



Beverly Eaves Perdue, Governor

Albert A. Delia, Acting Secretary

Deborah J. Cassidy, Director

Subsidized Child Care Administrative Letter No. 06-12

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

FROM: Ron Byrd, Subsidy Services Section Chief

SUBJECT: Guidance for Subsidy Enrollment in Facilities with Less than Three Stars

DATE: August 28, 2012

In the 2011-2012 Budget Bill, the General Assembly established language that limited subsidy payments to child care homes and centers with a three, four or five star rated license. Special provision language also required the Division of Child Development and Early Education to establish a transition period that would allow 1 and 2 star facilities the opportunity to continue receiving subsidy payments. The purpose of the letter is to provide local purchasing agencies with the guidance needed to determine if a facility is eligible to continue receiving subsidy payments. The attached documents include the transition plan for various facility types, including religious sponsored facilities (G.S. 110-106), nonlicensed homes and Summer Camps. The process for terminating payment to facilities is as indicated below.

The licensing consultants in the Regulatory Section will notify staff in the Subsidy Section when a facility is no longer eligible for participation in the Subsidized Child Care Program based on their individual transition plan. Local purchasing agencies will receive written notification from the Subsidy Services Section to issue a 45-day Child Care Action Notice (DCD-0450) to the provider terminating payments. The 45-day notice period begins on the date that the agency receives notification and terminates on the 45th calendar days following date of the notice.

Local purchasing agencies must also use the DCD-0450 to issue a 45-day notice to the parents of children receiving services in the facility informing them that the facility is no longer eligible to receive subsidy payments. Parents must select another child care provider in order to continuing receiving subsidy services.

Please share this information with all staff in your agency that work with the Subsidized Child Care Program. If you have additional questions regarding a facility's transition plan, please contact the Regulatory Licensing Consultant for your county.

Thank you for your cooperation in this matter.

Sincerely,

Ron Byrd
Ron Byrd

RB:AB

cc: Child Care Coordinators
Subsidy Services Consultants

Guide for Subsidy Enrollment of Facilities with Less than Three Stars
August 28, 2012

In 2011, the North Carolina General Assembly established legislation limiting subsidized child care payments to three, four, or five star licensed homes and centers. The legislation required the Division to establish a transition period to give child care providers with one and two star licenses the opportunity to continue receiving subsidy payments. The chart below specifies conditional requirements of the transition period for providers to continue receiving subsidy payments. During the transition period, some facilities can continue receiving subsidy payments for both currently and newly enrolled children in the facility. Other facilities can only continue being paid for children currently enrolled, but may not enroll any new children who are receiving subsidy services. In situations where a facility is not allowed to enroll new children receiving subsidy services and a family is currently receiving child care services at that facility, newborns would **NOT** be treated as a new enrollment. However, children whose child care services were previously terminated at a facility would be considered “new” children upon re-enrollment. Other facilities must be terminated since they are no longer eligible for participation in the Subsidized Child Care Program.

NOTE: When a facility is no longer eligible or meeting the requirements of the transition plan, the Data Management Unit at DCDEE will notify local purchasing agencies that are affected that a 45 calendar day termination notice must be sent to the facility and parents whose children are enrolled in the facility that subsidy payments can no longer be made to the facility.

Existing Facilities	
Type of Facility	Subsidy payments
Facility currently has a 3-5 star rated license	These facilities can continue serving children receiving SCC payments and new children can be enrolled for SCC payment.
GS-110 Facilities	These facilities can continue serving children receiving SCC payments and new children can be enrolled for SCC payment.
1 & 2 Star facilities that Did apply for higher stars by January 15, 2012	Payments to these facilities <u>can</u> continue until the program successfully transitions to a 3-5 star license, or until the facility stops making progress toward transitioning to a 3-5 star rated license. If the facility stops making progress, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period. NOTE: At times, the Administrative Action issued restricts the program from new enrollment.
1 & 2 Star facilities that <u>apply after June 30, 2012</u>	These facilities will have to achieve a 3 to 5 Star License to be eligible to participate in the SCC program. No transition plan is offered for existing programs that did not apply by June 30, 2012.
Facility that was rated at 3-5 stars but license was re-assessed at the 1 or 2 star level.	These facilities may continue to receive SCC payments for children currently enrolled, but no new children receiving SCC may be enrolled. The facility must obtain a new 3 to 5 Star License before enrolling any new children receiving subsidized care. DCDEE will notify the Local Purchasing Agency (LPA) that the facility cannot enroll new children in subsidized care.

<p>Summer Camp Programs operating with a Summer Camp License</p>	<p>Summer camps may participate in the SCC program at a 1 Star payment rate and may enroll new children and continue to serve children until the end of the summer.</p>
<p>Facility has a 3 to 5 Star License and is issued a Provisional, Probationary, or Special Provisional License</p>	<p>These facilities may continue to receive SCC payments at the same 3 to 5 Star payment rate that was in place at the time of the administrative action. At the end of the administrative action period, the facility will be reassessed and issued the applicable rated license. If the facility maintains a 3-5 star license they will continue to be eligible to participate in the SCC program.</p> <p>If the program does not retain a 3-5 star license at the end of the Administrative Action period, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p> <p>NOTE: At times, the Administrative Action issued restricts the program from new enrollment.</p>
<p>Home or Center: Facility had 3-5 stars and now has a temporary license due to a "location change". A new license number is assigned.</p>	<p>These facilities may continue to receive SCC payments at the same 3 to 5 star payment rate that was in place prior to the location change. The facility is able to serve currently enrolled children and enroll new children for SCC payments. At the end of the temporary license period, the facility will be issued applicable rated license. If the facility maintains a 3-5 star license, or if they are making progress toward a 3-5 star license, they will continue to be eligible to participate in the SCC program.</p> <p>If the program stops making progress toward a 3-5 star license after temporary license period, if the facility stops making progress, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p> <p>NOTE: A location change in combination with a "Type" change is treated as a type change.</p>
<p>Home or Center: Facility had 3-5 stars and now has a temporary license due to an "ownership change". New license # is assigned.</p>	<p>These facilities may continue to receive SCC payments at the same 3 to 5 star payment rate that was in place prior to the ownership change. The facility is able to serve currently enrolled children and enroll new children for SCC payments. At the end of the temporary license period, the facility will be issued applicable rated license. If the facility maintains a 3-5 star license, or if they are making progress toward a 3-5 star license, they will continue to be eligible to participate in the SCC program.</p> <p>If the program stops making progress toward a 3-5 star license after temporary license period, if the facility stops making progress, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p> <p>NOTE: An "ownership change in combination with a Type change is treated as a type change.</p>

NOTE: To check for star status or progress see:
http://ncchildcare.dhhs.state.nc.us/pdf_forms/OneandTwoStarTransition2012.pdf

Facilities That Do Not Require a Transition Plan

New Facilities	
Type of Facility	Subsidy payments
<p>"New Center (Issued a Temporary License" the first six months of operation).</p>	<p>"New" child care centers may participate in the SCC program at a 1 star payment rate while on a Temporary License and new children may be enrolled. The facility must obtain a 3 to 5 star rated license by the end of Temporary License period. </p> <p>If the facility does not achieve a 3-5 star license after temporary license period, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period. .</p>
<p>"New Family Child Care Home" (Issued a One Star License for approximately six months).</p>	<p>"New" child care homes may participate in the SCC program at a 1 star payment rate during initial license period and may enroll new children. The facility must obtain a 3 to 5 star license when the rated license assessment is completed.</p> <p>If the facility does not achieve a 3-5 star license at their licensing assessment, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p>
<p>"Type" Change (Home to Center or Center to Home, etc). No new license number.</p>	<p>Facilities changing types may participate in the SCC program at a 1 star payment rate while on a Temporary License/ initial license period and may enroll new children. The facility must obtain a 3 to 5 star license by the end of temporary/initial license period.</p> <p>If the facility does not achieve a 3-5 star license after temporary/initial license period, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p>
<p>Nonlicensed Home transitioning to a licensed family child care home or center and did apply before June 30, 2012.</p>	<p>These facilities are considered "New" child care homes and may participate in the SCC program at a 1 star payment rate during initial license period and enroll new children.</p> <p>If the facility does not achieve a 3-5 star license after temporary license period, DCDEE Regulatory staff will notify staff in the Subsidy Section that the facility is no longer eligible to participate in the Subsidized Child Care (SCC) Program. DCDEE will notify the Local Purchasing Agency (LPA) to send a 45-day Action Notice to the providers notifying them that subsidy payments to the facility will terminate on the last day of the notice period.</p>