



North Carolina Department of Health and Human Services

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Beverly Eaves Perdue, Governor
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Maria F. Spaulding,
Deputy Secretary for Long Term Care
and Family Services

SUBSIDIZED CHILD CARE SERVICES ADMINISTRATIVE LETTER NO. 1-10

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

FROM: Maria F. Spaulding, Deputy Secretary for Long Term Care and Family Services
Deborah J. Cassidy, Director of the Division of Child Development
Sherry Bradsher, Director of the Division of Social Services

ISSUED: June 17, 2010

EFFECTIVE DATE: July 1, 2010

SUBJECT: Deeming Income Eligibility for Subsidized Child Care Services across Department of Health and Human Services Programs

In October 2009, the Department of Health and Human Services (DHHS) launched an initiative known as DHHS Excels. The first goal of the program is to "manage resources that provide an elevated level of effective and efficient delivery of services and programs to North Carolina". To further that goal, the ability to deem income eligibility for child care services through another DHHS program becomes effective July 1, 2010.

It is anticipated that the Budget Bill for State Fiscal Year 2010-2011 will include Special Provision language to allow the deeming of income eligibility in the Subsidized Child Care Services Program. The legislation allows for a more streamlined and efficient processing for child care services by automatically qualifying parents as *income eligible* if they already receive benefits through other programs included in G.S. 108A, as directed by DHHS. The deeming is possible because the maximum income eligibility for subsidized child care is 75% of state median income, which is greater than income eligibility limits for other programs. DHHS has determined that Food and Nutrition Services will be the first program for which income eligibility will be deemed for subsidized child care.

The Special Provision language will also specify that AmeriCorps stipends and Non-Title IV or Bureau of Indian Affairs (BIA) work study payments will no longer be counted when determining eligibility for child care services. These policies will be revised and implemented on August 1, 2010. Not counting these types of income will be consistent with countable income for the Food and Nutrition Services and Medicaid programs and will impact very few families. Any families currently eligible with these sources of income would have their parent fees reduced accordingly, and any new families applying would not have this income counted toward eligibility.

Determining Income Eligibility for Child Care Services

Child care staff will have access to demographic screens in the Food and Nutrition Services Program for deeming income eligibility. When completing an application and determining eligibility for the Subsidy Program, the child care worker will use the appropriate components of the income information already verified by the Food and Nutrition Services Program to determine the amount of the gross income available to the child care income unit as defined in Chapter 7 of the Subsidized Child Care Services Manual. All other parts of the application process remain the same.

Deeming income eligibility for Subsidized Child Care Services applies at the time of the initial application and at the annual redetermination of eligibility, as well as during periodic reviews conducted by the local purchasing agency and when changes are reported. If an applicant for child care services is not receiving a benefit from the Food and Nutrition Services Program, the child care worker will continue to determine income eligibility according to the policies in Chapters 7 and 11 of the Subsidized Child Care Services Manual.

Changes in Policies and Procedures

The following subsidy policies and procedures have been revised to accommodate the deeming income eligibility process and to provide consistency with other programs. These policies are effective August 1, 2010, for all income calculations.

- When an applicant is paid weekly, the average amount per pay period is multiplied by 4.3 to determine monthly income. If the pay period is every two weeks, the average amount per pay period is multiplied by 2.15 to calculate monthly income.
- For self-employed individuals, a standard 20% deduction from gross income receipts is used for operational expenses. However, the self-employed applicant may submit receipts to determine further deductions as allowed in current child care policy.
- AmeriCorps stipends and Non-Title IV or Bureau of Indian Affairs (BIA) work study payments will no longer be counted when determining eligibility for child care eligibility.

A Change Notice will be initiated to reflect these policies. Other changes in policy and forms will be addressed in the Change Notice as well.

Training

Training will be conducted through Connect Pro Meeting on the new deeming income eligibility process from 1:00 p.m. – 2:30 p.m. on Thursday, June 17th for Directors and from 9:00 a.m. – 11:30 a.m. on Tuesday, June 22nd for child care staff. Directors and child care staff will be sent instructions for accessing the Connect Pro Meeting prior to the scheduled dates.

Please share this information with all staff in your agency that has responsibility for administering the Subsidized Child Care Program. If you have questions, please contact your Subsidy Services Consultant.

cc: Child Care Workers
DCD Subsidy Staff