

Par.1. **Material Transmitted and Purpose** – Transmitted with this Manual Letter are changes to Service Chapter 400-28 – Child Care Assistance Program (CCAP). This manual letter also incorporates changes made with:

- Amended IM 5192 Standardized EAP Self-Employment
- IM 5232 Three Affiliated Tribes People's Fund Distribution

Par. 2. **Effective Date** – Changes included in this manual letter are effective 05/01/2015 unless otherwise indicated. For ongoing cases the changes must be made at the next certification review.

Definitions 400-28-05

1. **400-28-05** – Definitions. Added a definition of an accelerated degree program in reference to policy at 400-28-80-10. Added a definition of a school age child schedules and what should be included in reference to policy at 400-28-85-10, 400-28-85-10-10 and 400-28-135-10. Updated the definition of self-employment as a result of the standardized EAP Self-Employment Policy. This supersedes AMENDED IM 5192 which was effective January 1, 2014.

Accelerated Degree Program – A degree program that typically includes condensed classes that may be completed more quickly than standard classes.

School age child schedule – Schedule of a school age child that includes the yearly school calendar, including holidays, and the daily hours of school attendance.

Self-Employment – Employment where people work for themselves rather than an employer. ~~are responsible for their own work schedule, do not have taxes or FICA withheld by an employer, and do not have coverage under an employer's liability or Workforce Safety and Insurance~~

Self-employed individuals:

1. Earn the income directly from a business or trade, not from wages or salary from an employer.

2. Are responsible for the payment of entire Social Security and Federal withholding taxes. [If an employee, the employer would pay half of their Social Security Tax and withhold federal income tax from the employee's salary.]
3. File self-employment tax forms, however, not all individuals file tax forms.

Household Composition 400-28-35

2. **400-28-35-05** – Child Care Assistance Unit. Added or removed punctuation where necessary. Removed disqualified individuals due to an IPV are excluded from the household and removed the note. Individuals who are disqualified from CCAP due to an IPV are no longer eligible to receive CCAP unless they are receiving assistance through a federal or state funded program (TANF, Transition, Diversion, or Crossroads).

Child Care Assistance Unit 400-28-35-05

The household must include the child(ren) for whom assistance is being requested and the following individuals residing in the home:

- The natural, adoptive or stepparent(s)
- All siblings, (including half and step-siblings) who are under age 19
- All natural or adoptive children of the caretaker and caretaker's spouse who are under the age 19.

Note: The Child Care Assistance Program (CCAP)₇ considers a child under the age of 19 through the month of the child's 19th birthday.

- Child under the Subsidized Guardianship Program

When two unmarried adults reside together, in order for a child to be considered a child in common, paternity of the child in common must be verbally acknowledged or legally adjudicated, or the parents must have signed a voluntary acknowledgement of paternity:

- If child care is being requested for a child in common of unmarried parents⁴, both parents and the children of both parents must be included in the unit.
- If child care is NOT being requested for a child in common of unmarried parents⁴, the child in common must be included in the unit(s) of siblings who child care is being requested.

Example #1: Unmarried non-TANF household includes mom, her child, Dad, his child and a child in common. Mom is requesting child care for her child and Dad is requesting child care for his child. Child care is not being requested for the child in common. Since assistance is not being requested for the child in common, Mom and Dad must each complete an application for CCAP. The child in common would be included as a household member in both Mom and Dad's household. Both Mom and Dad would have a 3 person household.

Example #2: Unmarried non-TANF household that includes Mom, her child, Dad, and Mom and Dad's child in common. Mom is requesting child care for her child. Child care is not being requested for the child in common. Mom must complete an application for CCAP. Mom would have a have a 3 person household which includes herself, her child and the child in common.

See Section 400-28-45-25, Unmarried TANF Households – Child in Common for an exception for TANF Households.

If the child(ren) for whom assistance is being requested resides with a loco parentis, the household must include the following individuals residing in the home:

- The sibling(s) (including half and step-siblings) of the child for whom assistance is being requested
- The loco parentis and spouse of the loco parentis
- The loco parentis' and spouse's children under age 19

A minor parent who needs child care for their child(ren) and who is residing in his/her parents' home is considered a separate household and must apply on their own behalf.

- If the minor parent is in receipt of TANF, the case is considered TANF for CCAP.
- If the minor parent is in receipt of Crossroads, the case is considered Crossroads for CCAP.
- If the minor parent is in receipt of Diversion, the case is considered Diversion for CCAP.
- All other minor parents are subject to Co-pay.

If a minor parent is residing with their parent(s) and the parent(s) have a child(ren) for whom child care is requested, the minor parent and the minor parent's child(ren) are not considered members of their parents' case.

The following individuals are excluded from the household count:

- Children 19 years of age or older (a child is considered under the age of 19 through the month of the child's 19th birthday)
- Any child for whom the household receives Foster Care payments.
- An individual in the household who is not the caretaker or sibling of the child and not acting as loco parentis.
- Parent(s) and other family members of a minor parent when the minor parent is requesting CCAP.
- Minor parents and their child(ren) if the parent(s) of the minor child are requesting CCAP.
- A child under 19 years of age who resides away from home may come home on weekends or vacations breaks. The child is not counted as part of the household if their visit is less than a full calendar month.

Note: A child under age 19 who has a child care need can be included in the household of the caretaker with whom the child care costs were incurred (refer to 400-28-35-25, Parents Not Residing Together).

- ~~• An individual disqualified because of a Child Care Assistance Program Intentional Program Violation~~

~~**Note:** The income and expenses of an individual who has an Intentional Program Violation continues to be considered.~~

Persons Entering the Home:

- New Applications:
 - Individuals required to be included in the child care assistance unit who enter the home in the month prior to the application month must be included in the prior month determination.
 - Individuals required to be included in the child care assistance unit who enter the home prior to an application being approved must be included in the application month determination.
- Ongoing Cases:
 - When an individual enters the home and child care is not needed for the individual for the month of entry, the individual is not included in the child care assistance unit if their addition results in a decreased benefit or ineligibility for the month of entry. If required, the individual must be included in the child care assistance unit the month following the month of entry.
 - When an individual enters the home and child care is needed for the individual, the individual must be added to the case for the month of entry regardless of the effect on the benefit, based on whether or not the information was timely reported and verified.

Persons Leaving the Home

- New Applications:
 - Individuals who are required to be included in the child care assistance unit leave the household in the month prior to the application month are included in the prior month determination but are not included in the application month determination.
 - Individuals who are required to be included in the child care assistance unit leave the home in the month of application prior to the application being approved or denied are not included in the child care assistance unit, unless the individual who left is a child and the child had a need for child care.
- Ongoing Cases:
 - Once a case is approved, individuals who leave the home are included in the child care assistance unit through the month in which they left. Effective the month following the month the individual left, the individual must be removed from the unit.

In order for a marriage performed in North Dakota to be recognized or considered valid in North Dakota, couples are required to obtain a marriage license through the County Recorder's Office. North Dakota law specifically states that marriages are considered recognized and valid if they are between one man and one woman as husband and wife. Therefore, North Dakota does not recognize same sex marriages regardless of where the marriage occurred.

Marriages that occur outside of North Dakota are considered valid in North Dakota if:

1. The marriage was legally performed in another state;
2. The marriage is a common law marriage that occurred in another state and was considered a valid marriage in that state (the couple would be required to provide documentation verifying that the common-law marriage was considered valid by the state in which it took place); or

3. The marriage occurred in another country and the marriage was considered valid according to the law of the country where the marriage was contracted, unless the marriage violates the strong public policy of North Dakota.

Note: Polygamous marriages violate the strong public policy of North Dakota.

3. **400-28-35-10** – Caretaker Temporarily Out of Home. Added policy to include situations where a caretaker is out of the home due to medical conditions. Households with two caretakers will need to submit verification of the absence reason to the CCAP State Determination Team for a decision.

Caretaker Temporarily Out of Home 400-28-35-10

A household with one caretaker who is living apart from the children either in state or out of state, due to allowable employment, allowable education or training, or uniformed service, medical condition may be eligible for the Child Care Assistance Program (CCAP) in the month they leave. Child care incurred until the time they leave can be covered and the case is closed at the end of the month they leave.

The new caretaker(s) with whom the child(ren) resides must apply. If the new caretaker applies and incurs child care costs in the month the first caretaker's case was closed, child care for the new caretaker can be paid starting from the date the child(ren) reside with the second caretaker and incur child care costs.

Should the first caretaker return home and the child(ren) resides with that caretaker, the case for the second caretaker must be closed at the end of that month. The child care costs for the second caretaker would be paid only through the date the children were residing in that home. The first caretaker must reapply and child care costs for the first caretaker could be paid starting from the date the children were residing in that home.

A household with two caretakers where one of the caretaker's is temporarily living apart from the other caretaker and child(ren), either in state or out of state, due to allowable employment, allowable

education or training, ~~or~~ uniformed service or medical condition is not considered absent from the home as long as he or she continues to function as a caretaker; even if the level of support or care is reduced. Child care costs can be paid while the remaining caretaker is participating in an allowable activity. Both caretakers are counted as a household members and all gross countable income and allowable expenses are used to determine CCAP income eligibility.

In families with two caretakers, CCAP may pay for child care costs of a caretaker participating in an allowable activity for the children remaining in the home, when the other caretaker is temporarily out of the home due to a state approved ~~to a~~ medical condition of either the caretaker or of a child in the Child Care Assistance Unit.

The family must obtain verification from a medical provider supporting the medical condition of the member of the Child Care Assistance unit, and provide the information to the eligibility worker. The information must be forwarded to the CCAP State Determination Team for a decision.

The CCAP State Determination Team will render a decision and notify the eligibility worker if the request has been approved or denied. If approved, the CCAP State Determination Team will determine the length of the approval.

When the caretaker and member of the Child Care Assistance unit with the medical condition are back in the home, the child care case must be closed, unless otherwise eligible.

4. **400-28-35-15** – Disability of a Caretaker. The title of this section has been changed. In households with two caretakers when one caretaker is working and the other caretaker has a verified medical condition, the caretaker can now submit medical information the CCAP State Determination Team for review. If approved, the caretaker would be exempt from their allowable activities during the approval period and child care can be paid based on the approved medical exemption and the allowable activity of the other caretaker.

Disability Incapacity of a Caretaker 400-28-35-15

In a household with two caretakers, child care can be allowed when:

- One of the caretakers is in an allowable activity.
- The other caretaker is disabled or physically, mentally, or emotionally incapable of providing care.
 - ~~• Must be deemed disabled by the Social Security Administration~~
 - ~~• Presumptive Supplemental Security Income (SSI) does not meet this criteria.~~
 - ~~• State Review Team decisions cannot be used to consider an individual as 'deemed disabled'~~
 - ~~• Verification from the disabled caretaker's physician must be obtained indicating the disabled caretaker cannot care for the child(ren).~~

Verification of the caretaker's incapacity must be obtained from the caretaker's physician, psychologist, health care or other qualified professional or from the Social Security Administration indicating that the caretaker is unable to care for the child(ren). This information must be submitted to the CCAP State Determination Team for a decision. The CCAP State Determination Team will render a decision and notify the eligibility worker if the request has been approved or denied. If approved, the CCAP State Determination Team will determine the length of the approval

Approval of allowable child care hours may be limited to the number of days and hours per week recommended by the medical professional.

In order for eligibility based on incapacity to continue, the caretaker will need to submit current documentation of the incapacity before the end of the approval period determined by the CCAP State Determination Team, or at the time of review, whichever is first. This information must be submitted to the CCAP State Determination Team for a decision.

At the time it is determined the caretaker is no longer incapacitated

the case must close unless otherwise eligible.

Crossroads Families 400-28-40

5. **400-28-40-05** – Eligibility for Crossroads Families. Policy has been updated to reflect changes made with Crossroads Manual Letter #3424.

Eligibility for Crossroads Families 400-28-40-05

The Crossroads Program is designed to assist with child care costs for individuals who are:

- Parents up to 21 years of age (prior to the month the parent turns 21 years of age)
- Parents who are male or female
- Parents who are married or unmarried
- Parents who have the primary responsibility for the care of their child
- Parents who are pursuing high school, a GED or alternative high school

If the parent is interested in receiving assistance through Crossroads, the parent must apply for the Crossroads. ~~at to the county social service office.~~

~~The A~~ parent ~~must~~ must applying for Crossroads who is requesting assistance with child care expenses must also apply for the Child Care Assistance Program (CCAP) ~~by completing an application for CCAP at the time they are applying for Crossroads if~~ unless the parent ~~does not have an~~ already has an open CCAP case. Upon receipt of the Crossroad's approval letter, the individual is eligible for CCAP to cover the costs of child care.

A copy of the Crossroads approval letter must be submitted to ~~CCAP~~ the county to verify the parent(s) is eligible for Crossroads. The approval letter shows the period of time the parent is eligible for Crossroads.

While an individual is eligible for Crossroads, ~~work-related and parenting classes,~~ child care for that individual can be reimbursed

under CCAP. In these situations, the certificate must reflect education, ~~and work or approved activities on the education plan.~~

A parent, who participated in Crossroads in the previous school period and who intends to participate in Crossroads for the next school period is eligible for Crossroads coverage during the break between the two school periods if the parent is working or ~~attending parenting classes participating in Crossroads case management services~~ during that time. ~~Verification of participation must be provided to the county.~~ If the break is expected to last for more than a calendar month and the parent will not be working or ~~attending parenting classes participating in Crossroads case management services~~, the CCAP case must be closed. At the time it is learned that the individual will not be returning to school, eligibility as a Crossroads family ends.

When an individual eligible for Crossroads is married or resides with the parent of the child, CCAP will pay the Crossroads approved child care without regard to the activities or income of the spouse or second parent.

~~An child in receipt of Supplemental Security Income (SSI) child in a Crossroads family is considered a Crossroads case as that child is may be eligible as for Crossroads whether in receipt of SSI or not in receipt of SSI. provided the parent meets the Crossroads eligibility criteria.~~

If the parent is not eligible for or chooses not to participate in the Crossroads Program, the parent can apply for CCAP and if all other program criteria is met, be eligible and is subject to the Co-pay or Waived Co-pay if eligible for TANF or Diversion.

6. **400-28-40-10-05** – Initial Crossroads Application/Initial Child Care Assistance Program Application. Policy has been updated to reflect changes made with Crossroads Manual Letter #3424.

Initial Crossroads Application/Initial Child Care Assistance Program Application 400-28-40-10-05

~~In addition to applying for Crossroads, an applicant or recipient must also apply for the Child Care Assistance Program (CCAP). If Crossroads~~

~~and CCAP are approved for the same month, the CCAP case is approved as Crossroads Waived Co-pay.~~

~~A parent applying for Crossroads who is requesting help with child care costs (education, work or approved activities on the education plan) must apply for the Child Care Assistance Program (CCAP) and be determined eligible using the criteria defined in the Child Care Assistance Policy manual.~~

Allowable Activities 400-28-55

7. **400-28-55-05** – Allowable Activities. Corrected the word 'tradional' to 'traditional'. Removed the last paragraph as it is not policy for this section.

Allowable Activities 400-28-55-05

Caretakers must be participating in an allowable activity to be eligible for assistance under the Child Care Assistance Program (CCAP). The following are allowable CCAP activities:

1. Work – Work is an activity in which an individual is engaged through employment or self-employment. Work must entail personal involvement and effort on the part of the applicant or recipient. Self-employment is also considered work.

The following are allowable work activities:

- Paid employment
 - Paid work studies, internships or assistantships (this includes when an individual is in a non-allowable postsecondary education program).
 - Self-employment
2. Job Search - Child care for job search is allowed for eight weeks in a calendar year. When a household includes two caretaker, each caretaker is eligible for eight weeks of job search per calendar year. Job Search hours are limited to 20 hours per week. No additional hours are allowed for travel and breaks.

Exception: TANF recipients must follow the JOBS program guidelines, therefore, the 20 hours per week limitation and 8 weeks within a calendar year limitation does not apply to TANF recipients who are participating in the JOBS program and their JOBS employment plan includes 'Job Search'.

The caretaker(s) must provide a written and signed statement with the dates, time and the job search activity they were participating in (example: submitting the date and time they were submitting applications, interviews). If this is not provided with the Child Care Billing Report form, the hours are not considered allowable.

3. Education or Training - Child care relating to an allowable education or training activity.

- Allowable postsecondary education includes:

- Certificate
- Associate's degree
- Bachelor's degree

NOTE: The program has been expanded to allow eligible child care costs to be paid for an individual who is pursuing a Bachelor's degree. Allowing for a Bachelor's degree as an allowable activity resulted from, and is contingent upon, the continuance of adequate program funding.

- CCAP may pay eligible child care costs for individuals pursuing a certificate, Associate's degree or Bachelor's degree provided the individual has not already earned a Bachelor's degree.

NOTE: Payment of postsecondary educational related child care costs incurred by an individual who already has earned a Bachelor's degree is prohibited. See policy in 400-28-60, Non-Allowable Activities.

- Students, at any post-secondary level, whose plans include post-graduate study may have eligible child care costs paid by the program for only those education activities related to the pursuit of that certificate, Associate's degree or Bachelor's degree.
- If an individual has already earned a certificate or Associate's degree, eligible child care costs are allowed if the individual is continuing to pursue another allowable education activity and has not earned a Bachelor's degree.
- Attending high school or alternative high school or pursuing a GED is an allowable activity even if the individual is not participating in Crossroads.
 - Traditional high school "attendance" is defined by the Department of Public Instruction (DPI) as:
 - Full-time - 4 or more classes
 - Part-time - less than 4 classes
 - Attendance in an alternative high school setting for full-time/part-time as identified by the school
 - GED may be full time/part-time.
- If a high school diploma or GED is not required to receive a certificate, it is considered training and is not considered postsecondary education.

Example: A Certified Nurse Assistant (CNA) certificate is NOT considered postsecondary education as a high school diploma is not required to receive a CNA certificate.

- Allowable Training includes but is not limited to:
 - Basic remedial education
 - Training designed to assist an individual to achieve basic literacy
 - Training needed to secure or retain employment which includes skills and technology training

- Vocational Training (trade school or career school)
- Individuals who are participating in classes for English as a second language
- Internet Classes – Child care related to completing on-line computer classes that meets the allowable education or training requirements is an allowable activity.
- Vocational Rehabilitation education plans must follow CCAP education requirements.

If caretaker fails to provide necessary verification of an allowable activity at the time of application, six month review, or when adding a new household member (waived co-pay to co-pay) the month the information is provided is the month the activity is added to the certificate.

~~4. 400-28-55-20 – Allowable Activities for Crossroads. Clarified policy in this section to specify that parenting classes are an allowable Crossroads activity during a school break.~~

Financial Eligibility Requirements 400-28-65

8. **400-28-65-10-35** – Self-Employment. Included policy as a result of the standardized EAP Self-Employment Policy. This supersedes AMENDED IM 5192 which was effective January 1, 2014. Old Policy has been removed.

Self-Employment 400-28-65-10-35

An individual who is working for themselves, rather than for an employer, is considered self-employed. The individual may be a contractor, franchise holder, owner/operator, partner, etc. The individual must meet the following criteria to be considered self-employed:

1. Earn the income directly from business or trade, not from wages or salary from an employer.
2. Be responsible for the payment of entire Social Security and Federal withholding taxes. [If an employee, the employer would

pay half of their Social Security Tax and withhold federal income tax from the employee's salary.]

3. File self-employment tax forms, however, not all individuals file tax forms. In these special circumstances, income must be anticipated.

Calculating Self-Employment Income

Self-employment income is normally calculated by completing the EAP Self-Employment Worksheet using data from tax forms as verification. Information for each business must be calculated separately. When a household has filed self-employment income taxes the income is determined as follows:

- If the income represents a household's annual income, the income must be annualized over a 12-month period of time, even if the income is received within a shorter period of time during those 12 months.
- If a self-employment enterprise has been in existence for less than a year and continues to operate, the income must be averaged over the period of time the business has been in operation.
- If an individual is self-employed for only part of the year to supplement their income from regular employment, the self-employment income must be averaged over the period of time it is intended to cover rather than a 12-month period.

Example:

An individual may be a self-employed painter during the three summer months and works as a housekeeper for regular wages the rest of the year. The self-employment income from painting is averaged over the three summer months because it is intended to meet the individual's needs for only part of the year.

When the total business 'profit' as calculated above results in a loss:

- Zero income will be used. A loss from a self-employment business cannot be used to offset or reduce income from other self-employment or other sources such as earned income.

Anticipating Self-Employment Income in Special Circumstances

When a household has not filed a self-employment income tax return or there has been a significant increase or decrease in the operation of the business, income tax forms, monthly ledgers or bookkeeping records may be used as verification. The income is determined as follows:

1. Business Not In Operation a Complete Calendar Year or Tax Forms Not Filed
 - a. The applicant will need to provide monthly income and expense ledgers to anticipate self-employment income and unearned income as a result of self-employment. The EAP Anticipated Self-Employment Worksheet will assist with determining the monthly net farming and business income.
2. Partial Liquidation of Business
 - a. If a business sells some land, equipment, or other capital items to obtain money for current operating expenses and/or pay off a loan, and does not expect a substantial reduction in self-employment income as a result of the sale, continue to look at the most recent income tax forms.
 - b. If the business liquidates a large enough portion of the business to result in an anticipated substantial reduction in the self-employment income, the income tax forms must be appropriately adjusted to accurately anticipate the current year's income using the most recent income tax forms. Income and expenses (other than depreciation and depletion) for the portion of the business that is not being liquidated is used to determine net self-employment income.

Capital gains/losses on sale of property are counted as income.

NOTE: Use only the income or loss from the sale of capital items that can be reasonably anticipated to recur during the current year.

- c. If the business expects to liquidate partially but has not done so yet, use the most recent income tax forms in their entirety until the liquidation takes place.
3. Significant Increase or Decrease in Operation
A farm or business may have a significant increase or decrease in operation that is temporary and does not result in liquidation of the business. In these cases, one of the following methods must be used:
 - a. If the applicant has had an estimated tax return prepared for the current business year, use the estimated tax return forms to complete the EAP Self-Employment Worksheet.
 - b. If the applicant has prepared documents (such as farm plans) from a lender or bank or monthly income and expense ledgers, these documents may be used to arrive at the current year's anticipated income and expenses. The EAP Anticipated Self-Employment Worksheet will assist with determining the monthly net farming and business income. Anticipated capital gains/losses on sale of property are counted as income.
 4. Termination of Business
 - a. If a business expects to completely liquidate but has not done so yet, continue to use the most recent income tax forms or one of the methods described in #3 above until the business has liquidated.
 - b. If a business has been completely liquidated, tax forms cannot be used to evaluate the applicant's income. Use only whatever income is currently available from other sources.

Treatment of Self-Employment Income

When an individual is actively engaged in a self-employment business, the income they receive is considered earned income. The following types of income are always considered earned income:

- Capital or Ordinary Gains/Losses
- Farm Income
- Business Income

- Partnership – Ordinary income, guaranteed payments to partners, depreciation and depletion

However, there are some types of income included on the self-employment income tax forms that are considered unearned income. The following types of income are always considered unearned income:

- Royalty income
- Cooperative distributions (patronage dividends)
- Partnership – rental, interest and dividend income
- Income from S-Corporations
- Estate or trust income

The following types are considered earned or unearned depending on whether the individual is actively engaged in earning the income and the self-employment tax forms filed.

- Farm rental income
- Other rental income

The earned income must be separated from the unearned income and will be when using the self-employment calculation worksheet.

Determining Self-Employment Income

1. Capital or Ordinary Gains or Losses – A capital or ordinary gain or loss is the difference between the sale price and the cost basis. The cost basis may include improvements and sales expenses such as broker's fees and commissions.

Capital or ordinary gains or losses are considered part of the EARNED income from self-employment. The gain or loss is calculated by deducting the cost basis from the gross sale price. The result is then added to or subtracted from the calculation of the self-employment income for the business the property was used in.

NOTE: Use only the income or loss from the sale of capital items that can be reasonably anticipated to recur during the current year.

This income is generally included on the Schedule D or Form 4797.

2. Farm Income – Income earned through the operation of a farm or ranch including farm rental income and CPR.
 - a. Farm Rental Income – Income received by a landowner from the sale of crops or livestock produced by the tenant. This does not include cash rent of pasture or farmland.
 - b. Conservation Reserve Program Payments (CRP) – Cost share and payment program under the USDA that encourages farmers to convert highly erodible crop land or other environmentally sensitive acreage to vegetative cover.

Farm income, including farm rental income and CRP:

- Is considered **EARNED** income when the individual is actively engaged in farming. The total farm income or loss is determined by taking the taxable amount of cooperative distributions (patronage dividends) from the net farm income and adding in the depreciation.

The amount of cooperative distributions is deducted from farm income as it is considered unearned income. Depreciation is added back in as this is not an allowable expense.

Note: Cooperative distributions (patronage dividends) may include income for the sale of goods (grain, milk, cattle, etc.). Any portion of cooperative distributions that is income from the sale of goods must not be deducted from farm income.

This income is generally included on the Schedule F.

- Is considered **UNEARNED** income as a result of self-employment when the individual is NOT actively engaged in farming. The total farm rental income or loss is determined by taking the taxable amount of cooperative distributions (patronage dividends) from the net farm rental income and adding in the depreciation.

The amount of cooperative distributions is deducted from farm rental income as it is considered unearned income

on a separate line in the calculation. Depreciation is added back in as this is not an allowable expense.

This income is generally included on the Form 4835.

3. Business Income – Income earned through the operation of a business other than farming or ranching.

Business income is considered **EARNED** self-employment income. Business income is determined by taking the net business income profit or loss and adding in the depletion or depreciation. Depreciation and depletion are added back in as they are not allowable expenses.

This income is generally included on the Schedule C.

4. Partnerships – A partnership is a self-employment business set up as a partnership with two or more partners. A partner's share of income, gain, loss, deductions or credits is determined by a partnership agreement.

- Ordinary income and guaranteed payments to partners in a partnership are considered **EARNED** self-employment income. This income is generally included on the Schedule K-1 (Form 1065). The partner's share of the partnership income is determined by adding the partner's share of depreciation or depletion to their ordinary income and guaranteed payments. Depreciation and depletion are added back in as they are not allowable expenses. The depreciation and depletion are generally included on the Form 1065.
- Rental, interest and dividend income paid to partners in a partnership are considered **UNEARNED** income as a result of self-employment. The partner's share of the partnership income is the total of the rental, interest and dividend income. This income is generally included on Schedule K-1 (Form 1065).

5. Other Rental Income – Income received from the cash rental of property.

Other rental income is considered **UNEARNED** income as a result of self-employment. Rental income is determined by taking the total net rental income from all rental properties and adding in the depreciation or depletion. Depreciation and depletion are added back in as these are not an allowable expense. This income is generally included on Schedule E.

6. Royalty Income – a percentage of gross or net revenues derived from the use of an asset or a fixed price of a unit sold of an item.

Income individuals receive from royalties is considered **UNEARNED** income as a result of self-employment. Royalty income is generally included on Schedule E.

7. Cooperative distributions (patronage dividends) - are paid by cooperatives in cash or shares of stock. These dividends are similar to rebates paid based on the amount of goods bought or services used for the self-employment enterprise.

Income individuals receive from cooperative distributions or patronage dividends is considered **UNEARNED** income as a result of self-employment. Cooperative distributions or patronage dividends are generally included on Schedule F and Form 4835.

Note: Cooperative distributions (patronage dividends) may include income for the sale of goods (grain, milk, cattle, etc.). The portion of cooperative distributions that is income from the sale of goods is considered as part of the farm income or farm rental income.

8. S –Corporation – a separate business entity with 1 to 100 shareholder(s) that passes through the net profit or loss to their shareholder(s). The business profits are taxed at individual tax rates on each individual shareholder's income tax.

Income shareholders receive from a corporation is considered **UNEARNED** income as a result of self-employment. This income

is generally included on the Schedule K-1 (1120S). The shareholder's income is determined by adding the shareholder's share of depreciation or depletion to their ordinary business income, net rental real estate income, interest income and dividend income. Depreciation and depletion are added back in as these are not an allowable expense. Depreciation and depletion are generally found on the Form 1120S.

NOTE: An owner or employee of a corporation is not a self-employed individual because the business income and liabilities belong to the corporation, not the individual. Wages that an owner or employee receive from a corporation are considered earned income.

9. Estate or Trust Income – Income received from an estate or trust.

Income individuals receive from estate or trusts is considered **UNEARNED** income as a result of self-employment. Estate or trust income is generally included on Schedule E.

Other Types of Self-Employment Income

The following types of income may or may not be listed on self-employment tax forms. If the income is not listed on the self-employment tax forms, the income must be verified separately

1. Qualified Service Provider (QSP) – Qualified Service Providers (QSPs) are individuals who provide care for people who want to continue to live in their own homes and communities. QSPs do not need to have a special certificate or license, but they do need to prove they have the skills to provide care.
 - QSP income is considered **EARNED** self-employment income when the individual is not an employee of an agency.
 - QSP income is considered regular earned income when the individual is employed by an agency.
2. Boarder - Individuals or groups of individuals residing with others and paying reasonable compensation for lodging and meals.

Income from boarders is considered **EARNED** self-employment income when the individual providing the board is actively engaged in providing the lodging and meals and the boarder is not included in the household based on program policy.

To calculate income from room and board, take the monthly gross receipts less \$100 per boarder.

Wages Paid to Family Members

Wages paid to family members are an allowable business expense. However, the wages paid to family members must be counted as earned income separately from self-employment income unless the earned income is specifically excluded by program policy.

The income tax forms identify wages paid to family members as wages or labor hired but does not separate outside labor hired from wages paid to family members. The household will need to identify and verify the amount paid to family members (canceled checks, W-2 forms, bank books showing transfer of funds).

Allowable Expenses

The following expenses are allowable deductions from self-employment income. Because the EAP Self-Employment Worksheet uses net income any of these expenses claimed on the tax form are already deducted. The Anticipated Self-Employment Worksheet also accounts for these expenses.

If a household verifies any of the following expenses incurred as a result of self-employment income that were not included on the tax forms, the expense must be allowed by deducting it from the net income.

- Advertising
- Car and truck expenses
- Chemicals
- Commissions and fees
- Conservation expenses
- Contract labor
- Custom hire (machine work)
- Employee benefit programs

- Feed
- Fertilizers and Lime
- Freight and Trucking
- Gasoline, Fuel and Oil
- Insurance (other than health)
- Interest (mortgage and other)
- Labor hired
- Legal and professional services
- Office expenses
- Pension and profit-sharing plans
- Rent or lease (vehicles, machinery, equipment, business property, land, animals)
- Repairs and maintenance
- Seeds and Plants
- Storage and Warehousing
- Supplies
- Taxes (Real estate, employer's match of payroll taxes, contributions to state unemployment insurance, licenses)
- Travel, meals, entertainment
- Utilities and phone
- Veterinary, breeding and medicine
- Wages
- Other expenses such as:
 - Bad debts
 - Bank service charges
 - Dues and publications
 - Laundry and cleaning
 - Tools
 - Day care meal expenses (if not reimbursed through a food program)

Non-Allowable Expenses

The worker must determine if an expense is non-allowable based on whether the expense is part of producing income. The following expenses are not allowable deductions from self-employment income:

- Expenses and net operating losses (NOL) from previous periods.
- Depreciation/depletion - to allow these costs would result in exclusion for amounts that are not actual costs.

- Other expenses that are not incurred as a result of self-employment income, such as:
 - Charitable contributions
 - Penalties and fines

~~All self-employment income must be verified and documented in the case file. Annual self-employment income must be averaged over the number of months the business was in operation, even if the income is received in fewer months. The income that results from this prorate applies to applicants and recipients, and is used to determine eligibility and the benefit amount.~~

~~The prorata method of determining monthly income may not be practical in the following circumstances:~~

- ~~• The business was recently established and the federal income tax return for the previous year does not reflect a full year's operation.~~
- ~~○ Use the income tax return forms and annualize the income for the period of time the business has been in operation.~~
- ~~• The current condition of the business is not accurately reflected on the past year's income tax return due to a decrease or increase in the size of the operation, or an uninsured loss, or other situations which may require special considerations~~
- ~~○ Income and costs of good ledgers can be used or an estimate of the effect on the annual income based on the best information available from the household.~~
- ~~• Tax return forms have not been filed~~
 - ~~○ Income and costs of good ledgers can be used or an estimate of the effect on the annual income based on the best information available from the household.~~

~~No income from any other source may be used to offset a self-employment loss.~~

~~When determining income based on income tax forms attention should be paid to other sources of income listed on page one of Form 1040. Other~~

~~types of income that may be reflected on page one of Form 1040 are interest income, dividend income, rental income, royalty income, etc. Interest, dividend, rental and royalty income are to be considered separately from the self-employment income.~~

~~-~~

~~To arrive at the most equitable method for determining the amount of a household's countable earned income from self-employment, it is necessary to consider the type of business activity, expense, and income. Based on this concept, one of the applicable calculations identified below shall be used.~~

- ~~1. Self-employed individuals whose business does not require the purchase of goods for resale. An example of this type of business is a person who provides child care services in their own home, a Qualified Service Provider (QSP) who is not an employee of an agency, etc. Such income may be accounted for on a monthly basis, or the income tax return from the previous year may be used if it reflects a full year's operation. When the tax return is used, 1/12th of the annual gross income is monthly earnings. Twenty-five (25%) percent of the gross monthly earnings shall be disregarded to offset the cost of producing the income and will cover such things as additional food, utilities, supplies, etc. The remaining 75% is the gross monthly earnings. The appropriate share percentage must be applied to the gross monthly income based on the number of individuals listed on the self-employment schedules. This is the figure to which the appropriate earned income disregards are applied to arrive at monthly net income.~~
- ~~2. Self-employed individuals whose business requires the purchase of goods for resale. Examples of this type of business enterprise include Avon, Tupperware, Amway, Mary Kay Cosmetics, etc. Such income may be accounted for on a monthly basis, or the income tax return from the previous year may be used if it reflects a full year's operation. In these instances, subtract the cost of the goods from the gross monthly or annual receipts to arrive at the adjusted gross income. If the cost of goods includes any labor or wage amounts, those amounts must be deducted from the cost of goods before subtracting the cost of goods sold from the gross monthly or annual receipts. When the tax return is used, 1/12th of the annual adjusted gross income is monthly~~

~~earnings Twenty five (25%) percent of the adjusted gross income shall be disregarded to offset the costs of producing the income and will cover such things as sample kits, demonstrations, supplies, etc. Seventy five (75%) percent of the adjusted gross income will be the monthly income. The appropriate share percentage must be applied to the monthly adjusted gross income based on the number of individuals listed on the self-employment schedules. This is the figure to which the appropriate earned income disregards are applied to arrive at monthly net income.~~

- ~~3. Self-employment income from a room and board arrangement. The first \$100 per month received from each individual will be disregarded to defray the associated expenses. The remaining amount(s) will be the monthly income to which the appropriate earned income disregards are applied to arrive at the monthly net income.~~
- ~~4. Self-employed individuals in a service business requiring purchase of goods or parts for repair or replacement. These include mechanics, TV repairmen, beauty salons, restaurants, etc. Such income may be accounted for on a monthly basis, or the income tax return from the previous year may be used if it reflects a full year's operation. In this instance, subtract the cost of goods or parts from the gross monthly or annual receipts to arrive at the adjusted gross income. If the cost of goods or parts sold includes any labor or wage amounts, those amounts must be deducted from the cost of goods or parts before subtracting the cost of goods or parts from the gross monthly or annual receipts. When the tax return is used, 1/12th of the annual adjusted gross income is monthly earnings. Seventy five (75%) percent of the adjusted gross monthly income shall be disregarded to offset the cost of expenses such as heat, lights, phone, rent, or building, etc. Twenty five (25%) percent of the adjusted gross income will be the monthly income. The appropriate share percentage must be applied to the monthly adjusted gross income based on the number of individuals listed on the self-employment schedules. This is the figure to which the appropriate earned income disregards are applied to arrive at monthly net income.~~
- ~~5. Income of self-employed individuals received other than monthly. In such cases, income must be established on the basis of the past year's total income to arrive at the amount of income to be anticipated for~~

~~the current year and reduced to monthly increments. This is the preferred method of considering income arising from self-employment such as farming or other business enterprises. It is first necessary to establish the amount of total annual gross income. For purposes of CCAP, annual net income is normally defined as one fourth of the annual gross income shown on Schedule F, Part I, of U.S. Form 1040, "Individual Income Tax Return," if the business is farming, or annual gross income shown on Schedule C, Part I, of Form 1040, if the business is other than farming.~~

- ~~6. CRP payments and cooperative distributions, which are considered unearned income, should be deducted from the total income figure on Form 1040, Schedule F, and prorated over a 12-month period.~~

~~After the appropriate percentage disregard is applied to self-employment income, capital gains and losses are considered. Income resulting from the sale of capital items or ordinary gains may be offset by a loss from the sale of capital items. The net result (but not less than zero), must be added to the other annual net income to arrive at total net annual income.~~

~~**Note:** Capital gains and losses are always counted when considering actual income for a prior period. When using the prior income to estimate income for a prospective period, however, use capital gains and losses that are reasonably expected to occur in the prospective period.~~

~~Capital gains, short term and long term, and ordinary gains are found on the federal tax form as follows:~~

- ~~a. ——— Short term capital gains Schedule D, Part I~~
- ~~b. ——— Long term capital gains Schedule D, Part II~~
- ~~c. ——— Ordinary gains Form 1040 Supplemental gains or losses~~

~~The following example demonstrates this process:~~

~~-----~~	~~-~~	~~-~~	~~-~~
~~-----~~	Gross annual income (from federal income tax return)		\$16,500.0

-----	-	-	-
			0
-----	Net annual income (25% of \$16,500)		4,125.00
-----	Capital and other gains		1,200.00
-----	Yearly income		5,325.00
-----	Monthly income (yearly income divided by 12)		443.75

~~The appropriate share percentage must be applied to the monthly adjusted gross income based on the number of individuals listed on the self-employment schedules.~~

Calculation of Allowable Child Care Hours 400-28-80

9. **400-28-80-10** – Calculating Allowable Child Care Hours. Policy has been included to account for caretakers who may be participating in accelerated degree programs.

Calculation of Allowable Child Care Hours 400-28-80-10

To calculate the Level of Care, the eligibility worker must determine the actual allowable hours by:

- Determining the weekly allowable activity hours for the caretaker for each activity
- Determining the weekly schedule for each child
- Determine each child's Level of Care using the caretaker's schedule and the child's schedule
 - Any weekly hours the caretaker is participating in an allowable activity and the child needs care during the time the caretaker is in the allowable activity will determine the child's hours of needed care per week.

- The child's hours of needed care per week determine the Level of Care of full time, part-time, or hourly.

When determining the caretaker's activity schedule:

- If the caretaker has a set schedule and the schedule is not questionable, use the caretaker's schedule to calculate each child's hours of needed care per week.
- If the caretaker does not have a set schedule and informs the Eligibility Worker of their schedule, if the schedule is not questionable, use the caretaker's schedule for the same month the income is used to calculate each child's hours of needed care per week.
- If the caretaker does not have a set schedule and the caretaker provides a schedule that is questionable, the caretaker must provide verification of the schedule for the same month as the income is used. Use the caretaker's verified schedule to determine each child's hours of needed care per week.

The following methods must be used to determine the weekly allowable activity hours of the caretaker's activity:

1. Work Hours Calculation

Weekly work hours are determined by using verified paystubs, employer's statements, etc. Refer to 400-28-80-15, Travel Time and Lunch Break Calculation, to determine additional allowable hours.

If the caretaker is engaged in ongoing employment:

- Paystubs from the month of application are used if all are available and are reflective of the anticipated work hours.
- If paystubs from the month of application are available and are not reflective of the anticipated work hours, the caretaker must provide verification of the anticipated work hours and these hours will be used to determine the weekly allowable activity hours.

- If all paystubs from the month of application are not available paystubs from the month prior to the application month are used if they reflect the anticipated work hours.
- If paystubs from the month prior to the application month are not reflective of the anticipated work hours, the caretaker must provide verification of anticipated work hours and these hours will be used to determine the weekly allowable activity hours.

If the caretaker begins new employment the caretaker must provide verification from the employer of the anticipated weekly work hours.

Once hours have been established, the worker must calculate the weekly average hours for the allowable activity of the caretaker.

To calculate the number of weekly work hours the following methods are used:

- For individuals who are paid weekly, the total number of work hours shown on all pay stubs received in the month are divided by the number of pay stubs in the month to arrive at the average weekly hours worked.
- For individuals who are paid bi-weekly, the total number of work hours shown on the pay stubs received in the month are divided by the number of pay stubs received in that month to arrive at the average number of work hours per pay period. The pay period total hours are then divided by 2 to arrive at the average weekly hours worked.
- For individuals who are paid semi-monthly, the total number of work hours shown on both pay stubs received in the month are divided by the number of pay stubs received in that month to arrive at the average number of work hours per pay period. The pay period total hours are then divided by 2 to arrive at the average weekly hours worked.

- For individuals who are paid monthly, the total number of work hours shown on the pay check received in the month are divided by 4 to arrive at the average, weekly hours worked.
- For individuals who are paid on an irregular basis, the total number of work hours shown on the paystub(s) received in the month are divided by 4 to arrive at the average weekly hours worked. (e.g. Individuals who work on call, as needed, etc.)

If an employer verifies a range of work hours, the higher number of work hours verified will be used as the allowable activity hours for the caretaker.

Note: The pay stubs, employer statement, work schedule, etc., that was used to determine the income eligibility must be the same paystubs, employer statement, work schedule, etc., that is used to determine allowable activity hours.

For individuals who are self-employed, the individual must provide a schedule completed by the individual, listing the hours the individual will participate in their self-employment activity for the month of application and the month prior to the month of application.

- The hours for the month of application are used if they are reflective of the anticipated work hours.
- If the hours from the month of application are not reflective for the future, the hours from the month prior to the application month are used if they reflect the anticipated work hours.
- If the hours from the month of application or the month prior to the month of application are not reflective of the anticipated work hours, the caretaker must provide a schedule, completed by the individual, listing the hours anticipated to work for the future month.

2. Student Hours Calculation

The number of credit hours a student is enrolled must be verified by a class schedule. Each credit will be multiplied by 2 and the total will represent the number of hours per week the student is considered engaged in an education activity. Refer to 400-28-80-15, Travel Time and Lunch Break Calculation to determine additional allowable hours.

Example: A student's class schedule verifies 12 credit hours. Multiplying each credit by 2 results in 24 hours per week as the student's allowable child care hours. The student is allowed travel time and lunch break time. 24 allowable hours x 25% for travel and lunch break equals 6 hours. 24 hours plus 6 travel and break time hours equals 30 hours. 30 hours per week may be used for both class attendance and study time. However, the class attendance and claimed study time cannot exceed the number of hours that have been determined.

Students who attend classes that are NOT based on credit hours or are enrolled in an accelerated degree program must have their hours ~~must be~~ verified based on a class schedule that lists the hours the individual is required to attend class. Refer to 400-28-80-15, Travel Time and Lunch Break Calculation to determine additional allowable hours. Students enrolled in an accelerated degree program

Example: An individual is attending Beauty School and attends class from 8:30 am to 5:00 pm Monday through Thursday and from 8:00 am to 12:00 pm on Friday, based on the class schedule. The student is allowed 38 hours per week of allowable activity hours.

Example: A student enrolled in an accelerated degree program attends class from 8:00 am to 12:00 pm Monday through Thursday for 8 weeks based on the class schedule. The total allowable class hours per week is 16 hours. The student is allowed travel time and lunch break time. 16 allowable hours x 25% for travel and lunch break equals 20 hours per week that may be used for both class attendance and study time. However, the class attendance and claimed study time cannot exceed the number of hours that have been determined.

Hours can be allowed for a caretaker in education who has a break of less than a full calendar month between terms, if the provider charges for time during the break.

Example: An individual was in education from August through early December and will return to school in January. The provider continues to charge the individual during the break. The same level of care should continue during the semester break so as to not disrupt the family's child care availability.

For online classes, two (2) hours will count for each credit hour per week a student is enrolled in an allowable education activity. Generally the computer tracks the amount of time an individual participates in an on-line course and is recorded by the college. In these situations, the college would have record of the amount of time an individual participated in the on-line courses. Whether the computer tracks the hours or not, an individual participating in an online class must provide a schedule completed by the individual listing the hours the individual will participate in the online classes.

Allowable hours for students who are attending high school or GED must be verified by a class schedule. Refer to 400-28-80-15, Travel Time and Lunch Break Calculation to determine additional allowable hours.

To calculate any type of school hours:

- The hours for the month of application are used if they are reflective of the class hours
- If the hours from the month of application are not reflective for the future, the hours from the month prior to the application month are used if they are reflective of the anticipated class hours
- If the hours from the month of application or the month prior to the month of application are not reflective of the anticipated class hours, the caretaker must provide a schedule of the anticipated class hours. For online classes, the caretaker must provide a schedule completed by the

individual listing the hours anticipated to participate in the on-line classes for the future month.

The above would also apply at time of review, when adding an individual into a case and when changing a case from Waived Co-Pay to Co-Pay.

3. Job Search Hours Calculation

Up to 20 hours a week can be allowed for job search. The caretaker(s) must provide a written statement stating the number of hours they will be participating in job search each week. See policy in Section 400-28-55-05 Allowable Activities for additional information regarding Job Search. No additional hours are allowed for travel and breaks.

NOTE: This does not apply to JOBS and Tribal NEW recipients as the Employability Plan determines the allowable hours.

Hours that cannot **be** used to calculate allowable hours for the Level of Care include:

- The provider is absent for any reason (e.g. such as medical, holiday, vacation, temporary illness)
- The caretaker(s) is absent from the allowable activity for any reason (e.g. such as medical, holiday, vacation, maternity leave, temporary illness)

Exceptions:

- If the absence meets the criteria in Section 400-28-80-25, Absent Days for Illness section of this manual
- If the hours for a college student meets the criteria in Section 400-28-80-10

Level of Care 400-28-85

10. **400-28-85-10** – Determining the level of care. Policy has been clarified regarding the verification of allowable activity schedules. The school schedule of a school age child must be verified. In households

with two caretakers, both caretakers must provide schedules of their allowable activities.

Determining the Level of Care 400-28-85-10

Level of Care must be determined for each provider based on the number of hours the child needs to be in care while the caretaker(s) is participating in an allowable activity. The Level of Care must be determined at:

- application
- 6 month review
- increase in monthly hours
- adding a child to the certificate
- addition of a household member who is participating in an allowable activity
- change or addition of a provider

To determine the Level of Care:

- For a household with one The caretaker and a non-school age child(ren), the caretaker must provide verification of their allowable activity hours (pay stubs, employer statement, class schedule, time sheets, etc).
- For a household with one caretaker with and school aged child(ren), the caretaker must provide verification of their allowable activity hours and the child's school age child's schedule must be verified. (timesheets, work schedule(s), employers statement, class schedule, verification of job search, known information to the agency)
- In household's with two caretakers, both caretakers must provide verification of schedules of all allowable activities.

Example #1: Two caretaker household with non-school age child. Both caretakers must provide verification of their allowable activity schedules.

Example #2: Two caretaker household with a school age child where both caretakers work. One caretaker is also attending an allowable education activity. Both caretakers must provide verification of their work schedules and the schedule of the school age child. Verification of the caretaker's allowable education activity must also be verified. In order to determine the correct level of care, schedules of all allowable activities and the child's school schedule must be verified.

If the schedule of the caretaker(s) is known information, the agency must document the schedule and the caretaker does not need to provide verification of the schedule as long as the schedule is not questionable.

Once this information is determined:

- If the weekly hours calculated for a child average 25 or more per week, the child falls into the full time Level of Care.
- If the weekly hours calculated for a child average from 14 to less than 25 hours per week, the child falls into part-time Level of Care.
- If the weekly hours calculated for a child average less than 14 hours per week, the child falls into hourly Level of Care.

Once a level of care is established for a child:

- The level of care is not decreased for the remaining certificate period regardless if the caretaker has a decrease in hours which would result in the child needing a lower Level of Care from what they were initially approved for on the certificate.
- If the child has an increase in needed hours during the certificate due to increased hours of activity for a caretaker(s), the increase is made if the Level of Care needed increases for a child, or the child's needs increase from hourly to part-time, hourly to full time, or part-time to full time.

11. **400-28-85-10-10** – School Age Child. Clarified policy regarding verification of a school age child's schedule. As a school age child is considered a school age child year round, verification of a school age child's school schedule must be verified. If the household applies for CCAP in the summer, verification of the child's school schedule for the upcoming school year must be verified at the time of application or review.

School Age Child 400-28-85-10-10

A school age child is considered a student year round. If the child is school age, the time they are required to be at child care is based on the child's school schedule and the caretaker's allowable activity hours.

Note: If the application or review is received during the summer months, verification of the school age child's schedule for the upcoming school year is required but will not be used to determine the level of care for the summer months.

The number of weekly hours that a school aged child is required to be in a specific provider's care is calculated by comparing the school age child's ~~school~~ schedule with the caretaker's schedule with participating in an allowable activity.

When a school age child is required to be in the care of a child provider for any reason (days off from school, weekends, after school, etc.), the average weekly hours needed must be established. Once the weekly average hours are established, an additional 36 hours per month (9 hours per week) will be added to the child's average weekly hours to allow for days there is no school.

Note: The additional hours are added to the provider with whom the child will be with on days that are considered no school days.

The total weekly hours the child will be in a specific provider's care will determine the Level of Care from the Provider Rate on the Child

Care Sliding Fee Schedule. The Level of Care determination is entered on the certificate.

Payment of the costs for the hours of child care for a provider exceeding the Level of Care determination for the child will be the responsibility of the family.

Provider Requirements and Information 400-28-105

12. **400-28-105-15** – In Home Child Care When Provider and Child Reside in Same Home. Policy has been clarified regarding care provided by self-declared providers. Payment can be made to self-declared provider that provides care in the child's home, as long as the provider's license is approved to provide care at the child's address.

In Home Child Care When Provider and Child Reside in Same Home 400-28-105-15

If the provider and the child live in the same home (grandma for example), the care is considered to be provided in the provider's home. The provider may be paid if they are a licensed, self-declaration, approved relative, or registered by a Tribe.

A child's sibling who is age 18 or older, providing child care and residing in the same home can be reimbursed if licensed or self-declaration. A sibling residing in the home is not eligible to be an approved relative and payment cannot be made.

NOTE: If the sibling providing child care lives in a separate residence from the child, payment can be made if the sibling complies with any applicable requirements to be a licensed, self-declaration, approved relative or registered by a Tribe.

A self-declared provider may be approved to provide care at an address other than their own residence. If the address at which the self-declared provider is approved to provide care is the same address as the child's residence, payment can be made.

Payment Issuance 400-28-135

13. **400-28-135-10** – Computing the Bill. Policy has been clarified regarding the verification of allowable activity schedules. Allowable hours must be determined based on the school schedule of a school age child and the schedule(s) of all allowable activates of the caretaker(s).

Computing the Bill 400-28-135-10

When a child care billing report form is received, the billing report form must be reviewed to make sure it is complete (signed, dated and completely filled out). If the billing report form is not complete, the billing report form should be returned to the caretaker for completion.

Child Care costs must be submitted on the SFN 616, Child Care Billing Report Form for the actual calendar month the child care costs were incurred. From the total monthly hours listed on the Child Care Billing Form, the average weekly hours must be determined.

Allowable hours must be determined. Allowable hours are actual hours the child(ren) needs child care while the caretaker(s) is participating in their allowable activity. When a child is school age, allowable hours must be determined based on the school age child's schedule and the caretaker(s) allowable activity schedule. Allowable hours are the period of time the child is at the child care provider's to allow the caretaker(s) the time it takes for the caretaker(s) to travel from the child care provider's to their place of activity, participate in their activity (which includes any unpaid for lunch or break time which is part of their activity) and when completed with their activity, travel back to the provider's.

Note: In households with two caretakers; child care cannot be paid when one caretaker is available to care for the child(ren) while the other caretaker is participating in their allowable activity.

When a caretaker uses multiple providers, the time that it takes the caretaker to get from the first provider's to the second provider's is allowable time for the first child and the time it takes the caretaker to get from the second provider's back to the first provider's is allowable time for the first child.

When a caretaker who is available to provide care returns to the home during the month, child care during the month of return can only be paid to the date the caretaker entered the home.

When a caretaker who is available to provide care leaves the home during the month, child care during the month the caretaker left can be only be paid from the date the caretaker left the home.

A child whom enters the home during a month who needs and is eligible for the Child Care Assistance Program (CCAP) will have their child care costs paid from the date they entered the home.

A child whom left the home during a month who needs and is eligible for CCAP, will have their child care costs paid to the date they left the home.

If a provider charges for the period of time that a college student (caretaker) is on break of less than a full calendar month between college terms, the caretaker may have their child care paid at the same level of care during the semester break regardless if the child is in attendance or is not in attendance at child care.

If the provider lists hours and the family does not list hours for a specific day, no hours are used as the family is indicating they were not in their allowable activity.

If the provider lists no hours and the parent lists hours for a specific day, no hours are used as the provider is indicating they did not provide care.

The lower of the provider or parent hours is used after the form has been reviewed for accuracy.

Once the allowable hours have been established, the average weekly hours must be determined. To determine the average weekly hours, the number of weeks child care is needed must be determined. A

week is defined as Sunday through Saturday, and the maximum number of weeks that can be used to determine the average weekly hours is 4. If a child needs care for 1 day in a week, the week counts as 1 towards the 4 week maximum provided the day of care is in the calendar month that is being billed. If the child does not need care for at least 1 day in a week, the week is not counted.