

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. For example, a child who resides in the home of someone other than their biological or adoptive parent 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 in writing, as to the amount of the parental fee to be collected from the parent using the Child Care Voucher ([DCD-0446](#)) or Child Care Action Notice ([DCD-0450](#)).
2. The LPA must give the parent a clear explanation of the parental fee policy, the specific charges imposed, and the parent's responsibility for payment.
3. Any change in the amount of the parental fee must be made known to the provider and parent 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, Food Stamp and Medicaid benefits a family is eligible to receive; therefore, the child care worker should notify the Work First, Food Stamp 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's needs. The parent 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 may pay the difference between the provider's charge and the rate paid by the LPA. The parent may not be required to pay the difference; however, if the parent is unable or unwilling to pay the difference in this situation, another provider must be selected by the parent. This is discussed further in [Chapter 9: Parental Choice and Voucher Procedures](#).
5. There may be cases where providers charge parents 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 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 DCD or the LPA. Parents 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 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. The child care worker must issue a Child Care Action Notice ([DCD-0450](#)) to both the parent and provider, indicating that the arrangement is being terminated at the provider's request for the parent's failure to pay parental fees.

All parental fees must be paid in full or satisfactory arrangements made between the parent 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 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 size, gross income, and the hours of care.
2. **There is one (1) parental fee for families receiving subsidized child care, regardless of the number of children in care.** The parental fee is assessed to the child receiving the greatest number of hours of care. 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.

B. To determine the parental fee, the child care worker will multiply the family's gross monthly countable income by the appropriate fee percentage, 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

1. One Provider

When more than one (1) child is in care, calculate the parental fee based on the child receiving services for the greatest number of hours, i.e., if one (1) child is in full-time care and another in part-time care, calculate the parental fee based on full-time care.

Assess parental fees based on the following:

- a. When the child is enrolled in the same child care arrangement and care averages 32 or more hours per week, charge the parent the full parental fee.
- b. When the child is enrolled in the same child care arrangement and care averages 18 through 31 hours per week, multiply the parental fee by .75.
- c. When the child is enrolled in the same child care arrangement and care averages 17 hours or less a week, multiply the parental fee by .50.

For additional information on determining parental fees according to daily plans, refer to the examples in **Chapter 20: Payment Policies.**

NOTE: If part-time care is needed, but only full-time care is available, assess a part-time fee to the parent based on the actual needed hours of care.

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.)
 - c. A family may **change** child care arrangements at a time other than the beginning of a month. A child may move from part-time to full-time care, or from full-time to part-time care. The child care worker will enter the number of days care is needed for each arrangement for that month. The Subsidized Child Care Reimbursement System will calculate the parental fee for that month, based on the monthly parental fee and the number of days entered for each arrangement.

For example, a parent whose child attends an after-school program pays a parental fee for half-time child care during the school months. During the summer months when the child is in care for a full day, the parent pays the full day fee. For a month when the child will attend both types of arrangements, such as when school ends in June, the child care worker enters parental fee information for both arrangements into the Subsidized Child Care Reimbursement System. The parental fee for the month of June

will be calculated automatically by the system based on the number of days entered.

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

The child care worker may also figure the parental fee manually as shown in the following example:

EXAMPLE: Karen is employed full-time. She has been assessed a parental fee for her child, Ilene, who attends public school. During the nine (9) months of the year the child is in school, Karen pays the half-time parental fee of \$59. During the summer months when Ilene needs full-time care, Karen pays the full-time parental fee of \$118.

School closes on the 11th of June. Karen's June parental fee is calculated as follows:

Part-time plan - multiply the half-time daily parental fee of \$2.70 ($\$59/21.67 = \2.723 , rounded to the nearest nickel) by the number of days (8) the child is in part-time child care: $\$2.70 \times 8 = \21.60 .

Full-time plan -- multiply the full-time daily parental fee of \$5.45 ($\$118/21.67 = \5.445 , rounded to the nearest nickel) by the number of days (13) the child is in full-time care: $\$5.45 \times 13 = \70.85 .

The total of the two amounts equals the parental fee owed by Karen for the month of June: $\$21.60 + \$70.85 = \$92.45$ parental fee for June.

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 the child care arrangement in which the child spends the most hours per month.** This is typically the youngest child.

The following examples illustrate how parental fees are determined for several different families:

EXAMPLE 1, A Single Parent Needing Full-Time Care: A single parent is employed full-time and has two (2) children in need of full-time child care services. The total amount of countable income for this family is \$1,190 per

month. The family is eligible for services since the gross monthly income is less than \$2,946. Based on a family size of three (3), calculate the parental fee by multiplying \$1,190 by 10% ($1,190 \times .10 = 119.00$). Since she has two (2) children in care, the parental fee of \$119 is assessed to the younger child.

EXAMPLE 2, A Two (2) Parent Family Needing Full-Time Care: A family of four (4) needs child care services. The father is employed full-time and the mother is enrolled in a degree program at the local community college and participates in the College Work-Study Program. The family is eligible for child care services on the basis of countable income of \$1,875 per month, which is less than \$3,507 for a family of four (4). The family must pay a parental fee since child care services are needed for parents who are working and going to school. Since the family size is four (4), the parental fee is calculated by multiplying \$1,875 by 9% ($1,875 \times .09 = 168.75$). The parental fee of \$169 is assessed to the younger child.

EXAMPLE 3, A Single Parent Without Countable Income: A mother receives SSI for herself and Work First Family Assistance benefits for her two-year-old child. The child has been identified as being “at risk” and child care services to support the child’s developmental needs are recommended. Although these services are provided with regard to income, no parental fee is assessed since there is no countable income available to the family.

EXAMPLE 4, A Single Parent Family Needing $\frac{3}{4}$ Time Care: A single parent has three (3) school-age children in before and/or after-school care for a total of four (4) hours per day. The countable gross monthly income is 1,295. The family is eligible for services since the gross monthly income is less than \$3,507. Since the family size is four (4), the parental fee is calculated by multiplying \$1,295 by 9% ($1,295 \times .09 = 116.55$) and rounded to the nearest dollar (\$117). Since children are in care for $\frac{3}{4}$ time, the parental fee is multiplied by .75 ($117 \times .75 = 87.75$) for a $\frac{3}{4}$ time parental fee of \$88. Full-time daily rates would be needed when full-time and part-time care are needed in the same month, such as when school dismisses for the summer and there are two (2) distinct plans of care. In these circumstances, the full-time parental fee would be divided by 21.67 ($117/21.67 = 5.399$) and rounded to the nearest nickel (\$5.40) per day.

EXAMPLE 5, A Single Parent Family Needing $\frac{1}{2}$ Time Care: A Work First Family Assistance client receives a check for \$48 and works thirty hours per week, earning \$617 per month. She has six-year-old twins who need after-school care. Since the Work First Family Assistance check is non-countable, the family of three (3) is eligible for services because the gross monthly countable income is less than \$2,946. Calculate the parental fee by multiplying \$617 by 10% ($617 \times .10 = 61.70$) and round to the nearest dollar (\$62). Since the children are in care $\frac{1}{2}$ time, the parental fee is multiplied by .50, which would be \$31.

EXAMPLE 6, A Married or Unmarried Couple with Related and Unrelated Children: A mother and her child live with her spouse/partner and his two (2) children. In addition, they have two (2) children. Both adults are employed; he earns \$1,400 per month and she earns \$1,200 per month.

If the mother needs child care for only *her* child, the countable gross monthly income is her income of \$1,200. Since the family unit is four (4) (mother and her three (3) children), the parental fee is calculated by multiplying \$1,200 by 9% ($1200 \times .09 = \108).

If the father needs child care for only *his* child, the countable gross monthly income is his income of \$1,400. Since the family size is five (5) (father and his four (4) children), the parental fee is calculated by multiplying \$1,400 by 9% ($1400 \times .09 = \126).

If care is needed for *their* mutual child(ren), or for their children **and** any of the half-siblings, the countable gross monthly income is their combined income of \$2,600. The parental fee is then based on the family size of seven (7) and the parental fee is calculated by multiplying \$2,600 by 8% ($2600 \times .08 = \208). The parental fee would be assessed to the youngest child or the arrangement in which the child spends the most hours per month.

NOTE: If all the children in the household need care, the maximum amount that can be assessed is the parental fee determined by combining the couple's income and based on total family size.

EXAMPLE 7, An Unusual Shift Schedule with One Provider: A parent works unusual shifts, such as twelve days straight, then four (4) days off. It is important that an average parental fee be computed so that the parent will always know what the monthly parental fee will be. The child care worker can figure an average parental fee by counting the number of days that child care is needed in a three (3) month period. Once an average number of days per month that care is needed is computed, the family parental fee can be assessed based on whether care averages full-time, 3/4 or 1/2 time. This parental fee will be the monthly parental fee for that family until significant changes in the parent's schedule require that the parental fee be refigured. Parents should be reminded to contact the child care social worker within five (5) workdays if their schedule changes significantly.

EXAMPLE 8, Changing Child Care Needs Between Two Providers: A parent works at a fast-food restaurant and has a varying work schedule consisting of both day and night hours. Her child has two (2) plans of care, a daytime arrangement and a nighttime provider. 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.](#) above.

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

EXAMPLE 1, A One-Time Medical Adjustment: A parent receives child care for her youngest child, Betsy, in a child care center while she works. Recently her oldest child was hospitalized, incurring medical expenses for the family. Her health insurance has a \$300 deductible that she must pay. Her gross monthly income is \$970, the family size is four (4) and her parental fee is \$87.

10% of \$970 (gross monthly income) = \$97

\$97 deducted from \$300 medical expenses = \$203 (excess medical expense)

\$203 deducted from \$970 (gross monthly income) = \$767

The parental fee is assessed at the \$767 level. Calculate the parental fee by multiplying \$767 by 9% ($767 \times .09 = 69.03$) and rounding to the nearest dollar

(\$69). The parental fee for the upcoming month only is reduced to \$69. Thereafter, the parental fee is \$87 per month.

EXAMPLE 2, A Medical Expense Spread Over Several Months: A parent receives child care for her child, Sylvia, in a child care center. Her medical bills equal \$1,200. She has arranged to pay \$100 per month on these bills. Her gross monthly income is \$715 and her parental fee is \$64. The family size is five (5).

10% of \$715 (gross monthly income) = \$71.50

\$71.50 deducted from \$100 medical expenses = \$28.50 (excess medical expenses)

\$28.50 deducted from \$715 (gross monthly income) = \$686.50, which is rounded to \$687.00.

The parental fee is assessed at the \$687.00 level. Calculate the parental fee by multiplying \$687 by 9% ($687 \times .09 = 61.83$) and round to the nearest dollar (\$62). The parental fee is reduced from \$64 to \$62 per month for the time medical payments occur.

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

The parental fee is reassessed when the child care plan substantially changes, and/or when the family income or family size 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. 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 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 is employed by a child care facility who offers an employee discount, the discount is not considered when determining parental fees and payments.**

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

EXAMPLE 1, When an Employer Benefit is Less than the Parental Fee: KJB Manufacturing gives Ms. Womble \$50.00 per month as a child care benefit. Based on her income, Ms. Womble's parental fee has been assessed at \$75.00 per month. In this situation Ms. Womble would use her \$50.00 benefit to help pay her \$75.00 parental fee. The voucher/action notice would still show a \$75.00 parental fee, which would be entered in the SCC reimbursement system.

EXAMPLE 2, An Employer Benefit that is More than the Parental Fee: General Company gives Ms. Johnson \$200 per month as a child care benefit. Based on her income Ms. Johnson's parental fee has been assessed at \$135. After she pays her parental fee using her benefit, there is \$65 in leftover benefit money, which is subtracted from the allowable cost of care in the SCC reimbursement system. The voucher/action notice and SCC reimbursement system would still show a monthly parental fee of \$135.00, which would be entered in the reimbursement system. Ms. Johnson would pay the entire \$200 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.