



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**  
Division of Child Development and Early  
Education

**ROY COOPER** • Governor  
**MANDY COHEN, MD, MPH** • Secretary  
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## **SUBSIDIZED CHILD CARE ASSISTANCE ADMINISTRATIVE LETTER #06-18 (REVISED)**

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

SUBJECT: Changes to Subsidized Child Care Assistance (SCCA) Program Policy

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

ISSUE DATE: October 25, 2018  
REVISED ISSUE DATE: January 11, 2019

EFFECTIVE DATE: November 1, 2018

The purpose of this Administrative Letter is to communicate clarification to SCCA policy regarding:

- (1) Timeline for Reporting Changes
- (2) Reporting Requirements (**REVISED**)
- (3) Eligibility after Child Protective Services (CPS) (**REVISED**)
- (4) Parental Fees during Child Protective Services and Child Welfare Services
- (5) Foster Care Transitions (**REVISED**)
- (6) Developmental Screening Information to Recipients
- (7) Grace Period for Families Experiencing Homelessness
- (8) Manual Parent Fee Adjustment

### **Timeline for Reporting Changes**

#### **1. General Information**

Current policy requires that recipients report changes within five (5) business days of the change. The Child Care & Development Fund mandates that reporting requirements do not place an undue burden on eligible families.

#### **2. Policy**

New policy requires that recipients must report changes to their child care worker within ten (10) business days of the change.

#### **3. Procedures**

Clients will have ten (10) business days to report changes and the worker will continue to have ten (10) business days to react to the reported change. NC FAST has been adjusted to incorporate a total of twenty (20) business days when aligning parent fee changes and when determining the need for an overpayment or underpayment.

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## **Reporting Requirements REVISED: #2. Policy, clarified that reporting timeline is business days**

### **1. General Information**

The Child Care & Development Fund sets forth requirements related to recipient reporting requirements that facilitate a change in North Carolina's SCCA Program policy. According to 45 CFR 98.21 (1), during the period of time between determinations or re-determinations, if the child met all of the eligibility requirements on the date of the most recent eligibility determination or re-determination, the child shall be considered eligible and will receive services at least at the same level, regardless of a change in family income, if that income does not exceed 85% of SMI. Additionally, 45 CFR 98.21 (4) states that because a child meeting eligibility requirements at the most recent eligibility determination or re-determination is considered eligible between re-determinations, any payment for such a child shall not be considered an error or improper payment due to a change in the family's circumstances. Lastly, 45 CFR 98.21 (e) explains that reporting requirements should not place an undue burden on eligible families that could impact continued eligibility between redeterminations and that required recipient reporting should be limited to items that impact a family's eligibility which includes when a family's income exceeds 85% of SMI, when there is a non-temporary change in the status of the child's parent as working or attending a job training or educational program, and items that enable the agency to contact the recipient or pay providers. In addition to not being burdensome, families must be given multiple methods of reporting their changes.

### **2. Policy**

New policy limits recipient reporting requirements as to not place an undue burden on eligible recipients. Reporting requirements will now include changes that impact the DSS/LPA's ability to contact the family, income increases that exceed 85% SMI, a non-temporary change in the recipient's working or attending a job training or educational program, and when the recipients requests a change in child care providers.

Recipients must report changes to the DSS/LPA within 10 business days from the date the change occurs, and the child care worker must react within 10 business days. Regardless of the date the change originally occurred, the start date of the evidence in NC FAST for reported changes should be the date the change was reported to the child care worker. The following items are required to be reported by the recipient during the twelve-month eligibility period:

#### **Recipients are required to report:**

1. Change of contact information including address and telephone number.
2. Increase in income that exceeds 85% SMI (this should NOT include irregular income fluctuations) based on the SMI chart posted on the DCDEE website.
3. Recipient is no longer employed, no longer in an education setting, or has any other temporary change in their need for child care.
4. Change in recipient's choice of provider is needed or wanted.
5. Recipient needs or wants to end child care services.

Recipients should be informed that the current 85% SMI income chart is available on the DCDEE website. When a recipient's income increases, they should review the income chart to determine if their income has increased above the 85% SMI based on their family size. If the income is above 85% SMI for their family size, this increase should be reported and reacted to per the procedures in this letter. If an increase in income is not reported due to a family not knowing or understanding that their income is above 85% SMI,

payments made to child care providers on behalf of these families should not be considered an error or improper payment due to changes in the family's circumstances.

**Recipients have the option to voluntarily report any other change that impacts their subsidized child care case including decreases in income, changes in work or education hours, and changes in the household members:**

Child care workers will have 10 business days to review and react if necessary to changes reported by the recipient. Child care workers are required to act on information provided by the family if it reduces the family's parental fee or increases the family's subsidy. Child care workers shall accommodate the needs of working parents by allowing changes to be reported in a variety of ways such as by phone, mail, or email. Face to face visits should only be used for recipients to report changes if the visit is not burdensome on the recipient.

**3. Procedures**

Child care workers shall react in the following way to changes that recipients are required to report:

1. Change of contact information including address and telephone number
  - a. Change in NC FAST
2. Increase in income that exceeds 85% SMI (this should NOT include irregular income fluctuations)
  - a. Income should be verified per the Verification Method Hierarchy in Section 4050.3 of the IEM
  - b. Manually review the new income outside of NC FAST
  - c. If the increased income remains at or below 85% SMI, do not key this change in NC FAST; document in case notes only; parental fee cannot increase during 12-month certification period due to change in income
  - d. If the increased income is above 85% SMI, enter new income into NC FAST and generate 10-day termination notice.
3. Recipient is no longer employed, in an education setting, or has any other temporary change in their need for child care
  - a. Provide 90-day transition if temporary change
  - b. Provide 10-day termination notice if this is not a non-temporary change
4. Change in recipient's choice of provider is needed or wanted
  - a. Issue action notice to end services at the existing child care provider with the appropriate notice period
  - b. Change providers in NC FAST and issue a new voucher
5. Recipient needs or wants to end child care services
  - a. Terminate case in NC FAST

Voluntary reporting made 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. Additional information reported by the recipient should be documented in the case narrative. Child care workers shall react in the following way to changes that recipients voluntarily report:

1. Changes in income that do not exceed 85% SMI
  - a. Income should be verified per the Verification Method Hierarchy in Section 4050.3 of the IEM
  - b. Manually review the income increase outside of NC FAST

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- c. If the income increases but remains at or below 85% SMI, do not key this change in NC FAST; document in case notes only; parental fee cannot increase during 12-month certification period due to change in income
  - d. If the income increases and is above 85% SMI, enter new income into NC FAST and generate 10-day termination notice.
  - e. If the income decreases, enter new income into NC FAST and decrease the parental fee
2. Changes in work hours or education hours
    - a. If increase in work hours results in increase in income, review income as indicated above
    - b. If increase in child care hours is needed, increase the level of care in NC FAST to reflect the need based on work or education hours
    - c. If decrease in work hours or education hours is reported, only enter this decrease into NC FAST if requested by the recipient; DSS/LPAs are no longer allowed to automatically decrease the level of care to adjust to a decrease in work or education hours
3. Change in household members (includes marriage, divorce; or a household member, including children, moving into or out of the home)
    - a. Update household members in NC FAST
    - b. If there is an income change based on the new income unit, manually review the new income based on new income unit outside of NC FAST
    - c. If the income increases as a result of this change but remains at or below 85% SMI, do not key this change in NC FAST; document in case notes only; parent fee cannot increase during 12-month certification period due to change in income
    - d. If the income increases as a result of this change and is above 85% SMI, enter new income into NC FAST and generate 10-day termination notice.
    - e. If the income decreases as a result of this change, enter new income into NC FAST and decrease the parent fee

**Eligibility after Child Protective Services (CPS) REVISED: clarified when a new application is needed and when care can continue without a new application.**

**1. General Information**

This policy will provide clarification for child care cases with a need of Child Protective Services (CPS) when the need for care ends or changes prior to the end of the 12-month eligibility period.

**2. Policy**

When a recipient applies for child care services based on the need of CPS, the recipient will be given 12 months of eligibility. If the CPS case closes during the 12-month eligibility period and the recipient has another need for child care besides CPS, the child care case should be updated, and care should continue through the end of the recipient's 12-month certification period. A new application is not needed at this time. If the recipient does not have another need for child care when the CPS case closes, the recipient will receive 90-day transition and the case will be terminated after the 90<sup>th</sup> day if there is no need for care. If a need for child care arises during the 90-day transition, the child care case should be updated, and care should continue through the end of the recipient's 12-month certification period. A new application is not needed at this time.

**3. Procedures**

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The child care worker will give the recipient 90-day transition if there is no longer a need for child care once the CPS case closes. The child care worker should use seeking employment as the need for care during this 90-day transition. If there is no longer a need for care after the 90-day transition, the child care worker shall terminate the case. If a need for child care arises during the 90-day transition, the child care worker should end date the CPS referral, change the need for care to the appropriate need, and continue services through the end of the recipient's 12-month certification period. A new application is not needed at this time.

## **Parental Fees during Child Protective Services and Child Welfare Services**

### **1. General Information**

The Child Care & Development Fund prohibits the increase of parental fees during the 12-month eligibility period due to fluctuations in income when the income remains at or below 85% SMI. Current policy allows parental fees to not be assessed when a recipient receives child care with CPS or CWS as the need.

### **2. Policy**

New policy requires that when a CPS or CWS application is being processed, the child care worker should obtain the income of the family in order to establish a parental fee. The parental fee is then waived until the need for CPS or CWS ends. Once the CPS or CWS need ends, the parental fee can be assessed to the family. If the income information is not collected from the 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. If the income information cannot be obtained, the application and subsequent services should continue without the income information.

### **3. Procedures**

While completing an application with a need of CPS or CWS, the child care worker must collect and verify income information from the recipient and enter the income into NC FAST. The need type of CPS or CWS will cause the parental fee to be waived once the case is active. If the CPS case closes during the 12-month certification period and the family has another need for care, the parental fee will then be assessed to the family once the need for child care has changed.

If income information cannot be collected at the time that a CPS or CWS application is being completed, services should still be authorized. If the CPS or CWS case ends and care continues due to another need, income cannot be added to the case to increase the parent fee until the next redetermination at the end of the 12-month certification period.

## **Foster Care Transitions Revised #2 Policy: clarified when a new application is needed and when care can continue without a new application.**

### **1. General Information**

This policy will provide clarification for foster care cases when a foster child receives child care based on his or her foster parent's need of employment or education and the foster child's living arrangement changes prior to end of the 12-month eligibility period.

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## 2. Policy

New policy states that when a foster child is receiving child care due to his or her foster parents' need of employment or education and that child transitions to a new foster family, the new foster family's need for care should be assessed. If the new foster family has a need for care, the child care will continue with no interruption. If the new foster family does not have a need for care, the foster child will receive continued care for 90 days. If a need arises with the new family during the 90 days of continued care, then services can continue through the certification period. The same would apply if a child is placed in a relative's home or other caregiver's home that is not a foster parent.

## 3. Procedures

If the new foster family has a need for care, the child care worker should review the new program referral for changes to the child care case and make any needed updates to the plan of care such as selection of new child care provider, change in hours of care, etc.

If the new foster family does not have a need, the child care worker should confirm with the new foster family as to whether or not they would like to receive child care for 90 days. If the new foster family declines child care, the case should be terminated with a 10-day notice. If the new foster family does not decline child care, the worker must allow services to continue for 90 days. The worker should adjust the plan of care accordingly based on the new foster family's request. The child care worker should then end date the plan of care to terminate payment after 90 days, end date the program referral evidence, and then close the product delivery case (PDC). These three actions should have an end date of the 90<sup>th</sup> day. If the new foster family reports a need for care prior to end the of 90 days continued care, a new program referral is required. The child care worker has 10 business days to react to the change in circumstance to determine continued eligibility through the end of the certification period. If the child care worker does not receive any notification of a continued need for child care prior to the end of the 90 days, the current case should be terminated with a 10-day notice. If child care is needed after the current case has closed, a new application is required.

## Developmental Screening Information to Recipients

### 1. General Information

The Child Care & Development Fund requires that consumer education information be provided to families, the general public, and child care providers regarding developmental screenings. The Division of Child Development and Early Education (DCDEE) has adopted policies and procedures for Departments of Social Services and Local Purchasing Agencies to follow to provide information on existing resources and services to support developmental screenings and provide referral services.

### 2. Policy

New policy requires that during initial eligibility determination and annual redetermination, parents of children ages 0-5 years must receive information on existing resources and services available related to developmental screenings as well as information about referrals for developmental screenings.

### 3. Procedures

When the parent or responsible adult of a child ages 0-5 years applies for SCCA or completed redetermination for SCCA, the child care worker will provide the recipient with resources about developmental screenings. If the eligibility determination does not occur during an office visit, the child care worker will mail developmental screening information to the recipient. Once the developmental screening information is shared with the parent or responsible adult, the child care worker should document this information in the case narrative. The information that must be shared with recipients is the Exceptional Children's Assistance Center (ECAC) brochure, Look What I Can Do handout, and the Benefits of Developmental Monitoring and Screening for Young Children handout. This information is attached to this letter and will be posted on the DCDEE website.

## Grace Period for Families Experiencing Homelessness

### 1. General Information

The Child Care & Development Fund mandates that children and families experiencing homelessness are prioritized across the state and that they are allowed enrollment in subsidized child care services while required documentation is obtained.

### 2. Policy

New policy states that families experiencing homelessness should be made eligible at the time of application based on information reported by the recipient. If the recipient does not have all required documentation on the day of application, the recipient's reported need for care and reported income shall be used to complete an application. If the reported information meets all eligibility criteria, the application should be approved, and child care services can begin immediately. The recipient will then have 30 days to provide all needed documentation to support their eligibility for child care services.

If it is determined that the recipient is not eligible for child care services once all required documentation has been submitted, the child care case should be terminated with a 10-day notice provided to the recipient and the child care provider. A 10-day notice should also be provided if a recipient does not provide the required documentation to support his or her eligibility for child care services by the end of the 30-day time period. If either of these situations occur, the child care provider shall be paid for services provided based on the start date on the voucher through the last day of the 10-day notice. Any payment made to the child care provider prior to the final eligibility decision shall not be considered in or error or an improper payment and shall not be recouped from the provider.

### 3. Procedures

If a recipient meets the criteria of homelessness at the time of initial application or redetermination, this information should be entered into NC FAST per the SCCA – Homeless Living Arrangements job aid. If the recipient does not have all of the supporting documentation at the time of application, the recipient's application should be entered into NC FAST based on what is reported and the application should be approved if the reported information meets eligibility criteria. The child care worker shall then grant the recipient a 30-day grace period to gather and submit the required documentation.

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## Manual Parent Fee Adjustment

### 1. General Information

Adjustments are made to parent fees and levels of care during a recipient's twelve-month certification period in order to align with changes occurring on 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.

### 2. Policy

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

- a. Child is beginning or ending school
- b. Immediate change of child care providers (can be due to emergency situation)
- c. Parent fee is not applied to correct child

### 3. Procedures

Child care workers should use the job aid associated with manual parent fee adjustments 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.

If you have questions about the information in this letter, or other Subsidized Child Care Assistance Program questions, 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,



Anna Carter