1.0 (Table of Contents)
Adds new Chapter 6.6.1 (Individuals with Exempt Earned Income) and deletes Chapter 6.12 (Excluded Income) in Chapter 6. Adds new Chapters 16.27 (Exempt Earned Income Comparison Chart) and 16.30 (At-Home Infant Care) to Chapter 16. Note: The addition of Chapter 16.30, At-Home Infant Care, provides to clarification that no funding is available.

2.0 (Glossary)
Adds the definition of CASH BENEFITS, expands the definition of EARNED INCOME, and adds definitions of MINOR CHILD, SCHOOL, and UNEARNED INCOME. Read these definitions in their entirety. INCOME definition is changed to reflect “Counted” income and deleted language “received by ALL FAMILY members” and “at-home infant child care subsidy payments, and child support and maintenance distributed to or” from the INCOME definition. Plain language changes made to the definition of STUDENT.

6.0 (Income Eligibility)
Adds cross references to Chapters 6.6.1 (Individuals with Exempt Earned Income), 6.6 (Earned/Unearned Income) and plain language updates. Deletes the language: “unless specifically excluded. See Chapter 6.12 (Excluded Income)” from the second sentence. Adds the word INCLUDED to the second bullet about verifying income. Under “To determine income eligibility,” deletes a bullet, “Allow specific exclusions.” Adds Chapters 6.6.1 (Individuals with Exempt Earned Income) and 6.15.18 (Annualizing Seasonal and Temporary Earned Income) to section index. Adds the language “some types of before health care coverage and food support” to online application paragraph to align with wording from the ApplyMN website. Adds a legal authority reference to Minnesota Statutes 256P.06.

6.6 (Earned Income/Unearned Income)
Is changed significantly due to Program Unification changes. Revised definitions of Earned, Unearned and Other Income replace previous language. Read in its entirety.

6.6.1 (Individuals with Exempt Earned Income) NEW Chapter
Read in its entirety.

6.12 (Excluded Income) CHAPTER REMOVED
From the CCAP Policy Manual.

6.15.6 (Annualizing Self-Employment Income)
Adds plain language updates. Adds “Gross self-employment receipts included receipts for all income from whatever source derived related the business. This may include, but is not limited to, the sale of products, receipts from service provided commissions, rent, fee collected, or any other income related to the self–employment business.”, after the item 1, “Determine gross self-employment receipts.” Adds, “to determine the gross earned income.” to item 3, beginning with “Subtract the operating expenses.”

6.15.15 (Annualizing Lump Sum Income)
Is changed significantly due to Program Unification and changes in how income is calculated, read in its entirety.
7.1 (Verification Due Dates)
adds language to the “Verification Due Dates at Redetermination” paragraph regarding a
redetermination, “When the 30th calendar day falls on a Saturday, Sunday or legal holiday the 30-
day time period is extended to the next day that is not a Saturday, Sunday or legal holiday.” Adds
language to “Note: If the redetermination form all required eligibility verifications are not received
and processed by the last day of the redetermination period the case must close. If a complete
redetermination form and all required eligibility verifications are received within 30 days after the
case closes, See Chapter 10.6.6 (Redetermination Processing-Reinstatement).”

7.3 (Verification Initial Application)
Adds language to the income bullet, “and Chapter 6.6 (Earned/Unearned Income) to determine
when income sources are counted.” Adds a new bullet regarding school status of students of any
age. Read the bullet beginning with “School status” in its entirety. Under the “Residence” bullet,
adds a sub-bullet “Families in some excluded time facilities may have their physical address kept
private for safety reasons. In these cases verify the county than the family is physically residing
in AND verify the family’s mailing address. See Chapter 8.12 (Moving Between Counties).”

7.6 (Verification-Eligibility Redetermination)
Adds language to the Income bullet “Income that is not counted and does not affect the eligibility
or amount of assistance the family will receive does not need to be verified.” Adds a cross
reference to chapters 6.6 (Earned/Unearned Income) and 7.9 (Income Verification). Adds a new
bullet regarding school status of students of any age. Read the beginning with “School status”
bullet in its entirety.

7.9 (Income Verification)
Adds new instructions for workers to verify all included income prior to approving or denying
eligibility, or when continuing to authorize care. In the first paragraph under “INCOME
VERIFICATION,” adds a new sentence, “Income that is not counted, and does not affect the eligibility
or amount of assistance the family will receive does not need to be verified.” In the
“UNEARNED INCOME” paragraph, adds the word counted to the information in the first bullet to
state “All counted unearned income must be verified using documentation from a time frame that
is the best indicator of future income.” In the examples of acceptable documentation under
“INCOME VERIFICATION”, deletes “Student Financial Aid Award Letter” bullet (and references
to forms, DHS-6974 and 6974A) and adds a bullet “A screen print of the TPCO screen in MMIS
or a copy of We Have Determined Your Health Insurance is Cost Effective (DHS-7207A) as
verification of cost effective insurance reimbursement.” Adds legal authority references to
Minnesota Statutes 119B.011 and 256P.06

8.3 (Reporting Requirements)
Is changed significantly due to Program Unification changes, read in its entirety.

8.12 (Moving Between Counties)
Adds links to the Interagency Case Transfer Form (DHS-3195) and to the Physical Transfer of a
Case File section of the MEC² User Guide. Adds two new sentences to the Portability Pool funding
section under the “MOVING TO YOUR COUNTY” section: “The original county remains financially
responsible for the family’s BSF child care for the unitary residency period of two full calendar
months.” “If the family is eligible for Portability Pool funding, your county must accept
administrative responsibility and continue basic sliding fee (BSF) assistance for the lesser of six
months, or until the family is able to receive assistance under the county’s regular BSF program.”
Deletes the sentence, “Your County must accept administrative responsibility for applicants for BSF Portability Pool funding at the end of the two months of assistance under the Unitary Residency Act.” Under the “EXCLUDED TIME FACILITIES” section, adds a new sentence, “Families residing in excluded time facilities may only need to verify their county of residence and a mailing address if the physical location of the excluded time facility is private for safety reasons. See Chapter 7.3 (Verification-Initial Application).”

9.3 (Payment to Providers)
Removes the paragraph regarding provisional payments. DHS has instructed counties not to issue provisional authorization and payments to LNL providers.

9.15.1 (Authorizing Hours –Self-Employment)
Adds a sentence to the first paragraph, “Gross earned income from self-employment is the gross self-employment receipts less the operating expenses.” and adds the word “Chapter” to chapter references in the first two paragraphs. Adds the word “applicable” before “state minimum wage” referenced in the second paragraph.

10.3 (When to Re-Determine Eligibility)
Adds plain language updates to clarify the third paragraph that addresses when to re-determine eligibility for a student caregiver under the age of twenty-one. Read that paragraph in its entirety. Adds bullets to information in the last paragraph for easier reading of the information. Adds a legal authority reference to Minnesota Statutes 256P.07.

11.9 (LNL Providers)
Adds new information and a link to the form “Authorization for Release of Information from the BCA (DHS-2400)” in the “BACKGROUND STUDIES” requirement section. Plain language updates are included in the in-home care paragraph. Adds language to correctly identify Chapter 9.24.3 (Child Care Rates, Registration Fees, Co-payments). Removes the paragraph regarding provisional payments. DHS has instructed counties not to issue provisional authorization and payments to LNL providers.

11.12 (Provider Registration)
Updates the second paragraph with a plain language change to the last sentence, “Providers are allowed to register even if they are not currently caring for children receiving child care assistance.” Updates the title of the DHS-7195 form link to read “CCAP Licensed Family Child Care Provider Registration and Acknowledgement (PDF) (DHS-7195).” Adds a link to the DHS form “Authorization for Release of Information from the BCA (DHS-2400).” Adds “tribe” to the last sentence in the bulleted section about provider registration and acknowledgement forms.

12.3.3 (Approval Notices-Family)
Adds several Program Unification updates to reflect which changes a family must report within 10 calendar days and that the agency must include in the 15-day notice. The fourth bullet, beginning with “The family’s obligation to report…” is changed significantly. Adds, “unless the family asks to continue to receive assistance pending an appeal.” to the last bulleted sentence. Read this section in its entirety. Adds a legal authority reference to Minnesota Statutes 256P.07.

16.18 (Case Reviews)
Replaces “all” with “counted” income and expenses in the last bullet in first section under “DHS CASE REVIEWS.” Replaces “dollar value” with “potential financial impact” in the second paragraph in this same section.
16.27 (Exempt Earned Income Comparison Chart) NEW CHAPTER
Read in its entirety.

16.30 (At-Home Infant Care) NEW CHAPTER
Reads, “At-Home Infant Child Care (AHIC) program does not have funding available to serve families. Persons inquiring about AHIC should be informed that there is no funding for the program and the CCAP application denied.”
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ADMINISTERING AGENCY
A county social services agency or a public or non-profit agency designated by the county board to
administer the child care fund.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 4)

ADMINISTRATIVE EXPENSES
Costs associated with the administration of direct services covered by the child care fund. These include:

- Salaries, wages and related payroll expenses including those for direct personnel costs,
  expenses for general administration and supervision, secretarial, clerical, accounting and other
  support services.
- Travel, transportation and per diem or subsistence expenses.
- Materials and office supplies.
- Others expenses directly attributable to the child care fund.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 5)

AGE OF CHILD
Infant (see INFANT)
Preschool (see PRESCHOOL)
School Age (see SCHOOL AGE)
Toddler (See TODDLER)

ALLOCATION
The share of the total state appropriation of child care funds that a county may earn and be reimbursted
for in a calendar year. Department of Human Services (DHS) may increase a county’s allocation by
redirecting unexpended or unencumbered funds, or when additional funds become available. DHS may
decrease a county’s allocation proportionate to the reduction in the total allocation when funding
decreases are implemented within a calendar year.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 8)

APPLICANT
All parents, stepparents, legal guardians or eligible relative caregivers who are members of the FAMILY
and reside in the household that applies for child care assistance.
(Legal Authority: Minnesota Statutes 119B.011, Subd.2)

AT-RISK
Environmental or familial factors that create barriers to a child’s optimal achievement. Factors include,
but are not limited to, a federal or state disaster, Limited English Proficiency (LEP) in a family, a history of
abuse or neglect, family violence, homelessness, age of the mother, level of maternal education, mental
illness, developmental disability, or parental chemical dependency or history of other substance abuse.
See Chapter 9.54 (Special Needs).
(Legal Authority: Minnesota Rules 3400.0020, Subp.9a)

AUTHORIZED PROVIDER
A legal child care provider who has completed the county registration process, required training and has
been approved for child care assistance payments. See Chapter 11 (Providers).

AUTHORIZED HOURS
The number of hours in a service period, not to exceed the maximum hour limit established in MN
Statutes 119B.09, subd. 6, that may be paid for child care for a child. See definition for Scheduled Hours.
(Legal Authority: MN Rules 3400.0020 subp. 10(a))
GLOSSARY

BASIC SLIDING FEE PROGRAM
A sub-program of the Child Care Assistance Program for non-Minnesota Family Investment Plan/Diversionary Work Program (MFIP/DWP) families with entrance income below or equal to 47% of the State Median Income (SMI). See Chapter 4.3.12 (Basic Sliding Fee (BSF)).

BSF
See BASIC SLIDING FEE PROGRAM.

CALENDAR MONTH
A period that begins with the 1st day of the month and ends with the last day of the month.

CASH BENEFITS
Public assistance including income from the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), Minnesota Supplemental Aid (MSA), General Assistance (GA), Refugee Cash Assistance (RCA).
(Legal Authority: Minnesota Statutes 119B.011, Subd.15)

CCAP
Child Care Assistance Program.

CCAP FAMILY
See FAMILY.

CHILD
A person 12 years old or younger, or age 13 or 14 who has a hearing impairment, visual disability, speech or language impairment, physical handicap, other health impairment, mental handicap, emotional/behavioral disorder, specific learning disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability which requires special instruction and services.
(Legal Authority: Minnesota Statutes 119B.011, Subd.4)

CHILD CARE
Care of a child by someone other than a parent, stepparent, legal guardian, eligible relative caregiver or their spouses in or outside the child’s own home.
(Legal Authority: Minnesota Statutes 119B.011, Subd. 5)

COUNTY AND TRIBAL CHILD CARE FUND PLAN
A county, tribe, and the designated administering agency shall submit a biennial plan to the commissioner of DHS. The plan shall include information requested by the department to ensure compliance with the child care fund statutes and rules, and allows agencies to establish some local policies and procedures.

COPAYMENT FEE
The amount the family must contribute as its share of child care costs. This amount is based on household income and size.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 24)

COUNTY BOARD
The board of county commissioners in each county.
(Legal Authority: Minnesota Statutes 119B.011, Subd. 9)
GLOSSARY

DISABILITY
A functional limitation or health condition that interferes with a child’s ability to walk, talk, see, hear, breathe or learn in order to meet the conditions required for an increased rate. See Chapter 9.54 (Special Needs).

(Legal Authority: Minnesota Rules 3400.0020, Subp. 17a)

DWP
Diversionary Work Program. See Chapter 4.3.3.15 (DWP Overview).

Discovery Date
The date the agency receives all documentation necessary to calculate a claim. See Chapter 14.6 (Amount of Overpayment.)

DOCUMENTATION
A written statement or record, including an electronic record, that substantiates information provided by a person or an action taken by an agency.

(Legal Authority: Minnesota Rules 3400.0020, Subp. 18)

EARNED INCOME
Cash or in-kind income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, payments from training programs at a rate at or greater than the state’s minimum wage, royalties, honoraria, or other profit from activity that results from the client’s work, service, effort, or labor. See also INCOME.

(Legal Authority: Minnesota Statute 256P.01, Subd. 3)

eDOCs

eDocs is a web site that gives access to the Minnesota Department of Human Services (DHS) forms and documents in multiple languages.

EDUCATION PROGRAM (applies to Basic Sliding Fee)
Remedial or basic education or English as a second language instruction, a program leading to a general equivalency or high school diploma, post-secondary programs excluding post-baccalaureate programs, and other education and training needs as documented in an EDUCATION PLAN. The Education Plan must outline education and training needs of a participant, meet state and county requirements for education plans and meet the requirements of programs that provide federal reimbursement for child care services.

(Legal Authority: Minnesota Statutes 119B.011, Subd. 11)

ELIGIBLE RELATIVE CAREGIVER
A person who is the caregiver of a child receiving an MFIP or DWP child only grant OR the caregiver is a person receiving an MFIP or DWP grant that includes the child. See Chapter 5.3 (Determining the Child Care Assistance Program (CCAP) Family), Chapter 5.9 (CCAP Family Composition Examples).

(Legal Authority: Minnesota Statutes 256J.08; Minnesota Rules 3400.0020, Subp. 20)

EMPLOYMENT PLAN (applies to MFIP/DWP)
An Employment Plan (EP) is developed by the job counselor and the participant which identifies the participant’s most direct path to unsubsidized employment, lists the specific steps that the participant will take on that path, and includes a timetable for the completion of each step. The plan also identifies any
subsequent steps that support long-term economic stability.  
(Legal Authority: Minnesota Statutes, 256J.49, Subd. 5)

ESTABLISHED DATE
The date the agency computes an overpayment. See Chapter 14.6 (Amount of Overpayment).

EXCLUDED TIME FACILITY
A type of living arrangement which affects the determination of state residence and the county of financial responsibility. See Chapter 8.12 (Moving Between Counties).

FAMILY
The Child Care Assistance Program (CCAP) defines a family as parents, step-parents, guardians and their spouses, or other eligible relative caregivers and their spouses, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities, or parents, step-parents, guardians and their spouses, or other relative caregivers and their spouses temporarily absent from the household in settings such as schools, military service, or rehabilitation programs. An adult family member who is not in an authorized activity under this chapter may be temporarily absent for up to 60 days. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and their child or children. An adult age 18 or older who meets this definition of family and is a full-time high school or postsecondary student may be considered a dependent member of the family unit if 50 percent or more of the adult's support is provided by the parents, stepparents, guardians, and their spouses or eligible relative caregivers and their spouses residing in the same household. The term "spouse" includes married same-sex spouses. For information on how to determine CCAP Family, see Chapter 5.3 (Determining the CCAP Family).

FAMILY SUBSIDY PROGRAM
The Family Subsidy Program, also known as the Family Support Grant Program, is a state-funded program that provides cash grants to families with children with disabilities who live, or will live, in their family home. The grants provide families with the flexibility to purchase an array of supports and services to meet specific needs.

The goal of the Family Subsidy Program is to prevent or delay the out-of-home placement of children with disabilities and to promote family health and social well-being by enabling access to family-centered services and supports.

For additional information about the Family Subsidy Program families may either:
- Contact their local county social services agency.
- See the DHS Family Support Grant program website.

FICA

FULL CALENDAR MONTH
From the first day of the month through the last day of the month.

HOUSEHOLD OF APPLICANT/PARTICIPANT/FAMILY
The CCAP family as defined in Chapter 5.3 (Determining the CCAP Family).
HOUSEHOLD OF PROVIDER
The provider and those people living with the provider or in the home during child care hours.

INCOME
Counted earned or unearned income, including public assistance cash benefits, received by the family. See Chapter 6 (Income Eligibility).
(Legal Authority: Minnesota Statutes 119B.011, Subd.15)

INFANT
- Licensed Family Child Care: A child is an infant up to 12 months of age.
- Legal Non-Licensed Family Child Care: Follow the Licensed Family Child Care definition
- License Exempt Centers: Follow the Licensed Center Child Care definition.

(Legal Authority: Minnesota Statutes 245A.02; Subd.19, Minnesota Rules 9503.0005; Minnesota Rules 9503.0040)

IN-HOME CARE
Care provided in the child’s own home.

KNOWN TO THE AGENCY
Information about a family’s circumstances that the county agency receives from the family or discovers from sources such as MAXIS, PRISM, or MMIS.

For the purposes of this determination, the county agency includes the Minnesota Department of Human Services and the county human service agency(s) responsible for the administration of the child care, cash, food, and health care programs. It also includes any agency(s) that contracts with the human service agency(s) for the delivery of financial, health care, child care programs, and employment services.

LEGAL GUARDIAN
A person or an agency that has been appointed or accepted as guardian by a court of jurisdiction or tribal law.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 31b)

LUMP SUM
Cash received on a non-recurring or irregular basis that cannot be reasonably anticipated. Examples of lump sums include child support arrears, an inheritance, an insurance payment, and gambling winnings. See Chapter 6.15.15 (Annualizing Lump Sum Income).

MAXIS
Minnesota’s statewide automated eligibility system for public assistance programs.

MEC
Minnesota Electronic Child Care System.

MFIP
Minnesota Family Investment Program. See Chapter 4.3.3.3 (MFIP Overview).

MFIP/DWP CHILD CARE
A sub-program of the Child Care Assistance Program for families receiving MFIP or DWP. See Chapter 4.3.3.3. (MFIP Overview).
MFIP/DWP CHILD CARE FOR STUDENT PARENTS
Child care assistance for student parents under age 21, pursuing a high school or general equivalency
diploma, who are not MFIP participants, and who reside in a county with a Basic Sliding Fee waiting list.
See Chapter 4.3.15 (MFIP/DWP Child Care for Student Parents).

MINOR CHILD
A child who is living in the same home of a parent or other caregiver, is not the parent of a child in the
home, and who is one of the following:

• Less than 18 years of age.
  OR
• Under the age of 19 and a full-time student in a secondary school or pursuing a full-time secondary
level course of vocational or technical training, designed to fit students for gainful employment.

See Chapter 6.6.1 (Individuals Exempt from Earned Income)

MINOR PARENT
A parent who is less than 18 years of age.

• Less than 18 years of age.
  OR
• Under the age of 19 and a full-time student in a secondary school or pursuing a full-time secondary
level course of vocational or technical training, designed to fit students for gainful employment.

See Chapter 6.6.1 (Individuals Exempt from Earned Income)

OVERPAYMENT
The portion of a child care payment that is greater than the amount for which a participant or provider is
eligible.
(Legal Authority: Minnesota Rules 3400.0020, Subp. 33)

PARENT
A child’s biological, step, or adoptive mother or father.

PARENTALLY RESPONSIBLE INDIVIDUAL (PRI)
All parents, stepparents, legal guardians, or eligible relative caregivers and their spouses who are
members of the FAMILY and reside in the household that applies for child care assistance. See
APPLICANT and FAMILY.

PRE-SCHOOL
Licensed Family Child Care: A child is a preschooler at 24 months of age up to being eligible to attend
kindergarten within the next four months.

• Legal Non-Licensed Family Child Care: Follow the Licensed Family Child Care definition.
• Licensed Center Child Care: A child is a preschooler at 33 months of age up to the age of
  being eligible to attend kindergarten within the next four months. A child in center care may be
  considered to be a preschooler at 31 months of age for purposes of staff ratios, group size, and
  programming with agreement of parent, teacher, and director if this decision is in the best interest
  of the child.
• Licensed Exempt Centers: Follow the Licensed Center Child Care definition.

Preschool/School age category changes; in August of each year, MEC² will complete the annual school
age change batch. This process changes the Age Category for children who have reached the
appropriate age to start kindergarten in the fall and who have a kindergarten start date entered on the
child’s school window. Without a date entered in that field, the age change cannot occur and the child will
remain in the preschool age category when they should be changed to school age. Please refer to the MEC® User Manual for further information.

(Legal Authority: Minnesota Statutes 245A.02, Subd.19; Minnesota Rules 9503.0005)

**PROVIDER**

Individuals or centers licensed by a state or tribe, license-exempt centers, and legal non-licensed individuals providing legal child care services. For more information, see Chapter 11 (Producers).

(Legal Authority: Minnesota Statutes 119B.011, Subd. 19)

**PROVIDER RATE**

The amount the provider charges for child care.

(Legal Authority: Minnesota Rules 3400.0020, Subp. 35)

**PROVISIONAL AUTHORIZATION**

A temporary approval of a legal nonlicensed provider to provide care and receive payment for the care of a specific child or children receiving child care assistance when all the requested registration information/documentation, except the background check, is available to the county. See Chapter 9.3 (Payments to Providers).

(Legal Authority: Minnesota Rules 3400.0110 Subp. 2a and 2b.; Minnesota Statutes 119B.125 Subd.5)

**PROVISIONAL PAYMENT**

A temporary payment paid to a legal nonlicensed (LNL) provider based on a provisional authorization. See Chapter 9.3 (Payments to Providers).

(Legal Authority: Minnesota Rules 3400.0110, Subp.2a and 2b; Minnesota Statutes 119B.125 Subd. 5)

**RECOUPMENT OF OVERPAYMENTS**

The reduction of child care assistance payments to an eligible family or a child care provider in order to correct an overpayment of child care assistance.

(Legal Authority: Minnesota Statutes 119B.011, Subd. 21)

**REDETERMINATION**

The process by which information is collected periodically by the county and used to determine whether a recipient is eligible for continued assistance and the amount of care to be authorized under the child care fund. See Chapter 10 (Redetermination of Eligibility).

(Legal Authority: Minnesota Rules 3400.0020, Subp. 37)

**REGISTRATION**

The process used by a county to determine whether the provider selected by a family applying for or receiving child care assistance to care for that family’s children meets the necessary requirements for payment of CCAP for child care provided by that provider.

(Legal Authority: Minnesota Rules 3400.0120, Subp. 2; Minnesota Statutes. 119B.011, Subd. 19a)

**RESERVE**

See TEMPORARY INELIGIBILITY.

**RESIDENCE**

The primary place where the family lives as identified by the applicant or participant.

(Legal Authority: Minnesota Rules 3400.0020, Subp. 38a.)
GLOSSARY

RSDI
See RETIREMENT, SURVIVORS, AND DISABILITY INSURANCE.

RETIREMENT, SURVIVORS, AND DISABILITY INSURANCE
A program operated by the Social Security Administration that provides a monthly income to retired people, survivors or dependents of insured people, and people with disabilities.

SCHEDULED HOURS
The specific days and hours during a service period that a child will attend child care as determined by the child care worker, the parent and the provider based on the parents verified eligible activity schedules, the child’s school schedule, and any other factors relevant to the families child care needs.

(School Authority: MN Rules 3400.0020, Subp. 38b)

SCHOOL
See EDUCATION PROGRAM. Note: Education programs do not need to be part of an approved Education Plan or MFIP Employment Plan to be considered “school” for the purposes of determining student status for exempt individuals.

See Chapter 6.6.1 (Individuals Exempt from Earned Income).

SCHOOL AGE
Licensed Family Child Care: A child is school age when they are at least of sufficient age to attend the first day of kindergarten within the next four months through age 12 or age 14 if the child has a verified special need. For information on Special Needs, see Chapter 9.54 (Special Needs).
- Legal Non-Licensed Family Child Care: Follow the Licensed Family Child Care definition.
- Licensed Center Child Care: A child is school age when they are at least of sufficient age to attend the first day of kindergarten within the next four months through age 12 or age 14 if the child has a verified special need. For information on Special Needs, see Chapter 9.54 (Special Needs).
- License Exempt Centers: Follow the Licensed Center Child Care definition.

**CCAP recommends that counties consider a child to be school age (for payment purposes) on September 1st following the child’s 5th birthday unless the parent informs the county that the child will not be starting school in September of that year. In this case, the child would not be school age until September 1st of the following year. If a child starts school before the child’s 5th birthday, the child is considered school age on the day the child starts school.

(School Authority: Minnesota Statues 245A.02, Subd. 19; Minnesota Rules 9503.0005)

SMI
State Median Income.

SSI
See SUPPLEMENTAL SECURITY INCOME.

STUDENT
A person enrolled in an educational program. See EDUCATION PROGRAM and EMPLOYMENT PLAN.

SUPPLEMENTAL SECURITY INCOME
A program operated by the Social Security Administration that provides monthly income to low income people who are AGED, BLIND, or have a DISABILITY.
GLOSSARY

SUSPENDED
The family remains eligible up to 1 year if there are temporary breaks when child care assistance is not needed. See Chapter 8.9 (Suspending).

TEMPORARY ABSENCE
A period of time a family member is physically absent from the family’s residence but still included in the household size as he/she intends to return to the residence. See Chapter 5.6 (CCAP Family – Temporary Absence).
(Legal Authority: Minnesota Rules 3400.0020, Subp. 40a)

TEMPORARY INELIGIBILITY
When a family has been receiving child care assistance and a change makes them ineligible and the ineligibility is believed to be temporary, the family’s position in CCAP should be reserved. The case remains active for a maximum of 90 days, one academic semester/quarter, or until deactivated from military service (if a family had been receiving child care assistance but increased income from active military service made them ineligible). Payments cannot be made while a family is temporarily ineligible.
See Chapter 8.6 (Temporary Ineligibility).
(Legal Authority: Minnesota Statutes 119B.09, Subd. 4a; Minnesota Rules 3400.0040, Subp. 17)

TODDLER
Licensed Family Child Care: A child is a toddler at 12 months of age up to 24 months of age.
- Legal Non-Licensed Family Child Care: Follow the Licensed Family Child Care Definition.
- Licensed Center Child Care: A child is a toddler at 16 months of age up to 33 months of age. A child in center care may be considered to be a toddler up to 35 months of age for purposes of staff ratios, group size, and programming with agreement of parent, teacher, and director if this decision is in the best interest of the child.
- License Exempt Centers: Follow the Licensed Center Child Care definition
(Legal Authority: Minnesota Statutes 245A.02, Subd. 19; Minnesota Rules 9503.0005; Minnesota Rules 9503.0040)

TRANSITION YEAR CHILD CARE
Child care assistance used to support employment or job search for families who have received MFIP assistance or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance or who have received DWP assistance for at least 3 of the last 6 months before losing eligibility for MFIP or DWP. Transition year child care is not available to families who have been disqualified from MFIP or DWP due to fraud.
(Legal Authority: Minnesota Statutes 119B.011, Subd. 20)

TRANSITION YEAR EXTENSION CHILD CARE
Child care assistance used to support employment or job search for families who have completed their transition year of child care assistance and who are eligible for, but on a waiting list for, basic sliding fee services, for the duration of time necessary for the families to be moved from the basic sliding fee waiting list into the basic sliding fee program.
(Legal Authority: Minnesota Statutes 119B.011, Subd. 20a)

UNEARNED INCOME
Income includes:
- interest and dividends from investment and savings;
- capital gains as defined by the Internal Revenue Service from any sale of real property;
- proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property;
- income from trusts, excluding special needs and supplemental needs trusts;
- interest income from loans made by the participant or household;
GLOSSARY

- cash prizes and winnings;
- unemployment insurance income;
- retirement, survivors, and disability insurance payments;
- cash assistance benefits;
- tribal per capita payments unless excluded by federal and state law;
- income and payments from service and rehabilitation programs that meet or exceed the state’s minimum wage rate;
- income from members of the United States armed forces unless excluded from income taxes according to federal or state law;
- all child support payments;
- spousal support.

See also INCOME.

(Legal Authority: Minnesota Statutes 256P.01, Subd. 8)

UNITARY RESIDENCE

The two full calendar month period when a county remains financially responsible for child care assistance benefits after a participant moves from that one county to another county.
INCOME ELIGIBILITY

This chapter covers policies and procedures regarding income eligibility.

Count earned and unearned income received by all family members. Certain family members are exempt from having their earned income counted. See Chapter 6.6.1 (Individuals with Exempt Earned Income).

To determine income eligibility:

- Collect information regarding income received by all family members.
- Verify all included income. See Chapter 6.6 (Earned/Unearned Income).
- Determine and enter into MEC2 the following income components based on verification, if required and provided. See Chapter 6.15 (Annualizing Income).
  - Payment Frequency
  - Income Projection Amount
  - Income Projection Payment Frequency
  - Income Projection Hours Per Week
- Apply annualized income after deductions to the appropriate income limit. See Chapter 6.3 (Income Limits).
- Calculate the family copayment if eligible.

The Minnesota Child Care Assistance Program Application (DHS-3550) asks the applicant to list all income received by all family members. This includes earned income, self-employment income and unearned income. It also requests information on non-reimbursed expenses.

Applicants may also use the Combined Application Form (CAF) (DHS-5223) along with the Combined Application – Child Care Addendum (DHS-5223D) if they are applying for cash assistance and/or food support. The CAF requests the same income information as the CCAP Application.

If an application is being made for CCAP, some types of health care coverage, cash assistance, food support, and/or emergency assistance, an online application may be submitted through ApplyMN.com. Apply MN requests the same income information as the CCAP Application.

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LEGAL AUTHORITY

Minnesota Statutes 119B.09
Minnesota Statutes 119B.011
Minnesota Statutes 256P.06
Minnesota Rules 3400.0170
**Earned Income**
Earned income is cash or in-kind profit from activity that results from the client's work, service, effort, or labor. See Chapter 2 (Glossary) for full definition of Earned Income. Earned income includes:
- Wages/salaries (including overtime and bonuses if ongoing).
- Paid vacation or sick leave.
- Tips/gratuities.
- Self-employment income.
- Commissions.
- Severance paid based on accrued leave time.
- Royalties.
- Honoraria.
- Payments from training programs at a rate at or greater than the state's minimum wage. This means:
  - If the training program pays a rate at or greater than the state's minimum wage, all of the income is counted.
  - If the training program pays a rate under the state's minimum wage, none of the income is counted.
- Other profit including:
  - Uniform, mileage and meal allowances if federal income tax is deducted from the allowance.
  - Fair market value of housing if housing is provided as part of total work compensation.
  - Incentive payments from work or training programs.
  - Military pay or wages for members of the United States armed forces. Pay earned while in a combat zone is not counted.

Gross earned income is income from employment prior to any payroll deductions. Gross earned income includes 401K contributions, all insurance premium payments on the pay stub and pre-tax medical/dental accounts. CCAP does allow for certain income deductions. See Chapter 6.18 (Income Deductions).

**Unearned Income**
Unearned income is a payment a family member did not have to expend individual effort or labor to receive. See Chapter 2 (Glossary) for full definition of Unearned Income. Unearned income includes:
- Cash assistance benefits, including, but not limited to:
  - Cash portion of MFIP.
  - MFIP Housing Assistance Grant.
  - DWP.
  - Cost effective insurance reimbursement from Medical Assistance.
  - Minnesota Supplemental Aid.
  - General Assistance.
  - Refugee Cash Assistance.
- Interest or dividends from investments and savings.
- Capital gains as defined by the Internal Revenue Service from any sale of real property.
- Proceeds from rent and contract for deed payments in excess of the principal and interest portion owed on property.
- Income from trusts, excluding special needs and supplemental needs trusts.
- Interest income from loans made by the family or a household member.
- Unemployment insurance income.
- Disability insurance payments.
- Tribal per capita payments unless excluded by federal and state law.
- Retirement benefits including pension payments and veteran benefits.
- Child or spousal support, medical or child care support which is not assigned to the state.
- Retirement, Survivors, Disability Insurance (RSDI). RSDI may have gross and net amounts.
- Cash prizes and winnings.
- Income and payments from service and rehabilitation programs that meet or exceed the state's minimum wage rate.
- If the service or rehabilitation program pays a rate at or greater than the state’s minimum wage, all of the income is counted.
- If the service or rehabilitation program pays a rate under the state’s minimum wage, none of the income is counted.

- Income from members of the United States armed forces identified as entitlements unless excluded from income taxes according to federal or state law.
- Nonrecurring income over $60 per quarter unless earmarked and used for the purpose for which it is intended. This includes lump sums such as insurance settlements, court settlements and child support arrears.

Sometimes expenditures necessary to secure payment of unearned income or other deductions may be withheld from an unearned income source. These expenses must be verified and reviewed to determine if they are an allowable deduction from the unearned income. If the expense is not verified, do not allow the expense as a deduction and count the full amount of the unearned income. An example is RSDI. The RSDI verification will identify a gross amount, if any expenses were withheld and the net amount. Usually, the gross amount of RSDI is the amount to be annualized. Additionally, the worker should also be aware of any expenses the family had in obtaining the unearned income, such as legal fees. See Chapter 6.18 (Income Deductions).

**Other Income**

Income sources not identified above as earned or unearned income are not counted as income. If a client reports income sources that are not counted, it is recommended that the caseworker enter the reported amounts into MEC² in the appropriate category or in the “Other not counted” income type. These sources may include, but are not limited to:

- Supplemental Security Income (SSI).
- Student Financial Aid.
- Northstar Care for Children payments for Foster Care, Adoption Assistance, and Kinship Assistance.
- Legacy Foster Care, Adoption Assistance and Relative Custody Assistance payments.
- AmeriCorps Service Allowances and other service program income below minimum wage.
- Earning and payments to individuals participating in programs under Title 1 of the Workforce Investment Act and other training program income below minimum wage.
- State and Federal tax refunds and earned income tax credits.

**LEGAL AUTHORITY**

Minnesota Statutes 119B.09
Minnesota Statutes 119B.011
Minnesota Statutes 256P.01
Minnesota Statutes 256P.06
Minnesota Rules 3400.0170
CCAP must count all income received by members of the CCAP family. See Chapter 2 (Glossary) for the definition of family or Chapter 5 (CCAP Family Composition) to determine who is included in a CCAP family.

Certain individuals in a CCAP household are exempted from having their earned income count towards the income of the assistance unit.

Whether earned income is counted or not depends on the age of the person, the person’s school status, whether the person is a dependent member of the family, and whether the person is a caregiver. A caregiver is the applicant or parentally responsible individual for the case.

For non-caregivers receiving earned income:
- **Age 0 through 5:** Earned income is not counted.
- **Age 6 through 17:**
  - Not in school: Earned income is counted.
  - In school less than full time: Earned income is counted.
  - In school full time: Earned income is not counted.
- **Age 18:** Determine if the person is a dependent member of the family (must be in school full time). See Chapter 5.3 (Determining the CCAP Family) for additional requirements.
  - Not a dependent: Earned income is not counted.
  - A dependent in high school or GED program: Earned income is not counted.
  - A dependent in post-secondary program: Earned income is counted.
- **Age 19 and over:** Determine if the person is a dependent member of the family (must be in school full time). See 5.3 (Determining the CCAP Family) for additional requirements.
  - Not a dependent: Earned income is not counted.
  - A dependent in high school, or GED program, or post-secondary program: Earned income is counted.

For caregivers (applicants or parentally responsible individuals) receiving earned income:
- **Age 19 and under:**
  - Not in school: Earned income is counted.
  - In school less than half time: Earned income is counted.
  - In school half time or more: Earned income is not counted.
- **Age 20 and over:** Earned income is counted.

Half time or full time school status is defined by the educational institution.

Students of any age, who have earned income, must verify their school status to determine if their earned income is not counted. See Chapter 7.3 (Verification – Initial Application). If school status is not verified, their earned income must be counted. Non-caregiver students who are not dependent members of the family do not need to verify their school status.

See Chapter 16.27 (Exempt Earned Income Comparison Chart).

**LEGAL AUTHORITY**
Minnesota Statutes 256P.06
Minnesota Statutes 119B.011
EXCLUDED INCOME

This section has been deleted from the CCAP Policy Manual effective August 1, 2016.
To annualize self-employment income and determine income eligibility, do the following:

1. Determine gross self-employment receipts. Gross self-employment receipts includes receipts for all income from whatever source derived related to the business. This may include, but it not limited to, the sale of products, receipts from services provided, commissions, rent, fees collected, or any other income related to the self-employment business.
2. Determine the operating expenses.
3. Subtract the operating expenses from the gross self-employment receipts to determine the gross earned income.
4. Any negative self-employment income must be included in the determination of annual income, resulting in a reduction in total annual income.

NOTE: You must annualize self-employment income BEFORE you determine the number of hours to authorize. For information on determining the number of hours to authorize, see Chapter 9.15.1 (Authorized Hours – Self-Employment).

Allow operating expenses that are allowed by the Internal Revenue Service (IRS), unless specifically prohibited. The following expenses are NOT allowed.

- Purchases of capital assets.
- Payments on the principal of loans for capital assets.
- Depreciation.
- Amortization.
- The cost of building an inventory, until the time of the sale.
- Transportation costs exceeding the amount allowed by the Internal Revenue Service for use of a personal car (See IRS Standard Mileage Rate website for current mileage rate).
- Transportation costs between home and the place of employment.
- Wages and salaries paid to and other employment deductions made for members of a family for whom an employer is legally responsible, provided family income is only counted once.
- Monthly expenses for each roomer greater than the flat rate deduction listed in the Combined Manual issued by the Department of Human Services.
- Monthly expenses for each boarder greater than the flat rate deduction listed in the Combined Manual issued by the Department of Human Services.
- Monthly expenses for each roomer-boarder greater than the flat rate deduction listed in the Combined Manual issued by the Department of Human Services.
- Annual expenses greater than 2% of the estimated market value on a county tax assessment form as a deduction for upkeep and repair against rental income.
- Federal, state and local income taxes.
- The employer’s own share of FICA.
- Money set aside for the self-employed person’s own retirement.

Receipts are budgeted in the month received. See Chapter 7.9 (Income Verification).

Expenses are budgeted against receipts in the month paid except:

- Purchase of inventory must be deducted at the time payment is received for the sale.
- Expenses paid at least annually, but less often than monthly must be prorated forward over the period in which they are intended to cover (cannot exceed 12 months). Examples of this would be unemployment taxes or insurances.

LEGAL AUTHORITY
Minnesota Statutes 119B.09
Minnesota Rules 3400.0170
Minnesota Statutes 119B.011
ANNUALIZING LUMP SUM INCOME

See Chapter 6.6 (Earned/Unearned Income) for information on included lump sum income.

Examples of lump sums include child support arrears, an inheritance, an insurance payment, and gambling winnings.

LUMP SUMS RECEIVED BY CCAP RECIPIENTS
Families are required to report receipt of lump sums timely (within 10 days of receipt).

Once you are aware of the lump sum:
- Determine if the income should be included in the household income,
- If included, do not count the first $60 in lump sum income received in the calendar quarter. Track this $60 amount as a cumulative total for each calendar quarter.
- Divide the total remaining amount by 12 months or 26 2-week periods and apply an equal amount throughout the entire year, AND
- Determine if the family remains eligible. If eligibility continues, determine the new copay amount.

If there is another change in the family's income during the year you count the remaining months/weeks of the lump sum. Include the remaining amount in the new annualization.

Count the annualized lump sum effective the date of receipt. Continue counting it for 12 months or 26 2-week periods from the date of receipt.

MEC² is not yet programmed to annualize lump sum income according to CCAP policy. Follow instructions in the MEC² User Manual to enter lump sum income in the appropriate income type category with an accurate received date.

LUMP SUMS RECEIVED BY CCAP APPLICANTS (PRIOR TO APPLICATION)
If lump sum income is received prior to CCAP participation the lump sum is NOT included in the CCAP household income. However, if a CCAP participant receives a lump sum income, the case closes and the family's reapply during the original annualization period, continue to count the lump sum through the end of the original annualization period. Do not start a new annualization period.

LUMP SUM REPORTING AND OVERPAYMENTS
When a lump sum income IS reported timely, resulting in an increased copayment, send an adverse action notice with an effective date beginning the next payment period following the 15-day notice requirement.

When lump sum income is NOT reported timely, cite an overpayment for child care assistance paid in excess of what should have been paid had the payment been reported timely. The overpayment would include the time period between the date of receipt of the lump sum and the end of the 15 day adverse action notice. Consider if all or part of the lump sum would have been disregarded as the first $60 in included lump sum income for the calendar quarter before assessing an overpayment.

If the lump sum calculation results in an adverse action, send an adverse action notice. See Chapter 12.3.9 (Adverse Action Notices – Family).

NOTE: The Child Care Assistance program does NOT have an asset test. The liquidation of an asset does NOT count as lump sum income when determining a household’s income. However, during CCAP participation, any interest/dividend received as a result of investments must be included in the household’s income. See Chapter 6.6 (Earned/Unearned Income).

TRACKING THE LUMP SUM
MEC² does not remove the lump sum from income in eligibility when the annualization period ends. See the MEC² User Manual for instructions on how to track the expiration of the lump sum income and steps to follow when it expires.
ANNUALIZING LUMP SUM INCOME

LEGAL AUTHORITY
Minnesota Statutes 119B.011
Minnesota Statutes 119B.02
Minnesota Rules 3400.0170
Minnesota Rules 3400.0180
Minnesota Rules 3400.0185
Verify due dates

Allow families 15 days to provide verification. Use the MEC² Special Letter: Verification Request to request verification.

If a family fails to provide the requested verification by the specified due date, issue a 15-day notice of adverse action. The 15-day verification request period and the 15-day notice of adverse action cannot overlap each other.

When the last day of the 15-day verification request period falls on a Saturday, Sunday, or legal holiday, extend the time period to the next working day.

Verification due dates at redetermination

When additional verifications are requested at redetermination, use the MEC² Special Letter: Verification Request.

Allow families 15 days to provide verification or until the last day of the 30 day reinstatement period, whichever is earlier.

- If the case is open, give the family 15 days to return verifications.
- If the case has closed and there are 15 or more days left of the 30 day reinstatement period, give the family 15 days to return verifications.
- If the case has closed and there are fewer than 15 days left of the 30 day reinstatement period, give the family until the last day of the 30 day reinstatement period to return verifications. When the 30th calendar day falls on a Saturday, Sunday, or legal holiday, the 30-day time period is extended to the next day that is not a Saturday, Sunday, or legal holiday.

Note: If the redetermination form and all required eligibility verifications are not received and processed by the last day of the redetermination period, the case must close. If a complete redetermination form and all required verifications are received within 30 days after the case closes, see Chapter 10.6.6. (Redetermination Processing – Reinstatement).

See Chapters 10.6 (Redetermination Process) and 10.6.3 (Redetermination Processing Standards).

Legal authority

Minnesota Statutes 119B.025
Verify the following eligibility requirements at ALL initial child care applications.

- Identity of all members of the household.
- Presence of the minor child in the home, if questionable.
- Relationship of minor child(ren) to the parent, stepparent, legal guardian, eligible relative caretaker, or the spouses of any of these listed persons.
- Age of the child(ren) in the family.
- Age of the applicant if he or she is under 21.
- Social Security Number, if given. The county MUST request Social Security Numbers from all applicants for child care assistance. A county must NOT deny child care assistance solely on the basis of failure of an applicant to provide a social security number. Before asking for the social security number, the county must give the applicant the Minnesota Department of Human Services Notice of Privacy Practices (PDF) (DHS-3979), which explains whether the disclosure is mandatory or voluntary; under what authority the number is being requested; and how the number will be used.
- Income, if counted, and Income Deductions. See Chapter 7.9 (Income Verification) and Chapter 6.6 (Earned/Unearned Income) to determine what income sources are counted.
  - For income deductions, send the family a verification request and allow until the end of the 30 day application period (or 45 days with the consent of the applicant) for the verification to be returned. If the requested verification is not received, do not allow the expense as a deduction and process the application without the income deduction.
- School status of students of any age with earned income. If school status of the student is not verified, the earned income must be counted. See Chapter 6.6.1 (Individuals with Exempt Earned Income). Acceptable verification of school status includes, but is not limited to:
  - MDHS Request for Verification of School Attendance/Progress (PDF) (DHS-2283).
  - Case noted conversation with the school.
  - Student-specific class schedule.
  - Client statement.
- Spousal support and child support payments made to persons outside the household.
- Residence. Acceptable verification showing current name and address includes, but is not limited to:
  - Any form of mail (except mail addressed to a P.O. Box) provided by the client. A forwarding address sticker received at the administrating agency from the US Postal Service cannot be considered verification of residence for CCAP. Mail sent to the participant from DHS or the county agency may be used as verification of residence.
  - A current lease with the same address.
  - Families in some excluded time facilities may have their physical addresses kept private for safety reasons. In these cases, verify the county that the family is physically residing in AND verify the family’s mailing address. See Chapter 8.12 (Moving Between Counties).
- Inconsistent information, if related to eligibility.

Requirements to authorize care if the family is determined eligible to receive CCAP:

- Employment and/or education status of adult family members including employment schedule and/or class schedule must be verified. See Chapter 7.27 (Schedule Verification – Employment and Education).
- School schedule for every child who needs child care and attends school must be verified. See Chapter 7.30 (Schedule Verification – Child’s School Schedule).
- Citizenship and immigration status of all children for whom child care assistance is being sought. A child who is participating in child care in a setting subject to public educational standards, such as in Head Start or a pre-kindergarten or school-age care program operated under public educational standards, is exempt from this requirement. See Chapter 7.12 (Verifying Citizenship and Immigration Status).
LEGAL AUTHORITY
Minnesota Rules 3400.0040
Minnesota Statutes 119B.025
Verify the following eligibility requirements at the time of eligibility redetermination:

- Income, if counted, and Income Deductions. See Chapter 7.9 (Income Verification) and Chapter 6.6 (Earned/Unearned Income) to determine what income sources are counted.
  - For income deductions, send the family a verification request and allow the required amount of time for the verification to be returned (see Chapter 7.1, Verification Due Dates). If the requested verification is not received, do not allow the expense as a deduction and process the redetermination without the income deduction.
- School status of students of any age with earned income. If school status of the student is not verified, the earned income must be counted. See Chapter 6.6.1 (Individuals with Exempt Earned Income) and Chapter 7.9 (Income Verification), acceptable verification of school status includes, but is not limited to:
  - MDHS Request for Verification of School Attendance/Progress (PDF) (DHS-2283).
  - Case noted conversation with the school.
  - Student-specific class schedule.
  - Client statement.
- Employment Ending, if not previously reported, including last date of the employment activity and date the last paycheck was received. Any changes in employment should be reported within 10 calendar days of the change.
- Residence.
  Acceptable verification showing current name and address includes, but is not limited to:
  - Any form of mail (except mail addressed to a P.O. Box) provided by the client. A forwarding address sticker received at the administrating agency from the US Postal Service cannot be considered verification of residence for CCAP.
  - Mail sent to the participant from DHS or the county agency may be used as verification of residence.
  - A current lease with the same address (if the client has not moved) is acceptable. The client does not need to submit the lease again.
  There is no time limit to how long a residency verification document can be used as verification. The verification on file can continue to be used as long as it reflects the client’s current name and address.
- Changes in Family Status and Family Size.
- Continued Cooperation with Child Support Enforcement and Assignment.
- Inconsistent information, if related to eligibility.
- Any other factor required to be verified at initial child care application that has changed since the last eligibility determination. See Chapter 7.3 (Verification – Initial Application).

The following are requirements to authorize care if the family remains eligible:

- Employment and Education/Training Status including employment and/or class schedule must be verified. See Chapter 7.27 (Schedule Verification – Employment and Education).
- School schedule for every child who needs child care and attends school must be verified if there is a change in the schedule or the school attended. See Chapter 7.30 (Schedule Verification – Child’s School Schedule).

LEGAL AUTHORITY
Minnesota Rules 3400.0040
Minnesota Statutes 119B.025
INCOME VERIFICATION

Verify all included sources of income prior to approving or denying eligibility, or continuing to authorize child care assistance. Income that is not counted and does not affect the eligibility or amount of assistance the family will receive does not need to be verified. Request documentary evidence from the applicant that proves when, what type and the amount of income a family member receives. A Minnesota Family Investment Program/Diversionary Work Program (MFIP) Employment Plan (EP) cannot be used as verification of income.

All income must be verified using the documentation that is the best indicator of future income. The recommended standard is the most current 30 days of verification for income other than child support tracked through PRISM. If the most current 30 days of income verification is not reflective of expected future income, a different timeframe can be used. For child support tracked through PRISM, the recommended standard is the last six months of information. If the worker uses something other than these standards, it is recommended that they case note why they deviated and how verification is used to support the income components required in the calculation of annualized income.

If the applicant or recipient cannot provide an actual document, ask him or her to provide a release of information signed by the family member receiving the income allowing you to contact the source of the income directly. A client statement cannot be used to verify income except in the following circumstances:

- Self-employment income: If existing verification is insufficient to accurately predict self-employment income (for example in the start-up phase of self-employment) a client statement may be used to verify self-employment income.
- Child support income: In cases where there is a previously agreed upon child support arrangement and the absent parent refuses to sign a verification of payment, the applicant may self-declare child support income during the initial application.
- Verification of the date the last paycheck was received. Verification of the date the last paycheck was received is required to confirm the end of the earned income.

EARNED INCOME

- Paycheck Stubs
  - Ask if the applicant or recipient has paycheck stubs for the timeframe that is the best indicator of future income. The recommended standard is the most current 30 days of verification. If the most current 30 days is not reflective of expected future income, such as for seasonal or temporary income, a different timeframe can be used. The paycheck stubs should specifically identify the number of hours worked, gross income based on those hours, payroll period covered, client and employer name.
  - The worker may also use year-to-date totals as the best indicator of future income.
  - If something other than the recommended standard is used to calculate the income components, it is recommended that the worker case note what was used and how it was used to determine the income components.
- Employer Statement
  - If paycheck stubs are not available, or do not contain all the necessary information, ask the applicant or recipient to provide a letter from the employer on company letterhead with the necessary information.
  - If an employer statement is used as verification, the worker must request paycheck stubs as soon as they become available and reconcile the information on the employer statement to the information on the paycheck stubs.
  - Workers should act on the new information if the differences affect the copayment amount, authorized hours and/or eligibility and assess any overpayment or act on any underpayment (if the county reimburses underpayments).
  - For seasonal or temporary income, paycheck stubs may not be reflective of expected future income. An employer statement can be used in combination with paycheck stubs to determine expected future income. The worker is not required to use the information on the paycheck stubs when calculating income if the paychecks are not reflective of expected future income.
INCOME VERIFICATION

7.9

SELF-EMPLOYMENT INCOME
Documentation of self-employment income must meet the following criteria:

- Ask for books and tax statements, if available, providing gross receipts and expenses from self-employment income.
- Self-employment business income records must be kept separate from the family’s personal income records.
- If business records and personal records are not separate, ask the parent to separate income records and resubmit according to Child Care Assistance Program requirements.
- If existing verification is insufficient to accurately predict self-employment income (for example in the start-up phase of self-employment) a client statement may be used to verify self-employment income. When child care is authorized based on estimated income, inform the participant of possible overpayment if the estimated income used does not reflect the actual income earned.
- If self-employment income is estimated at application, the worker must request verification and redetermination of eligibility must be done within the following three months. The worker should reconcile the information provided on the verification with the self-declaration of income. Workers should act on the new information if the differences affect the copayment amount, authorized hours and/or eligibility and assess any overpayment or act on any underpayment if the county reimburses underpayments.
- When the federal income tax return has been filed, which reflects the current self-employment activity, review the tax records and compare with the income amount used for calculating child care eligibility in the corresponding tax year. If the current self-employment activity is not reflective of the previous year’s tax statement, adjustments must be made in the amount used for future authorizations.
- If a self-employed person believes that they should not be subject to the federal minimum wage, the county should work with the applicant or client to identify the correct applicable amount. If a self-employed person believes that they should not be subject to the federal minimum wage but verification is not available, accept a statement from the person that states that they are not subject to that amount and the reason why.

UNEARNED INCOME

- All counted unearned income must be verified using documentation from a timeframe that is the best indicator of future income. The recommended standard is the most current 30 days of verification, excluding child support tracked through PRISM.
- For child support tracked through PRISM, the last six months of information is the recommended standard.
- For child support that is not tracked through PRISM, the recommended standard is the most current 30 days of verification.
- If the worker uses something other than these standards to calculate the income components, it is recommended that the worker case note what was used and how it was used to determine the income components.

Examples of acceptable documentation of unearned income include but are not limited to:

- Court documents providing child support and/or spousal maintenance amounts.
- Documentation from the Child Support and Collections office. In cases where there is a previously agreed upon child support arrangement and the absent parent refuses to sign a verification of payment, the applicant may self-declare child support income during the initial application but must agree to cooperate with child support enforcement by completing the required paperwork. The self-declared child support received is included in the annualization of income.
- Award letters from the Social Security Administration, the Veterans’ Administration, etc.
- Bank Statements indicating interest paid on a specific account.
- Copies of checks for pensions, trust funds, annuities, unemployment compensation, etc.
- Cash settlements/awards/winnings may be verified through copies of the “letters of award” or court order or other applicable items.
INCOME VERIFICATION

- A screen print of the TPCO screen in MMIS or a copy of We Have Determined Your Health Insurance is Cost Effective (DHS-7207A) as verification of cost effective insurance reimbursement.

INCOME DEDUCTIONS

Request verification of the amount and type of expense and allow the required amount of time for the verification to be returned (see Chapter 7.1, Verification Due Dates). If the requested verification is not received, do not allow the expense as a deduction and process the case without the income deduction. The following are examples of acceptable verification:

- Payroll deductions as indicated on the pay stubs. Request consecutive pay stubs to verify that the deduction is ongoing.
- Copy of invoice and receipt of payment from an insurance company. The documentation provided must verify the amount and type of expense covered.
- Copy of current invoice for Minnesota Care premiums.

LEGAL AUTHORITY

Minnesota Statutes 119B.011
Minnesota Statutes 119B.025
Minnesota Statutes 256P.06
Minnesota Rules 3400.0170 Subp. 1
Families must report changes that affect their eligibility.

**Families must report the following changes within 10 calendar days after they occurred:**

- A change in earned income of $100 per month or greater.
- A change in unearned income of $50 per month or greater.
- A receipt of a lump sum payment.

**NOTE:** A change in income occurs on the day the participant receives the first payment reflecting the change in income.

- A change in address or residence.
- A change in employment status and hours, this includes:
  - The last date of the employment activity.
  - The date the last paycheck was received.
  - Employment schedule.
- A change in authorized activity status, this includes:
  - Education or training status.
  - Education schedule.
  - Job search participation.
- Child school schedule if there is a change to a different school or new school schedule.
- A change in family status.
- A change in household composition.
- A change in citizenship or immigration status for any child receiving child care assistance.
- A new rent subsidy or a change in rent subsidy.
- A sale, purchase, or transfer of real property.
- A change in a parentally responsible individual’s (PRI’s) visitation schedule or custody arrangement for any child receiving child care assistance.
- Families must report changes in provider to the CCAP agency and the provider at least 15 days prior to the change.

**NOTE:** A 15-day notice period is not required, when:

- A MN licensed provider’s license has been temporarily, immediately suspended OR
- There is imminent risk of harm to the health, safety, or rights of a child in the care of a legal nonlicensed provider, license exempt center, or a provider licensed by an entity other than the State of Minnesota.

The above changes must be reported, but income changes only require verification when the change affects eligibility or the amount of the assistance payment. See Chapter 7.9 (Income Verification).

**Failure to meet the reporting requirement may result in overpayments**

Changes may be reported:

- In person.
- By telephone.
- By facsimile.
- By mail, including electronic mail.

**LEGAL AUTHORITY**

Minnesota Statutes 119B.025
Minnesota Statutes 256P.07
Minnesota Statutes 245A.07
Minnesota Rules 3400.0040 Subp. 4
MOVING FROM YOUR COUNTY
A family that moves from your county to a new county must notify you within 10 days after the move. Your county remains responsible for child care funding for the Unitary Residency period of two full calendar months after the move. If the family moves on or after the first day of the month, the two full calendar month period begins the first of the following month.

If after an initial reported move, the family moves again to a new county during the two-month unitary residency period, the first county is also responsible for the second two-month unitary residency period.

If the family is on MFIP or DWP, your county remains financially responsible while still responsible for the employment services plan. Your county and the new county may transfer the responsibility earlier, if you are both in agreement.

See Inter Agency Case Transfer Form (DHS-3195) for a sample status transfer form. For transferring county information, see MEC2 User Manual, Physical Transfer of a CCAP File in the Case Transfer procedures section.

MOVING TO YOUR COUNTY
When a MFIP or DWP family moves to another county and the new county accepts responsibility for the family's employment plan, the new county is also responsible for providing child care assistance on the date that the county accepted responsibility for the plan.

If the family was in the Basic Sliding Fee (BSF) program in the previous county, the family must let your county know of the move within 60 days of the move in order to receive Portability Pool funding. The original county remains financially responsible for the family's BSF child care for the unitary residency period of two full calendar months. See Chapter 4.3.12.15 (BSF Portability Pool).

Redetermine the family’s eligibility. The family must continue to meet all eligibility guidelines to remain eligible. As long as the family contacts the new county prior to their case closing, apply the 67% State Median income (SMI) income exit criteria. If the family does not contact the new county prior to their case closing, the new county must treat the family as a new applicant.

If the family is eligible for Portability Pool funding, your county must accept administrative responsibility and continue basic sliding fee (BSF) assistance for the lesser of six months, or until the family is able to receive assistance under the county’s regular BSF program.

If a case has closed and the family reapplies within 30 days, that case remains the responsibility of the county from which the family moved until they have lived in the new county for two full calendar months. A request to send the physical file should be made to the previous county.

If the family was not receiving child care assistance but was on the BSF waiting list in the previous county, they are not eligible for Portability Pool funding. Treat the family as a new applicant in your county.

When a Transition Year (TY) family moves to a new county their transition year continues for the remainder of their 12-month period.

EXCLUDED TIME FACILITIES
The financially responsible county for a person who lives in an excluded time facility or receives excluded time services, is the county in which he/she lived, in non-excluded time status, immediately before entering an excluded time facility. For example, a person lives in County A, directly enters a facility in County B, then transfers to a facility in County C. County A remains financially responsible. For the definition of Excluded Time Facility, See Chapter 2 (Glossary).

If a person enters an excluded time facility or begins to receive excluded time services during the two-months of Unitary Residency, do not transfer responsibility until the person is in non-excluded time status.
MOVING BETWEEN COUNTIES

for two full calendar months. Transfer responsibility on the first of the month after the second full calendar month the person is in non-excluded time status.

If a person leaves an excluded time facility and remains in the facility’s county, delay transfer of responsibility until the person lives in non-excluded time status for two full calendar months.

If a person who is not a Minnesota resident, moves to Minnesota and directly enters an excluded time facility, the county of financial responsibility is the county where he/she signed the Minnesota Child Care Assistance Program Application (DHS-3550-ENG) if:

- They have lived only in excluded time facilities in Minnesota.
- AND
- They left an excluded time facility to live in Minnesota.

Families residing in excluded time facilities may only need to verify their county of residence and a mailing address if the physical location of the excluded time facility is private for safety reasons. See Chapter 7.3 (Verification – Initial Application).

LEGAL AUTHORITY
Minnesota Statute 119B.03
Minnesota Statute 119B.07
Minnesota Rule 3400.0020
Minnesota Rule 3400.0040
Minnesota Rule 3400.0060
Minnesota Rule 3400.0080
NOTE: You must calculate the annual CCAP gross earned income from self-employment income BEFORE you determine the number of hours to authorize. Gross earned income from self-employment is the gross-self-employment receipts less the operating expenses. See Chapter 6.15.6 (Annualizing Self-Employment Income).

To determine whether care can be authorized for the self-employment activity:

- Divide the gross earned income from the self-employment activity by 52 weeks.
- Then divide that number by the applicable minimum wage to determine if the individual is self-employed for at least an average of 20 hours per week at the applicable minimum wage (10 hours if a full time student). See Chapter 6.16 (Applicable Minimum Wage).

The federal minimum wage applies unless the applicant or participant can supply information to show that they are not subject to this standard. If a self-employed person believes that they should not be subject to the federal minimum wage as the applicable standard and verification is not available, the county should work with the applicant or client to identify the correct applicable minimum wage. If verification is not available, accept a signed statement from the person that states why they are not subject to the federal minimum wage and that identifies the applicable state minimum wage.

If the participant is self-employed for less than an average of 20 hours per week at the applicable minimum wage (10 hours if a full time student), they are not eligible for child care during self-employment hours.

If the participant is self-employed for at least an average of 20 hours per week at the applicable minimum wage (10 hours if a full time student), authorize child care for the LESSER OF:

- The number of hours determined by dividing the annual CCAP gross earned income from the self-employment activity by 52 weeks and then by the applicable minimum wage, plus up to one hour per eight hours for meals and up to two hours per day for travel time.
- The number of hours spent in the self-employment activity, plus meal/break time and up to two hours per day for travel time.

If, in addition to the self-employment activity, the participant also has an employment activity that is not self-employment:

- Determine the number of hours spent in the employment activity that is not self-employment.
- Determine the number of hours spent in the self-employment activity by dividing the annual CCAP gross earned income from the self-employment activity by 52 weeks and then by the applicable minimum wage.
- Add the hours for the employment activity that is not self-employment and the hours for the self-employment activity to determine if the participant is employed for at least an average of 20 hours per week at the applicable minimum wage (10 hours if a full time student).
  - If the participant is not employed for at least an average of 20 hours per week at applicable minimum wage (10 hours if a full time student), they are not eligible for child care during their employment activities.
  - If the participant is employed for at least an average of 20 hours per week at applicable minimum wage (10 hours if a full time student), add the hours for the employment activity that is not self-employment and the hours for the self-employment activity to determine the number of hours to authorize.

If the participant has at least one self-employment activity with a negative gross income:

- Determine the annual CCAP gross earned income from each self-employment activity separately.
- Divide the annual CCAP gross earned income for each self-employment activity by 52 weeks and then by the applicable minimum wage to determine the number of hours the participant is employed in that self-employment activity. The number of hours associated with the self-employment activity with the negative gross income is 0.
- Add the number of hours from each employment that is not self-employment and each self-employment activity together to determine if the participant is employed for at least 20 hours per week at the applicable minimum wage (10 hours if a full time student).
AUTHORIZED HOURS – SELF-EMPLOYMENT 9.15.1

- If the participant is not employed for at least an average of 20 hours per week at applicable minimum wage (10 hours if a full time student), they are not eligible for child care during their employment activities.
- If the participant is employed for at least an average of 20 hours per week at applicable minimum wage (10 hours if a full time student), use the total number of hours from each employment activity (including self-employment) to determine the number of hours to authorize.

LEGAL AUTHORITY
Minnesota Rules 3400.0040
WHEN TO REDETERMINE ELIGIBILITY 10.3

Re-determine eligibility for families who are eligible for ongoing assistance at least every six months. The time between initial eligibility and the date an agency must review the case, or the time between required reviews, is the redetermination or certification period.

Re-determine eligibility more frequently than once every six months when the family’s eligibility is in the start-up phase of self-employment without an approved Employment Plan and existing documentation is insufficient to accurately predict the self-employment income.

Redeterminations shall be deferred beyond six months for a family that has a caregiver under the age of twenty-one, who does not have a high school or general equivalency diploma (GED), and is a student in a school district or another similar program that provides or arranges child care, parenting, social services, career and employment supports and academic support to achieve high school graduation. The redetermination date shall be extended to the end of the student’s school year, but cannot exceed twelve months. The CCAP worker should choose an appropriate date for the redetermination and enter the date into MEC². Income must be recalculated when the family’s income changes.

See Chapter 10.3.3 (When to Adjust the Length of Redetermination).

If a family reports a change that affects their eligibility before the family’s next regularly scheduled redetermination, the county must recalculate eligibility without requiring verification of any eligibility factor that did not change. These changes include, but are not limited to:

- A change in income.
- A change in address or residence.
- A change in employment status and hours.
- A change in authorized activity status.
- A change in family status.

See Chapter 8 (Changes in Circumstances).

LEGAL AUTHORITY
Minnesota Statutes 119B.09
Minnesota Statutes 256P.07
Minnesota Rules 3400.0180
Minnesota Rules 3400.0040
LEGAL NONLICENSED (LNL) PROVIDERS 11.9

Require a new legal nonlicensed (LNL) provider to register with your county or tribe. See Chapter 11.12 (Provider Registration). LNL providers must complete the criminal background process and be authorized by your county or tribe. See Chapter 11.21 (Provider Authorization).

Apply the following criteria to determine if a provider can be a LNL provider:

- At least 18 years of age.
  AND
- Not a member of the MFIP assistance unit, or a member of the family applying for or receiving child care assistance.
  AND
- Not living in the same home as the child whose family is applying for or receiving child care assistance.
  AND
- Provides child care only to related children, and/or provides child care to children from a single unrelated family at one time. Related refers to the provider being a sibling, a step-sibling, a niece, a nephew, a grandparent, an aunt, or an uncle.
  AND
- Has current certification in First Aid and CPR.
  AND
- Has not been excluded or debarred in another Department of Human Services (DHS) program.

REQUIRED FORMS

When a parent chooses a LNL provider, send the parent and provider a copy of the Health and Safety Resource List for Parents and Legal Nonlicensed Providers (DHS-5192A-ENG) (PDF) form.

Require a signed Parent Acknowledgment When Choosing a Legal Nonlicensed Provider Form (DHS-5367) (PDF) when a family chooses a LNL provider. Require a separate form for each LNL provider the family chooses. The Parent Acknowledgment When Choosing a Legal Nonlicensed Provider Form (DHS-5367) (PDF):

- Describes the registration process for LNL providers.
- Describes the participant’s responsibilities and rights when choosing a LNL provider.
- Includes an acknowledgment that the participant and LNL provider will review the health and safety information provided by your county.
- Includes an assurance that the participant will provide an immunization record for each child to the LNL family child care provider within 90 days of the date that care begins, and will update the information as necessary.

Require the provider to complete and sign a CCAP Legal Nonlicensed Provider Registration and Acknowledgement (DHS-5192-ENG) (PDF) form. See Chapter 11.21 (Provider Authorization). The Legal Nonlicensed Provider Registration and Acknowledgement form includes information stating that the agency is required to keep a record of substantiated complaints concerning the health and safety of children in the care of LNL providers and that, upon request, information governing substantiated complaints must be released to the public as authorized under Minnesota Statutes 13.03.

TRAINING REQUIREMENTS

Upon initial authorization, LNL providers must provide documentation of First Aid and CPR training. Online components of First Aid and CPR training may qualify, except for the practical portion of CPR which is required in person. See Minnesota Statutes 245A.50 for further information. Agencies should consult with agency licensing staff about how to determine valid training for First Aid and CPR training requirements.

The training must have been provided by individuals approved to provide such training. Agencies should align standards for acceptable training with standards used for approving licensed family child care provider First Aid and CPR training. The training must be effective as of the date the provider registration is approved. See Chapter 11.12 (Provider Registration).
Upon each reauthorization after the initial authorization requiring First Aid and CPR training, if a provider still serves children receiving CCAP, the provider must take and provide proof of an additional eight hours of training in topics listed by the Minnesota Center for Professional Development Registry. First Aid and CPR courses may be counted in the additional eight hours of required training but are not required. All courses offered by the Child Care Aware agencies, which are listed in the Registry by the Minnesota Center for Professional Development, qualify toward the eight hours. Child Care Aware agencies coordinate and offer training that is listed in the Registry. Their staff can help providers find training that may be of most interest to them.

**BACKGROUND STUDY REQUIREMENTS**

Background study requirements for LNL providers are aligned with the background study requirements for a licensed family child care provider. The registration packet for LNL providers includes the [Child Care Assistance Program Authorization for Release of Background Study (DHS-5193) (PDF)](https://www2.dhs.state.mn.us/forms/dhs5193.pdf) and the [Authorization for Release of Information from the BCA (DHS-2400)](https://www2.dhs.state.mn.us/forms/dhs2400.pdf). The LNL provider must sign and return DHS-5193 and DHS-2400 to the agency for all individuals for whom a background study is required.

Background studies are required for:

- The provider and each household member age 13 and older.
- Each household member age 10-12 living in the household where the provider services will be provided when the commissioner has reasonable cause as defined under MN Statutes 245C.02, Subd 15.
- An individual who, without providing direct contact services in the LNL program may have unsupervised access to children receiving services from the program, when the commissioner has reasonable cause.

Conduct a background study that includes findings from the Bureau of Criminal Apprehension, juvenile courts, and social service agencies. If the local county juvenile courts and social service agency do not maintain statewide records, contact the county where the provider currently resides and any counties where the provider resided in the past five years. A finding that a delinquency petition is proven in juvenile court must be considered a conviction in state district court.

A county agency may charge a fee to a LNL provider or applicant for authorization to recover the actual cost of the background studies completed, not to exceed $100 annually.

Counties may elect to reduce or waive the background check fees:

- In cases of financial hardship OR
- If the county has a shortage of providers in the county's area OR
- For new providers OR
- For providers who have attained at least 16 hours of training before seeking initial licensure.

Counties may allow providers to pay the applicant fees on an installment basis for up to one year.

When the background study reports are returned, review (or have reviewed) for conviction, admission of guilt or a preponderance of evidence indicating that the person has committed a criminal act that disqualifies them from being authorized as a LNL provider. The disqualifying acts and characteristics are listed under MN Statutes 245C.14, MN Statutes 245C.15, and MN Statutes 119B.125 subdivision 2 (b) through (e). If the provider or any household members subject to the background study is determined to have a disqualifying act or characteristic, the provider cannot be authorized.

A provider who has had a negative licensing action as a licensed family child care provider is not allowed to provide legal nonlicensed care to children from one unrelated family and be paid by CCAP. The licensing exemption to provide care to children from a single unrelated family does not apply to a child.
Legal Nonlicensed (LNL) Providers

A care provider who has had a conditional license or a sanction, or an applicant who has had a license denied.

You may later authorize a previously denied LNL applicant if the person:

- Applies for and obtains a valid Minnesota child care license, a license issued by a tribe or another state.
  - AND
- Maintains the valid child care license.
  - AND
- Provides child care in the area under the jurisdiction of the licensing tribe or in the state of licensure.

If the LNL provider is not able to be authorized to provide care in the provider’s home because a household member of the provider has a factor that prohibits authorization, the family can request in-home care. For in-home care to be authorized, the family must request that the care be provided in the child’s home and this request must be approved by DHS before the provider can be authorized to provide care in the child’s home. If the child and the provider live in the same home, in-home care is not an option. See Chapter 11.27 (In-Home Child Care Requests and Provider Information).

Agencies identify in their County and Tribal Child Care Fund Plan whether they perform background studies on LNL providers already registered in another county prior to authorizing that provider. Counties and tribes that do not perform a background study on LNL providers already registered in another county prior to authorizing that provider are only required to perform a background study on a LNL provider registered in another county if one of the following exists:

- Two years have passed since the most recent authorization.
- An individual has reached age 10 but is not yet age 13 and is living in the household, when the agency has reasonable cause as defined under MN Statutes 245C.02, subd. 15.
- Another person age 13 or older has joined the provider’s household since the last authorization.
- A current household member has turned 13 since the last authorization.
- Your agency has reason to believe that a household member has a factor prohibiting authorization.
- The agency’s provisions for unsafe care differ from those established by the agency responsible for the first authorization.

Payment Information

For information on the hourly rate to pay LNL providers, see Chapter 9.24.3 (Child Care Rates, Registration Fees, Copayments).

Do not pay registration fees to LNL providers.

Legal Authority

Minnesota Statutes 13, Subd.03
Minnesota Statutes 119B.011, Subd. 5
Minnesota Statutes 119B.011, Subd. 19
Minnesota Statutes 119B.125, Subd. 1 and 2, 3, 5
Minnesota Statutes 245A.03, Subd. 2(b)
Minnesota Statutes 245A.10 Subd. 2 (b)
Minnesota Statutes 245C.03 Subd. 2, (a)(1), (a)(2), and (b)
Minnesota Statutes 245C.08
Minnesota Statutes 245C.14
Minnesota Statutes 245C.15
Minnesota Rules 3400.0120
Minnesota Rules 3400.0110, Subp. 2a
LEGAL NONLICENSED (LNL) PROVIDERS

Minnesota Rules 3400.0140, Subp. 5
Minnesota Rules 3400.0035; Subp. 8 and 9
PROVIDER REGISTRATION

Before you can approve payment to any provider, that provider must register with your county or tribe. Registration is the process you use to determine whether the provider chosen by a family meets the requirements necessary for payment of child care assistance.

Authorize the provider chosen by an applicant or a participant before making payment. See Chapter 11.9 (Legal Non-Licensed (LNL) Providers), Chapter 11.21 (Provider Authorization), and Chapter 11.24 (Provider Reauthorization). Agencies should allow a provider to register when requested, using the appropriate Department of Human Services (DHS) registration forms and processes. Providers are allowed to register even if they are not currently caring for children receiving child care assistance.

The agency will send a provider registration and acknowledgement packet explaining the registration process, including a request for basic information regarding the provider, the provider’s payment policies, and the provider acknowledgment to all providers.

Use the following letters/notices for all provider types listed below. The templates of letters/notices are on eDocs.

Include the following attachments with all packets:
- Child Care Provider's Responsibilities and Rights (PDF) (DHS-4079)
- Notice of Privacy Practices for Child Care Providers (PDF) (DHS-3985)
- Direct Deposit Form for the Minnesota Child Care Assistance Program (PDF) (DHS-3552)
- Child Care Assistance Program Financial Tracking Form (PDF) (DHS-5318)
- Minnesota Child Care Assistance Program Change Report Form (PDF) (DHS-7196)
- Request for Taxpayer Identification Number(TIN) and Certification (IRS W-9). The Internal Revenue Service (IRS) W-9 needs to be sent to providers when they are being authorized for the first time on MEC2 or when being reactivated in the system. If the provider is currently authorized and active on MEC2, an IRS W-9 form does not need to be included with the packet.

Send the appropriate Provider Registration and Acknowledgement form based on the provider type:
- CCAP Licensed Center Provider Registration and Acknowledgement (PDF) (DHS-5190)
- CCAP Licensed Family Child Care Provider Registration and Acknowledgement (PDF) (DHS-7195)
- CCAP License Exempt Provider Registration and Acknowledgement (PDF) (DHS-5191)
- CCAP Legal Nonlicensed Provider Registration and Acknowledgement (PDF) (DHS 5192) and Health and Safety Resource List for Parents and Legal Nonlicensed Providers (PDF) (DHS-5192A)
- CCAP Authorization for Release of Background Study (PDF) (DHS-5193) and Authorization for Release of Information from the Bureau of Criminal Apprehension (DHS-2400) if a provider is a legal nonlicensed (LNL) provider.
- CCAP Training Requirements for Legal Nonlicensed Family Providers (PDF) (DHS-6419) if a provider is a legal nonlicensed provider (LNL).
- Any additional health and safety information your county or tribe would like to include.

DHS recommends making a copy of the Minnesota Child Care Assistance Program (CCAP) Child Care Provider Guide (PDF) (DHS-5260) available to providers.

LEGAL AUTHORITY
Minnesota Statutes 119B.125
Minnesota Statutes 119B.011, Subd. 19a
If you determine the applicant family is eligible for child care assistance, send a notice approving the application. The agency must mail the notice of approval to the applicant within 30 calendar days after receiving the application. With the consent of the applicant, the agency may extend the response time by 15 days. Include the following information in the notice:

- The date eligibility begins.
- The number of hours of care authorized, the maximum rate that can be paid and how the payments will be made.
- The family's copayment amount, how and when the copayment must be made.
- The family's obligation to report the following changes within 10 calendar days from the date of the change:
  - Earned income of $100 per month or greater.
  - Unearned income of $50 per month or greater.
  - A receipt of lump sum.
  - Address or residence.
  - Household composition.
  - Family status.
  - Employment status or hours.
  - Authorized activity status.
  - Citizenship or immigration status for any child receiving child care assistance.
  - Rent subsidy or a new rent subsidy.
  - A sale, purchase, or transfer of real property.
  - A parentally responsible individual's visitation schedule or custody arrangement for any child receiving child care assistance program benefits.
- The family's obligation to report a change in provider at least 15 calendar days before the change occurs, unless the case involves alleged child abuse by a provider or a complaint that the health and safety of a child in care is in imminent danger.
- The importance of prompt reporting of a move to another county.
- The overpayment implications if required reporting does not occur timely.
- The family's responsibility for paying provider charges in excess of the county's maximum payments.
- When child care assistance is terminated, the family will be informed of the reason for the termination and the family's appeal rights. The provider will be informed that child care payments will no longer be made unless the family asks to continue to receive assistance pending an appeal.

LEGAL AUTHORITY
Minnesota Statutes 256P.07
Minnesota Rules 3400.0035, Subp 5
DHS CASE REVIEWS
To comply with the federal Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 and the federal Single Audit Act of 1984 (P.L. 98-502) with amendments in 1996 (P.L. 104-156) and the Office of Management and Budget (OMB) Circular A-133, DHS randomly selects CCAP cases to be reviewed each month. Agencies are required to submit selected case files to DHS for review. The DHS case review examines the following areas:

- Presence, date, and completeness of required eligibility forms including applications, redetermination forms, change report forms, and child support enforcement forms.
- Subprogram received by the family.
- Determine if applicant meets parent definition including documentation of the applicant’s relationship to the selected child and the applicant’s identity.
- Determine if applicant meets residency requirements including documentation of residency.
- Determine if child’s parent or parents are in an authorized activity that is appropriate to the CCAP subprogram including documentation of the participation.
- Determine if the selected child is eligible for CCAP including whether the child is of the appropriate age to receive CCAP and documentation of their age, and whether the child meets citizenship & immigration requirements and supporting documentation.
- Determine number of hours needing authorization based on the parent’s participation in an authorized activity and the child’s needs, including documentation of parent and child schedules. Determine if there is a difference between the worker’s authorized hours and the reviewer’s authorized hours.
- Determine the type of child care provider, that the provider met registration requirements including complete provider registration and acknowledgment forms, and complete parent acknowledgement form for each legal non licensed provider.
- Determine if the income and expenses, family size, copayment fee, maximum rate were accurate including documentation of counted income and expenses, identity and relationships of all family members and provider accreditations.

Agency actions that do not comply with CCAP policy may be determined to be errors with or without a potential financial impact. The responsible agency may be subject to corrective action plan requirements for specific cases. Errors with a potential financial impact are subject to overpayment / underpayment policies.

COUNTY CASE MANAGEMENT REVIEWS
One of the most successful tools in attaining and maintaining high payment accuracy is a good case management review system. Case management reviews can help to determine root cause(s) of errors and therefore identify specific areas needing corrective action, such as policy clarification, refresher training, changes in office procedures, improved case record documentation, etc.

There are a number of different approaches to case management reviews. For example a full case review would encompass all aspects of a family’s CCAP case information and/or a child care provider's information. A targeted review is focused on specific elements within a case, a specific policy or error prone areas.

DHS strongly encourages counties to conduct their own case management reviews. Often, this practice can reduce errors that DHS might identify at the time of the DHS case review.

DHS created a case management review process and forms for counties to utilize. These forms may be accessed through eDocs. Counties may choose to create their own process and forms that have been customized to reflect their administrative practices and county optional policies.

Most Common Errors Found in CCAP Case Reviews:
Listed below are the most common errors found in case reviews conducted in April – June 2014. Minnesota continues to have a significant error rate, which is tracked by state auditors and every three years, in federal reports. Errors may result in overpayments and have negative impacts on families.
• **Acting on Reported Changes**
Changes are reported by families and not acted on, or are processed incorrectly by agency workers. For instance, a family reports a change in their income but the agency worker doesn’t obtain the verification. Or, sometimes the family reports a change and the agency worker obtains verification but doesn’t make the change, even if the change resulted in a new copayment.

In some cases, changes are reported or new information is received, but not acted on by the agency worker. Not processing the family changes often lead to another error because notices are not generated to inform families and providers of changes. Counties must act on changes within 10 days, and proper documentation and processing of changes need to occur. When applicable, a worker must allow families 15 days to return verifications and give the family information about the types of verification required.

See Chapter 8 (Changes in Circumstances) and Chapter 12 (Notices) of the Child Care Assistance Program Policy Manual.

• **No Verification/Insufficient Verification of Income**
- A number of cases do not include recent income verification, or what is included is incomplete. Agency worker case notes that need to explain the method for annualizing income are often missing in MEC2. Note that the requirement for the last 30 days of income was changed to a recommendation (in Chapter 7.9 of the CCAP policy manual) but if another method is used, it is recommended that it be case noted.
- Another common error associated with income verification occurs when agency workers do not reconcile initial income verification with actual pay stubs once received. Agency workers must reconcile initial income with actual paystubs when they are received by the agency.

See Chapters 6.15 (Annualizing Income) and 7.9 (Income Verification) of the Child Care Assistance Program Policy Manual.

• **No Child’s School Schedule and/or Adult’s Work or School Schedule**
- Case files must include documentation of each child’s pre-school, Head Start or school schedule. The schedule must be recorded by day of week and times of day. If websites are used to verify school hours, the case worker can case note where they found the required information and include the days of the week and time of day.

See Chapter 7.30 (Schedule Verification-Child’s School Schedule) of the Child Care Assistance Program Policy Manual.

- Adult’s schedules must also be documented by day of week and time of day. For MFIP cases, if an Employment Plan or information from a job counselor does not include the specific schedule, the CCAP case worker must obtain proper documentation and include it in an MEC2 case note.

- See Chapters 7.27(Schedule Verification-Employment and Education) and 16.1 (CCAP Authorizations for Clients with an Employment Plan) of the Child Care Assistance Program Policy Manual.

**LEGAL AUTHORITY**
Minnesota Statutes 256.017 Subd. 1
42 CFR Part 98 Subpart K
P.L. 98-502
P.L. 104-156
OMB Circular A-133
MINOR CHILDREN AND NON-CAREGIVER ADULTS RECEIVING EARNED INCOME
This chart applies to minor children and adults living in the home who are not the caregiver(s). See Chapter 5.3 (Determining the CCAP Family) to determine whether someone age 18 and over is included in the CCAP family.

<table>
<thead>
<tr>
<th>Age of Child</th>
<th>Included in CCAP Family</th>
<th>School Status</th>
<th>Earned Income Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5 year</td>
<td>Yes</td>
<td>Any school status</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>6 year through 17 year</td>
<td>Yes</td>
<td>None</td>
<td>Counted and verified</td>
</tr>
<tr>
<td>6 year through 17 year</td>
<td>Yes</td>
<td>Less than Full Time</td>
<td>Counted and verified</td>
</tr>
<tr>
<td>6 year through 17 year</td>
<td>Yes</td>
<td>Full Time</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>18 year</td>
<td>No</td>
<td>Any school status</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>18 year</td>
<td>Yes</td>
<td>Full Time - High School or GED</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>18 year</td>
<td>Yes</td>
<td>Full Time - Post-Secondary</td>
<td>Counted and verified</td>
</tr>
<tr>
<td>19 year and over</td>
<td>No</td>
<td>Any school status</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>19 year and over</td>
<td>Yes</td>
<td>Full Time (High School, GED or Post-Secondary)</td>
<td>Counted and verified</td>
</tr>
</tbody>
</table>

CAREGIVERS RECEIVING EARNED INCOME
A caregiver is the applicant(s) or parentally responsible individual(s) for the case.

<table>
<thead>
<tr>
<th>Age of Caregiver</th>
<th>School Status</th>
<th>Earned Income Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 and under</td>
<td>None</td>
<td>Counted and verified</td>
</tr>
<tr>
<td>19 and under</td>
<td>Less than half time</td>
<td>Counted and verified</td>
</tr>
<tr>
<td>19 and under</td>
<td>Half time or more</td>
<td>Not counted or verified</td>
</tr>
<tr>
<td>20 and over</td>
<td>Any school status</td>
<td>Counted and verified</td>
</tr>
</tbody>
</table>

See Chapter 6.6.1 (Individuals with Exempt Earned Income).

LEGAL AUTHORITY
Minnesota Statutes 256P.06
Minnesota Statutes 119B.011
At-Home Infant Child Care (AHIC) program does not have funding available to serve families. Persons inquiring about AHIC should be informed that there is no funding for the program and the CCAP application denied.

LEGAL AUTHORITY
Minnesota Statutes 119B.035