



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION

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**SUBSIDIZED CHILD CARE ASSISTANCE ADMINISTRATIVE LETTER #04-16 (REVISED)**

TO: Directors of 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: May 18, 2016  
AMENDED ISSUE DATE: February 15, 2017

EFFECTIVE DATE: The First Month a Payment is Processed through NC FAST

The purpose of this Administrative Letter is to communicate changes to the Subsidized Child Care Assistance Program policy regarding Blended Rates (**REVISED**) and Provider Closings with Pay.

These policies will take effect as NC FAST is rolled out across the state. When the first payment is made through NC FAST, the blended rates and provider closings with pay will be used. Counties continuing to use SCCRS to complete payment will not implement these policies until cases are moved into NC FAST.

**Blended Rates (REVISED)**

**1. General Information:**

Current policy in Chapter 20 Section III - Payment policies and procedures Letter H states, during the months in which school closes for the summer and school re-opens in the fall, a school-age child could have two (2) plans of care, one for the days for before and/or after-school care and one for the days for full-time care. During out-of-school days during the school year, a differential payment is made if the child receives care for the full day. A parental fee, if applicable, is imposed on each plan of care. The child care worker should include the full-time parental fee on the Application for Child Care Services (DCD-0456) and the Child Care Voucher (DCD-0446) or the Child Care Action Notice (DCD-0450).

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## 2. Policies:

Payment rates for some preschoolers and school age children are changed to a blended rate. A blended rate is the rate that will be used for children who need before school, after school, or before and after school care, full-time care during school closure days (teacher workdays, holidays, or inclement weather) and full-time care during the summer/track-out. The rate includes up to a maximum of fifteen (15) holidays, ten (10) teacher work days, and fifteen (15) inclement weather days) when school is closed and child care is provided.

### Providers and Children who Qualify for Blended Rate

#### **Providers who qualify to care for children who are eligible for a Blended Rate**

- Provides care during at least one of the following school closure days: Inclement Weather days, Teacher Workdays, or Holidays
- Provides full-time care during the Summer/Track-out
- Provides the appropriate services
  - For pre-school age children: provides 3 Yr. Old, 4 Yr. Old, or 5 Yr. Old services
  - For school age children: provides Before, After, or Before and After School services

#### **Children who qualify for a Blended Rate**

- Child attends the provider year-round
- Child attends the provider for either Before, After, or Before and After School care during the school year
- Child attends the provider on school closure days (Inclement Weather days, Teacher Workdays, or Holidays)
- Child attends full-time during Summer/Track-out

Children who qualify for a Blended Rate can ONLY attend a provider that who is eligible to be paid a blended rate. The user will not be able to select a provider for a child who qualifies for a Blended Rate if the provider does not meet these qualifications.

### Providers and Children who DO NOT Qualify for Blended Rate

#### **Providers who CANNOT Provide Care for Children who Qualify for Blended Rate**

- Do not provide care during ANY school closure days (Inclement Weather days, Teacher Workdays, or Holidays)
- Do not provide full-time care during the Summer/Track-out
- Do not provide the appropriate services
  - For pre-school age children: does not provide 3 Yr. Old, 4 Yr. Old, or 5 Yr. Old services
  - For school age children: does not provide Before, After, or Before and After School services

A provider who meets the qualifications to care for a child eligible for a Blended Rate can also provide care for children who only attend before and/or after school or only attend during Summer/Track-out at that provider.

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**Children who DO NOT qualify for a Blended Rate**

- 0-2 Yr. Olds
- Do not attend the same provider throughout the year
- Do not need care before and/or after school
- Do not need care on ANY school closure days (Inclement Weather days, Teacher Workdays, or Holidays)
- Do not need full-time care during Summer/Track-out
- Child needs school age care (2<sup>nd</sup> or 3<sup>rd</sup> shift)

**Programs Operating Only In the Summer**

Programs operating only in the summer receive payment based on the level of care approved for the child and will not receive a blended rate payment.

**Certified Developmental Day Centers:**

Certified Developmental Day Centers operating 12 months a year are subject to the blended rate policies. Certified Developmental Day Centers operating only during the school year receive payment based upon the child's level of care. Blended rates will not be used for ages 0-2. Certified Developmental Day Centers offering before and after, just before, or just after school care, plus summer/track-out, and at least one additional care feature (teacher work days, holidays, inclement weather days) with a care plan of 100% will be paid at 83% of the facility's cost study rate for children who qualify for a blended rate.

**Payment: Provider who Qualifies for Blended Rate**

**Non-CDDC Provider\*\***

**Pre-School Age Blended Rate**

- Approved Rate: 83% of the provider's approved rate for the appropriate service depending on the child's age (3-5 Yrs. Old).

\*\*When preschool age children need full time summer/track-out care in addition to before, after, or before and after school care during the school year, a blended rate of 83% of the provider's approved subsidy rate for the specific age group will be paid for the entire year.

**School Age Blended Rate**

- Private Rate: A blended rate is the rate that will be used for children who need before school, after school, or before and after school care, full-time care during school closure days (teacher workdays, holidays, or inclement weather) and full-time care during the summer/track-out. The rate includes up to a maximum of fifteen (15) holidays, ten (10) teacher work days, and fifteen (15) inclement weather days when school is closed and child care is provided.
- Before School, After School, and Before and After School can each have their own unique blended rate.
- Market Rate: 83% of the School Age market rate for that provider according to the appropriate type of facility (home/center) and the provider's star rating.
- Approved Rate: The lower of the Market Rate or Private Pay Rate.

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\*\*A school age child who does not qualify for a blended rate but is attending a provider that qualifies to care for a blended rate child, will be paid a 75% rate. This will take the approved (83%) rate and divide it by .83 and then multiply it by .75 (for example: if blended rate is \$83 then  $(83/.83)*.75=\$75$ ).

#### **CDDC Provider\*\***

##### **Pre-School and School Age Blended Rate**

- Approved Rate: 83% of the provider's Typically Developing or Special Needs rate if the child has a plan of care with a level of care at 100%.

\*\*A child who does not qualify for a blended rate but is attending a provider eligible to care for a blended rate child, will be paid at a 75% rate. The rate will be 75% of the provider's Typically Developing or Special Needs rate if the child has a plan of care with a level of care of 75%.

#### **Payment: Provider who DOES NOT Qualify for Blended Rate**

##### **Non-CDDC Provider**

###### **Pre-School Age Children**

- Approved Rate: Lower of the market rate or private pay rate for the appropriate service multiplied by the child's level of care

###### **School Age Children (Before, After, or Before and After School services)**

- Private Rate: there are some providers that may offer additional care features but not full-time summer/track-out care OR vice versa. The provider has included the differential cost of care in their private pay rate and that will be compared to the appropriate market rate to determine their approved rate.
- Market Rate: 75% of the School Age market rate for that provider according to the appropriate type of facility (home/center) and the provider's star rating.
- Approved Rate: The lower of the Market Rate or Private Pay Rate.

##### **CDDC Provider**

###### **Pre-School and School Age Children**

- Approved Rate: the typically developing or special needs rate multiplied by the child's level of care

### **3. Procedures:**

As providers enroll in the NC FAST Provider Portal, they will be asked to provide blended rates. Providers need to calculate their blended rates based upon their individual circumstances, taking into consideration school holidays and teacher work days in their local school districts and historical information regarding inclement weather days.

#### **Entering a Blended Rate in NC FAST**

The plan of care for a child who qualifies for a blended rate and attends a provider who meets the blended rate qualifications can be entered using the following

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**Pre-School Age Children\*\***

- Service: 0-5 Years (only applies to 3-5 Yr. Olds but '0-5 Years' is the value selected in the dropdown)
- Level of Care: 100%
- Apply Blended Rate: Checked
- Must have the appropriate student evidence

\*\*This plan of care should be used for the entire year. A new plan of care evidence is not needed during the summer/track-out.

**School Age Children\*\***

- Service: School Age – Before Care, School Age – After Care, or School Age – Before and After Care
- Level of Care: 100%
- Apply Blended Rate: Does not need to be checked

\*\*This plan of care should be used for the entire year. A new plan of care evidence is not needed during the summer/track-out.

An 83% approved rate column is present on the approval notice. Student evidence is required to determine which children are to be paid at this rate. The blended rate will be 83% of the 100% approved rate. If a family's need for care exceeds 100% for school agers and children in pre-school for summer/track-out, the payment will be based on the level of care.

Local County Departments of Social Services and Local Purchasing Agencies are encouraged to have providers read materials posted on the DCDEE website related to blended rates and set before/after and before and after school rates to account for the out of school days during the school year.

**Note:** If care is needed for 2nd or 3rd shifts, the worker would not enter student evidence.

**Provider Closings with Pay:**

**1. General Information:**

As a result of the implementation of NC FAST, a Subsidized Child Care Assistance Program policy change is being made to how facility closings are managed. This includes closings for vacation, emergency and inclement weather.

Current policy in Chapter 20. III. D. encourages the local purchasing agency to establish limits about the number of days during the contract period that a facility can be closed and still receive payment for subsidized child care for those days. The local purchasing agency addresses in local policy the number and type (e.g., holiday, vacation, emergency) of days the county will pay when a facility is closed. The local purchasing agency may pay for up to ten (10) days in a month when the facility is closed but should not pay for any days that private paying parents are not required to pay.

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Current policy in Chapter 22. VII. A., allows local purchasing agencies to set limits on the number and type of days (e.g., holiday, vacation, and emergency) during the contract period that the facility can be closed and still receive payment for subsidized child care.

**2. New Policies:**

New policy allows providers to choose fifteen (15) days a calendar year for automatic approval for holidays and vacation days. This limit does not include closing for inclement weather and emergencies. The limit for inclement weather and emergencies will be up to five (5) calendar days per month, which may or may not coincide with local emergency school closings. Inclement weather and emergency closings will have to be approved by the Local Purchasing Agency (LPA).

**3. Procedures:**

Providers will enroll annually through the NC FAST Provider Portal. Providers will not have to list their closure days in advance, however, they will indicate type of closing on their attendance rosters. NC Fast will pay the first 15 days. Subsidy policy requires that payment for provider closures is only authorized for days that private paying parents are required to pay.

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,



Pamela L. Shue, Ed.D.

Attachment

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## SUBSIDIZED CHILD CARE ASSISTANCE PROGRAM BLENDED RATES FAQ

DCDEE will be paying eligible providers blended rates when they care for preschool and school-age children who qualify for blended rates.

**What is Blended Rate?** A blended rate is the rate that will be used for children who need before, after, or before and after school care, full-time care during school closure days (teacher workdays, holidays, or inclement weather), and full-time care during the summer/track out. The rate includes up to a maximum of fifteen (15) holidays, ten (10) teacher work days, and fifteen (15) inclement weather days when school is closed and child care is provided. For preschool age children who need full time summer/track out care and full-time care for at least one of the following additional care features: teacher workdays, holidays, or inclement weather days in addition to before, after or before and after school care during the school year, a blended rate of 83% of the provider's full-time approved subsidy rate for the specific age group will be paid for the entire year. **The blended rate will apply only if care is provided at the same facility throughout the year.** The provider will be required to offer care for at least one of the following: teacher work days, holidays, or inclement weather days in order to be paid a blended rate (this is noted on the Child Care Provider Agreement).

**How do Providers enter their Private Pay Rates in NC FAST?** Private pay rates are entered into NC FAST as follows:

- 3, 4, 5-Year-Old Service – Private Pay Rates should represent the cost of care for a full-time 3, 4 or 5-year-old.
- Before, After, or Before and After School Service – Private Pay Rates should represent the cost of care for before, after, or before and after school AND include the cost of care for full-time summer/track out and school closure days when appropriate.
- Enter a blended rate which includes care provided Before School, After School, or Before and After School, holidays, inclement weather days, teacher workdays, and during summer/track out. If you only provide care for Before School, After School, or Before and After School, holidays, inclement weather days, teacher workdays, but not during summer/track out, enter your private pay rate which includes all of the days that care is provided. If you only provide care for Before School, After School, or Before and After School, but not on holidays, inclement weather days, teacher workdays or during summer/track out, enter your private pay rate.

**What is the Plan of Care for a child who qualifies for a blended rate?** A plan of care covers the school year and summer/track out care. The child attends school during the day and receives before, after, or before and after school care on school days from a provider. The child requires full-time coverage from the same provider for at least one of the following: teacher workdays, holidays, or inclement weather days and attends the same provider full-time during the summer/track.

**How is the Plan of Care handled in NC FAST for a child who qualifies for a blended rate?**

The plan of care for a child requiring before, after or before and after school care during the school year as well as full-time coverage for teacher workdays, holidays, or inclement weather and full-time care during the summer/track out from the same provider should be entered as follows:

### **Pre-school Age Children (3-5 Yr. Olds)**

- Service: 0-5 Years
- Level of Care: 100%
- Apply Blended Rate: Checked (cannot be checked for 0-2 year olds)
- Student Evidence: must have Pre-K, Head Start, Early Head Start or NC Pre-K

NOTE: This plan of care MUST be for the entire year. A plan of care for summer/track out is NOT needed.

**School Age Children**

- Service: Before School, After School, or Before and After School
- Level of Care: 100%

NOTE: This plan of care MUST be for the entire year. A plan of care for summer/track out is NOT needed.

**How are CDDC providers paid when a child qualifies for a blended rate?** If a CDDC providers is serving a child who qualifies for a blended rate, then the provider will be paid 83% of the Typically Developing or Special Needs rate, depending on the child's needs. If the child has a plan of care with level of care 75% then the provider will be paid at 75% of the Typically Developing or Special Needs rate.

**How is a Provider who is eligible for the Blended Rate paid?** The provider is always paid based on the child's plan of care. For example, if a Provider is serving a child with a plan of care for before and after school care but the level of care is 75% because the child needs additional care for school closure days but does not require full-time summer care, then the provider will be paid the approved 75% rate. In order to derive this rate, the 83% approved rate is divided by .83 and then multiplied by .75 (for example: if blended rate is \$83 then  $(83/.83)*.75=\$75$ ). If the provider is serving a child for before and after school care and the child qualifies for a blended rate (additional care needed on school closure days AND full-time summer/track out care) then the provider will receive the 83% approved rate.

**How does a Provider get paid if they do not qualify for the Blended Rate, but offer some additional care on school closure days?** Providers must offer both full-time summer/track out care AND at least one additional care feature: teacher workdays, holidays, and inclement weather to be paid a Blended Rate. There are some providers that may offer additional care on school closure days, but not full-time summer/track out care OR vice versa. In these situations, the provider will be paid based on the child's plan of care. The provider has included the differential cost of care in their private pay rate and that will be compared to the appropriate market rate to determine their approved rate.

**What type of Providers do NOT qualify to receive a Blended Rate?**

- Do not provide care during ANY school closure days (teacher workdays, holidays, or inclement weather days)
- Do not provide full-time care during the summer/track out
- Do not provide before, after or before and after school care for 3, 4, 5 Year Olds OR school aged children

**What types of Plan of Care are not covered by a Blended Rate?**

- Children aged 0-2
- Child does not attend the same provider throughout the year
- Child does not need before, after or before and after school care
- Child does not need care on ANY school closure days (teacher workdays, holidays, or inclement weather days)
- Child does NOT need full-time care in the summer/track out
- Child needs School Age care only (2<sup>nd</sup> or 3<sup>rd</sup> shifts)