



## North Carolina Department of Health and Human Services

Pat McCrory  
Governor

Richard O. Brajer  
Secretary

Pamela L. Shue, Director  
Child Development and Early Education

### SUBSIDIZED CHILD CARE ASSISTANCE ADMINISTRATIVE LETTER #01-16

TO: Directors County Departments of Social Services  
Directors of Other Local Purchasing Agencies

SUBJECT: Changes to Subsidized Child Care Assistance Program Policy

ATTENTION: Child Care Coordinators  
Other DSS Personnel who work with the Subsidized Child Care Assistance Program

ISSUE DATE: February 15, 2016

EFFECTIVE DATE: March 1, 2016

The purpose of this Administrative Letter is to communicate changes to the Subsidized Child Care Assistance Program policy regarding Self-Employment/Gainful Employment

#### Self-Employment/Gainful Employment

##### 1. General Information

For the purpose of self-employment, the policy in Chapter 5, III. A. (2), allows local purchasing agencies flexibility in determining if child care is needed for the self-employed; and at what level. When developing local policies, local purchasing agencies (LPAs) established an initial period during which the self-employed individual is required to record the time and hours worked and the income received.

Current policy in Chapter 5, III. A. mandates child care assistance be provided to support employment of the child's parents, foster parents, or other responsible adult. In order to receive child care assistance under this need category, the parent/responsible adult must be employed full-time, average of thirty hours or more per week; part-time employment, any number of hours less than full-time; or engaged in employment as an approved activity through the Work First Program, Food and Nutrition Services Employment and Training Program, or other approved employment programs.

##### 2. Policies:

New policy gives newly self-employed individuals 12 months to allow time to establish gainful employment. Gainful employment is defined as making at least minimum wage.

##### 3. Procedures:

If the gross amount of income is less than minimum wage based on the number of hours the parent/responsible adult states they work, the hourly wage is determined by taking the gross income and dividing it by the current minimum wage. These hours are used to determine the gainful employment hours for determining the level of care and parent fee.

www.ncdhs.gov • www.ncchildcare.nc.gov  
Tel 919-527-6335 • Fax 919-715-1012

Location: 820 South Boylan Avenue • Raleigh, NC 27603  
Mailing Address: 2201 Mail Service Center • Raleigh, NC 27699-2200  
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If the recipient has been in business for less than 12 months at time of eligibility determination, gainful employment will be evaluated at redetermination. If at redetermination, gainful employment has not been established, the need for care and the level of care will be re-evaluated.

If a recipient becomes self-employed during their eligibility period, the eligibility period dates must remain the same. Eligibility cannot be reviewed prior to the end of the 12 month eligibility period.

The recipient is required to report changes in accordance with Recipient Responsibilities requirements.

If you have questions about the information in this letter, or other Subsidized Child Care Assistance Program question, please contact [dcdee.subsidy.policy.help@dhhs.nc.gov](mailto:dcdee.subsidy.policy.help@dhhs.nc.gov) to reach technical assistance and policy consultation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pamela Shue". The signature is written in black ink and is positioned above the printed name.

Pamela Shue, Director