recent application or recertification. The reinstated parent fee cannot exceed the initial parent fee assessed at most recent application or recertification.**
- ii. **At recertification, the child care worker assesses the parent fee based on the family's income and the parent fee can be increased on the first day of the month following the 10-business day notice upon recertification processing.**

The following are instances (but not exhaustive) when the parent fee is to be reinstated:

- **Refer to Ch.5, III. Sec. E&F: Child Care to Support Child Protective Services/Child Welfare Services when an active case has a CPS/CWS referral that ends**

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during the certification period and the income was obtained at initial application.

- Refer to Chapter 11, Section C. item 3: Temporary Changes when an applicant/Recipient reports new income after a job search/job loss, or when a Level of Care change is reported back to the initial higher level of care at the beginning of the certification period.

If the recipient later reports a new change in income that is higher than the income assessed at initial application **or recertification**; the parent fee can only be reinstated up to the parent fee amount **assessed at application or most recent recertification**. At the annual recertification, the income and parent fee can increase on the first day of the month following the 10-work day notice.

C. Parent 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 parent fee; any remaining amount is subtracted from the amount the LPA pays to the child care facility/provider. The child care worker must document this information into NC FAST and add an explanation in the comments section of the voucher or action notice. If the parent/responsible adult is employed by a child care facility who offers an employee discount, the discount is not considered when determining parent fees and payments.

- When an employer benefit is less than the parent fee, the **applicant/recipient** pauses the benefit amount to help pay the assessed fee amount.
- The voucher/action notice would show the actual parent fee amount calculated in NC FAST.
- When an employer benefit is more than the parent fee, the **applicant/recipient** will use the benefit to pay the parent fee. The remaining benefit amount is then subtracted from the allowable cost of care in NC FAST. The **applicant/recipient** would pay the entire

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benefit directly to the child care facility/provider. The child care worker must document this information in NC FAST and add an explanation in the comments section of the voucher or action notice.

D. Parent fee Adjustments for High Medical Expenses

An **applicant/recipient** with large medical expenses may find the payment of a parent fee more of a hardship than other **applicants/recipients** of similar size and income. To help in this situation, the family's gross income upon which the parent fee is assessed will be reduced by subtracting the amount of documented medical expenses paid in excess of 10% of that gross income.

Medical expenses are considered only in relation to the payment of Parent fee, not in determining basic income eligibility. Information provided by the **applicant/recipient** about the family's medical expenses must be verified and documented in the case record.

1. One-Time Medical Adjustment

A one-time medical adjustment can be given when a **applicant/recipient** pays a high medical expense for one month. The excess medical expenses are deducted from the gross monthly income and the Parent fee for the upcoming month is reduced. Thereafter, the Parent fee goes back to the amount assessed prior to the adjustment.

Example: One Time Medical Adjustment. The **applicant/recipient** has household income of \$3000 per month. The 10% Parent fee would be \$300 effective 1/1/2023. The **applicant/recipient** has a one-time medical expense of \$400 that she will pay in full in January 2023. $\$400 - \$300 \text{ Parent fee} = \100 . For the month of January 2023, \$100 is reduced from her \$3000 income = $\$2900 \times .10 = \290 Parent fee for January 2023 and then Parent fee goes back to \$300 for February 2023 and ongoing.

2. Medical Expense Spread Over Several Months:

When an **applicant/recipient** 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 parent fees are also reduced for those months.

Example: Medical Expense Spread Over Several Months: The **applicant/recipient** has HH income of \$3000 per month. 10% Parent fee would be \$300 effective 1/1/2023. The **applicant/recipient** had a hospital stay in the fall of 2022 and are making monthly payments to the hospital of \$400 per month for the next 4 months. $\$400 - \$300 \text{ Parent fee} = \100 . For the months of January - April 2023, the Parent fee will be reduced to \$290 per month. $(\$3000 - \$100 \text{ excess medical expense} = \$2900 \times .10 = \$290)$. Then it will return to \$300 per month Parent fee for the remainder of the certification period.

Refer to Chapter 7 for additional information regarding Medical Expenses.

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

SCCA Manual

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

Refer to Chapter 7 Family Definition and Determining Income Eligibility

Refer to Chapter 9 Recipient Choice and Voucher Procedures

Refer to Chapter 16 Payment Policies

SCCA Job Aids

SCCA Job Aid - Manual Parent Fee Adjustments

SCCA Job Aid - Split Parent fee

SCCA Job Aid - Tasks Reference Guide

SCCA Job Aid – Update Parent Fee