

**I. CHAPTER OVERVIEW**

Families who are income eligible for child care services are required to pay a portion of the cost of child care through parental fees. This chapter describes who must pay a parental fee, how parental fees are assessed and special circumstances that may affect parental fees.

**II. WHEN PARENTAL FEES ARE NOT ASSESSED**

[Parental fees](#) are not assessed for child care services when one of the following apply:

- A. Child care services are provided in conjunction with a child protective services plan to enable the child to remain in his/her own home;**
- B. Services are needed to support child welfare services as described in [Chapter 5: Establishing Need and a Plan of Care](#);**
- C. Children who are receiving foster care services and need child care services. The foster children must be in the custody of the county department of social services and**
  - 1. Residing in a licensed foster care home, or
  - 2. Placed with an adult other than their parents.

**NOTE:** If a child returns home and is no longer in the custody of the department of social services, the parent's income must be considered to determine eligibility for services.

- D. Children with no income who reside in the home of an adult other than their parents, stepparents, or their nonparent relative caretaker.** A child who resides in the home of someone other than their biological or adoptive parent or nonparent relative caretaker would be considered a family unit of one and there is no parental fee required for child care services if there is no countable income available to the child.

**III. WHEN PARENTAL FEES ARE ASSESSED**

- A. When a family is deemed income eligible through Food and Nutrition Services (FNS), the parent fee is calculated from the verified gross monthly countable income.**
- B. All families who are eligible for child care services based on their countable income will be charged a parental fee for a portion of the cost of child care services.**

- C. A parental fee is assessed if countable income is received for a child, including, but not limited to child support payments, social security disability payments, or social security survivor benefits.**

**NOTE:** The administrative cost of collecting and accounting for parental fees makes it unreasonable to process very small amounts charged to families; therefore, a parental fee, when the total amount due is less than \$5.00 per month, is disregarded.

#### **IV. RESPONSIBILITIES REGARDING PARENTAL FEES**

##### **A. Responsibilities of the Local Purchasing Agency (LPA)**

The LPA is responsible for determining the amount of the parental fee to be paid to the provider for child care services.

1. When subsidized child care is approved, the LPA must notify the provider and parent/responsible adult in writing, as to the amount of the parental fee to be collected from the parent/responsible adult using the Child Care Voucher ([DCD-0446](#)) or Child Care Action Notice ([DCD-0450](#)).
2. The LPA must give the parent/responsible adult a clear explanation of the parental fee policy, the specific charges imposed, and the parent/responsible adult's responsibility for payment.
3. Any change in the amount of the parental fee must be made known to the provider and parent/responsible adult using the Child Care Action Notice (DCD-0450). See [Section C., 4](#) below regarding termination of child care arrangements when parental fees are not paid.
4. The LPA may develop local policy to specify the time frame for providers in allowing parental fees to go unpaid prior to requesting termination of services. Refer to [Chapter 22: Local Policy Options](#) for additional information about establishing local policy.

Child care expenses affect the Work First, FNS and Medicaid benefits a family is eligible to receive; therefore, the child care worker should notify the Work First, FNS and Medicaid unit(s) of any parental fee assessed, the effective date and any changes in the parental fee. A copy of the Child Care Voucher ([DCD-0446](#)) or Child Care Action Notice ([DCD-0450](#)) can serve as the means of notification.

##### **B. Responsibilities of the Family**

1. The parent/responsible adult is responsible for paying the parental fee for child care services directly to the child care provider.

2. The parent/responsible adult is also responsible for reporting changes in family income or family size that may affect the parental fee for child care services. **These changes must be reported to the *child care worker* in the LPA within five (5) workdays.**
3. The child care worker may encourage the parent/responsible adult to negotiate with the provider a parental fee payment plan that best suits the parent/responsible adult's needs. The parent/responsible adult and the provider may agree upon an individual plan for collecting parental fee payments at less than monthly intervals.
4. Should a parent/responsible adult choose a provider who charges more than the rate the LPA is allowed to pay, the parent/responsible adult may pay the difference between the provider's charge and the rate paid by the LPA. The parent/responsible adult may not be required to pay the difference; however, if the parent/responsible adult is unable or unwilling to pay the difference in this situation, another provider must be selected by the parent/responsible adult. This is discussed further in [Chapter 9: Parental Choice and Voucher Procedures](#).
5. There may be cases where providers charge parents/responsible adults additional fees for activities not included in the normal program of child care. These additional charges may include:
  - a. Enrollment or registration fees, when not reimbursed by the LPA;
  - b. Fees for arriving late to pick up the child or for late payment of the fee; or
  - c. Special fees for activities such as swimming or dance lessons.

**NOTE:** The LPA is not responsible for these separate fees charged to parents.

### C. Responsibilities of the Provider

1. Collect the parental fee from the parent/responsible adult on a regular basis and apply the same policy for non-payment of parental fees to private paying parents and parents/responsible adults receiving subsidies.
2. Give the parent/responsible adult a clear written explanation of the arrangement for paying the required parental fee and discuss the consequences of non-payment.
3. Give the parent/responsible adult a dated receipt for payment of the parental fee, as payment is received. Receipts should include the

period of time that the payment covers and the type of payment (such as child care, registration, parent fee, outstanding balance, etc.).

The provider must retain copies of these receipts for at least three (3) years and they may not be destroyed until authorized by DCDEE or the LPA. Parents/responsible adults should be encouraged to retain receipts as well, in case they need to verify that the fee has been paid for a particular month.

4. If a parent/responsible adult has failed to pay parental fees and the provider notifies the LPA of the unpaid fees, the following guidelines must be followed:
  - a. The provider must indicate the amount that is unpaid and may request that services be terminated for non-payment of parental fees.
  - b. If the provider requests the termination of services, the child care worker must issue a Child Care Action Notice ([DCD-0450](#)) to both the parent/responsible adult and provider, indicating that the arrangement is being terminated at the provider's request for failure to pay parental fees.

All parental fees must be paid in full or satisfactory arrangements made between the parent/responsible adult and provider for repayment before a voucher for another provider can be issued. If the provider notifies the LPA that a repayment agreement has been developed, services may continue.

- c. The LPA **must document in the record** the reason services are terminated and the amount of the unpaid parental fees. The provider or parent/responsible adult must submit verification when the parental fees are paid.

## V. DETERMINATION OF THE PARENTAL FEE AMOUNT

### A. Parental fees are the same across the state for all types of child care arrangements. Policy regarding the rates paid by the LPA can be found in [Chapter 20: Payment Policies](#).

1. A parental fee is based on the family's gross income.
2. There is one (1) parental fee for families receiving subsidized child care, regardless of the number of children in care and regardless of the hours of care needed. In cases wherein the parental fee exceeds the cost of care, services cannot be authorized. An exception to this would be when more than one (1) child is in care and the total cost exceeds the parental fee; then the parental fee could be divided between or

among the children. The case narrative would explain this. Another exception to this would be when the total cost for before and/or after school care exceeds the parental fee. In this case, the parent/responsible adult can request services for teacher workdays and holidays and care must be authorized if the daily provider payment rate exceeds the daily parental fee amount. When the parent/responsible adult requests services for summer and/or track out care only, care must be authorized if the monthly payment rate exceeds the monthly parental fee amount. The family should not be placed on the child care waiting list. The case can be suspended until the child attends.

- B. To determine the parental fee, the child care worker will multiply the family's gross monthly countable income by ten percent (10%) up to a maximum income limit. Refer to the [Attachment 1: Maximum Gross Monthly Income Eligibility Limits and Fee Percentages for Subsidized Child Care Services](#). The parental fee calculation must be shown on the application, in the case narrative or on an attached calculator tape.**
- C. The monthly parental fee must be rounded to the nearest whole dollar, i.e., down if the parental fee includes a decimal amount of less than fifty cents, and up if the parental fee includes a decimal amount of fifty cents or more. If daily parental fees are needed, the child care worker will divide the monthly parental fee by 21.67 and round to the nearest nickel.**

**D. Parental Fees for Full-Time or Part-Time Care**

1. One Provider

When more than one (1) child is in care, calculate the parental fee based on 10% of the family's gross monthly income regardless of the number of children in care or the number of hours care is needed.

2. Multiple Providers

If the child requires two (2) providers, assess the parental fee to the provider who provides more hours of care. If each provider cares for the child for an equal amount of time, a 50% parental fee may be assessed to each.

**E. Child Care Needed for Partial Months**

1. There may be times when the child care worker must assess a parental fee for child care that begins or ends in the middle of the month.

2. The following situations describe how parental fees are determined when child care services are needed for part of a month. The Subsidized Child Care Services Reimbursement Manual provides additional information.
  - a. The LPA has the option to either assess the parental fee on a daily basis (prorated) beginning with the first day the child enrolls or start assessing at the beginning of the first full month of child care services. Refer to [Chapter 22: Local Policy Options](#) for additional information. When the monthly parental fee amount and the beginning date are entered, the Subsidized Child Care Reimbursement System automatically begins the full parental fee at the first of the next month.
  - b. When child care services are terminated during a month, a partial month parental fee must be assessed for the number of days care is needed. The Subsidized Child Care Reimbursement System will calculate the parental fee based on the monthly parental fee amount and the number of days entered that care was needed. (The parental fee may be figured manually by multiplying the daily parental fee rate by the number of days care is needed.)

**NOTE:** The full-time monthly and daily parental fee should be shown on the voucher.

#### **F. Different Plans of Care**

Sometimes varying child care arrangements are needed because of different work schedules. When a parent's work schedule is unusually long, two types of child care arrangements or extra hours of care in the same arrangement may be needed. In either situation, the child care worker assesses the parental fee based on 10% of the family's monthly gross income.

There may be instances where the plan of care creates a need to change between two providers. A parent may work a varying work schedule consisting of both day and night hours. Some months, the daytime arrangement is used more, and other months, there is more need for nighttime care. In this situation, the child care worker chooses one (1) of the providers to collect the parental fee rather than trying to split the parental fee based on the varying hours care is needed. This is documented on the Child Care Voucher (DCD-0446) and in the case narrative.

## **VI. ADJUSTMENTS IN PARENTAL FEES**

Parental fees for child care are based on the family's ability to pay and are not intended to discourage parents from using needed services.

To assist families having difficulty paying parental fees, adjustments can be made for special circumstances as listed below. Adjustments in parental fees are always effective at the beginning of a month.

**NOTE:** Parental fees cannot be waived by the **LPA** for any reason and can only be adjusted for reasons listed below or as listed in [Section V. E., 2., a.](#)

#### **A. Parental Fee Adjustments for High Medical Expenses**

Families with large medical expenses may find the payment of a parental fee more of a hardship than other families of similar size and income. To help in this situation, the family [gross income](#) upon which the parental fee is assessed will be reduced by subtracting the amount of documented medical expenses in excess of 10% of that gross income.

**Medical expenses are considered only in relation to the payment of parental fees, not in determining basic income eligibility.**

The parent/responsible adult's statement concerning medical expenses shall be accepted; however, the child care worker may need to assist the parent/responsible adult in identifying and computing medical expenses to make the most accurate statement possible. Information provided by the parent/responsible adult about the family's medical expenses must be documented in the case record.

##### **1. One-Time Medical Adjustment**

A one-time medical adjustment can be given when a parent/responsible adult pays a high medical expense for one month. The excess medical expense is deducted from the gross monthly income and the parental fee for the upcoming month is reduced. Thereafter, the parental fee goes back to the amount assessed prior to the adjustment.

##### **2. Medical Expense Spread Over Several Months:**

When a parent/responsible adult pays high medical expenses for more than one month, medical adjustments can be spread over several months. The excess medical expense is deducted from the gross monthly income for the months in which there are high medical bills. The parental fees are also reduced for those months.

#### **B. Parental Fee Adjustments When the Plan of Care or Eligibility Changes, Including Redetermination**

The parental fee is reassessed when the family income changes. Refer to

[Chapter 11: Responding to Eligibility Changes and Redetermination](#) for more information.

**Whenever the family's countable monthly income increases or decreases by \$100 or more during the current eligibility period**, the LPA must recalculate the parental fee. If the monthly income decreases by less than \$100, an adjustment of the parental fee is not required; however, the LPA may choose to reduce the parental fee to help the parent/responsible adult. The parental fee change and the date the change is effective must be documented on the Child Care Action Notice ([DCD-0450](#)), and sent to both the parent/responsible adult and provider.

**NOTE:** All changes in countable income, regardless of the amount, must be counted at redetermination of eligibility.

1. Reduction in Parental Fees

In most cases, a decrease in the parental fee is made effective the first day of the next month. If making a decreased parental fee effective the first day of the next month creates a hardship for the family (such as situations involving greatly reduced or complete loss of income), the effective date may be the first day of the month in which the change is reported. The Child Care Action Notice ([DCD-0450](#)) is sent according to the above instructions and does not require a ten (10) workday notice.

The LPA staff enters the new parental fee into the Subsidized Child Care Reimbursement System to be effective at the beginning of either the current or following month.

2. Increase in Parental Fees

Increased parental fees are effective the first day of the month. When the parental fee is to be increased, the effective date of the change may be no earlier than ten (10) working days after the date the Child Care Action Notice is given to the family notifying them of the parental fee increase. If the first day of the next month does not allow enough time for a ten (10) day notification of the parental fee increase, then the effective date is the first day of the second month after the parental fee change is determined.

The LPA staff enters the new parental fee into the Subsidized Child Care Reimbursement System to be effective at the beginning of either the first or second month after the parental fee change is determined.



### C. Parental Fee Adjustments for Child Care Benefits

Money from a child care benefit is counted as part of the allowable cost of care. Money from the benefit is first applied to the parental fee; any remaining amount is subtracted from the amount the LPA pays to the child care provider. The child care worker must communicate this information to the Subsidized Child Care (SCC) reimbursement worker by an explanation in the comments section of the voucher or action notice. If the parent/responsible adult is employed by a child care facility who offers an employee discount, the discount is not considered when determining parental fees and payments.

1. When an employer benefit is less than the parental fee, the parent uses the benefit amount to help pay the assessed fee amount. The voucher/action notice would still show the actual parental fee amount, which would be entered in the SCC reimbursement system.
2. When an employer benefit is more than the parental fee, the parent/responsible adult will use the benefit to pay the parental fee. The remaining benefit amount is then subtracted from the allowable cost of care in the SCC reimbursement system. The voucher/action notice and SCC reimbursement system would still show the total monthly parental fee, which would be entered in the reimbursement system. The parent/responsible adult would pay the entire benefit directly to her provider. The child care worker must communicate this information to the reimbursement worker by an explanation in the comments section of the voucher or action notice.

For additional information, refer to [Chapter 20: Payment Policies](#).