

Division of Child Care Services



Child Care Subsidy Policy Manual

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Section 1

Terms Used in Child Care Services

Adult Exercising Parental Control- an individual 18 years of age or older who is neither the child's parent or guardian nor residing with the child's parent or guardian, but who has a signed statement from the child's parent or guardian giving the individual authority to exercise parental control of the child.

Absent Parent- the parent to any child that is part of the applicant's household, who is not an active contributing member of that household.

Applicant/Client- an individual that is applying for assistance. The applicant shall be considered the person who signs the application.

Child Care Assistance(CCA)- direct provider reimbursement to child care providers on behalf of low-income families need assistance with child care costs.

Child Care Certificate- a certificate issued by the department to a client who uses the certificate as payment for child care services.

Child Care Services(CCS)- office within the Department of Social Services that provides child care assistance for low-income families.

Child with Special Needs- a child who is under age 18 or under age 19 if still in school and who is physically or mentally incapable of self-care; or a child who is under court supervision.

Client- the child's parent or guardian or the adult exercising parental control of the child.

Complete Application- an application that contains all necessary verifications required to determine eligibility.

Fair Hearing- an applicant requested hearing in which, the applicant is contesting the decisions made by CCS as they relate to the rules the program operates under.

FPL- Federal Poverty Level.

Head Start or Head Start Program- a program funded under the Head Start Act, 42 U.S.C.A. § 9831, et. Seq., as amended to July 1, 2000, and carried out by a Head Start agency that provides ongoing, comprehensive child development services.

Household- the parent or legal guardian, the child for whom child care services are being requested or provided, other individuals under age 18 for whom the parent or guardian is the adult exercising parental control and who are residing in the home; when a child is placed with a guardian but the state maintains custody, the child and any of the child's siblings placed with the same guardian. A household does not include a roomer, a boarder, or an individual over age 18 who is not the child's parent or legal guardian or is not the adult exercising parental control of the child.

Incomplete Application- an application missing required forms of documentation necessary for eligibility determination.

Informal Provider- an individual who is a friend of the family requesting child care assistance or a sibling of the child for whom care is being requested, who does not live with the client, is at least 18 years of age, and provides care only for that client's child.

In-home Provider- an individual who provides child care services in the client's home.

Initial Application- the first application an applicant submits to CCS.

Initial Eligibility- the first time an applicant is approved to receive assistance.

In-process Provider- a provider who has submitted the required application forms to the department showing that the provider's intent is to become registered or licensed within 120 days.

Intentional Program Violation(IPV)- an intentional false or misleading statement, misrepresentation, concealment, or withholding of facts or setting forth a falsity for the purpose of establishing or maintaining eligibility for child care or for increasing or preventing a reduction in the amount of child care, or aiding and abetting a recipient household or provider in committing one of the acts listed in this definition.

Parent- the child's natural parent, adoptive parent, or step-parent.

Primary Provider- the child care provider having the highest calculated cost of child care a month for a family.

Protective Services- services provided under a court order which enable an alleged or adjudicated abused or neglected child to remain in the client's home or in the home of another relative, a foster parent, or other suitable person under the supervision and assistance of the court, the Department of Social Services, or another agency designated by the court.

Provider Overpayment-a payment received by a provider to which the provider was not entitled or a payment received under contract provisions that were not fulfilled by the provider.

Recipient Overpayment- services provided on behalf of a recipient household that is ineligible for child care services of the amount of services received.

Relative Provider- an individual who is at least 18 years of age; the aunt, uncle, non-resident sibling, grandparent, or great-grandparent of the child for whom child care assistance is being requested

Renewal Application- an application received prior to current eligibility expiring or within 15 days of expiration.

SSCC- the computer system utilized by the TANF, Food Stamp, and Medical programs

TANF- Temporary Assistance for Needy Families.

Unsigned Application- an application that is missing the signature of the applicant.

Voided Application- an application that is missing required verifications to which, the applicant has not responded to CCS's request for the missing verifications.

Section 2

The Application Process

Clients desiring assistance with their child care costs must submit a Child Care Assistance application form. All sections of the application must be completed and all required verifications must be submitted in order for the application to be considered complete.

Unsigned applications will be returned to the applicant for his/her signature and will not be considered complete until the signed form is returned to CCS.

Acceptable forms of verification:

Earned Income

- Copies of pay stubs. If pay stubs are available which accurately reflect an applicant's current employment, they must be submitted with the application. If the applicant provides two pay stubs that are not consecutive and the caseworker is able to determine the gross wages and hours worked for the missing pay stub by looking at the YTD totals, this would be the equivalent of the last two pay stubs.
- Copies of actual pay checks-if paid directly by check and pay stubs are not available. It must reflect gross income somewhere on the check.
- Verification of current wages obtained by phone call. Caseworkers should narrate the date, time and whom they spoke with to verify current wages.
- Payroll printouts.
- A wage verification form signed by the applicant's employer or supervisor that indicates the amount of hours worked per week, rate of pay per hour, commissions, tips. Wage verification forms would be acceptable if employment has just begun and pay stubs are not available. A wage verification would also be acceptable in the following situations:
 - an employee is just returning to work from a leave of absence or there is a change in hours that would not be reflected on the pay stubs. For example, an employee may have been part-time and has now accepted a full-time position with the same employer. A wage verification would be necessary to accurately prospect income.
 - there are extenuating circumstances that have resulted in reduced hours reflected on an applicants pay stubs. For example, the applicant may have had a death in the family, a sick child, unpaid vacation or missed work due to being ill themselves. A wage verification could also be accepted in these circumstances. At the caseworker's discretion, a shortened certificate may be issued and copies of the applicant's first two pay stubs may be requested to verify that employment information provided with the wage verification was accurate. If the pay stubs reflect the same information as reflected on the wage verification, the certificate may be extended to the full six months.
- A signed statement from an employer verifying gross income and hours worked for last two pay periods.
- Printouts of income screens form SSCC and DCS systems.
- A copy of the applicant's most recent Income Tax Return if self-employed.
- Self-employment verification forms if the business is new and earnings would not be reflected on the most recent tax return.

Unearned Income

- Copy of benefits award letter.
- Printouts of amount received.
- Copy of actual check received.
- Printouts of income screens from SSCC and DCS systems.

School Schedule

- Must be a copy of the official school schedule and indicate start and end times of each class
- Lab times, student teaching, or internship hours not reflected on the schedule must have documentation from the instructor or academic advisor and must also indicate start and end times.

Incomplete Applications

If an application is missing the required verifications, CCS will send a notice to the applicant informing him/her that the verifications must be submitted within 10 working days of the date the letter is sent. The notice will clearly state what information is required in order to process the application and the date it is due by. The applicant will have 10 working days to provide the information to CCS or their application shall be considered void and will be denied “awaiting complete information.”

Primary responsibility for providing verifications rests with the applicant. CCS is obligated to make the client aware of what types of verification are needed to process the case, but the client is held responsible for submitting them within the given time frame. If the applicant requests that another party submits the documentation, the applicant will still be responsible for making sure it is submitted within the required time frame. If extenuating circumstances exist, the client may be given longer than 10 working days.

If an applicant is found to be eligible, assistance can be backdated to either the first of the month or the 16th of the month in which the application is received. If the application is received prior to the 16th of the month, eligibility can be backdated to begin on the 1st. If the application is received from the 16th through the end of the month, eligibility can be backdated beginning the 16th.

Section 3

Eligibility Criteria

Income- Eligible households must have calculated gross monthly income levels below the maximum amount as established by CCS. Households with gross monthly income exceeding 175% FPL, are not eligible to receive child care assistance.

Minimum work hours/wage- If the applicant is employed, he/she must be working a minimum of 80 hours per month and receive a salary equivalent to the federal minimum wage. For two-parent households, each parent must be meeting the 80-hour work per month requirement. **Time spent on volunteering services cannot be considered when determining eligibility.**

Applicants enrolled in an educational program- Applicants enrolled in educational programs are required to meet certain participation/work requirements in order to receive child care assistance. The requirements are as follows:

- **High school or GED**- These students exempt from meeting any minimum work or attendance requirements.
- **Technical school, Associate's degree programs and Bachelor's degree programs**-if in school, applicants must be attending 80 hours of actual class time a month. If the applicant is working and attending school, the combination of actual work and school hours must be a minimum of 80 hours a month and the applicant must receive a salary that is equivalent to the hourly federal minimum wage. In determining whether a student has met the 80 hour requirement, the department shall count the hours spent in unpaid internships, practice teaching and clinical work experience. If the household contains both parents, each parent must meet this requirement.
- **Master's and Doctoral programs**- eligibility **cannot** be approved for any class time for applicants enrolled in either of these programs. If the applicant is enrolled in one of these programs and is meeting the 80-hour per month work requirement, CCS can approve eligibility covering the work hours only.

Citizenship- For eligibility determination purposes, the child for whom assistance is being requested must a citizen of the United States or must provide proof of resident alien status.

Residency-Child care assistance shall only be available to those applicants residing within the state of South Dakota.

Children eligible for assistance-Applicants must have a child or children that meet the following requirements:

- ◆ The child is under age 13
- ◆ The child is under age 18 and physically or mentally incapable of self-care
- ◆ This child is under age 19, if enrolled in school and expected to graduate, and is physically or mentally incapable of self-care
- ◆ The child is under age 18, or under age 19 if enrolled in school and expected to graduate, and is under court supervision

***If the child is over age 13 and falls within the categories mentioned above, documentation must be provided by the applicant prior to granting assistance. The documentation must be from a medical professional and must specify the child's physical or mental limitations. For children under court supervision, copies of court documents will be required by the department and used as verification.

Eligible child care provider types-Only those child care providers as outlined in Section 11 of this manual, are eligible to receive reimbursement from the department for child care costs made on behalf of the family.

Section 4

Income Types

When determining a household's income eligibility, there are two categories of income that need to be considered, earned and unearned. The definitions are as follows:

Earned income-Income in cash or in kind, before deductions, earned by an applicant or other countable adult household member through the receipt of wages, salary, commissions, tips, bonuses, or fees; or for a self-employed individual, that income remaining after deducting allowable business expenses.

***For CCS purposes, income is considered available and countable toward determining eligibility, as it is being earned. The actual receipt date of earned income is irrelevant for CCS purposes.

Unearned income-monies received for which a person does not perform a service. Countable unearned income includes, but is not limited to: TANF, pensions, VA benefits, alimony, retirement, child support, back child support, Social Security (SSA), interest income, insurance settlements, lease income, worker's compensation, lottery winnings, inheritance, investment earnings, and unemployment compensation.

***Types of NON-COUNTABLE income include, but are not limited to: student financial aid (grants, loans, scholarships), GI Bill, utility allowance, foster care payments, SSI disability, VA disability, Earned Income Tax Credits, and IRS tax refunds.

Fluctuation in Earnings (Earned Income)-

Fluctuating earned income is considered income which varies in amount from month to month or is received at irregular intervals. This may be due to irregular employment, or considered irregular because of factors such as seasonal increases or decreases in employment or type of work (e.g., sales work on commission basis).

Irregular or fluctuating income should be averaged over a period of time sufficient to take the fluctuations into consideration. As proof of income, a recipient must provide either copies of the last two pay stubs, employer verification of current wages, or the most recent income tax return. If this is not an accurate indication of a recipient's anticipated annual income, a caseworker may require evidence of up to twelve (12) of the most recent months of income. Individuals who, by contract, derive their total annual income in a period of time shorter than one year will have that income averaged over a 12-month period.

South Dakota provides several ways in which to project fluctuating earnings:

- YTD (year to date) income provided on the most recent pay stub divided by the number of months applicable. For example the paystub is for pay period ending June 28. The YTD would be divided by 6 months (January through June).
- If applying for assistance with the same source of employment for the prior calendar year, 1099 forms or w-2's can be used to prospect income or,
- Determine monthly gross income by calculating the total amount of income earned in the 12-month period preceding the date of the application and dividing the total amount by 12.

Section 5

Calculating Earned Income from Employment

Earned income from employment-All earned income shall be annualized when determining gross earned monthly income. In addition, CCS will allow a 4% deduction from all earned income. The following examples illustrate the methods in which earned income is calculated.

Example 1-Applicant paid weekly: An applicant works 40 hours per week, is paid on a weekly basis, and is paid \$7.00 per hour. The hours worked per pay period shall be multiplied by the rate of pay, then multiplied by 52 since there will be 52 pay periods in a year for this applicant, then multiplied by .96 to allow the 4% deduction, then divided by 12 months. The calculation should look as follows: **40 X \$7.00 X 52 X .96 divided by 12 = \$1,164.80**. \$1,164.80 is the gross monthly countable earned income for this applicant.

Example 2-Applicant paid bi-weekly: An applicant works 40 hours per week, is paid on a bi-weekly basis, and is paid \$8.00 per hour. The hours worked per pay period shall be multiplied by the rate of pay, then multiplied by 26 since there will be 26 pay periods in a year for this applicant, then multiplied by .96 to allow the 4% deduction, then divided by 12 months. The calculation should look as follows: **80 X \$8.00 X 26 X .96 divided by 12= \$1,331.12**. \$1,331.20 is the gross monthly countable earned income for this applicant.

Example 3-Applicant paid twice a month or monthly: An applicant works 40 hours per week or 80 hours every two weeks, but is paid twice a month or monthly. Either one of the methods shown above in Examples 1 and 2 may be used to determine income when paid twice per month or monthly and should yield the same gross monthly countable income. If the amount shown on the wage verification is consistent, you may also take the monthly average of the checks and multiply that amount by .96 to determine the monthly amount of countable income.

***When hours and income are not consistent for each pay period, CCS will use an average of the hours shown on the applicant's pay stubs that were submitted as income verification. The average hours can then be used in the calculation formulas shown in the above examples.

***Particular attention should be paid to all pay stubs as the applicant may also receive tips, commissions, overtime, shift differential pay, or other employment related income that is countable when calculating income. Also, it is very important to compare the year-to-date totals on the pay stubs to make sure the totals match.

Fair Labor Standards Act (FLSA)- The Fair Labor Standards Act requires that all employers pay their employees the equivalent of the federal minimum wage. Applicants not receiving minimum wage from their employers will not be eligible to receive child care assistance. In these situations, the caseworker may report the employer's name to the SD Department of Labor.

Allowable deductions from earned income

- 4% standard deduction from earned income or self-employment.
- Child support paid out by client or other countable household member.
- Allowable business expenses from self-employment

Section 6

Calculating Income from Self-employment

If a household member is self-employed, eligibility can be determined based on the most current information available. If the self-employment is continued from the previous year, the applicant must submit a copy of his/her most recent income tax return. Prospective income shall be based on the annualized figures reflected on the most recent income tax return when determining eligibility.

If the self-employment is new and not reflected on the previous income tax return, the applicant shall be required to submit business ledgers from prior months showing profits and expenses. Income will be prospected from the ledgers until an income tax return reflecting the self-employment is available. **Only those expenses related directly toward the operation of the self-employment business shall be allowed as deductions.** Personal expenses cannot be allowed as deductions.

Depreciation and depletion are not allowable expenses and must be added back into the net profit or loss. The reasoning behind adding depreciation back into the net profit or loss can be found in Black's Law Dictionary, 441 (6th ed. 1990). **Depreciation expense reduces the taxable income of an entity but does not reduce the cash available to the business entity. Id.**

Gainful Employment- Self-employed persons must work at least 20 hours a week and receive weekly earnings equal to the federal minimum wage multiplied by 20 hours. This applies whether the self-employed person is working 20 hours a week during the certification period or an average of 20 hours a week during the year.

If an individual is claiming to be self-employed, the amount of income verified must be consistent with part-time (at least 20 hours per week) employment. If income alone does not establish the 20 hour per week/minimum wage requirement and the individual is still claiming to be self-employed, the caseworker must establish with the client's cooperation, that the client's self-employment is gainful employment. To decide if the self-employment enterprise is a part-time or full-time job, the caseworker must evaluate the volume of work the client claims.

Persons engaged in hobbies, volunteer work or any other similar activity cannot be considered gainfully employed because of the small amount of money received from these activities.

Corporations and partnerships- Particular attention should be paid to individual income tax returns showing income from corporations or partnerships. In order to accurately determine an individual's income, a copy of the corporation's income tax return must also be submitted. The corporation's income tax return will reflect the applicant's share of the business. The applicant's share of the corporation's net profit, loss, and depreciation shall be added into the applicant's individual tax return figures.

Wages paid- In some self-employment situations, the business proprietor may pay himself/herself a wage from the business. If the income tax return shows that wages were paid, a copy of the business' W-2 forms should also be submitted with the application as the wages are considered countable if paid to the business proprietor or the proprietor's spouse.

Capital gains and interest- Capital gains and interest shall be added into the total income prior to calculating the gross monthly income.

When self-employment income shows a loss- Self-employment showing a loss shall be counted as \$0.00. A loss may not be deducted from other forms of income the household may have.

Section 7

Calculating Unearned Income

Unearned income is generally received on a regular basis and can be calculated as received. However, some types of income are subject to change or become inconsistent both in the amount and the frequency in which it is received.

SSA or Social Security benefits- are received on a consistent and regular basis. However, attention should be paid to amount that is received after January 1st of each year. Annually, SSA recipients receive a COLA(cost of living increase) to the amount of SSA received. If the amount of SSA cannot be verified on the SSCC system, documentation should be requested from the applicant. Along with each COLA increase, the recipient receives written notice from the Social Security Administration informing them as to what the new benefit amount will be. A copy of this document may be requested as verification.

Child Support-

Child support is very often received sporadically and can be calculated in a variety of methods as shown below:

(Annualized) If child support is received on a weekly or bi-weekly basis and the receipt dates and amounts are consistent, it can be annualized when determining the monthly amount of child support received. This situation is most common when the absent parent has a consistent amount withheld from his/her paychecks and is paid either weekly or bi-weekly.

If a consistent amount of child support is withheld weekly, that amount can be multiplied by 52 pay periods and then divided by 12 months. The weekly amount can also be taken by 4.333 to arrive at the monthly support payment. Either method will capture child support payments made during the months where there are 5 pay periods as opposed to the normal 4 payments in a month.

If a consistent amount of child support is withheld bi-weekly, that amount can be multiplied by 26 pay periods and then divided by 12 months. The bi-weekly amount can also be taken by 2.16 to arrive at the monthly support payment. Either method will capture child support payments made during the months where there are 3 pay periods as opposed to the normal 2 payments in a month.

(6 Month Average) If the child support is inconsistent in both amounts and dates received, a six-month average of past support received can be used when determining eligibility. The total amount of support received in the six months prior to the month the CCS application is received shall be divided by 6 when determining how much child support is to be counted when calculating gross monthly income. For example: If an application is received on February 18th, the caseworker would look at child support received for the months of August, September, October, November, December and January.

Re-calculating Child Support- It is CCS's policy that once an average of child support has been calculated for the period of eligibility, it is not re-calculated until an applicant renews. CCS is prospecting what the applicant may receive in the next eligibility period by looking at an average of what was received monthly in the prior six months. However, during a six month eligibility period, an applicant may experience circumstances which would allow CCS to re-evaluate the 6 month average of child support.

- If the non-custodial parent to the applicant's child/children becomes incarcerated and it can be verified, CCS can re-evaluate child support and prospect that the applicant will not receive any payments for the remainder of the eligibility period.
- If an applicant claims that the non-custodial parent is no longer working and can not be located by the Division of Child Support and the Division of Child Support can verify this information, it can be prospected that the applicant may not receive any child support payments for the remainder of the eligibility period.

If an applicant claims the non-custodial parent has lost his job, CCS would not re-evaluate child support payments. The non-custodial parent could find employment and the applicant may begin receiving child support payments in the near future, therefore, CCS would not be able to prospect zero child support payments for the remainder of the eligibility period.

Lump Sum Payments- On occasion, an application will receive a lump sum payment from things such as lottery winnings and insurance settlements. In these situations, the payments can be quite high and will disqualify the applicant for a period of time. When determining the length of ineligibility, the amount of the lump sum payment shall be divided by 200% of the Federal Poverty Level for that household size. This will give the amount of months that a person would not be eligible for assistance.

Section 8

Calculating Child Care Need

CCS uses a calculation worksheet to determine child care need (Section 24). In some instances, applicants will have situations in which it would not be beneficial to calculate the hours of need using the subsidy calculation worksheet. If this is the case, child care need is calculated using the method in this section. When calculating the applicant's child care need, the hours allowed shall be based on the applicant's work/school schedule and the school schedule of the child, if applicable. With two-parent households, the child care hours shall be the least amount of hours needed when the two schedules are compared. The maximum hours that can be allowed per child is 210 per month.

Travel time- Travel time can be allowed while the applicant travels from the child care provider to work and visa-versa. Generally, ½ hour each way can be allowed for travel time in the larger cities. However, there may be situations that require more or less travel time depending on the location of the provider and the applicant's place of employment.

Non-school days- 1-5 days of non-school hours may be added back into the total allowable hours to compensate for days when the applicant must work or attend school, but there is no school for the child.

Head Start and preschool hours- If a child is not in care because the child is attending Head Start or a preschool operated by or under contract with a school district, Child Care Services may reimburse the child care provider up to four hours a day for the time the child is not in care. In no case may the department reimburse a provider for more than 210 hours a month for each child in care.

Between class time- For students receiving assistance, time in-between classes can be allowed up to a maximum of 10 hours per week. This does not apply for times before and after the first and last class of the school day. Ideally, the student will utilize these hours for study purposes.

Lab time- If a student is required to participate in labs as part of a class requirement, child care hours may be allowed for such times. The lab must be overseen by an instructor and be part of the course requirement. Generally, lab time is reflected on the student's class schedule.

Tutoring- If a student meets with a tutor, those hours are not considered when calculating the child care need. While a student may need a tutor to assist him/her with studies, child care hours cannot be allowed as this is no different than study time.

Lunch break- Lunch breaks may be covered by CCS when calculating the child care need if it is preceded by a class and followed by another class. This will count toward the maximum of 10 hours in-between class time that can be allowed.

Calculation formula- When the weekly amount of child care need is calculated, the weekly amount shall be multiplied by 4.333 to compensate for those months with additional work/school days. Example: a child has a weekly child care need of 45 hours. $45 \text{ multiplied by } 4.333 = 195 \text{ hours per month}$ that the child will be allowed.

Sleep time/graveyard shift- CCS may allow child care hours for sleep time resulting from a parent working a graveyard shift. Child care assistance for sleep time is limited to eight hours per day. A graveyard shift consists of at least six hours of work between the hours of 6:00 p.m. and 8:00 a.m.

Looking for employment- CCS cannot approve initial eligibility for an applicant who is looking for employment. However, if a person is already receiving child care assistance and suffers a loss of employment, **30 days** of continued assistance can be granted from the last day of employment. No adjustments to the eligibility amounts shall be made during this period.

Parenting classes, therapy, counseling, etc.- In some situations, child care is needed for times when an applicant is enrolled in other activities. **In all related situations, thorough supporting documentation must be submitted prior to approving child care.**

These cases can be somewhat confusing and should be staffed with other CCS personnel before a decision is made. It is important to examine all aspects of the applicant's situation prior to determining eligibility. Serious consideration should be given to those situations that can be answered with a "yes" to the following questions:

1. Is it medically necessary for the applicant so that he/she can maintain, resume, or eventually attain employment?
2. Is it court-ordered?
3. Is it recommended by Child Protection Services in an effort to allow the applicant to maintain custody of his/her child/children?
4. Is it in the best interest for the health, well-being, or safety of the child/children?
5. Would it positively influence the ability of the family to remain intact?
6. Is there enough supporting documentation from a medical professional that indicates exactly what the issues are, the recommended course of therapy/treatment, and the expected length of the program?
7. Is there any involvement from another state agency or department?

Applicants enrolled in a chemical dependency treatment program-

South Dakota has two pregnant women/women with dependent children's chemical dependency treatment programs. The Full Circle program is located in Rapid City and is operated under Behavior Management System and the New Start program is located Sioux Falls and operated by Volunteers of America-Dakotas.

There are three levels of care offered at each facility; inpatient 45 day intensive treatment, 90 day long term low intensity services and case management services.

Child Care Services has partnered with DHS and will help pay child care while an applicant is in the 90 day long term intensity services only. The focus during this time is on teaching the client life skills, parent education, job training, GED testing, etc to transition them back to the community. During this phase the client will obtain employment and housing. Child Care Services can assist with child care during this time by funding up to 25 hours of child care per week.

Joint custody- If court-ordered joint custody exists, the hours of child care may need to be adjusted based on the applicants work schedule and the custody times/dates as stated in the court order.

Volunteer work-Child care hours cannot be allowed for hours spent volunteering services. Volunteer work is defined as, "Any service provided for which the individual does not receive a wage, salary, or other form of payment".

Maternity Leave- Child Care Services cannot approve initial eligibility for an applicant who is on maternity leave. If a recipient of child care assistance has an existing case and due to the birth of a child, is on maternity leave, **30 days** of continued assistance can be allowed beginning with the date of birth of the baby. No adjustments to the eligibility amounts shall be made during this period.

Section 9

Client Co-payment and Length of Eligibility

Co-payments- When determining the amount of assistance an applicant is eligible for, the amount shall be based on a sliding fee scale. Depending on where an applicant's income and household size falls on the scale, he/she may be required to make a co-payment or out-of-pocket expense.

Income below 100% of the Federal Poverty Level(FPL)- Households with gross monthly countable income below 100% of the FPL will not have a calculated co-payment.

Income between 100%-105% of the Federal Poverty Level- Households with gross monthly countable incomes between 100%-105% of the FPL will have a minimum calculated co-payment of \$10.00 per month.

Income above 105% of the Federal Poverty Level- Households with gross monthly countable income above 105% of the FPL will have their co-payments calculated by subtracting 105% of the FPL from their gross monthly countable income. The difference between those two figures will be amount the family is expected to pay each month.

15% cap on co-payments- In no case, will a household's co-payment exceed 15% of their calculated gross monthly income. For those households whose calculated co-payment exceeds 15% of their calculated gross monthly income, CCS will reduce the co-payment to exactly 15% of the gross monthly countable income.

Additional expenses- Expenses that are above and beyond established CCS reimbursement rates shall be the responsibility of the applicant. In no case may CCS cover additional costs for such things as transportation, supplies, field trips, registration, meals, snacks, and late fees.

Multiple child care providers- *Addition June 2012*. The monthly co-payment will go to the child care provider having the highest calculated cost of child care per month for a family.

Example 1: A family with 2 children has a monthly co-payment of \$450.00 and a child care need of 150 hours per month, per child. The first child, age 1, is at a FDC in Minnehaha County. The child care need would be $150 \times \$2.70 = \405.00 . The second child, age 3 is at a different FDC in Minnehaha County. The child care need would be $150 \times \$2.50 = \375.00 . The child with the day care need of \$405.00 would be denied assistance due to the monthly co-payment exceeding the child care need and the child with the child care need of \$375.00 would receive a certificate of eligibility.

Example 2: A family with 2 children has a monthly co-payment of \$300.00 and a child care need of 210 hours per month for a one year old child and a child care need of 87 hours per month for a school age child. During the school year, the school age child care need is calculated at $87 \text{ hours} \times \$2.75 = \$239.25$. The second child, age 1, is at a second provider is calculated at $210 \text{ hours} \times \$2.70 = \$567.00$. During the school year, the one year old child with the day care need of \$567.00 would have the monthly co-payment of \$300.00. During the summer, the school age child's day care need would increase to \$577.50 ($210 \times \2.75). The co-payment would remain with the one year old child to remain consistent with the child care need the majority of the year and to avoid issuance of multiple certificates.

In any case, the co-payment can only be given to one child care provider and can not be distributed among multiple child care providers.

Failure to make required co-payment-applicant's who fail to pay their required calculated co-payment will not be eligible to receive further assistance until the outstanding balance is paid in full or a mutually agreed upon payment plan has been accepted by the child care provider.

Length of eligibility- Eligibility can be given for up to 6 months unless it is known that the applicant will no longer meet CCS eligibility requirements prior to the end of the six month period. Assistance can be granted for a period of 12 months for applicants utilizing child care providers participating in the Head Start full day/full year program. The applicant must initially meet all CCS program requirements prior to being given 12 months of assistance.

Head Start additional information

- ◆ The applicant must have an open case with the Office of Child Support Enforcement on any absent parent to a child in the assistance household. If a case does not exist, eligibility shall be given only for 6 months and the applicant will need re-apply at the end of the initial eligibility period.
- ◆ The applicant will be required to submit a signed Authorization to Furnish and Release Information form which allows CCS, Head Start, and the child care provider to share case specific information with each other. This allows all three programs to ensure the integrity of the case without infringing upon the client's right to confidentiality. Any application missing this form shall only be granted 6 months of eligibility and the applicant will be required to re-apply at the end of the initial eligibility period.

Section 10

Continuous Eligibility

Once eligibility is established, only those changes that have a positive impact on the amount of assistance an applicant receives will be made. Changes that may have a negative impact shall be made at the time of renewal. This allows the applicant to receive pay increases or increased work hours during the course of the eligibility period without incurring a higher co-payment or losing eligibility. However, there are some situations in which the applicant may lose eligibility when program requirements are no longer being met. Those reasons are listed below:

- ◆ The applicant has failed to maintain an open case with the Office of Child Support Enforcement
- ◆ The applicant is no longer meeting the minimum work/school requirements
- ◆ The applicant has failed to pay his/her co-payment to the child care provider
- ◆ Child care is no longer needed
- ◆ The applicant requests the case be closed
- ◆ The applicant has failed to report a change of child care providers
- ◆ It is discovered that the applicant reported false information on his/her application
- ◆ The applicant is found guilty of an Intentional Program Violation(IPV)
- ◆ The child care provider is no longer eligible to receive payment from CCS
- ◆ The applicant has failed to report a move to a different geographical region
- ◆ It is discovered that the applicant is receiving assistance for child care from another program
- ◆ The applicant's spouse or parent to the child or children has moved back into the household and is not meeting the minimum work/school requirements
- ◆ After loss of employment, the applicant or other countable adult household member fails to re-establish employment within 30 days of the date of last employment

Continued assistance due to job loss- CCS may grant continued assistance to clients who incur a loss of employment while receiving assistance benefits. The client may only allowed continued assistance one time within each ½ calendar year period consisting of the time frames January 1 through June 30 and July 1 through December 31. Continued assistance may not exceed 30 consecutive days from the date of last employment.

Changes – Changes must be reported by the client in writing and must be submitted to CCS within **10** days of the date of the change. All changes in child care provider arrangements must be reported in writing within 10 days of the change. The changes may be in the form of fax, e-mail, or hand-written letter. Changes of employment or income shall require documentation prior to the change being made. Copies of pay stubs or a signed wage verification form from the employer are the only forms of verification that will be accepted when reporting job related changes.

Continuous eligibility- Changes that adversely affect the client's level of assistance will be made at the time of renewal only. Changes that positively affect the client's level of assistance will be made effective immediately upon receipt of the change.

Examples:

- Client reports a \$1.00 per hour pay-raise in March. The client has existing CCS eligibility through the end of May with a \$60.00 co-payment. No change will be made to the current case as the income increase would cause the client's co-payment to go higher-an adverse affect to the client. Thus, the increased income shall not be considered until the time of renewal.

- A newborn child is added to an existing case and the father of that child only, is in the household. The applicant will be required to submit documentation of the father's work/school status to verify that he is meeting the minimum work/school requirements. If employed, his income will not be countable until the time of renewal. If not meeting the minimum work/school requirements, the applicant shall be granted 30 days of continued assistance to supply verification of the father's work/school. If not received within the 30 days, the case shall be closed. However, the newborn child may be added to the case during the 30-day period.
- Client reports that her work hours have gone from 40 hours per week down to 25 hours per week and the client has a co-payment based on CCS income calculation at the time of the client's application. Since the decrease of earnings will decrease the client's co-payment, eligibility can be adjusted so that the co-payment is lowered.
 - With the decrease in work hours, the hours allowed for child care may also be reduced as the client would no longer need 40 hours worth of child care hours if he/she is only working 25 hours.
 - Consideration should also be given to other household income when re-determining eligibility such as child support, income of another countable household member, or other unearned income.
- Client reports that her job has ended on April 1 due to termination. The client has CCS eligibility approved through June 30. CCS can allow the client's case to remain open until May 1 or 30 days from the date of last employment. If verification of the new employment is submitted to CCS by May 1, the eligibility can be re-determined through the original expiration date of the certificate. CCS shall not re-determine eligibility within the 30 day time period in which the client has to find new employment.

Over Issuance Procedures - Child Care Services requires recipients of child care assistance to report a change in circumstances (job change, income change, new address, new household members or marital status, etc.) in writing, within ten (10) days of the change. If a change is reported within the required time frame, CCS offers continuous eligibility. Only those changes that have a positive impact on the amount of assistance received are made. Changes that have a negative impact are made at the time of renewal.

CCS will continue to require families to report all changes. When a recipient reports a change, the caseworker will follow-up with a letter to the recipient to explain how the case changes may affect their eligibility at renewal time, therefore preparing them for possible changes to their level of assistance.

If the recipient reports a job loss, the caseworker will provide consultation regarding resources for identified needs as well as determine the need for continued assistance. The recipient will be allowed 30 days from the last date of employment for job search. Within the 30 days allowed, the recipient will need to provide Child Care Services with verification of new employment and that they are meeting program requirements. If verification is received that the recipient is meeting the program requirements, the certificate can remain opened until its original end date. If no verification is received or if it is verified that the recipient is not meeting the program requirements, the certificate will close on the 30 day. No more than 30 days will be allowed for job search.

Section 11

Child Care Provider Requirements

Reimbursement of child care costs are made directly to providers qualified under CCS guidelines. The eligible provider types are listed below:

Registered

- **Family Day Care**-is registered with standards as established by CCS and provides care for up to a maximum of 12 children.
- **Family Child Infant/Toddler Homes(a.k.a. Specialized Provider)**- is registered with standards as established by CCS and provides care for up to a maximum of 6 children.

Licensed

- **Group Family Day Care**- is fully licensed to provide care for 13 to 20 children.
- **Day Care Center**- is fully licensed to provide care for 21 or more children.

In-process- providers that have submitted their applications to become registered or licensed will have 120 days to complete the process. In-process providers are eligible to receive reimbursement from CCS. The application process begins the day the application is received by CCS.

Unregulated or Legally Exempt

- **In-home**- provides care in the applicant's home for the applicant's children only.
- **Informal**- care is provided in the provider's own home and only for the applicant's children.
- **Relative**- a relative to the child as defined in Section 1 and may provide care in his/her own home or in the applicant's home.
***Non-resident siblings must maintain a separate residence, but may provide care in their own home or the applicant's home.
***A relative providing care for other children that do not fall within the relation requirements shall be considered the same as an unregistered Family Day Care provider.

Unregulated child care providers must meet minimum program requirements in order to be eligible for reimbursement. The requirements are as follows:

- (1) Be at least 18 years old;
- (2) Have completed, signed, and returned to the department the health and safety checklist provided by the department;
***Both the provider and the applicant will be required to sign the completed form so that both parties are aware of any unfulfilled safety standards in the place where child care is being provided. It will not be the requirement of CCS to monitor nor take any responsibility for situations resulting in unfulfilled safety standards. Since both parties will have been made aware of potential problems, their signatures acknowledge that they have been made aware of the safety inadequacies and will take total responsibility for any incidents arising from unfulfilled safety standards.
- (3) Have completed, signed, and returned to the department the form that verifies the children in care meet the Department of Health's immunization standards;
- (4) Except for a relative provider or a sibling who is an informal provider, have completed and returned to the department a request for a central registry screening for child abuse and neglect under the provisions of chapter 67:14:39. If the screening results in a finding of child abuse or neglect, the provider is ineligible to receive reimbursement under this article. If an individual wishes to contest the findings, they will be referred to Child Protection Services for the due process of trying to have their name removed from the Central Registry Screening;

- (5) Except for a relative provider, reside separately from the family receiving child care assistance;
- (6) Have completed, signed, and returned to the department an Internal Revenue Service W-9 form; and
- (7) Have completed, signed, and returned to the department the form that certifies the provider has read the provider manual, has shared the information concerning child immunizations with the parents, is at least 18 years old, and is providing child care services only for the children from one particular family.

Once an unregulated provider is indicated on the application or by a client reporting a change of providers to an unregulated provider, CCS will send the Unregulated Provider Letter to the provider and a copy of that letter to the client. The letter outlines the requirements of the provider and the time frame in which the provider has to submit the required forms. The Unregulated Provider Manual will also be sent to the provider. The manual contains the necessary forms for completion by the provider.

The provider has **10 days** from the date of the letter to submit the Authorization Form/Self Declaration Form, Home Health and Safety checklist, and the IRS W-9 Request for Taxpayer Id Form. Within **30 days** of the date of the letter, the provider must submit the Immunization Verification Form and the Request for Central Registry Screening Form.

Fair Labor Standards Act(FLSA)- For child care providers doing care in the applicant's home, notification of the FLSA shall be given in the Unregulated Provider Letter that is sent with the Unregulated Provider Manual. The FLSA informs the applicant and the provider that if care is provided in the applicant's home, the applicant is legally responsible to ensure the provider is being paid minimum wage as the provider is legally considered an employee of the applicant.

Out of state providers- In some situations, an applicant's child care provider resides in another state. This occurs most frequently when the applicant resides in a city close to the state boarder.

- ◆ Unregulated providers will be required to meet the same criteria as unregulated providers residing in the state of South Dakota.
- ◆ Licensed/registered providers must be in compliance with their state's licensing requirements. The applicant will be required to submit a copy of a valid child care license/certification from the provider's state of residence.

Provider Over Payments-Child Care Services receives a monthly over issuance report. This report indicates certificates that have paid out over 100% of the authorized monthly amount. The senior claims clerk researches this report each month and determines the cause of the over payment. If the amount is less than \$50.00, no collection action is taken. However, if the amount is greater than \$50.00, the child care provider will receive a letter noting the cause of the over payment along with a repayment plan.

Section 12

Cooperation with the Division of Child Support (DCS)

Within six months of initial child care eligibility, the applicant shall be required to complete an application for enforcement services with DCS on all children under the age of 18 who reside in the household. Once a case has been established, the applicant must cooperate with DCS in keeping the case open and maintained.

In some cases, **good cause** may exist for not having an open case with DCS. They are as follows:

- **Absent parent is deceased-** In these situations, follow-up should be done to determine if the surviving children or spouse are receiving Social Security Survivor's benefits.
- **Social Security received in lieu of child support-** If an absent parent is disabled, often times the dependent children will qualify for Social Security benefits based on the parent's disability. If the children are receiving these benefits, DCS will not open a case as the benefits generally exceed the child support order.
- **Jurisdiction-** In some cases, DCS does not have jurisdiction to pursue child support from the absent parent. When the absent parent resides on a reservation or in another country, DCS will not actively pursue child support as it has no legal authority to do so.
- **Absent parent in jail-** In situations where the absent parent is incarcerated for an extended period of time, an DCS case does not need to be opened as no support will be collected. If the applicant can supply documentation of the absent parent's release date, the DCS requirement can be waived until such time of release.
- **Absent parent poses a threat-** If the absent parent poses a physical threat to the applicant or the applicant's children, a case with DCS does not need to be opened. In these situations, the applicant shall be required to provide documentation. Generally, copies of protection orders, support letters from a domestic abuse counselor, information from Child Protection Services, etc. shall be sufficient documentation.
- **Absent parent is unknown-** If the applicant does not know who the absent parent is, they must still attempt to open a case with DCS as a minimum effort to establish paternity. If the child was conceived due to rape, molestation, or incest, the applicant will need to provide a signed statement attesting to such and will not be required to open a case with DCS.
- **Child support is received from another state-** If the applicant claims that support is being received through another state's DCS agency, they will be required to submit documentation of all child support received in the six months prior to their child care assistance application being received.
- **Genetic testing excludes alleged father-** When an alleged absent parent is excluded due to genetic testing, the applicant must provide DCS with the name of another potential absent parent.
- **Artificial insemination-** No case can be opened. However, the applicant must supply medical documentation to verify the child was received through artificial insemination.
- **Joint Custody-** If the applicant claims that court-ordered joint custody exists, they must supply a copy of a court order as verification. If no support is ordered, the applicant shall not be required to open a case with DCS. If court documentation is not available and the arrangement is just between the parents, the applicant will still need to open a case with DCS.

- **Support received through Amerikids-** If support is being collected through Amerikids, good cause can be allowed as long as the support is being received. However, the applicant will be required to provide verification of all support received in the six months prior to application. CCS will count 100% of the amount collected and not the amount paid to the applicant as Amerikids charges a % fee on the amount collected.
- **Adoption-** If the child was adopted by a single parent, no DCS case can be opened. However if a couple adopts a child and subsequently separates, the DCS case will need to be opened against the absent adoptive parent as he or she has legally become the child's parent.

Collection cases-vs-“Z” cases - All open collection cases shall be considered as “cooperating with DCS”. However, DCS also has cases called “Z cases”. In these cases, the absent parent has been court-ordered to make child support payments to DCS. However, these cases are not collection cases and DCS will not pursue collection if not paid. “Z cases” can be considered as “cooperating” only if the monthly obligated child support payments are being made through DCS. If consistent monthly payments have not been made under the “Z case”, the applicant must contact DCS and open a collection cases.

Section 13

Confidentiality

Child Care Services is bound by specific laws and regulations regarding confidentiality as explained under the follow South Dakota Codified Law:

SDCL 28-1-29- Public Assistance records confidential—Exceptions. All applications and records concerning any applicant for, or recipient of, public assistance provided under the laws of this state through the Department of Social Services shall be confidential except:

1. For inspection by persons duly authorized by this state or the United States in connection with their official duties;
2. For the purpose of fair hearings provided by law.

Release of Information Form- Specific case information may be shared with child care programs and child care providers if an authorization to furnish and release information form is signed by the applicant and the child care provider and submitted to CCS. The form allows CCS to share case eligibility information with the child care provider. This information shall be limited to case specific information regarding eligibility determination and factors on how eligibility was determined.

Section 14

Household Composition

The following household members and their incomes shall be countable when determining eligibility:

- The applicant
- The applicant's spouse
- The applicant's children under age 18
- The applicant's children if age 18 and still in high school
- The applicant's children if under age 20 and considered special needs
- The parent to any of the applicant's children if residing in the same residence as the applicant
- Children for whom the applicant is exercising parental control if the applicant has submitted a signed statement from the child's parent(s) giving the applicant parental control or provided court documentation giving parental control to the applicant

Additional Information

- If the applicant and the applicant's spouse or parent to the applicant's child(ren) are separated due to work or school purposes, both must be meeting the minimum work/school requirement and the incomes of both shall be countable. These situations are most common with military families and post-secondary school situations.
- If a minor child has a child, the minor child shall be considered the applicant and must meet the minimum work/school requirements.
- A spouse to the applicant must be counted in the household composition even if he or she is not the biological parent to any of the children.
- The children for whom the applicant is claiming to have parental control over **cannot** be counted as a household member unless the applicant has provided a signed statement from the child's parent(s) giving the applicant parental control over the child. Court documents will also work as verification in these situations.
- If a household member is incarcerated at the time of application and the incarceration is expected to last at least 30 consecutive days, the individual shall not be counted in the household composition.
- If an incarcerated household member is on work release and is contributing income to the household, the individual shall be counted in the household composition along with his/her income.
- If the applicant and the applicant's spouse or parent to the applicant's child(ren) are separated due to deportation, we would not look at this individual as a household member if the individual is not working and cannot financially contribute to the household. This is the case in most instances. However, if they have been deported and are working and can contribute financially to the household, the spouse or parent to the child would be considered a member of the household and their income would be calculated to determine eligibility.

Section 15

Subsidized Adoptions & Guardianship through the State of SD

In some situations, a Foster Parent will adopt or receive guardianship of a child through the South Dakota Department of Social Services, Office Child Protection Services (CPS). In these cases, assistance can be continued/granted for the child/children without consideration to the adoptive/guardian parent's income when calculating eligibility. Thus, the adoptive/guardian parent will never have a calculated co-payment. If the child care provider charges more than what CCS can reimburse, the adoptive/guardian parent shall be 100% responsible for the difference.

Verification of adoption- If an application is received and indicates the child was adopted through the State of South Dakota, CCS staff can e-mail staff in CPS to verify the adoption.

Verification of guardianship- If an application is received and the applicant indicates they have guardianship of the child through the State of South Dakota, CCS staff can e-mail staff in CPS to verify the guardianship.

Currently, there are three reservations that the State of South Dakota has CPS contracts with. They are the Crow Creek Indian Reservation, Standing Rock Indian Reservation and the Sisseton-Wahpeton Indian Reservation. If a child has been adopted through one of the above Indian Reservations, we must verify that the adoption is a IV-E subsidized adoption through the State of South Dakota. If this criteria is met, assistance can also be continued/granted for an adoptive child without considering the adoptive parent's income.

***These cases are treated the same as the regular Child Care Assistance applicants in regard to the eligibility start date, provider requirements, and the work/school requirements as previously established in this manual. The only exception is that the adoptive parent's income shall not be counted when determining eligibility.

- Exemption of the adoptive parent's income only applies to children that have been adopted through the South Dakota Department of Social Services.
- The adoptive parent(s) and child(ren) must reside in South Dakota.
- The adoption must be through the South Dakota Department of Social Services-Office of Child Protection Services.
- The adoptive parent(s) must meet the minimum work/school requirements as established by CCS.
- The child care provider must meet the requirements as established by CCS.
- Eligibility shall be discontinued if the adoptive parent(s) move to another state.
- If a child is adopted through another state or a private agency, the income of the adoptive parent(s) shall be countable when determining eligibility.
- Adoptive parent(s) are not required to open a case with DCS against the biological parents of the child.
- Child care hours shall be calculated based on the lesser of the adoptive parent's work/school schedules.
- The adoptive child must meet the age requirements as established by CCS.
- Should the adoptive parents divorce or separate, the custodial parent will be required to open and maintain a collection case with DCS against the absent adoptive parent as he/she is legally considered to be the child's parent.
- If a child in State custody is adopted by another family within South Dakota the new adoptive family will also be eligible for child care subsidy. Income will not be counted.
- If an adoptive parent moves out of state, the child care subsidy does not follow the child. The family will need to seek services available in that state.

Section 16

Foster Care

Foster care applications are handled in much the same way as other applicants with the following exceptions:

- Eligibility can be backdated for a period of 90 days prior to receipt of the application.
- Income of the foster parents is not considered.
- There are no minimum work requirements for foster parents. However, eligibility can only be given for times when foster parents are working or going to school.
- Use of In-home, Informal, and Relative providers must be approved by the CPS Social Worker.
- The State of South Dakota, tribe, or other licensed agency must have legal custody of the child.

Foster children in the custody of the State of SD, CPS who are placed with a foster family not residing in SD-In some situations, it is necessary to place a child who is in the custody of the State of South Dakota, Child Protection Services with a family that is not residing in the State of South Dakota. Because these children are in the State of South Dakota's custody and considered residents of South Dakota, CCS can help with child care assistance.

- The foster parent(s) must be meeting the work/school requirements as established by CCS.
- The child care provider must meet the requirements as established by CCS.
- Eligibility shall be discontinued once the children are adopted, child care subsidy will not follow. The family will need to seek services available in that state.

Section 17

Military Families

Receipt of living allowances- income received for living allowance(s) is countable against the household income eligibility (housing, utility allowances, etc).

Military families being deployed in times of declared war.-Situations may arise where a military family may be called to active duty during times of declared war and will need to leave their children with friends or relatives.

In these situations, CCS shall disregard the income of the family who has accepted parental control of the children when determining eligibility. However, all other program requirements regarding minimum work, school, and child care provider requirements shall be applicable.

- The applicant shall not be required to open a case with the Office of Child Support Enforcement (DCS) against the absent parent(s) who are in active duty.
- The situation must be one resulting from an official declaration of war made by the President of the United States.
- Documentation must be submitted to verify that the parent is being deployed to serve in a military operation resulting from a declared act of war.
- The income of the parent(s) shall be countable.
- Unearned income of the child shall be countable.
- The adult exercising parental control shall be responsible for providing income verification of child's parent(s)
- The applicant must supply written documentation that parental control authority.
- The applicant and children must reside in South Dakota.

Section 18

Children with Special Needs

Some situations may arise where the client is requesting a higher rate of reimbursement for the child care provider due to a child having special needs that require enhanced services in order to meet the child's needs. **The higher rate of reimbursement is intended to help off-set any additional expenses the child care provider may incur while providing suitable care for the child.**

When the higher rate is requested-

- CCS will require the parent (as explained in rule 67:47:01:04) to submit documentation from a physician, physician's assistant, nurse practitioner, psychologist, psychiatric social worker, special education teacher, physical or occupational therapist, or social worker which attests to the child's incapacity and documents the need for special accommodations. **If the provider will be required to perform duties as directed by the medical professionals, the documentation must specify and outline those duties.**
- If the documentation warrants further consideration, CCS will send a questionnaire to the child care provider. The questions are designed for the child care provider to inform CCS as to the enhanced services the child is receiving.
- CCS will allow the provider 10 working days in which to submit the completed questionnaire. If it not received by the due date, CCS will process the application using the current program reimbursement rates.
- If the questionnaire does not show that the provider is experiencing undue financial hardship as a result of providing care for the child or if it appears that the services provided do not warrant a higher rate of reimbursement, CCS will determine eligibility based on current program reimbursement rates.
- A follow-up letter should be sent to the child care provider explaining that the information he/she provided does not warrant the higher rate of reimbursement.

In some instances, a higher rate for the care of a child with special needs can be negotiated.

Section 19

Parental Control

When determining eligibility for an applicant exercising parental control of a child the following process shall be followed.

Non-Relative Parental Control – When determining eligibility consider the child’s unearned income and the income of the adult exercising parental control and the spouse of the adult exercising parental control. Within six months of initial child care eligibility, the adult exercising parental control shall be required to open and maintain an active case with the Office of Child Support Enforcement (DCS) on the absent parent(s). **Per DCS rule, in order to participate in their program a court custody order must be established concerning the child that which services are requested.**

Relative Parental Control – When determining eligibility concerning a relative the following process shall be applied.

- When a relative exercising parental control applies for CCA and the child has an existing 0-Plus TANF case all earned and unearned income of the household shall not be included when determining eligibility.
- If the applicant does not have an existing 0-Plus TANF case CCS shall determine eligibility based on the same criteria used when determining eligibility for TANF. The applicant can meet the 0-Plus criteria without actual participation in the TANF program. However, the applicant shall be required to open and maintain an active case with DCS on the absent parent(s) within the initial six months of eligibility. **Keep in mind that the applicant shall be required to obtain a court custody order stating that they have custody of the child that they are requesting Child Support Enforcement services for. In many cases the applicant does not have the financial resources to complete this process. The applicant should be encouraged to participate with the TANF program or seek the services of their local legal aid office to obtain a custody order.**

A specific degree of relationship must be established between the applicant and the child. Documentation supporting the relative relationship will need to be submitted. The degree of acceptable relationship will be based on the same criteria used when determining eligibility for a 0-Plus TANF case. Acceptable degrees of relationship are as follows:

- 1) Siblings, uncle, aunt, first cousin, nephew, or niece, including those of half blood; a relative of the preceding generation denoted by prefixes of grand, great, or great-great; first cousin once removed; and great-great-great grandparent.
- 2) A person who achieved the degree of relationship specified in subdivision (1) by the process of legal adoption.
- 3) Spouses of any of the relatives specified in subdivisions (1) or (2) of this section, even though the marriage is terminated by death or divorce.
- 4) Any of the individuals listed in subdivisions (1), (2), or (3) who have a step relationship with the child, even though the marriage is terminated by death or divorce.

Section 20

Child Care Assistance for Children with Special Service Needs

This program is specially designed to meet the needs of families who are experiencing special challenges in obtaining affordable child care. These families often do not meet the eligibility requirements of the regular child care assistance program. The overall goal of this program is to offer affordable child care that helps families maintain employment.

Requirements- The applicant must be working a minimum of 80 hours per month and earning the equivalent of federal minimum wage. A combination of actual work and school hours must be a minimum of 80 hours per month. Work requirements can be waived for students in internships, technical institutes, practice teaching, etc... as long as the activity equals 80 hours per month. High school students and students working towards their GED do not have minimum work requirements.

- A maximum of 210 hours per month of child care assistance can be authorized. Hours are based on parent work schedule.
- Child care assistance is not available for individuals in educational programs beyond a bachelor's degree or for training seminars.
- Applicants must demonstrate cooperation with the Office of Child Support Enforcement.
- Co-payments are capped at 10% of gross monthly income.
- CCS allows a 20% deduction from all earned and unearned income.
- Child Care Services will help pay for the care of the child who has special service needs.

Child Care Provider Selection-Families must use registered or licensed child care providers or an unregulated provider that has met certain requirements. If a non-regulated child care provider is requested, the family must document that regulated child care is not available or inappropriate for the child at the current time. Families may use more than one provider.

Provider Types:

Regulated providers - are licensed or registered with the Office of Child Care Services. These can include family day care and group family day care programs or day care centers.

Non-regulated providers include the following categories:

- **Relative providers** - must be an aunt/uncle, grandparent, great-grandparent, or non-resident sibling of the child.
- **In-Home providers** – provide care in the family home for the children of one family.
- **Informal care providers** - are family friends or neighbors who provide care only for one family.

Note: All providers must be at least 18 years of age and maintain a separate residence (except aunts/uncles, grandparents or great-grandparents).

Child Care Provider Reimbursement Rate- In some situations a higher rate of provider reimbursement can be approved. In addition, other resources such as grants for purchase of specialized equipment, etc. may be available. Guidelines are as follows:

1. If there are any additional expenses that the child care provider may incur while providing care to a child, such as:
 - a. Hiring an additional staff specifically for the child with specialized needs.
 - b. If the provider reduces the numbers of children enrolled in their child care in order to better meet the needs of the child with special service needs.
 - c. If the child care provider needs to purchase special equipment for the child with special service needs.
 - d. To help pay for specialized training that the provider or the staff may take that is related to the care of the child with special service needs.
 - e. If a child care provider needs to make any structural changes to the facility to better serve the child with special service needs.

2. If requesting reimbursement rates that are higher than the established child care assistance rates, child care providers will be required to submit documentation as to any special accommodations they are making for the day-to-day care of the child.

Other Information-

- A total of 15 slots are available statewide at any given time.

- As indicated on the Child Care Services application, families must submit written documentation from a physician, physician assistant, nurse practitioner, psychologist, or psychiatric social worker, special educator, physical therapist, or occupational therapist which will attest to the child's limited abilities and need for special accommodations.

Section 21

Closure, Revocation or Suspension of a Childcare Provider

When a childcare provider closes, is revoked or suspended, the licensing staff will e-mail the claims processing clerk and the child care assistance caseworker. The e-mail is to include the information that the provider's status is changing and the date the status change is to take effect.

- The caseworker will check the system to see if the provider has any families on assistance.
- If the provider does have families on assistance in care, the caseworker will send letters to those families stating that the provider is no longer eligible to receive payment. The claims processing clerk will change the status and status date (date licensing worker provided) when the last payment has been made.
- If a childcare provider's license is revoked or suspended, the provider is not eligible for payment from our program beginning the day after the license is revoked or suspended. A letter informing the families who are currently using this provider must go out immediately informing them of this. The families will also be informed that they have ten working days to find another provider who is eligible for reimbursement from our program.
- If the provider does not have any assistance families in care, the caseworker will let the claims processing clerk know that it is ok to change the status and the status date on the SW24 right away.
- Licensing staff will not change the status on the SW24 system because the provider may still need to be paid.
- The claims processing clerk is responsible to close out the provider on the SW24 system once all the payments have been made to the child care provider.

Section 22

Market Rate Survey

The Child Care and Development Fund (CCDF) is administered through the Department of Social Services, Division of Child Care Services. In order to receive funding, all states must submit a comprehensive State Plan every two years. In addition, to ensure that child care payments reflect the price of care in local markets, CCDF regulations require a biennial market rate survey conducted no earlier than two years prior to the effective date of the currently approved State plan [45 CFR 98.43(b)(2) and 98.16(I)]. The CCDF regulations require states to certify that the payment rates for the provision of child care services are sufficient to ensure families receiving child care assistance have equal access to comparable care purchased by private-paying parents.

The Division of Child Care Services, in cooperation with the Department of Labor, Labor Market Information Center conducts the market rate survey prior to the submission of the State Plan. Data from the market rate survey is critical in determining what level of payment might provide equal access to services. Other factors can be considered when establishing rates such as type of provider, geographic location, age of children and available funding.

When child care providers receive reimbursements in line with the most current MRS, families can access a wider range of child care options. If the reimbursement rates are too low, providers are less likely to serve families receiving assistance which can reduce the supply of care available for those most at risk. The closer a family is to poverty, the lower the family's income, the greater the burden of paying child care becomes. Therefore, the more critical it is to pay rates that ensure accessibility. When an adequate supply of affordable childcare is available, parents can work, employers can fill jobs and people can move off of welfare.

Section 23

TANF Cases

The TANF Application -Child Care Services implemented a simplified application process for TANF recipients. This application eliminates the need for the Child Care caseworker to request school schedules, work schedules, pay stubs, etc. The Employment Specialists are able to request child care hours to fit the applicants needs within Child Care program guidelines.

Child Care Services can only cover actual hours of care provided during the times the recipient is participating in an approved activity. This can include time spent in class, break time between classes and travel time. TANF recipients who are in deferral status are not eligible for TANF but may be eligible under the regular child care assistance program.

TANF applications should be used when a parent is participating in an approved TANF activity. The front page of the TANF application must be completed and signed by the Employment Specialist. The back page of the application must be completed and signed by the applicant.

Child care assistance can be approved during the cooperation period. For recipients who are in the cooperation period, a short certificate will be issued until the end of the cooperation period as determined by the Employment Specialist. Once the cooperation period is completed, the Employment Specialist or recipient may contact Child Care Services by phone or e-mail and the certificate can be extended to the full three months of eligibility. **A new application is not needed at the end of the cooperation period.**

The TANF Memorandum of Understanding(MOU)-Periodically child care providers charge weekly rates that exceed Child Care Services maximum hourly rates. As a result, TANF recipients incur out-of-pocket child care expenses which may inhibit an individual's ability to participate in the TANF program.

The Child Care TANF Memorandum of Understanding is available to child care providers who care for the children of families receiving TANF benefits. Eligible families are in an approved TANF activity and are attending a registered or licensed child care program. Families will receive a child care certificate authorizing care for 45 hours per week. Child care providers will be reimbursed the maximum rate as per most recent market rate survey; or the weekly rate as established by the child care program, whichever is the lesser of the two. Weeks when the child is present less than 45 hours, the program is allowed to bill Child Care Services for the 45 hours **or** the weekly rate, whichever is less.

Example:

Child Care Program "A" in Minnehaha Co. charges \$135 per week for infant care. $\$3.50^* \times 45 \text{ hours} = \157.50 . In this scenario the provider would be paid \$135.

Child Care Program "B" in Codington County charges \$120.00 per week for infant care. $\$2.25^* \times 45 \text{ hours} = \101.25 . In this scenario, the provider would be paid \$101.25.

**Established CCS reimbursement rate.*

In some instances the weekly rate established by the child care provider will be more than the maximum rates that Child Care Services can reimburse. In these situations the child care program will need to determine if they can accept the rates as described above.

Child care certificates for the TANF Child Care Reimbursement program will begin on the day the child/children begin attending the child care program and will be prorated at 9 hours per day, Monday through Friday at the maximum hourly rate or the prorated weekly flat fee, whichever is less.

For example: If a child begins care on a Wednesday, the child care program will not be eligible for the full 45 hours or the full weekly fee. Child Care Services will reimburse the provider for 3 days at 9 hours per day times the maximum hourly rate or the flat fee prorated at 3 days, whichever is less.

The child care provider must accept the CCS reimbursement as the full payment and can not pass any additional costs onto the TANF family. Child Care Services will pay for up to five consecutive absent days. Absences in excess of five consecutive days will not be reimbursed by Child Care Services. The daily fee will only be paid through the fifth absent day. The child care provider must agree to notify Child Care Services of excessive absences or irregular child care usage immediately. When CCS is notified, the TANF recipients child care certificate will close effective immediately or on the date the fifth consecutive absent day occurred.

TANF Sanctions-When a TANF recipient is 50% sanctioned, child care assistance can remain in place as the TANF recipient is still in an approved activity. When a TANF recipient is 100% sanctioned, child care assistance can no longer continue as the TANF recipient is no longer in an approved activity. The Employment Specialist should notify the child care caseworker when the TANF recipient receives a 100% sanction. This process allows the child care caseworker to send a notice to the family and child care provider and avoid an overissuance.

The TCC (Transitional Child Care) Application-A family who becomes prospectively ineligible for TANF may be eligible for TCC child care if the family was receiving TANF in the immediately preceding month but becomes prospectively ineligible because of increased income from child support, earnings, or increased hours of employment. TCC child care is available for working families and there is not minimum work requirement. If a recipient is working and/or attending school, they will not be eligible for TCC child care benefits but may be eligible under the child care regular block grant.

The TCC application must be completed by the TANF recipient who is transitioning off of TANF. TCC recipients are not eligible for the TANF MOU and may have a monthly co-payment (a percentage of child care they are responsible to pay based on their income) as well as additional fees not reimbursed by the Child Care Assistance Program.

Two Parent Household-CCS cannot approve child care assistance for children whom are not TANF eligible under the TANF program. In addition, these children will not be eligible for reimbursement under the TANF MOU program.

Applicants can apply using a regular child care assistance application. The application is processed under the TNB (two-parent household) source fund. The parent who is not in an approved TANF activity must be meeting the minimum work and/or school requirements. Assistance will only be allowed for the times during which both parent are in an approved activity, working or in school.

When determining the household's income eligibility, the following income will need to be considered:

Earned income-Income in cash or in kind, before deductions, earned by an applicant or other countable adult household member through the receipt of wages, salary, commissions, tips, bonuses, or fees; or for a self-employed individual, that income remaining after deducting allowable business expenses.

Unearned income-Monies received for which a person does not perform a service. Countable unearned income includes, but is not limited to: TANF, pensions, VA benefits, alimony, retirement, child support, back child support, Social Security (SSA), interest income, insurance settlements, lease income, worker's compensation, lottery winnings, inheritance, investment earnings, and unemployment compensation.

*****Types of NON-COUNTABLE income include, but are not limited to: student financial aid(grants, loans, scholarships), GI Bill, utility allowance, foster care payments, SSI disability, VA disability, Earned Income Tax Credits, and IRS tax refunds.**

If the parent who is in an approved activity for TANF is receiving income from the approved work activity, this income is **not** counted while the recipient is eligible for the TANF grant. The income would only be considered when the recipient's TANF cases closes.

Section 24

Homeless Children and Families

Children and families who experience homelessness face many challenges. CCS has implemented policies to make it easier for these vulnerable families to access child care. Child Care Services recognizes the McKinney-Vento Act definition of homeless. Under the McKinney-Vento Act, homeless is defined as follows:

The term homeless means an individual who lacks a fixed, regular, and adequate nighttime residence; and includes individuals who;

- Share the housing of other persons due to loss of housing, economic hardship, or a similar reason; are living in motels, hotels, trailer parks or camping grounds due to the lack of alternative accommodations; are living in emergency or transitional shelters; are abandoned in hospitals or awaiting foster care placement;
- Have a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodations for human beings;
- Live in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings; and
- Are migratory and live in any of the circumstances as described above.

When an application for child care assistance is received and the applicant indicates they are homeless, the application is given priority and reviewed promptly by the caseworker.

- The applicant indicates that they would like a referral to resources available in their community. The caseworker will contact the applicant and discuss the programs that are available. These can be found on the P:Drive/Division of Economic Assistance/Resource Directories. The caseworker will follow-up by sending information on resources to the applicant.
- If the application is missing any of the required verifiable documentations, the CCS caseworker will make contact with the appropriate entities to obtain the information. If verification is obtained, a certificate can be issued for the full certification period.
- If the information cannot be obtained or verified within 2 working days, eligibility will be determined based on the information that the applicant has provided and a certificate will be issued for 30 days. The recipient will be given 30 days to provide verification of work and/or school to make an accurate determination of eligibility. If an applicant is found to be eligible when verifications are received, a new certificate will be issued with the new eligibility determination amounts. The new certificate will be issued for the remainder of the certification period.

Section 25

Reportable Changes

(Effective 9-30-16)

The following changes must be reported to Child Care Services in WRITING and postmarked within 10 days of the date of the change: non-temporary change in employment or school status , change in provider, address change, or if the household monthly gross income exceeds the maximum State Median Income.

South Dakota will terminate assistance prior to the end of the 12 months certification period if a parent has a non-temporary loss of work or cessation of attendance at a job training or education program. The circumstances considered to be non-temporary include but are not limited to: a job quit or termination, job ending due to the closing of a business, graduating from an educational or training program or if no longer participating in a TANF approved activity.

For non-temporary changes in employment or school, a period of continued child care assistance for a maximum of 3 months to allow parents to engage in job search, resume work, or attend an education or training program as soon as possible will be allowed.

South Dakota will allow continued care if during the 12 month certification period a parent had a temporary loss of work or cessation of attendance at a job training or education program. The circumstances considered to be temporary include but are not limited to: absence from employment due to maternity or extended medical leave, changes in seasonal work schedule or if a parent is enrolled in training or educational program and is temporarily not attending class between semesters.

Section 26

Resource Information for Parents

Child care assistance families are provided information at initial approval about various programs available through South Dakota agencies. A cover letter is sent to each family with a document on the Department of Social Services' programs, including Medicaid/CHIP and *Well Child Care*, South Dakota's Early Periodic Screening, Diagnosis & Treatment program as well as other developmental screening programs available to families. An assortment of brochures and pamphlets with information on some of these programs is also enclosed.

Parents are encouraged to call if they have additional questions. If a parent calls with questions or does not have access to the internet, the caseworkers will offer to make a referral to appropriate agencies or if requested, will print the available information for the programs of interest and mail to the parent.

Similar information will be provided to each provider that is receiving CCDF. This will be done annually and sent out with the provider agreement for child care assistance.