
POLICY TRANSMITTAL NO. 04-16	DATE: JUNE 29, 2004
FAMILY SUPPORT SERVICES DIVISION	DEPARTMENT OF HUMAN SERVICES OFFICE OF PLANNING, POLICY & RESEARCH

TO: ALL OFFICES

SUBJECT: MANUAL MATERIAL

OAC 340:40-2-4; 340:40-7, Table of Contents; 40-7-4; 40-7-5; 40-7-7;
340:40-13, Table of Contents; 40-13-4; and 40-13-5.

EXPLANATION: **Policy revisions were approved by the Commission and the Governor as required by the Administrative Procedures Act.**

340:40-1-3, 340:40-7-7, and 340:40-13-5 are amended to replace out-of-date language.

340:40-7-4 is amended to specify how the identity of applicants is established and to eliminate the requirement that a Social Security number is required for the Child Care Program.

340:40-7-5 is amended to reflect the correct references.

340:40-13-4 is amended to explain the child care payment process.

Original signed on 4-7-04

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WF # 03-43 (DT)

INSTRUCTIONS FOR FILING MANUAL MATERIAL

OAC is the acronym for Oklahoma Administrative Code. If OAC appears before a number on an Appendix or before a Section in text, it means the Appendix or text contains rules or administrative law. Lengthy internal policies and procedures have the same Chapter number as the OAC Chapter to which they pertain following a “DHS” number, such as personnel policy at DHS:2-1 and personnel rules at OAC 340:2-1. The “340” is the Title number that designates DHS as the rulemaking agency; the “2” specifies the Chapter number; and the “1” specifies the Subchapter number.

The chronological order for filing manual material is: (1) OAC 340 by designated Chapter and Subchapter number; (2) if applicable, DHS numbered text for the designated Chapter and Subchapter; and (3) all OAC Appendices with the designated Chapter number. For example, the order for filing personnel policy is OAC 340:2-1, DHS:2-1, and OAC 340:2 Appendices behind all Chapter 2 manual material. Any questions or assistance with filing manual material will be addressed by contacting Policy Management Unit staff at (405) 521-3611.

REMOVE

INSERT

340:40-1-3	340:40-1-3, 1 page only, revised 7-01-04
340:40-7, Table of Contents	340:40-7, Table of Contents, 1 page only, revised 7-01-04
340:40-7-4	340:40-7-4, 1 page only, revised 7-01-04
340:40-7-5	340:40-7-5, 1 page only, revised 7-01-04
340:40-7-7	340:40-7-7, pages 1-6, revised 7-01-04
340:40-13, Table of Contents	340:40-13, Table of Contents, 1 page only, revised 7-01-04
340:40-13-4	340:40-13-4, pages 1-4, revised 7-01-04
340:40-13-5	340:40-13-5, pages 1-9, revised 7-01-04

340:40-1-3. State Plan for child care

The Oklahoma Department of Human Services (OKDHS) administers the State Plan covering the child care subsidy program. The Division of Child Care is responsible for directly administering and implementing all programs funded by the Child Care and Development Fund in collaboration with the Family Support Services Division, Field Operations Division, Finance Division, and Office of the Inspector General.

SUBCHAPTER 7. ELIGIBILITY

Section

340:40-7-1.	Categories of eligibility
340:40-7-2.	Conditions of eligibility
340:40-7-3.	Age requirements
340:40-7-4.	<u>Identity</u>
340:40-7-5.	Resources, residence, and citizenship
340:40-7-6.	Household composition and income consideration
340:40-7-7.	Establishing the need factor for child care
340:40-7-8.	Defining the need factor for child care services
340:40-7-9.	Exploration and development of potential income
340:40-7-10.	General provisions regarding income
340:40-7-11.	Sources of income considered
340:40-7-12.	Sources of excluded income
340:40-7-13.	Computation of income

340:40-7-4. Identity

The identity of the person making application for child care services must be verified. When an authorized representative applies on behalf of a household, the worker verifies the identity of both the authorized representative and the applicant. Identity may be verified through readily available documentary evidence, or if evidence is unavailable, through a collateral contact. Any documents that reasonably establish the applicant's identity must be accepted, and no requirement for a specific type of document, such as a birth certificate, may be imposed. Examples of acceptable documentary evidence that the applicant may provide include, but are not limited to:

- (1) a driver's license;
- (2) a work or school identification (ID);
- (3) an ID for health benefits or for other assistance or social service program;
- (4) a voter registration card;
- (5) wage stubs; or
- (6) a birth certificate.

340:40-7-5. Resources, residence, and citizenship

- (a) Resources are not considered in determining eligibility for subsidized child care.
- (b) A parent or caretaker's statement that he or she lives in Oklahoma meets the residence requirement for child care. ■ 1
- (c) Only the child(ren) for whom child care is requested must meet the citizenship and alienage requirements listed in OAC 340:10-15. ■ 2

INSTRUCTIONS TO STAFF

- 1. In situations where a non-custodial parent needs child care while his or her child(ren) is visiting from another state, the parent's residence qualifies the family for this eligibility criteria. Individuals who maintain a residence out_of_state and commute to Oklahoma for work, school, or any other reason do not meet the residence requirement.**
- 2. The parent or caretaker's citizenship status is not a condition of eligibility. See OAC 340:50-5-67 and 340:50-5-8.1 for citizenship requirements for food stamp recipients. See OAC 317:35-5-25 for citizenship requirements for medical assistance recipients.**

340:40-7-7. Establishing the need factor for child care

(a) **Establishing the need factor.** The Oklahoma Department of Human Services (OKDHS) provides subsidized child care services so children are cared for in a safe environment while the parent or caretaker participates in an approved activity or for protective reasons for the child. The worker arranges to obtain from the client or collateral sources, documentation of the need factor. ■ 1 The worker and client negotiate the amount of travel time allowed for an activity based on what is a reasonable length of time. ■ 2 Before approving child care for a second training or formal education program, the worker considers whether: ■ 3

- (1) the client can establish receipt of such training or education can increase the individual's earning potential;
- (2) the client can no longer perform the job he or she is trained to do because of physical or mental health reasons; or
- (3) there is no longer a demand for the type of work the person is trained to do.

(b) **Need factor for single parent or caretaker families.** Need for OKDHS subsidized child care is met when the:

- (1) parent or caretaker is employed;
- (2) parent or caretaker is actively searching for a job in accordance with OAC 340:40-7-8(a)(1);
- (3) parent or caretaker is engaged in a training or formal education program designed to lead to employment;
- (4) parent or caretaker attends high school, General Educational Development (GED), literacy, adult basic education (ABE), or English as a second language classes; ■ 4
- (5) parent or caretaker is actively participating in an approved Temporary Assistance for Needy Families (TANF) Work activity; ■ 5
- (6) parent or caretaker is actively participating in approved Food Stamp Employment and Training (E&T) activities;
- (7) parent or caretaker needs sleep time during the day after working night hours when a feasible alternative is used at no cost to OKDHS during the night working

hours; ■ 6

(8) parent or caretaker has a short-term illness or requires a period of hospitalization. Short-term is defined as a period not exceeding six weeks. Child care needed beyond this time frame is handled as a protective or preventive service; ■ 7

(9) child(ren) is in need of care or supervision for part of the day as a protective or preventive service; or

(10) child receives Supplemental Security Income (SSI) and care is needed for enrichment purposes. ■ 8

(c) Need factor for two-parent or two-caretaker families. Two-parent or two-caretaker families can be two natural or adoptive parents, the natural parent and a stepparent, two grandparents, other relative married couples, or other non-relative married couples. If a couple who is not married applies and only one person is the natural or adoptive parent of the child, only the natural or adoptive parent must meet a need factor as described at OAC 340:40-7-7(b). ■ 9 The need for OKDHS subsidized child care is met when:

(1) both parents or caretakers are employed during the same hours for which child care is requested;

(2) one or both parents are actively searching for a job in accordance with OAC 340:40-7-8(a)(2). If only one parent or caretaker is searching for a job, the other parent or caretaker is employed, in training, or in a formal education program during the same hours;

(3) one parent or caretaker is attending a formal education or training program during the same hours the other parent or caretaker is employed;

(4) both parents or caretakers are in high school;

(5) one parent or caretaker is attending GED, literacy, ABE, or English as a second language classes during the same hours as the other parent or caretaker is employed; ■ 10

(6) one parent or caretaker is in high school during the same hours the other parent or caretaker is working, attending a formal education, or post high school training program;

(7) one parent or caretaker is incarcerated while the other parent is employed, in training, or in a formal education program;

(8) one or both parents or caretakers are actively participating in approved TANF Work activities. If one parent or caretaker is not participating in TANF Work activities, that parent is employed, in training, or in a formal education program during the same hours; ■ 5

(9) one parent or caretaker is actively participating in approved Food Stamp E&T activities and the other parent is employed, in training, or in a formal education program;

(10) one or both parents or caretakers need sleep time during the day after working night hours when a feasible alternative is used at no cost to OKDHS during the night working hours; ■ 11

(11) one parent or caretaker has a short-term illness or requires a period of hospitalization while the other parent or caretaker is employed, in training, or in a formal education program. Short-term is defined as a period not exceeding six weeks. Child care needed beyond this time frame is handled as a protective or preventive service; ■ 7

(12) the child(ren) is in need of care or supervision for part of the day as a protective or preventive service; and ■ 12

(13) the child(ren) receives SSI and care is needed for enrichment purposes.

(d) **Need factor in joint custody cases.** When parents are separated or divorced and share custody of their child(ren), either voluntarily or through a court order, each parent's need for child care is considered separately as well as his or her income. ■ 13

(e) **Activities which do not meet the need factor for child care.** The need factor for child care is not met and child care cannot be approved for: ■ 14

(1) job search for persons not involved in:

(A) TANF Work activities;

(B) Food Stamp E&T activities; or

(C) the activities described at OAC 340:40-7-8(a)(2);

- (2) post graduate education such as master's and doctoral programs; ■15
- (3) two-parent or two-caretaker families when both are attending a formal education or training program during the same days and hours;
- (4) transportation only; ■ 16
- (5) court-ordered community service hours, volunteer hours, or jury duty; and ■ 17
- (6) hours a school age child could be in a public or private school but the parent or caretaker chooses not to allow the child to attend because he or she wishes to home school the child at night. ■ 18

INSTRUCTIONS TO STAFF

1. **Child Welfare (CW) staff must approve child care services requested by foster parents for their foster children. See OAC 340:75-7-64 and OAC 340:75-7-65 for CW foster care requirements. The only exceptions are for foster children placed in Oklahoma due to an Interstate Compact Agreement with another state or for a tribal foster home placement. See OAC 340:40-3-1, Instruction to Staff 10 for more information.**
2. **The worker and client evaluate how far the client's activity is from the child care provider and any other factors that might lengthen the amount of travel time approved. The worker documents the reason an unusual amount of travel time is approved on the application or in Family Assistance/Client Services (FACS) Case Notes.**
3. **Training and formal education programs are defined in OAC 340:40-7-8(b) and (c). Increasing the person's earning potential is documented by a statement from the individual's employer that the individual would be eligible for a raise when this training is completed. It is also established by labor market statistics showing the starting wage for a person with this training is higher than wages for the individual's current certificate or degree. This information is obtained at the local Oklahoma Employment Security Commission (OESC) or Workforce Oklahoma Center office. A statement from a doctor, mental health, or vocational rehabilitation professional establishes the client's physical or mental health problems. The need for retraining is established by a Workforce Oklahoma Center, Workforce Investment Act (WIA), or OESC job counselor, or a vocational rehabilitation professional.**

4. **Proof of the days and hours the client attends classes is required.**
5. **See OAC 340:10-2-1 for approved work activities. This policy also applies to clients in sanctioned status who are participating in Temporary Assistance for Needy Families (TANF) Work activities prior to their cases being reopened.**
6. **See OAC 340:40-5-1(c) for information on alternatives to subsidized child care.**
7. **The worker obtains verification from a medical professional supporting the need for child care because of illness.**
8. **The worker codes the authorization in the FACS Eligibility Notebook under the Auth. Daycare tab using the reason, "enrichment, supervision, training, or to avoid institutionalization," when care is authorized for this reason.**
9. **See OAC 340:40-5-1(c) which states that a client may choose whether to use an alternative to subsidized care unless that alternative is a spouse who does not meet a need factor.**
10. **Proof of the days and hours the client attends classes is required. Child care is not approved for both parents to attend these classes at the same time.**
11. **See OAC 340:40-5-1(c) for information on alternatives to subsidized child care. If only one parent or caretaker needs sleep time, the other parent or caretaker must be working during the hours sleep time is needed.**
12. **This includes cases where one parent or caretaker is disabled and physically or mentally incapable of caring for the child(ren).**
13. **Consider each parent's need factor as a single parent or caretaker family unless a stepparent is also present. If only one parent qualifies for subsidized child care, approve only the days and hours of care needed while that parent has physical custody of the child(ren). When both parents qualify for subsidized child care, two separate cases are established and the need factor must be met by each parent during the time that parent has physical custody of the child(ren). The maximum amount of child care in both cases combined is never more than 31 days. A weekly authorization cannot be approved in either case.**
14. **See OAC 340:10-2-1 for approved TANF Work activities and OAC 340:50-5-88 for approved Food Stamp Employment and Training (E&T) activities.**

15. **Class hours for a master's or doctoral program cannot be approved for child care. Care may be approved during hours the student is employed.**
16. **For example, child care is never approved just to transport a child to school when the parent or caretaker does not meet an allowable need factor during that time period.**
17. **Community service hours can be approved when they are considered a TANF Work activity. Volunteer hours can be approved as described in OAC 340:40-7-8, Instruction to Staff 5.**
18. **School age is defined as a child enrolled in first through 12th grade. Child care is not approved during regular school day hours because school is a feasible alternative. Exception: a provider can be approved to provide child care for a school age child(ren) with disabilities during the hours public or private school is in session if the child receives shortened day services from the local school system. Care can also be approved if a child is suspended or expelled from school and the school system verifies there is no other educational alternative available to the child.**

SUBCHAPTER 13. CHILD CARE RATES AND PROVIDER ISSUES

Section

- 340:40-13-1. Child care arrangements
- 340:40-13-2. Guidelines for use in approving in-home child care
- 340:40-13-3. Child care payments and rates
- 340:40-13-4. Child care payment process
- 340:40-13-5. Child care provider contracts

340:40-13-4. Child care payment process

(a) **Child care payments.** The Oklahoma Department of Human Services (OKDHS) makes payments for child care services to providers electronically using the electronic benefit transfer (EBT) system unless the provider is an in-home provider, a provider on a military base, or an out-of-state provider. These providers are paid manually after submitting Form ADM-12-S, Child Care Claims. ■ 1

(b) **Point-of service (POS) machines.** Contracted child care providers are issued a POS machine within ten days of the date the worker authorizes care for a child(ren) and the provider notifies the OKDHS contractor that he or she is beginning to care for a child(ren) eligible for an OKDHS subsidy. ■ 2

(c) **Attendance swiping.** Clients record actual times their child(ren) attends child care by swiping an EBT card through the POS machine. Providers can charge clients for care provided on days they fail to bring their EBT card or when the machine message shows care is denied. If care is later approved for that date(s), the provider must reimburse the client for any care paid for by the client above the family share co-payment.

(1) Providers must monitor the POS machine to ensure correct attendance times are recorded. If incorrect times are recorded, the provider can void the incorrect transaction and ask the client to start over. ■ 3

(2) When clients forget to swipe their EBT card for a day their child(ren) attends care, record incorrect times that are voided by the provider or receive a denied error message, the system allows the client to swipe previous in and out times for the current day and the previous nine days.

(3) Based on attendance recorded and the level of care authorized, electronic settlements to providers are made weekly.

(d) **EBT payment week.** The EBT payment week begins every Sunday at 12:01 A.M. and ends every Saturday at midnight. Electronic settlements are made each week in the provider's designated financial institution account on Tuesday morning for services provided two weeks prior to the current week. If the financial institution is closed on Monday or Tuesday or Monday is a holiday, the electronic settlement is deposited on Wednesday morning.

(e) **Manual claims process.** When the provider reports he or she was not paid correctly, he or she can submit Form ADM-12-S or ask the client's worker to submit Form EBT-4, Report of EBT Child Care Payment Adjustments, to the Finance Division

for a manual adjustment. The provider waits to submit Form ADM-12-S until approximately the 20th of the next month. ■ 4 Finance Division staff evaluate whether to adjust payment to the provider based on why care was not paid electronically.

(1) If the client did not attempt to record attendance electronically, no payment is made to the provider for days swipes are not recorded unless extenuating circumstances beyond the client's and/or provider's control exist. These extenuating circumstances must be documented on Form ADM-12-S. ■ 5

(2) If the client swiped correct attendance times but swipes were denied in error, Finance Division staff make manual adjustments. ■6

(3) If the family share co-payment applied by the EBT system was incorrect, Finance Division staff make manual adjustments. ■ 7

(4) If the provider was paid the wrong rate either because of incorrect coding of the child care plan, an incorrect birth date shown for a child, or an incorrect star status paid, Finance Division staff make manual adjustments. ■ 8

(f) **Absent day payments.** Providers can be paid an absent day payment for children who miss some days of scheduled attendance and are authorized for care on a weekly basis. An absent day payment is electronically deposited in the provider's account in their weekly settlement received after the tenth of the month following the month care was given. To be eligible to receive this additional payment, the child must be approved for a weekly authorization and must attend the minimum number of full-time days shown on OKDHS Appendix C-4-B, Guidelines for Weekly Authorizations, for that month. The provider is not eligible for an absent day payment if the child(ren) did not attend the minimum number of full-time days for that calendar month or attended the maximum days paid that is also shown on OKDHS Appendix C-4-B. ■ 9 The formulas used to determine the minimum number of days the child(ren) must attend to qualify for an absent day payment are:

(1) three-day work week equals the number of days in the individual month minus the greater number of days for four days per week minus three;

(2) four-day work week equals the number of days in the individual month minus the greater number of days for three days per week minus four;

(3) five-day week equals the number of days in the individual month minus the greater number of days for two days per week minus five;

(4) six-day week equals the number of days in the individual month minus the

greater number of days for one day per week minus five; or

(5) seven-day week equals the number of days in the individual month minus five.

INSTRUCTIONS TO STAFF

1. **In-home providers, providers on military bases, and out-of-state providers are not issued point-of-service (POS) machines. Staff in the Family Support Services Division (FSSD) Child Care Section mails a pad of Form ADM-12-S, Child Care Claims, to each provider when he or she is first approved for an Oklahoma Department of Human Services (OKDHS) contract. The provider contacts the child care liaison when additional supplies of this form are needed.**
2. **The telephone number for the OKDHS contractor, Affiliated Computer Services (ACS), is in the provider handbook issued to new providers once their contract is approved. The child care liaison can also give this number to the provider. See OAC 340:40-13-5 for contracting information. The child care liaison contacts staff in the Electronic Benefits Disbursement (EBD) Unit of the Finance Division to report any delay in installation of the POS machine.**
3. **Form CCDF-1-E, Child Care Provider Contract, advises providers of their responsibility to ensure accurate attendance is recorded by the clients. Void transactions can be completed for care given on the current day and the previous nine days.**
4. **(a) The Finance Division waits to make manual adjustments until all money has been issued electronically for that month.**

(b) Form ADM-12-S must be completed by the provider when attendance information was not correctly swiped on the system. An example of when Form ADM-12-S must be completed is when care was authorized and given but ACS did not install a POS machine timely.

(c) The worker completes Form EBT-4, Report of EBT Child Care Payment Adjustments, when attendance was correctly recorded but the provider states he or she is owed more money for a specific reason for which the worker concurs.
5. **Extenuating circumstances beyond the client's and/or provider's control are rare and include, but are not limited to, worker or system error. The provider**

must give a detailed explanation about why it was outside the control of the client to record the attendance.

6. An example is when the worker, in error, approves five days of care per month rather than five days per week of care. The client or the provider reports the error message timely but the worker takes more than ten days to correct the authorization. Another example is when child care is reopened back to the first of the month after the tenth day of that month. The worker sends Form EBT-4 to Finance Division for a manual adjustment.
7. An example of this occurring is when the client reports that income has terminated or reduced after the month starts. The worker changes the Income tab of the Family Assistance/Client Services (FACS) Interview Notebook and the Social Services tab of the Eligibility Notebook effective for the current month so the system reflects the correct co-payment. If too much co-payment has already been applied, the worker sends Form EBT-4 to the Finance Division for a manual adjustment.
8. When the provider reports a problem with the rate he or she was paid, the worker sends Form EBT-4 to the Finance Division asking for a manual adjustment. Prior to sending the form, the worker corrects the problem. For a star status problem, the worker asks staff in the Systems or Child Care Sections of Family Support Services Division (FSSD) to push the authorization across to the OKDHS contractor. If the birth date or child care plan is incorrect, the worker corrects the case before submitting Form EBT-4.
9. For example, a 30 day month on the OKDHS Appendix C-4-B, Guidelines for Weekly Authorizations, shows the minimum number of days a child must attend to receive an absent day payment for a three day per week weekly authorization is nine days. If the child attends nine days, the provider receives an absent day payment to equal the 22 maximum days the provider can be paid. In this example the provider receives 13 days of absent day payment after the tenth of the following month. The absent day payment is high because OKDHS pays the same amount of money for a child approved a three day per week weekly authorization as it does for a child approved for a five day per week weekly authorization. If this child had been approved for a five day per week weekly authorization, he or she must attend a minimum of 15 full-time days to qualify for an absent day payment. If the child attended exactly 15 days, the provider receives an absent day payment for seven days of care. If the child attended 22 days of care, no absent day payment is made since the provider would have already received the maximum payment for that

month.

340:40-13-5. Child care provider contracts

(a) **Criteria.** In order for the Oklahoma Department of Human Services (OKDHS) to purchase out-of-home child care services, a provider must have a current Form CCDF-1-E, Child Care Provider Contract, signed by both the owner of the facility and the OKDHS Director or designee on file with the Family Support Services Division (FSSD) Child Care Section. OKDHS assures all persons that OKDHS or any provider of contractual services, does not take into account a person's race, color, religion, sex, national origin, or disability in the selection or eligibility of individuals to receive services and in the manner of providing them. Age may be a factor only to the extent that certain services are designed for a particular age group.

(1) Written complaints of noncompliance with the assurance in (a) of this Section may be made to the Director of OKDHS or to the Secretary of Health and Human Services, Washington, D.C. 20201.

(2) County Division of Child Care (DCC) licensing staff provide initial information about contracts for child care facilities. The provider contacts the county child care liaison to obtain an initial contract form.

(3) Child care contracts are valid for a maximum of one year. They are automatically renewed for successive one year terms, under the same terms and conditions, unless either the child care provider or OKDHS gives written notice of its intent not to renew to the other party at least 30 days prior to the expiration of the previous term.

(b) **Procedure for obtaining child care contracts.** OKDHS enters into contracts only with licensed, out-of-home providers. A child care center provider requesting an initial contract must have a one star plus, two star, or three star status before a contract is submitted. ■ 1 The procedures in (1) through (6) of this subsection are used to obtain child care contracts.

(1) DCC licensing staff give the child care provider a promotional flyer containing information about contracting with OKDHS. The provider is instructed to contact the county child care liaison for training and review of the contracting requirements.

(2) When contacted by the child care provider, the county child care liaison arranges an appointment at which time the provider is required to review the "Contracting with DHS for Child Care Subsidy Payments Handbook" and watch a training video. The provider must fulfill this training requirement before an initial contract may be submitted. ■ 2

(3) If the provider wishes to contract with OKDHS following this training, the county child care liaison provides Form CCDF-1-E and the Statement of Understanding to the child care provider. The child care liaison explains that the earliest date a contract is valid is the date of approval by the OKDHS Director or designee.

(4) The provider completes all identifying information on Form CCDF-1-E according to the instructions on the form. In the presence of a notary, the provider signs one copy of the contract, has it notarized, and returns the contract to the county child care liaison along with the Statement of Understanding. ■ 3 Proof of ownership of the child care business is attached. ■ 4 If the DCC licensing staff provide the county child care liaison with a copy of the provider's Oklahoma State Bureau of Investigation background investigation report, that document is also attached to the contract. ■ 5

(5) If approved, the FSSD Child Care Section assigns a contract number. Information from the contract is entered on the Day Care Contract File which is updated and maintained by the FSSD Child Care Section. ■ 6

(6) If denied, the FSSD Child Care Section returns the original contract to the provider with a letter advising the provider OKDHS has decided it is in the best interest of OKDHS not to contract with the provider.

(c) **Out-of-state providers.** In some situations it is necessary to contract with a child care facility in another state because a client resides in Oklahoma near the border of another state and elects to use an out-of-state facility. When this occurs, the county child care liaison contacts DCC licensing staff and requests verification of the licensed status of the facility. DCC licensing staff contact the out-of-state agency responsible for licensing. A contract may be issued to a child care home if the home is licensed and in compliance with the Civil Rights Act of 1964. Prior to an out-of-state child care center being issued a contract, DCC licensing staff must determine this facility meets OKDHS criteria for a one star plus, two star, or three star status. The same procedures apply as in contracting with in-state facilities except that a contract is renewed with an out-of-state facility only if services are being provided to an OKDHS client when the contract expires.

(d) **Changes in child care contract status.** A new contract is required when the facility changes ownership or has been closed and subsequently reapplies for a child care license. This includes those instances when a child care facility changes status, such as changing from a home to a center or from a center to a home.

(1) When the status of a child care home changes to that of a child care center, it must meet one star plus, two star, or three star status before a new contract is

submitted.

(2) A change from a family child care home to a large family child care home does not require a new contract, even though a new application is completed, as long as the same license number is used.

(3) If a child care center is sold or ownership changes, the new owner must meet one star plus, two star, or three star status before a new contract is submitted. ■ 7

(e) **Change of address.** When the ownership remains the same and the business moves to a new building, the provider must complete a new contract if the facility is required to obtain a new license. If a new contract is required for a one star child care center, it can be approved if a child(ren) already receiving a child care subsidy at the old location wishes to move to the new location.

(f) **Renewal of child care contracts.** Child care provider contracts are effective July 1 through June 30 of each year. They are automatically renewed for successive one year terms, under the same terms and conditions, unless either the provider or OKDHS gives written notice of its intent not to renew to the other party at least 30 days prior to the expiration of the previous term. A contract is not renewed when a provider fails to attend required contract training.

(g) **Contract violations.** The worker or the county child care liaison investigates all reports of contract violations by providers. The worker or the county child care liaison discusses and participates in planning with the provider to eliminate any apparent violation. The provider is informed that, under the terms of the agreement with OKDHS, all terms of the contract must be met and that ten calendar days are given to correct any violation. If at the end of the ten-day period the provider fails to correct the violation, the worker documents and reports the continued violation to his or her supervisor, who is then responsible for submitting the information by memorandum to FSSD Child Care Section for a determination of further action. ■ 8 Examples of contract violations include, but are not limited to:

(1) discriminating against persons seeking services either by charging a discriminatory rate or violating a person's rights as listed in the Civil Rights Act of 1964 as amended, the Rehabilitation Act of 1973 as amended, and the Americans with Disabilities Act of 1990;

(2) failing to post all of the facility's rates and fees;

(3) failing to inform OKDHS of a change in address or ownership of the business at least 30 days in advance of the change;

(4) charging a client receiving subsidized child care more than the OKDHS rate for days and hours within the client's plan of service;

(5) moving the child(ren) from the agreed upon location listed in the contract for reasons other than field trips and claiming for services at this other location;

(6) subcontracting services to another provider without written prior approval from OKDHS;

(7) refusing unlimited access by a parent or caretaker to the facility during the hours of operation;

(8) submitting fraudulent claims and documentation of care to OKDHS;

(9) failing to maintain a drug-free workplace; and

(10) refusing to make available to OKDHS all business records which document proper fiscal and program management by the provider within an hour of request by any OKDHS representative.

(h) **Additional electronic benefit transfer (EBT) contract violations.** Examples of EBT contract violations by a provider include:

(1) filing manual claims when they could be filed through the EBT system;

(2) possessing or swiping a client's EBT card;

(3) knowing a client's personal information number (PIN);

(4) failing to ensure accurate time and attendance information was recorded by the parent or caretaker on the point-of-service (POS) machine. The attendance, not time, of a child(ren) approved for the part-time or blended authorization must be recorded during the school year by the parent or caretaker; and

(5) not maintaining written records for any manual claims filed for at least three years.

(i) **Cancellation of child care provider contracts.** The cancellation is initiated by the FSSD Child Care Section by issuing a notice to the provider by certified mail. If a provider refuses to accept the certified letter, the notice is remailed by regular mail allowing three calendar days for receipt.

(1) Contracts may be canceled:

(A) with cause. The effective date of cancellation is ten calendar days after the facility's receipt of the notice. Generally, three calendar days are sufficient mailing time. The notice must contain a reference to the grounds for cancellation including the specific contract provision(s) that was violated; or ■ 9

(B) without cause. The effective date of cancellation is 30 calendar days after the facility's receipt of the notice.

(2) The FSSD Child Care Section communicates with the county child care liaison whenever a contract is being canceled to ensure that county staff have sufficient time to plan with clients to find another facility, if necessary. When it is necessary to cancel authorizations with a child care provider, the provider is notified by use of a computer-generated notice. FSSD Child Care Section closes all authorizations with the provider whose contract is canceled.

(3) Copies of all correspondence regarding contract cancellation proceedings which are not initiated by the provider are routed by the FSSD Child Care Section to the:

(A) DCC, licensing coordinator;

(B) Legal Division;

(C) Finance Division;

(D) Office of the Inspector General;

(E) FSSD Overpayment Section;

(F) Commodity Distribution Unit;

(G) Child Care Resource and Referral Agency serving the area where the provider is located;

(H) Department of Education, Child Care Food Program;

(I) Cherokee Nation, if serving the area where the provider is located;

(J) Creek Nation, if serving the area where the provider is located;

(K) Choctaw Nation, if serving the area where the provider is located;

(L) the Field Operations Division area office where the provider is located; and

(M) the local county director, county child care liaison, DCC licensing supervisor, and DCC licensing staff where the provider is located.

(4) Copies of all correspondence regarding contract cancellation proceedings which are initiated by the provider are routed by the FSSD Child Care Section to the:

(A) Finance Division; and

(B) local county director, county child care liaison, DCC licensing supervisor, and DCC licensing staff where the provider is located.

INSTRUCTIONS TO STAFF

1. (a) **The county child care liaison monitors the license application status of all providers with pending contract requests by accessing Division of Child Care (DCC) Licensing Services information on the Information Management System (IMS). To obtain a license case number, the liaison uses the LISAX transaction. Enter LISAX space and up to the first 15 letters of the child care center name or child care home provider's last name. The LF transaction is used to inquire about the status of child care centers, and the LH transaction is used to inquire about the status of child care homes. Enter LF or LH space and the licensing case number. A case status code of "2, 3, 4, or 7" indicates that a permit or license is approved.**

(b) **The LF or LH screen also shows the star status of a provider near the top of the screen.**

(c) **The child care liaison uses the Contract Checklist document located on the Family Support Services Division (FSSD) Child Care Web site under Child Care Liaison Tools to ensure all necessary information is submitted with Form CCDF-1-E, Child Care Provider Contract.**

(d) **See Instruction to Staff 7 when a new contract is requested because of changes in the child care contract status.**

2. **If a new one star center provider requests a contract, the child care liaison explains that an appointment to watch the training video cannot be arranged until after the provider attains one star plus, two star, or three star status.**

3. (a) The dates in Part One and Part Two of the contract are left blank for entry by staff in the FSSD Child Care Section. The earliest date entered is the date approval of the contract is granted.

(b) The Statement of Understanding does not need notarizing. This document must be signed by the same person(s) who signs the contract. This document is located on the FSSD Child Care Web site under Child Care Liaison Tools.

4. (a) Acceptable proof of ownership for a child care home includes a copy of the Social Security card for the owner or proof he or she has applied for a new Social Security card. If the provider wishes to use an employer identification number (EIN) instead of his or her Social Security number (SSN) for tax purposes, he or she must also provide proof of the EIN number authorized by the Internal Revenue Service (IRS) and Form SS-4, Application for Employer Identification Number.

(b) Acceptable proof of ownership for a child care center includes:

(1) a sole proprietor providing proof he or she owns or is buying or renting the property where the child care facility is located and some other proof that the business is in his or her name. The owner must also provide a copy of his or her Social Security card or proof he or she has applied for a new one. If the owner wishes to use an EIN instead of his or her SSN for tax purposes, he or she must provide proof of his or her EIN and Form SS-4;

(2) a corporation providing articles of incorporation and certificate of incorporation;

(3) a limited liability company must provide articles of organization and certificate of limited liability company;

(4) a partnership providing a copy of the partnership agreement and the Affidavit of Fictitious Name filing; or

(5) a school, faith-based organization, or governmental entity providing proof from the principal of the school or from the authorized official stating that this facility is authorized to do business at that location.

5. In order to obtain a license, the owner of a child care facility must undergo an

Oklahoma State Bureau of Investigation background check. If the provider's criminal history investigation report includes a conviction for fiscal mismanagement, such as embezzlement or fraud, or if there are repeated convictions which indicate a pattern of criminal activity, DCC licensing staff send a copy of the report to the county child care liaison. These confidential reports are secured in a storage area, such as a locked desk or file cabinet in the county office. They are reviewed by authorized Oklahoma Department of Human Services (OKDHS) staff in the event the provider is granted a license and requests to contract with OKDHS.

6. Information from the Day Care Contract File is accessed by using transaction PCI on IMS. Enter PCI space and the contract number. If the contract number is unknown, information is obtained through the PCX transaction. Enter PCX space and up to the first eight letters of the child care center name or child care home operator's first name. Enter PCI next to the contract number on the list displayed. To view instructions and filter options for these transactions, enter M space and the transaction code. Example: M space PCX.
7. When the child care liaison is notified in advance of an ownership change, he or she asks the new owner if he or she plans to immediately apply for a one plus or higher star level. If the new owner does not plan to apply for a higher star level, the liaison advises the new owner that a contract cannot be completed. If the new owner is applying for the increased star level, the liaison checks with the licensing specialist about the status of the licensing application. If the licensing specialist states it appears likely a permit can be approved upon change of ownership and higher star status is determined within 30 days, the liaison allows the provider to complete Form CCDF-1-E, shows the provider the training video, and submits the Contract Checklist and all necessary information to the FSSD Child Care Section.
8. FSSD Child Care Section reviews the material submitted and makes a decision regarding the provider's continued contractual status. One such decision may be to cancel the contract and close all existing authorizations with a facility. Only with FSSD approval are all existing facility authorizations for children receiving a subsidy payment closed and no new authorizations made with the provider.
9. Payments by OKDHS for care given by providers holding a current child care provider contract may continue throughout the 30-day calendar period during which the intent to revoke a license may be appealed. If the provider does not appeal the intent to revoke the license, the contract is automatically canceled.

If the provider does appeal license revocation, denial of a renewal license, or denial of a license while operating under a six month permit, the contract can be canceled or continued until the appeal is decided.