

I. CHAPTER OVERVIEW

Federal regulations of child care funds require that parents be allowed to choose a child care arrangement from a variety of providers, including licensed and nonlicensed home arrangements. This chapter describes factors that parents should consider when choosing a provider, along with the local purchasing agency's (LPA) responsibilities to honor parental choice whenever possible.

Federal regulations also require that states using Child Care Funds have a certificate or voucher payment option in place. North Carolina has chosen to use the voucher system. This chapter describes how the voucher is issued, completed, and distributed.

II. PARENTAL CHOICE

A. Factors To Consider In Choosing Child Care

Many parents are requesting child care services for the first time and may need help with the selection process. During the initial interview, the child care worker helps the family to plan for child care, to understand what to look for when choosing an arrangement, and to deal with the emotional effects of separating from the child.

1. Helpful information for parents includes:

- a. Explanation of the difference between regulated and unregulated child care arrangements;
- b. Explanation of the requirements for participation in the Subsidized Child Care (SCC) Program;
- c. The Division of Child Development's web site address (<http://ncchildcare.dhhs.state.nc.us/>) or provide access to the site in the office, for information about regulated providers;
- d. Facts about group size, staff/child ratio, staff qualifications and program activities;
- e. The availability of space in centers and homes in the community; and
- f. The 1-5 star rated license of the provider and what the license indicates.

2. Parents and child care worker should discuss:
 - a. Any unusual circumstance or special need of the child(ren) that would require a specific type of care;
 - b. The hours when child care is needed, based on work or school schedule and including travel time and/or study time;
 - c. The type of program that meets the family's needs; and
 - d. Convenience of the child care arrangement to home, work, or school.

The LPA may not eliminate types of arrangements, e.g., licensed or nonlicensed, or providers within categories of child care, e.g., centers or homes, when families receiving child care services are selecting a child care arrangement. LPAs may utilize the services of local resource and referral agencies, if available, as a resource for written materials and/or educating parents about the selection and availability of child care services.

3. When Parent's Choice of Provider is Not Available

A parent's choice of provider may not be available for several reasons. For example, the provider:

- a. May not be operating legally;
- b. May be operating legally, but is unregulated (not licensed) and therefore, cannot accept the voucher until the program goes through the licensing process;
- c. May not have space available;
- d. May not be approved to care for the child because of the child's age (Refer to [Chapter 10: Waiting List Policies](#), for additional information);
- e. May not be approved for the period indicated on the voucher;
- f. May not agree to the terms of the Child Care Provider Agreement ([DCD-0452](#)) or to subsidized payment rates or policies;
- g. May not be interested in participating in the SCC Program; or
- h. May not be able to participate in the SCC Program due to an administrative action or sanction.

NOTE: A parent's choice of provider may also not be available when the provider agreement terminates and subsidy payments are discontinued 45 days from date of the Notice of Administrative Action to revoke or deny a license or for most other instances of noncompliance. During the 45-day time frame, no new children funded with subsidy funds may be enrolled in the facility. In addition, a parent's choice of provider may also not be available if a sanction has been imposed upon a provider disallowing new children funded with subsidy funds from enrolling for a specified time period. Refer to [Chapter 15: Noncompliance with Licensing Requirements](#) for additional information regarding Administrative Actions. Also refer to [Chapter 20: Payment Policies](#) and [Chapter 23: Fraudulent Misrepresentation and Overpayments](#) for additional information regarding sanctions.

In such cases, the LPA is not obligated to authorize payment with the parent's choice of provider. The parent should be informed of the reason why authorization is not possible and asked to choose from other child care options.

4. Parental Choice Regarding Changing Providers

Parents may ask to change child care providers, which they may do. To help limit the number of changes, the child care worker should encourage parents to carefully consider their options and choose initially the program best suited for their family. However, if parents discover that a program does not meet the needs of their child, the child care worker should assist in making the change. Occasionally, parents request to move their child from program to program. In such situations, the child care worker should try to determine the cause of the problem and work with the family to develop a permanent placement.

The LPA may limit in local policy the number of times a family may change child care arrangements. Refer to [Chapter 22: Local Policy Options](#) for additional information. It is also optional for the LPA to pay registration fees. If an LPA chooses to pay registration fees, the LPA cannot pay for more than two per year per child. If the LPA establishes limits regarding the number of times a family may change providers and if the LPA chooses to pay registration fees, it must be spelled out in the county's local policy. Refer to [Chapter 21: Payment Rates](#) and [Chapter 22: Local Policy Options](#) for additional information.

B. How Abuse/Neglect Information May Affect Parental Choice

If the LPA has information that indicates the provider chosen by a parent is being investigated due to a report of abuse or neglect, this information may be shared with the parent. Depending on the type of arrangement, an abuse or neglect complaint or investigation may affect parental choice in different ways. *Details such as the names of child (ren) or disabled adult(s) involved in the case cannot be released when sharing information about an investigation.* Refer to [Chapter 14: Abuse and Neglect Investigations in Child Care Facilities](#) for more information on sharing investigative information.

NOTE: If the parent wants to move the child immediately due to a child abuse or neglect concern, the LPA may authorize care at another facility and issue a new voucher effective immediately. The LPA would still be required to pay the notice period to the original provider. Refer to [Chapter 20: Payment Policies](#), Section III., for instructions on paying during the notice period.

1. Licensed Child Care Facilities

A parent may choose a licensed facility that is undergoing an investigation or has been substantiated for child abuse or neglect. The LPA may share certain information with parents regarding the investigation and substantiation of child abuse and neglect of regulated child care providers so that parents may make an informed decision whether to choose or continue using such a provider.

If a parent continues to indicate a preference after receiving this information, the LPA must allow the parent to use the regulated provider as long as the provider is operating legally.

2. Nonlicensed Child Care Facilities

When a parent chooses a nonlicensed home arrangement where it has been substantiated that the provider or an individual living in the home has abused or neglected a child or a disabled adult, or if an investigation alleging abuse or neglect is in process, the LPA should encourage the parent to select another arrangement. Refer to [Chapter 17: Approval Process for Nonlicensed Homes and In-Home Care](#).

If a parent continues to indicate a preference for a nonlicensed home arrangement where an abuse or neglect substantiation or investigation exists as described above, and the arrangement poses a threat to the child's health or safety, the LPA may deny the parent's choice of provider.

C. Local Purchasing Agency Liability

Since a parent may choose a licensed family child care home or center (including programs that are [G. S. 110.106](#) approved) that is undergoing an investigation or has been substantiated for child abuse or neglect, the LPA may have concerns about liability. **With the implementation of the Child Care Voucher ([DCD-0446](#)), parents assume the responsibility of selecting the child care provider.** The parent's and provider's signatures on the voucher indicate that the placement of the child with that particular provider is an arrangement made between the parent and provider **and not the LPA**. The CPS social worker or the director's designated agency representative who signs and dates the voucher has the same responsibility as a parent in selecting the child care provider.

If the child care worker perceives that a CPS social worker is placing a child with a provider with a substantiated child abuse or neglect claim, the child care worker is encouraged to initiate discussions between CPS and child care staff.

When a parent selects a provider who has been substantiated for child abuse or neglect, the LPA may determine that additional documentation is required. Through consultation with the county attorney, the LPA may choose to develop a form for parents to sign which documents that the child care worker has informed the parent of the situation.

The LPA must track administrative actions and sanctions received on all providers. Refer to [Chapter 15: Noncompliance with Licensing Requirements](#) for additional information regarding Administrative Actions and [Chapter 23: Fraudulent Misrepresentation and Overpayments](#) for additional information regarding sanctions. On occasions, there are stipulations that do not allow enrolling any children for specified periods of time, and the LPA must adhere to these administrative actions and sanctions.

III. VOUCHER PROCEDURES

A. Purpose of The Child Care Voucher ([DCD-0446](#))

The Child Care Voucher (DCD-0446) gives the parent the responsibility for the selection of the provider. Parents may choose any child care provider who is eligible to participate in the SCC Program; however, some providers may choose not to make their services available. **The voucher serves as an agreement between the parent and the provider and is a mechanism which places the liability for the selection of a provider with the parent instead of with the LPA.**

B. Who May Issue a Voucher

Child care vouchers for child care services are issued by the LPA, i.e., the county department of services or an agency such as a child care resource and referral agency operating under contract with the county department of services.

The agency director shall designate staff for the purpose of issuing and signing vouchers. It is recommended that all vouchers be issued by the designated staff in each LPA to prevent duplication and to reduce errors. Agencies are encouraged to develop a means of obtaining the designated signature, such as giving the authority for staff to sign and initial the signature or using a signature stamp.

C. When Vouchers are Issued

Any individual whom the LPA determines eligible to receive child care services must receive a voucher after a provider is selected. This is true for all child care funding sources. Vouchers are issued to eligible individuals:

1. At the time of initial determination of eligibility for child care services;
2. At the time that a child moves from one provider to another or from one facility to another; or
3. When vouchers are issued for a limited time period using one-time, nonrecurring funding.

Once the voucher has been issued initially, it is not necessary to issue another one when the individual's 12-month eligibility period ends, unless there is a change in provider or a change in facilities. **A Child Care Action Notice ([DCD-0450](#)) is issued instead to document the new eligibility period and the fee, if any.** However, if child care services terminate and the parent later reapplies and is approved for services, a new Child Care Voucher ([DCD-0446](#)) is required, even if the same provider or facility is chosen.

A separate voucher may be issued for each child in need of child care services. However, a voucher continuation page is available for counties to use if the parent requests child care services for more than one child to attend the same facility. If the child needs care from more than one provider, a separate voucher must be completed for each provider.

NOTE: The 12-month eligibility period does not change when issuing a voucher that limits the time period for child care services. The child care worker must explain the limited time period to the parent and review

the termination date specified in the comment section of the Child Care Voucher ([DCD-0446](#)). The child care worker and parent are required to initial and date the comment section. This indicates that the parent understands that services will not continue beyond the date listed on the voucher. A 10-day Child Care Action Notice ([DCD-0450](#)) terminating services must be issued to the parent and the provider.

D. Issuing the Child Care Voucher

The LPA initiates the voucher upon determining that a family is eligible to receive child care services and the family has chosen a provider. A flow chart is included in [Attachment 1](#) at the end of the chapter.

The voucher is completed by the child care worker of the LPA, the parent, and the provider as follows:

1. The child care worker completes the top part of the form to specify the date and to whom the voucher must be returned. The voucher must be returned no later than 30 calendar days from the date of issuance. Counties have the option of requesting that providers return the voucher in less than 30 days, but not less than ten (10) calendar days from the date of issuance. LPAs that wish to use a return date of less than 30 days must notify the Division of Child Development in writing of their decision to do so for approval in their local policies. Refer to [Chapter 22: Local Policy Options](#) for additional information.

Other required identifying information such as codes necessary for issuing payments should be filled in at this time. References for these codes are provided in [Appendix F](#) of this manual and in the **Subsidized Child Care Services Reimbursement Manual**. It is not necessary, however, to enter these codes prior to issuing the voucher to the parent.

The remaining top portion of the form is completed by the child care worker. The information required includes:

- a. Parent's name and address;
- b. Parent's language preference;
- c. Child's name;
- d. Child's date of birth;
- e. Child's race;
- f. Child's gender;

- g. Child's ethnicity;
- h. County case number;
- i. Child's DCS ID number;
- j. Child care funding source;
- k. Eligibility period for services (this includes the beginning and ending dates of the 12 month eligibility period);
- l. Whether the payment will be made to the provider by the parent or the LPA;
- m. Parental fee amount;
- n. Date the parental fee begins;
- o. Days and hours that care is needed;
- p. Whether payment for transportation is approved; and
- q. Comments (if needed).

The form is signed and dated by the child care worker and the director's designated agency representative prior to giving the voucher to the parent. The LPA's contact and telephone number are also filled in for the parent's and provider's reference. **The parent is required to sign the Child Care Voucher before it is given to the provider.** If the parent cannot come to the office to sign the voucher, the information to complete the voucher may be obtained by telephone and the voucher may be mailed to the parent. The parent's signature is needed to confirm parental choice and to indicate that the parent agrees to pay the provider if she receives services after becoming ineligible for child care services.

NOTE: If child care services are being provided to support child protective services or the child is in DSS custody, the LPA may determine if the voucher should be signed by the parent or staff designated by the DSS Director. Refer to [Chapter 22: Local Policy Options](#) for additional information.

2. After determining eligibility for child care services, the child care worker asks if the parent has selected a provider. Parents may choose from a variety of legally operating child care providers eligible for participation in the SCC Program.

If the parent has not selected a provider, the child care worker should offer information that will help the parent make an informed choice regarding selecting a child care arrangement.

3. The child care worker cannot issue the Child Care Voucher to the parent until the parent chooses a provider. Once the parent selects a provider and the voucher is issued, the parent submits the Child Care Voucher to the provider. The provider completes the provider information (provider's name, location address, license number, etc.) and indicates the date that child care will begin. The voucher instructs the provider to contact the LPA prior to completing the form if the provider has not previously completed a voucher in order to discuss the allowable payment rates and policies. The voucher instructions require the provider to sign the voucher and return it to the LPA no later than the date indicated on the top of the form.

If the parent is determined eligible and has not selected a provider, the child care worker cannot issue the Child Care Voucher until *after* the parent has selected the provider and notified the agency of the selection. The LPA would complete the top part of the voucher to indicate the parent is eligible but would not give the voucher to the parent until a provider had been selected. Once notified by the parent of the selected provider, the LPA must **immediately send the voucher to the parent to sign and to give to the provider**. LPAs must have a plan in place (such as a designated telephone number) to assure that the parent may easily contact the child care worker regarding the selection of the provider.

NOTE: The LPA has the responsibility to discuss the rights and responsibilities found on the reverse of the Child Care Voucher ([DCD-0446](#)) with the parent.

E. Returning the Child Care Voucher

When the voucher is returned to the LPA, the child care worker must check the date returned against the voucher expiration date. If the voucher return date has passed, the LPA should process the voucher according to their local policy. (Refer to [Chapter 22: Local Policy Options](#) for additional information.) Options would include:

1. If the voucher is returned to the LPA ten (10) working days or less beyond the expiration date, the LPA may process the voucher; or
2. If the voucher is returned more than ten (10) working days beyond the voucher's expiration date, it must be voided and a new voucher must

be issued before payment can be authorized. The new voucher indicates the same eligibility period as the original, but has a new issuance date.

When the voucher is returned from the provider, it must be checked for completeness, accuracy, and authenticity. If information is missing or inaccurate, it can be corrected by the child care worker through telephone contact with the provider. Resulting changes that are made are initialed by the child care worker and updated copies are sent to the parent and provider. If signatures are missing, the voucher must be returned for proper signatures.

The child care worker must also verify that the provider is regulated by reviewing the monthly alphabetical listing of regulated providers. This list can be viewed by accessing NC-XPTR. (The Subsidized Child Care Reimbursement Manual has more information on accessing NC-XPTR.) If the provider is located in another county, the child care worker can access the [Approval Notice](#) information through the [SCC Reimbursement System](#). If the provider is enrolled and the voucher is returned within the allowable time period and is complete and accurate, the child care worker can approve placement of the child in that arrangement.

Another good resource for the child care worker to verify whether a provider is already approved for subsidy is to view DCD's website under <http://ncchildcare.dhhs.state.nc.us/>. The search may be done by facility name, within the county, by license number, by zip code, or by address. When viewing, if the license is not active, but establishing, and it is SCC approved, this means that the provider's license has not yet been issued. If the license is active, but not SCC approved, and the provider desires to accept vouchers and enroll in subsidy, then the LPA staff would need to send a provider enrollment application to the provider.

If the Child Care Voucher ([DCD-0446](#)) is returned and it is determined that the provider is not enrolled, the provider enrollment forms must be completed before the provider can be approved to participate in the SCC program. Refer to [Chapter 16: Approval and Enrollment Procedures for Licensed Facilities](#) for additional information regarding the enrollment process.

F. Examples of Issuing Vouchers

Initially, a voucher is issued to authorize services. At times, it may be necessary to issue additional child care vouchers during a family's eligibility period, such as when another provider is chosen by the parent. Although the date the voucher was issued would change, the eligibility period would not change. The following are examples of situations that may arise.

EXAMPLE 1, Issuing a Voucher within 30 Days: Ms. Wadsworth applies for child care services on June 6, 2002. On June 17, her child care worker determines that she is eligible for child care. Since the eligibility decision is 30 calendar days or less from the date the application was signed, Ms. Wadsworth is considered eligible on the date she signed the application. Her child care worker would issue a voucher dated 6/17/2002, with an eligibility period of 6/6/2002 through 6/5/2003.

EXAMPLE 2, Changing Child Care Providers: Ms. Henry was determined to be eligible for child care services on January 10, 2003. She was issued a voucher on 1/10/2003 with an eligibility period of 1/10/2003 through 1/9/2004. On January 31, 2003, Ms. Henry changed her child care provider. The child care worker would issue a new voucher dated 1/31/2003 through 1/9/2004 (the same ending date as indicated on the original voucher). A Child Care Action Notice ([DCD-0450](#)) would be issued to terminate the original provider.

EXAMPLE 3, A Lost Voucher: Ms. Payne received a voucher for child care on February 3, 2003. She called her child care worker the next day, stating she lost the voucher. The child care worker would void the original voucher and issue Ms. Payne a new one with the current date as the date of issuance (in this case, 2/4/2003). The eligibility period would remain the same (2/3/2003 through 2/2/2004).

G. Distribution of the Child Care Voucher

Copies of the completed child care voucher are maintained at the LPA and are distributed as follows:

1. A copy is retained by the LPA when the voucher is initially issued and should be used for tracking purposes;
2. The original copy is returned to the LPA and information is used for payment purposes;
3. A copy is retained by the provider; and
4. A copy is given to the parent.

H. Rights of the Parent Receiving a Child Care Voucher

The following parent rights are listed on the child care voucher:

1. To select the child care provider for their child(ren);

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2. To have information about the family on the voucher kept confidential by the provider;
3. To have access to their children while in care;
4. To request a local hearing within 60 days of the effective date on the voucher and obtain a fair hearing within five (5) working days of the request, if the parent disagrees with the decision about child care assistance;
5. To request a second hearing with the Department of Health and Human Services if dissatisfied with the decision made at the first hearing;
6. To be represented at either of the hearing by a relative, friend or attorney;
7. To continue to receive child care until a decision is made at a hearing; and
8. To ask to see the child care record before a hearing, or to see or receive free copies of other information to be used at a hearing.

I. Responsibilities of the Parent Receiving a Child Care Voucher

The following parent responsibilities are listed on the child care voucher:

1. To pay the provider if receiving child care services after becoming ineligible for assistance, or for any child care not approved by the voucher;
2. To report all changes that may affect eligibility for child care services to the child care worker within five (5) working days; and may also have to repay all child care assistance after a change occurred if the change was not reported on time.