North Carolina Department of Health and Human Services
DIVISION OF CHILD DEVELOPMENT
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Beverly Eaves Perdue, Governor | Lanier M. Cansler, Secretary | Deborah J. Cassidy, Director

Memorandum

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

From: Deborah J. Cassidy, Ph.D. DJ Faim for D. Cassidy

Date: July 19, 2011

Re: Subsidy Payments to Non-licensed Providers and One & Two Star Licensed Programs

In the recently enacted state budget bill [Section 10.7.(g)], provisions were added to limit subsidy payments to three, four, or five star licensed homes and centers. This means that subsidy payments will no longer be allowed in non-licensed homes, or one and two star facilities. Effective August 1, 2011, non-licensed child care providers cannot enroll new children approved for subsidized child care. These providers will continue to be paid for children already enrolled and receiving care in their home. If these providers are interested in getting licensed, Division staff will work with them to do so.

For one and two star facilities, the Division was directed to establish a transition period for continued receipt of subsidy payments as they increase their star ratings. Language in the budget bill allows for exemptions for providers below the three star level of care to continue receiving payment and providing services for children receiving subsidized child care when there are inadequate child care slots available at the higher star levels. The transition period and qualifications for exemptions will be determined by DCDEE and provided to you as soon as possible. Until those are determined, children can continue to be enrolled in one and two star programs. The Division will also be working with the one and two star facilities to increase their star rating to three, four or five stars if they are interested in continuing to receive subsidy payments in the future.

NOTE: Religious sponsored G. S. 110-106 providers are exempted from this requirement, and may continue to enroll children approved for subsidized child care services.

cc: Child Care Coordinators
Subsidy Services Consultants
Child Care Consultants
North Carolina Partnership for Children, Inc.