



August 18, 2020

Susan Perry, Chief Deputy Secretary
NC Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-2000

Dr. Kristi Snuggs, Interim Director
NC Division of Child Development and Early Education
2201 Mail Service Center
Raleigh, NC 27699-2200

Dear Deputy Secretary Perry and Dr. Snuggs,

On behalf of licensed child care providers across the state, I am writing to request clarification, dialogue and action from DCDEE-DHHS on several urgent matters that are undermining access to safe, reliable care when North Carolina families, employers and child care centers can least afford it. NCLCCA has heard from a number of licensed providers from across North Carolina (Buncombe, Alamance, Mecklenburg, Wake, Johnston, Cumberland, New Hanover and Union counties) about one or more of the following problems that need immediate attention – in short, we are asking for your help:

- 1. Subsidized Child Care Reimbursements Don't Align with Written Policy, beginning June of 2020;**
- 2. Lack of Clarity, Details with Subsidized Child Care Reimbursements Cause Problems;**
- 3. Criminal Background Check Delays are Worsening Staffing Crisis, Causing Waiting Lists;**
- 4. Proceeding with Star-Rating Assessments Will Harm High-quality Centers, Impact Access & Could Contribute to COVID-19 Outbreaks and Spread;**
- 5. Providers Need Consistency and Support from Consultants;**
- 6. Clarification Needed on Timing of NC Pre-K Reimbursements, plus Remote Learning Guidance**

Please let me hear from you this week regarding the urgent issues outlined in this letter and described in the attached addendum. I can be reached on my mobile phone at (704) 634-5345 or by email at campbellkr@aol.com. NCLCCA is ready to assist with solutions to these problems in whatever ways we are able. I believe one of the most beneficial actions we could take together is to establish an accessible, effective communications channel between DCDEE and NCLCCA. To that end, please let me know who, going forward, you would designate as the main Division contact for NCLCCA and whether you would consider regular "check-ins." Thank you for your attention and responsiveness.

Respectfully yours,

Kevin Campbell, President

CC: Dr. Mandy Cohen, Secretary, NC Department of Health and Human Services
The Honorable Roy Cooper, NC Office of the Governor

We work to ensure a successful future for young children and their families
by working to ensure the success of those who provide licensed early care and education.

1. Subsidized Child Care Reimbursements Don't Align with Written Policy

Based on [Payment Guidance](#) issued by DCDEE this spring, licensed child care centers are supposed to be reimbursed for Subsidized Child Care services based on March payments for February services regardless of attendance, and in the event that the number of subsidy-eligible children served requires a higher reimbursement than for February/March, DCDEE is supposed to pay the additional amount owed in the next mid-month payment to centers. Despite the fact that DCDEE notified centers in writing in May and June that this payment policy would continue through July, centers are reporting to NCLCCA and to DCDEE's "Help Desk" that their reimbursements for services delivered in June do *not* align with the Division's Payment Guidance. Instead, their July reimbursements for June services appear to fall severely short – for some centers more than \$10,000 short! **Because of these apparent discrepancies between Subsidized Child Care reimbursements and written guidance, some centers are reporting they may not be able to meet their payroll obligations. Others are considering whether they'll have to lay off teachers and discontinue services for newly enrolled children.**

Alarming, centers are receiving inconsistent responses when they contact DCDEE with questions about their June Subsidized Child Care reimbursements. We have learned that when some centers contacted the Division about this issue, they received feedback that payment for June services was based on attendance, which clearly conflicts with the Division's guidance delivered prior to the service month. Other centers have shared Division correspondence that said "a list of providers in this situation" is being kept by staff and "DCDEE is in discussion about it." This situation should be explained and remedied as soon as possible. Child care centers make operating decisions based on the guidance they receive from the Division and they have to be able to count on what DCDEE tells them. **Impacted licensed child care centers deserve the Subsidized Child Care reimbursements they are owed for services they have already delivered, as well as an explanation of what caused reduced reimbursements for June services and timely information to prevent it from happening again. NCLCCA would like to be helpful through information-sharing with impacted centers.**

2. Lack of Clarity, Details with Subsidized Child Care Reimbursements Cause Record-Keeping Problems for Licensed Providers

Licensed child care centers are grateful for DCDEE's efforts to provide reimbursements for Subsidized Child Care services during the COVID-19 pandemic at a level to help sustain and preserve programs committed to serving subsidy-eligible families. However, centers are reporting deposits to their accounts with no details, documentation or explanation about Subsidized Child Care reimbursements. Without clarity and transparency related to reimbursement deposits, it is impossible for centers to ascertain to which children to attribute what portion of the reimbursements and how to appropriately account for the funding, as all businesses need to do. Without sufficient payment explanation from the Division, it is extremely difficult for child care centers to reconcile subsidy-eligible children served with the reimbursements received, as well as costs versus revenue. **Accurate Subsidized Child Care reimbursements with adequate explanation and documentation for those payments are critical to the**

financial security of licensed providers participating in the program. Therefore, NCLCCA is requesting that usual details, documentation and explanation related to Subsidized Child Care reimbursements be reinstated as soon as possible – and applied retroactively to March of 2020, if feasible – to allow for accountability, transparency and expected accounting practices for both the licensed child care centers that deliver these services and DCDEE-DHHS.

3. Criminal Background Check Delays Are Worsening Staffing Crisis, Causing Waiting Lists, Undermining Access to High-quality Care

NCLCCA has been contacted by numerous child care providers from across the state who are experiencing delays of 6 to 8 weeks for criminal background check results for new hires. We are hearing from some centers that they have children on waiting lists because they cannot put teachers into available classrooms because of criminal background check delays. Whether the delays are being caused by Sheriffs' offices not providing usual fingerprinting services or problems within DCDEE or other government agencies involved in the process – or a combination of factors – the delays *must be addressed* to get qualified teachers and staff into classrooms so that families can access services and high-quality classrooms and program do not close. DCDEE has acknowledged that there was a child care teacher shortage before the pandemic. Since March, fear and other factors have pushed the shortage toward a full-blown crisis. **NCLCCA is asking DCDEE-DHHS to work aggressively with its own Criminal Background Check Unit, the State Bureau of Investigation, the Office of the Governor, local Sheriffs' offices/the NC Sheriffs' Association and the appropriate Federal agencies/departments to shorten criminal background check delays as quickly as possible.**

4. Proceeding with Star-Rating Assessments Will Harm High-Quality Centers, Impact Access & Could Contribute to COVID-19 Spread

Given the extraordinary circumstances licensed child care centers are facing as they seek to hire and retain qualified staff and sustain their operations under pandemic-fueled emergency operating guidelines imposed by DCDEE-DHHS, centers should *not* be subjected to Star-Rating assessments during this time. (NCLCCA has learned from some centers that DCDEE plans to send Star-Rating assessors into their facilities as early as September.) **Make no mistake, NCLCCA and its members agree that the health and safety of employees and children in their care should be the top priority for licensed centers and the DCDEE-DHHS. Health and safety rules for child care centers are addressed outside of Star Ratings in "Sanitation Rules," however** (i.e. communicable diseases; handwashing; cleaning and sanitizing; food supplies/storage/preparation/service/equipment; bathrooms; diaper-changing; beds/cots/mats/linens; toys, equipment and furniture, etc.) – **not to mention the additional requirements and recommendations in the ["Interim Guidance for Child Care Settings"](#) from DCDEE-DHHS for all centers operating during the pandemic.**

Rather than health and safety, the Star-Rating System primarily assesses the higher education attained by child care center staff members and rewards “education points” accordingly. Other points are awarded based on “enhanced” ratios and ERS scores, which should be largely irrelevant at this time considering all of the barriers and changes caused by COVID-19-related restrictions and requirements. Because the COVID-19 pandemic has exacerbated the ongoing child care teacher shortage, because significant criminal background check delays are making it even harder to hire teachers who are able and willing to work in licensed centers right now, and because we believe it is questionable to send Star-Rating assessors into licensed child care facilities during a time when DCDEE-DHHS is recommending they keep parents outside, **NCLCCA is asking DCDEE to suspend Star-Rating assessments until the governor lifts the State of Emergency he declared in Executive Order 116. It seems unnecessary, counterproductive and harmful to high-quality licensed centers to resume Star-Rating assessments during the COVID-19 pandemic.**

Licensed centers are simply not going to be able to replace all of the teachers they have lost during the pandemic with teachers with the same higher educational attainment right now, which means they are going to get lower Star Ratings. Lower Star Ratings will in turn mean lower reimbursements for Subsidized Child Care Services at a time when many high-quality centers are barely making ends meet. Lower Star Ratings could even prevent reputable, high-quality centers from serving subsidy-eligible families, NC Pre-K eligible families and military families. Licensed child care centers are doing the best they can to retain their most educated and experienced teachers against incredibly challenging odds. Even without Star-Rating assessments licensed providers are incented to hire teachers with more education because it will likely be just as difficult – if not more so – to recruit and hire them after the pandemic. **Now is not the time to penalize providers with a lower Star Rating that will result from circumstances completely out of their control – if the Division proceeds with these assessments before the State of Emergency is lifted and fear subsides, the result will be fewer 3- 4- and 5-Star licensed programs in the state, which may limit access to Subsidized Child Care and NC Pre-K.**

5. Licensed Centers Need Accurate, Consistent Information from Consultants

NCLCCA has been contacted by licensed child care center Administrators in several counties about their consultants’ inconsistent and, in some cases, seemingly inaccurate interpretation of DCDEE-DHHS [“Interim Guidance for Child Care Settings.”](#) In many cases the confusion and anxiety among providers appears to center on consultants’ understanding and communication around “requirements” versus what is “recommended” in the guidance. While the guidance is clear, some consultants are reportedly erroneously citing recommended best practices as “requirements” to the point of disrupting or potentially disrupting operations and services. During this extremely stressful and unstable time for licensed child care providers, they need consistent, reliable information and support from child care consultants statewide. **NCLCCA is asking DCDEE to clarify with child care consultants that recommendations in the [“Interim Guidance for Child Care Settings”](#) are encouraged, but not “requirements.” Further, DCDEE should encourage consultants to support providers by connecting them with appropriate DCDEE-DHHS and local resources, and serving as a conduit for valuable**

information from the field about what is working well and what may need additional consideration to preserve high-quality child care services while keeping children in their care healthy and safe.

6. Clarification Needed on Timing of NC Pre-K Reimbursements, Policies on In-Person v. Remote Learning

Licensed child care centers that serve NC Pre-K-eligible four-year-olds are appreciative of DCDEE's recent decision to fund NC Pre-K based on slots assigned, rather than attendance, during the 2020-2021 school year. We have heard from many that it is the only way that they could continue to participate in the program and serve children in their communities that need and qualify for NC Pre-K. However, licensed 4- and 5-Star centers serving as NC Pre-K sites must be reimbursed in a manner that allows them to hire the teachers required by the program in the face of significant revenue shortfalls. **To this end, NCLCCA is requesting that DCDEE distribute funding for NC Pre-K reimbursements early in a program month, rather than later or the following month and that the Division direct Contracting Agencies to do the same. (If reimbursements are not dependent upon attendance due to the COVID-19 pandemic, then why should NC Pre-K providers have to wait for funding to pay teachers?)**

Additionally, NCLCCA strongly supports the DCDEE's promotion of "in-person learning" for NC Pre-K students, while also understanding the need to provide a remote-instruction option for some families. However, we believe the Division would agree that it is not optimal – if even feasible – for a teacher in an NC Pre-K classroom to provide both "in-person" and "remote" learning at the same time. For this reason, NCLCCA is seeking clarification for licensed providers on recently released policies related to NC Pre-K "Remote Learning." More specifically, is the DCDEE guidance per center or per county? (It would clearly be unworkable if applied per classroom.)