

Subsidized Child Day Care Program

OVERVIEW

What is it?

A program that provides subsidies to help with the cost of day care for low income and other needy families.

Who is it for?

Day care subsidies are available to certain families on the basis of financial need, and other families on the basis of a family crisis or the developmental needs of the child.

Where are applications taken?

A parent, foster parent, or other adult responsible for the care of a child may apply for day care subsidies at the local Department of Social Services. In some counties, other agencies, such as the Smart Start or Child Care Resource and Referral offices, may also take applications.

INTRODUCTION

The Subsidized Child Day Care Program provides subsidized child day care to certain low income and other needy families. Parents may choose the type of provider which best fits their circumstances. The amount the state pays for each child depends on the family's situation, the family's income, the cost of the care provided, and the type of public funds from which the payment is made.

BENEFITS/ SERVICES

Eligible families receive a child day care voucher. The county DSS or local purchasing agent issues the voucher, which indicates the hours that care is needed, and whether the family is responsible for a portion of the fee. The family may use the voucher to select the provider of his/her choice. Families may change child care providers, although local purchasing agencies may limit the number of times a family may do so.

Eligible providers include licensed centers, licensed homes, church operated programs, and informal arrangements such as care by a relative and care in the child's home. To receive public funds, a provider must sign the Child Day Care Voucher and the Provider Agreement and also meet certain health and safety requirements.

A parent may not get their first choice of providers if no space is available, the provider is not operating legally, or the provider does not agree to the terms of the provider agreement or to the subsidized payment rates or policies. In these cases, the parent will be given a choice of other child care options.

APPLICATIONS

A parent, foster parent, or adult responsible for the care of a child may apply for day care subsidies at the local Departments of Social Services. In some counties, a family can apply at a Smart Start or Child Care Resource and Referral Office or other designated local purchasing agency. In addition, applications for day care subsidies can be made at one of the following six state-level contract agencies:

- Blue Ridge Community Action Council, Burke and Caldwell counties
- Buncombe County Child Development, Buncombe county
- Northwest Child Development Council, Davie, Forsyth, Stokes and Yadkin counties
- Region D Council of Government, Avery, Mitchell and Yancey counties
- Southwestern Child Development Commission, Cherokee, Clay, Graham, Haywood, Jackson, Macon and Swain counties
- United Cerebral Palsy of North Carolina, Cumberland, Mecklenburg, Lee, New Hanover, Pitt and Wake counties and children in other counties who live within commuting distance of any of the centers

Families can file an application on the day that they seek assistance. If the county lacks funding to serve additional families, the county must maintain a waiting list that keeps track of the number of children waiting to receive services.

The local agency has 30 calendar days from the date of application to make an eligibility determination. The approval for day care is valid for 12 months, provided the client remains eligible. In certain instances, shorter eligibility periods may be established (for example, to pay for child care during the summer). Families must report any changes that may affect eligibility for day care services to the local purchasing agency within 5 days of the change.

ELIGIBILITY REQUIREMENTS

General Eligibility Requirements

To qualify for assistance, the child must be between the ages of birth and 17. However, subsidies are generally limited to children under age 13 unless the teenager has a special need, is under court-ordered supervision, is receiving child protective or foster care services, or has a developmental need. The person applying for services must be a NC resident; however, there is no requirement on the duration of residency. The residency requirements may not apply in certain cases (such as when child care is needed as part of a treatment plan for child protective services). Families must also meet need and income eligibility requirements (see below).

Need

Subsidized child care can be provided to children who need day care for one or more of the following reasons:

- *The child's parents are working, or attempting to find work.* To receive day care services under this need category, the parent/responsible adult must be employed full or part-time, or be working in an approved activity through the Work First Program or other approved employment program. In addi-

tion, subsidies may be provided when a parent is looking for work, but this is generally limited to situations when the parent was already receiving day care subsidies, or the adult is enrolled in a job search activity as part of an approved employment/training plan.

- *The child's parents are in school or in a job training program.* Day care subsidies are available to enable parents/responsible adults to continue elementary or high school education, basic education or a high school equivalent in a community college or technical institute, Work First Employment Services training-related activities (which may include English proficiency classes, work experience or job readiness), or postsecondary education or skills training (up to a maximum of two years enrollment).
- *The child is receiving child protective services.* To receive day care services under this need category, the child must be receiving child protective services and must need day care in order to remain in his or her own home. The day care worker must have a written referral from the child protective services worker that justifies day care as a necessary part of the treatment plan.
- *The child needs day care to support child welfare services or because the family is experiencing a crisis.* Child day care subsidies may be provided to prevent foster care placement, to reunify families or achieve other permanent placements, or to aid families in crisis (such as when needed to prevent child neglect or abuse, or if a parent is too sick to care for the child and day care services are needed until the parent has recovered).
- *The child is developmentally delayed, or is at risk of being developmentally delayed.* Day care subsidies may also be provided to an eligible child whose social, emotional, physical or cognitive development is delayed, or at risk of delay. The type of developmental delay or risk of delay must be documented in the case record. Social workers may use information from his/her own observations, departmental records, or from other agencies and individuals to determine need.

Income Eligibility

Child day care services are available without regard to income when services are needed to support child protective services (up to a maximum of 12 months); when children meet the eligibility criteria for child welfare services; or for children receiving foster care services who are in the custody of the county Department of Social Services and have been placed with an adult other than their parent.

All other families must meet certain gross income tests. Effective June 1, 1999, the maximum income eligibility limits are as follows:

Family Size	Maximum Gross Monthly Income
1	\$1,683
2	2,201
3	2,719
4	3,237
5	3,755
6	4,273
7	4,370
8	4,467

There are special rules to determine the number of members in the family and whose income is counted in determining eligibility. In general, the family unit includes the parent(s) and any minor children. Family income includes the income of all the household members who are responsible for the financial support of the child in need of day care services.

Most types of income are counted in determining family income including, but not limited to: earned income, social security benefits, dividends or interest, pensions, workers compensation or unemployment compensation, and child support. However, certain other sources of income are not counted in determining income eligibility, including but not limited to: Work First Family Assistance, SSI, foster care or adoption assistance payments, gifts or contributions, lump sum payments, earnings of a dependent child under age 18, loans or grants, and earned income tax credits.

Income must be verified by copying a source document, such as a paycheck stub, or W-2. Alternatively, the social worker may provide a written statement describing the source document that was reviewed or verified through telephone conversation; or the information can be verified in another existing agency record.

Resource Eligibility

The Child Day Care Subsidy program does not have resource eligibility requirements.

Fees

In general, only the families that have income eligibility requirements are responsible for paying fees. That means that families who need day care to support a child protective services plan or child welfare services or those receiving foster care need not pay fees. In addition, no fees are assessed for children with no countable income (for example, children who reside with grandparents who have no legal financial responsibility), or for families with low incomes that would be responsible for fees of less than \$5.00 per month.

For other families, there is a fee for subsidized child day care. The fee is based on the family size, gross income and hours in care, and is the same regardless of the number

of children in care. To determine a family's fee, the social worker must multiply the family's gross monthly countable income by the following percentages:

Family Size	Percentage of Gross Monthly Countable Income
1-3	9%
4-5	8%
6 or more	7%

The fees are adjusted for families that have children in day care less than full-time. Children in care less than 3 hours per day only pay 50% of the fee; children in care between 3 and 6 hours pay 75% of the fee. When there are multiple children receiving subsidized day care services, the local purchasing agency will establish the fees based on the child who is in day care for the greatest number of hours/week. The family's fee may be assessed to the youngest child or divided equally among all children in care. The family fee is reassessed when the child care plan substantially changes, when the family size changes, and/or the family's income changes by \$100 or more.

The provider has the responsibility to collect the fee from the parent, and may terminate the day care arrangement if the parent does not pay the fee. If the parent does not pay the required fee within the time period specified, she or he loses eligibility for subsidized day care services. All fees must be paid in full before eligibility can be reestablished.

NUMBERS SERVED

Each county receives an annual allocation of state and federal funding from the Division of Child Development for subsidized child day care services. There were 101,271 children under age six served in SFY 98 (185,651 total children under age 18). This includes 25,760 children served through Smart Start funds and 75,511 served by other state and federal funds administered by the Division.

PRIORITIZATION SYSTEM

If the local purchasing agency does not have sufficient funding to serve all families who apply, the agency may set priorities for how the limited funds will be spent. Agencies may prioritize on the basis of the need eligibility category (see Need Section, above), but may not prioritize according to family income. Many agencies give priority to children receiving child protective services.

Once the funds are exhausted, eligible children are placed on a waiting list. As of June 1999, 4,486 children in NC were on the waiting list.

APPEAL RIGHTS

Families have the right to request a local hearing within 60 days of the effective date on the Child Day Care Action Notice if the parent disagrees with the decision about child care assistance. Hearings must be held within 5 days of the request. Families can appeal this local hearing decision to the state, if the family is not satisfied with the local hearing decision. Families also have the right to be represented at the hearing by a relative, friend or attorney. Families can continue to receive child care until a decision is made at the local hearing.

**PAYMENT TO
DAY CARE
PROVIDERS**

State legislation established maximum reimbursement rates for different types of day care providers.

- *Child Care Centers:* Child care centers are paid the market rate or the private pay rate, whichever is lower. Beginning October 1, 1999, day care centers can begin receiving bonus payments based on the quality of care they provide. Centers will receive a rating from 1 to 5 stars, based on the program standards, the staff's educational history, and the center's compliance with licensing regulations. The higher the center's rating, the higher the monthly payment rate.

The state will establish market rates in each community for Star 1 centers. Centers that were enrolled in the subsidized child care program before October 1, 1999 and received a higher rate than the new market rate will continue to receive that higher rate for a maximum of three years.

Centers that have higher star ratings will receive quality bonus payments for each subsidized child per month. The bonus payments are as follows:

<u>Rated License</u>	<u>Quality Bonus Payments Per Child Per Month</u>
1 Star	Paid market rate, no supplement
2 Stars	Paid market rate plus \$14
3 Stars	Paid market rate plus \$17
4 Stars	Paid market rate plus \$20
5 Stars	Paid market rate plus \$23

In addition, centers that serve children birth through age five can also qualify for a Smart Start quality bonus.

- *Family Child Care Homes:* Family Child Care Homes (FCC) homes will receive the county market rate or the rate charged private paying parents, whichever is lower. The state will also help pay transportation costs. Beginning January 1, 2000, the state will begin to pay FCC according to the same quality supplement listed above.
- *Non licensed homes:* Non licensed homes will receive 50% of the county market rate established for registered homes or the rate charged private paying patients, whichever is lower. The state will also help pay transportation costs. Non licensed home providers are not eligible for the quality supplement.
- *Developmental day centers certified by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services:* these centers are exempt from the ratesetting procedures for other child care centers because of the additional costs involved in providing care for children with special needs. The maximum payment rates, including the costs of transportation and registration fees, are determined by the Division of Mental Health, Developmental Disabilities and Substance Abuse Services.

The purchasing agency may pay a supplemental rate above the provider's approved rates for children with special needs who are being mainstreamed into child day care homes (including nonlicensed homes) and facilities that primarily serve children without special needs, if additional costs are incurred.

If the parent chooses a provider that charges more than the maximum rate the local purchasing agency can pay, the parent may choose to pay the difference between the provider's charge and the rate paid (in addition to any required fee). However, *families are never required to pay the difference between the provider's charge and the rate paid*. If the parent refuses to pay the difference and the provider is unwilling to waive the additional costs, the parent will have to choose another provider.

FINANCING

The state uses a combination of federal and state funds to finance day care subsidies.

- *State Day Care Funds*. These funds can be used alone or in combination with one or more federal funds to subsidize the costs of care for any eligible child. Amount: \$60,853,490 (SFY 98)
- *Social Services Block Grant (SSBG)*. These funds can be used to subsidize the costs of child care for any eligible child. Amount: \$8,897,137 (SFY 98)
- *Federal Child Care and Development Fund (CCDF)*. The CCDF has three funding components: mandatory, matching and discretionary. States must spend 70% of the mandatory/matching allocation for children of low-income parents who are working or seeking employment. Discretionary funds may be used for income eligible families who are in school or in job training. This fund combines the Child Care and Development block grant funds with the At-Risk and Family Support Act funds. State match is required for a portion of the funding. Amount: \$174,836,873 (CCDF) (SFY 98)
- *Smart Start Funds*. State legislation requires Smart Start counties to use at least 30% of their direct service dollars to expand child care subsidies. In addition, some counties use funding to serve eligible families on the waiting list, and/or to increase payment rates beyond statutory maximums to providers who meet higher licensing or accreditation standards. Amount: \$25,089,147 as of Nov. 1998. This amount will increase as more Smart Start agencies become operational and put funds into subsidized child care. In addition, additional subsidy funds may be available through other sources in specified counties.

Note: Counties must set aside a portion of the agency's total allocation to meet the needs of children with special needs.

ADMINISTRATION

The Child Day Care subsidy program is administered on the federal level by Child Care Bureau of the US Department of Health and Human Services (DHHS). The program is administered on the state level through the Division of Child Development of the NC Department of Health and Human Services, and locally by county Departments of Social Services or other purchasing agencies.

SOURCES OF LAW The federal statutory and regulatory authority for the Division of Child Development programs are as follows:

Federal statutes: PL 104-193 (Section 418 of the Social Security Act, Child Care & Development Fund)
42 USC 1397, PL 96-242 (Title XX of the Social Security Act, Section 2352, Social Services Block Grant)

Federal regulations: 45 CFR Parts 98, 99 (Child Care & Development Fund)

State statute: NCGS 110-85 et. seq. (Child Day Care Laws)
NCGS 143B-168 et. seq. (Child Day Care Commission)
NCGS 143B-153 (Social Services Commission)
Sec. 11.65-11.68 of SL 1997-443 (Child Care Subsidies and Allocation formula within 1997 Appropriations Act)

State policy: Child Day Care Services Manual

FOR MORE INFORMATION

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