

I. CHAPTER OVERVIEW

Child care services are provided to families who meet the income eligibility criteria based on the [income unit](#). The information in this chapter provides guidelines and examples for determining the income unit and the types of countable and non-countable [income](#).

II. ELIGIBILITY

Individuals who need child care services must qualify on the basis of income eligibility except for certain situations in which the service is available without regard to income.

A. Child care services are available without regard to income for:

1. Children who need child care services to support [child protective services](#).
2. Children who need child care services and meet eligibility criteria for [child welfare services](#).
3. Children receiving foster care services who are in the custody of a county department of social services (DSS) **and** have been placed either with an adult other than their parents or in a licensed foster home.

B. Child care services shall be provided to all other individuals with regard to income, provided the gross income does not exceed the state's maximum income eligibility limit for the number of persons in that income unit. Refer to [Attachment 1, Maximum Gross Monthly Income Eligibility Limits for Subsidized Child Care Services](#).

III. DEFINING THE INCOME UNIT FOR DETERMINING ELIGIBILITY

When the amount of income available to an individual is a condition of eligibility for subsidized child care services, it is necessary to determine the number of persons in the individual's income unit and the amount of the gross income available to that income unit. Therefore, it is necessary to define the term "income unit" to determine whose income must be included when eligibility is determined. **The term "income unit" shall apply to persons who live in the same household and who, according to North Carolina law, are responsible for the financial support of the child whose eligibility for child child care services is being determined.**

Additionally, the household income unit must include the parent, stepparent and the stepparent's child(ren), if applicable. When the parent of the child

receiving subsidy does not live in the home with the child, the nonparent relative caretaker and the caretaker's spouse and child(ren), if applicable, are included in the income unit with the child. Nonparent relative caretaker is any brother, sister, grandparent, uncle or aunt, nephew, niece, or first cousin and includes step, great and great-great relationships. Spouses of nonparent relative caretakers are included even after the marriage has been terminated by death or divorce. Spouses of step relatives are not included.

The nonparent relative caretaker and his/her spouse must meet the need criteria. Their income, as well as the income of the child and any of their minor children, must be counted.

NOTE: The household unit for families who are receiving benefits from the Food and Nutrition Services (FNS) program may differ from the income unit for child care services. The child care worker should ask the parent questions to clarify any differences.

A. Responsible Adult

The parent or responsible adult is the person or persons with whom the child lives and who has the primary responsibility for the care and well-being of the child. However, a child may live with an adult who is responsible for his/her care but is not financially obligated for the support of the child. Legal custody or court-ordered custody does not act to terminate parental rights and therefore does not divest parents of financial obligation to their child. According to North Carolina General Statute, parents' financial obligations toward their children are divested when an order of adoption or termination of parental rights is entered by the court.

Couples who are not legally married may claim to be common-law marriage partners; however, common-law marriage is not legally recognized in North Carolina. Marriage must be solemnized as required by law in order for individuals to be considered spouses under the definition of family. However, if both parents (biological or adoptive) of a child in need of child care services reside in the same household, both are considered to be members of the income unit and both incomes are counted for the purpose of determining eligibility.

B. Joint Custody

When parents share custody of a child and both parents need child care assistance, each parent applies for the period of time the child resides in his/her home and pays the corresponding parental fee. There are two separate applications and parental fees even if the child is with the same child care provider.

C. Income Unit

The following are defined as separate income units for the purpose of determining eligibility and parental fees for child care services:

1. Biological and adoptive parents and their minor children under the age of eighteen along with a [stepparent](#) and the stepparent's minor child(ren), if applicable.

NOTE: An 18-year-old is only counted in the income unit if he/she is still attending high school and is scheduled to graduate before age nineteen.

2. A child lives with both parents and one parent is in college or serving in the military forces in a different locale. The parent in college or serving in the military is included in the income unit and their income is counted.
3. A child lives with grandparents, due to the absence of the parent who is in college or serving in the military forces in a different locale. The parent's income must be counted. The grandparents can request child care for the child due to the absence of the child's parent and because they also meet the need criteria. The parent in college or serving in the military is included in the income unit.
4. A child lives with grandparents, due to the absence of the parent who does not live in the home with the child. The grandparents and their children, if applicable, are included in the income unit.
5. A minor parent (under the age of 18) and his or her children. If the parents of a minor parent apply for child care subsidy for another child of theirs, the minor parent is counted in the parents' income unit. The grandchild, however, is not. The parents, the minor parent, and their other minor children are included in the parents' income unit.
6. A child lives with a responsible adult who is not the biological or adoptive parent or nonparent relative caretaker. The income unit is the child only. If the child has siblings, they are also included in the income unit.

IV. ASSESSING MONTHLY INCOME FOR DETERMINING ELIGIBILITY

The computation of gross monthly income is made on the basis of an assessment of the family income that is anticipated during the twelve month period following the date of application. It includes asking questions to ascertain the client's situation, considering all sources of income and determining what income is counted for the eligibility for child care services, verifying all sources of countable income, allowing for child support payments that are paid out, and making accurate calculations.

When the family receives benefits from FNS, the child care worker's first step is to access the income information from North Carolina Families Accessing Services through Technology (NC FAST). Since the income information shown in NC FAST has been verified, it must be used to complete the [Application for Child Care Services \(DCD-0456\)](#). The child care worker cannot require the applicant to provide additional income information. However, if the parent voluntarily provides more current information, the new information must be verified following subsidized child care policy.

Upon signing the Recipient Responsibilities for Subsidized Child Care Services form ([DCD-0106](#)), the parent/responsible adult agrees to report any changes that may affect eligibility for services to the child care worker within five (5) work days. Changes that require a reassessment of the family's income include, but are not limited to, new employment, increase or decrease in the number of hours and/or days worked, different rate of pay, loss of employment, receipt of Work First or any other benefits, and changes in child support amounts.

Temporary placement changes with an employment agency are not considered a change that has to be reported unless there is a change in the rate of pay. A change from one employment agency to another, however, is considered new employment and must be reported to the child care worker.

NOTE:

Refer to Integrated Eligibility Manual (IEM) for information about the following:

V. SOURCES OF INCOME**VI. VERIFYING GROSS FAMILY INCOME****VII. CHILD SUPPORT POLICY****VIII. CALCULATING EARNED INCOME**

The Integrated Eligibility Manual is located at <http://www.ncwss.com/manual/index.html>.