



ANNOUNCEMENT: S-11 #07
OFFICE OF CHILD DEVELOPMENT & EARLY LEARNING
BUREAU OF SUBSIDIZED CHILD CARE SERVICES

ISSUE DATE: September 13, 2011
EFFECTIVE DATE: October 3, 2011
SUNSET DATE: Ongoing

SUBJECT:	Revised Income Limits and Co-payment Guidelines
TO:	Child Care Information Services Agencies
FROM:	Barbara G. Minzenberg, Ph.D. Deputy Secretary, Office of Child Development & Early Learning <i>Barbara G. Minzenberg, Ph.D.</i>

PURPOSE:

To provide Child Care Information Services (CCIS) agencies with the following:

- Revised Income Limits and Co-payment Chart which will become effective on October 3, 2011.
- High level description regarding the procedure for implementing the co-payment changes.
- Directions for processing appeals related to the new co-payments.

BACKGROUND:

Due to the state budget deficit, Child Care Works received budget reductions for Fiscal Year 2011-2012. As a result, Office of Child Development and Early Learning (OCDEL) was required to make several cost containment efforts to ensure child care services could continue to approximately the same number of children as previously served. To help achieve this goal, OCDEL reduced the administrative cost of operating the program and eliminated nontraditional rates paid to providers.

One additional cost containment measure is to require parents to pay higher co-payments for subsidized child care. The co-payment structure has not been updated since the 1990s; the new co-payments better reflect current costs of child care which have increased over time.

The act of June 30, 2011 (P. L. 89, No. 22) (Act 22), amended the Public Welfare Code at 62 P.S. § 408.3 (relating to co-payments for subsidized child care). The Act requires the Department to impose co-payments for the subsidized child care program based on a sliding income scale taking into account the Federal Poverty Income Guidelines (§ 408.3(c)(1)). The Act also provides guidelines for establishing co-payments and permits Departmental discretion in determining how to impose the co-payments.

DISCUSSION:

Co-payments:

Attached are the revised co-payment charts. The new co-payments will become effective on October 3, 2011.

OCDEL established the new co-payments in accordance with the Act. A family's co-payment does not exceed eight percent of the family's annual income if the family's annual income is one hundred percent or less of the FPIG; or eleven percent of the family's annual income if the family's annual income exceeds one hundred percent of the FPIG (§ 408.3(c)(4)).

The provisions of the Act supersede the regulations in 55 Pa. Code Chapter 3041 Subsidized Child Care Eligibility and do not require co-payments to be calculated in \$5 increments. CCISs will note that co-payments are no longer assigned in multiples of \$5.

Aside from the amount of the co-payment, **all other co-payment rules remain in effect.** OCDEL plans to publish the new co-payment chart in the Pennsylvania Bulletin on October 1, 2011.

Implementation:

CCISs will receive system communiqués within the next couple of days detailing the steps for implementing the new co-payments. Please do not do anything with the new co-payments until you receive these instructions.

In general, co-payments will increase for most families who participate in Child Care Works. An increase in co-payment requires the CCIS to provide at least 10 days advance notice to parents and caretakers. Deloitte will centrally mail a Confirmation Notices to parents and caretakers advising them of their new co-payment amount. They will mail notices beginning the evening of September 13, 2011, and will continue over the next few days. This will provide timely notice to all parents and caretakers.

The notices will reflect the family's full co-payment, but will not take into account special circumstances, such as half-school age co-payments, waivers or overpayment collections. Starting on September 27, 2011, CCISs will assess eligibility for all affected cases, assign the proper co-payments for special circumstances and mail Enrollment Summaries reflecting the new co-payments to providers and parents. Deloitte will provide a series of exception reports to help with this process.

Appeals:

Parents and caretakers have the right to appeal the computation of their co-payment (§ 3041.171(3)) (relating to appealable actions). However, these co-payment increases are a result of a State law resulting in an automatic benefit adjustment.

55 Pa Code Chapter 275 Appeal and Fair Hearing and Administrative Disqualification Hearings states that parents have no right of appeal "When the decision does not involve food stamps and the sole issue is one of State or Federal law requiring automatic grant adjustments for classes of recipients, unless there is an error in the mathematical computation of the grant" (§275.1(a)(4)(ii)(A)(II)) (relating to policy).

If the CCIS receives an appeal, the CCIS must review the appeal to determine whether the parent or caretaker is appealing the calculation of the co-payment or simply appealing the increase in general. If the parent or caretaker is appealing the calculation of the co-payment, the CCIS should determine if the appeal can be resolved. CCISs may receive appeals based on the Confirmation Notices that establish a co-payment, but do not take into account special circumstances. CCISs can readily resolve these appeals.

If the parent or caretaker is appealing the increased co-payment only with no other factors, the CCIS must process the appeal as usual, and send it to the Bureau of Hearing and Appeals (BHA). The CCIS must include a note stating:

“The co-payments were increased in accordance with Act 22, which amended the Public Welfare Code at 62 P.S. § 408.3 (relating to co-payments for subsidized child care). The new co-payment chart will be/was published in the Pennsylvania Bulletin on October 3, 2011.”

Based on the regulation cited above, BHA will dismiss the appeal.

NEXT STEPS:

1. Share this information with appropriate staff
2. Look for a System Communiqué within the next day or two and review instructions carefully.
3. Prepare to process the co-payments and send Enrollment Summaries starting Tuesday, September 27, 2011.
4. Process appeals as appropriate.
5. Direct questions to your Subsidy Coordinator