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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 91 LCM-112

Date: June 7, 1991

Division: Family and  
Children's Services

TO: Local District Commissioners

SUBJECT: New Federally Funded At Risk Low Income Child Care Program  
Under Title IV-A of the Social Security Act

ATTACHMENTS: Attachment A - Income Eligibility Chart  
Attachment B - Prospective Allocations Example  
Attachment C - Retroactive Claiming Example  
Attachment D - Sliding Fee Scale  
(all attachments are available on-line)

Purpose

The purpose of this LCM is to inform you of new federal funding for the provision of child care services to low income families. Section 402(i) of the Social Security Act provides States with the opportunity to provide federally funded child care to low income families who are not currently receiving public assistance, need the child care in order to accept work or remain employed, and, without such child care services, would be at risk of becoming eligible for AFDC or AFDC-U.

\$19.9 million in Federal funds, matched by \$14.9 in State Low Income Day Care (LIDC) program funds, and \$4.9 in local monies, will be made available for child care subsidies in the new federally funded At Risk Low Income Child Care program in SFY 91-92. This LCM informs social services districts of the new program. Social services districts which have been expanding their child care programs in anticipation of the federal funds will be able to utilize the monies to cover these expenditures.

State regulations will be promulgated and an Administrative Directive will be issued in the near future with the allocations for each social services district and detailed information regarding program implementation.

### Overview

The federal statute provides that funds are available as of October 1990. Thus, New York State has designated October 1, 1990 as the official implementation date of the federally funded At Risk Low Income Child Care (ARLICC) program. Since New York State received the federal application only a few months ago, application for the retroactive funds and development of the program has occurred after this implementation date. Upon enactment of the State budget, New York State will have the statutory authority needed to begin operation of the program.

The Governor has built upon previous efforts to expand child care services by proposing that the state match be 37 1/2 percent, rather than the normal IV-A match of 25 percent. This reimbursement rate enhances consistency among programs, and offers localities a greater opportunity to expand their child care services. The federal match in the ARLICC program is 50 percent. The new child care program not only extends continuation of child care services, but will give social services districts a solid basis for broadening and improving such services. Providing quality child care to low income working parents is an important investment for the future of all New Yorkers.

Because those served under this new program will be similar to those served under the existing state Low Income Day Care program, the state's share of the ARLICC program will come from the LIDC program.

In order to ensure ease of administration, the new program is being developed to parallel the state LIDC program. Authorization and determination of eligibility will be processed through the Services division of each social services district. Income eligibility is set at 200% of the state income standards based on family size (see Appendix A - Income Eligibility Chart). This is a capped grant program. Social services districts are encouraged, but not required, to participate in this program.

The social services district match will be 12.5% of child care costs, and, pursuant to federal statute, must be in cash. Parent fees will not count as part of the local match, as federal rules stipulate that these fees reduce the total cost of care for which reimbursement is claimed. Separate allocations for the LIDC program and the new ARLICC program will be provided to Districts. An example of how social services districts may calculate their prospective maximum gross program size using the combined ARLICC and LIDC program allocations can be found in Attachment B.

### Eligible Families

Eligible families must have household incomes within 200% of the state income standard, adjusted according to family size, with one or more children under 13 years of age (or older if a child is physically or mentally incapable of caring for herself or himself or is under court supervision), in which:

(i) The child or children reside(s) with one parent or eligible caretaker relative as specified in Section 406 of the Social Security Act who needs child care in order to work; or

(ii) The child or children reside(s) with both parents at least one of whom is working, and, because of conflicts in work schedules, or approved educational or job training program schedules or because of a parent's inability to care for the children due to a medical or handicapping condition, child care is needed to allow one or both parent(s) to accept or retain employment and the lack of such child care is likely to result in the family being eligible for AFDC or AFDC-U.

#### Eligible Providers

Under the At Risk Low Income Child Care Program, all child day care providers must be licensed, certified or registered, except where the day care provider is a relative within the second degree of the parents of the child (i.e. grandmother or grandfather, aunt or uncle, brother or sister, great-grandmother or great-grandfather), who provides care solely to such relative child or children. No legally responsible relative may be paid for providing child care, pursuant to section 415.6 of social service regulations.

Parental choice of child care providers has been strengthened in the new At Risk Low Income Child Care program. State regulations will be modified to allow parents the maximum choice possible in selecting a child care provider. Specifically, counties which have a waiver for any child care program to purchase services from proprietary child care providers, will automatically have a waiver to do so under the ARLICC program.

#### Retroactive Claiming

Social services districts which submitted claims for reimbursement, in anticipation of this new funding source, which resulted in exceeding their Low Income Day Care allocations for SFY 90-91 will be in a favorable position to access the ARLICC funds. These expenditures must be for eligible families served during the retroactive time period of October 1, 1990 through March 31, 1991. Since there are no additional state matching funds available for the retroactive period, social services districts are encouraged to identify the total amount of child care expenditures made on behalf of eligible children during October 1, 1990 through March 31, 1991.

This total will permit the maximum leveraging of a participating social services district's SFY 90-91 LIDC allocations, along with the district's existing cash match, in drawing down federal funds for this combined LIDC/ARLICC program. The retroactive claiming example in Attachment C illustrates how these two funding streams can be utilized to minimize the local share.

In order to access these funds, social services districts which wish to claim ARLICC funds for the retroactive period should review their records of day care services delivered on or after October 1, 1990 and keep records of potentially eligible families. Social services districts will be informed of their At Risk Low Income Child Care allocations for SFY 90-91, claiming procedures for reimbursement, and related systems modifications in the near future.

As of April 1, 1991, counties should be identifying eligible families for the SFY 91/92 ARLICC program. Allocations for the combined ARLICC/LIDC program will be sent to local social services districts as soon as the state budget is passed. Please refer to the example in Attachment B to review how the combined funding is structured in order to calculate the maximum gross program size.

Methods of Providing Services; Sliding Fee Scales; Local Market Rates

In order to maximize program coordination, the same methods of providing services, sliding fee scales, and local market rates used in child care programs under the federal Family Support Act of 1988 and the Chapter 453 of the Laws of 1990 will be used in the At Risk Low Income Child Care program. Social services districts may choose to provide ARLICC directly, or through cash advances, vouchers, reimbursements to the family or provider, or through a purchase of service agreement with a provider. Families are required to pay a fee based on the rate established by the sliding fee scale (see Attachment D). The same sliding fee scale and market rates as used for Transitional Child Care will apply to the At Risk Low Income Child Care Program.

Systems and Claims Information

Instructions for WMS processing and submitting claims will be issued at a later date.

Contact Person

If you have any questions regarding information contained in this LCM, please contact Anne Ball at the Bureau of Child Care at 1-800-342-3715, ext. 4-9324, or dial direct at (518) 474-9324.

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Joseph Semidei  
Deputy Commissioner  
Division of Family and  
Children Services

ATTACHMENT A  
INCOME ELIGIBILITY CHART  
FOR NEW YORK STATE IV-A AT RISK CHILD CARE PROGRAM

<u>FAMILY SIZE</u>	<u>200% OF POVERTY</u>
1	13,936
2	18,224
3	22,512
4	26,800
5	31,088
6	35,376
FOR EACH ADDITIONAL MEMBER +	1,500

Attachment B - Prospective Allocations

Example of Calculating Maximum Gross Program Size  
with ARLICC and LIDC Allocations

At the beginning of the state fiscal year, County X receives a state LIDC allocation of \$600,000 and a federal ARLICC allocation of \$275,000. In order to calculate the maximum gross program size which would be fully reimbursable with these two allocations, the local district should make the following calculations.

\$275,000.00	federal share ARLICC @ 50%
<u>+103,125.00</u>	state share ARLICC @ 37.5 % (LIDC funds used to match)
\$378,125.00	87.5% of the total ARLICC program
	divided by 87.5 % to find ARLICC gross program size
=\$432,143.00	ARLICC gross program size
X <u>12.5%</u>	multiplied by 12.5% to find local share
<u>\$54,018.00</u>	local share of ARLICC program

\$600,000.00	state LIDC allocation
<u>-103,125.00</u>	state ARLICC match
\$496,875.00	87.5% of the total LIDC program
	divided by 87.5% to find LIDC gross program size
=\$567,857.00	LIDC gross program size
X <u>12.5%</u>	multiplied by 12.5% to find local share
<u>\$70,982.00</u>	local share of LIDC program

	<u>Gross</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
LIDC	\$567,857.00	\$0.00	\$496,875.00	\$70,982.00
ARLICC	<u>\$432,143.00</u>	<u>\$275,000.00</u>	<u>\$103,125.00</u>	<u>\$54,018.00</u>
Total	\$1,000,000.00	\$275,000.00	\$600,000.00	\$125,000.00

This example assumes that at least \$54,018 of local expenditures are cash and that at least 43% of expenditures are made on behalf of ARLICC eligible clients.

Attachment C  
Retroactive Claiming Example

County X claims \$900,000 gross LIDC expenditures for SFY 90-91. Their local share (a mix of in-kind and cash contributions) of the 900,000 claimed, if fully reimbursable under LIDC, would be \$112,500. Their LIDC allocation is \$600,000, with a local match of \$85,714, adding up to a gross LIDC program of \$685,714.

With the LIDC state share allocation being only \$600,000, then \$214,286 gross (\$900,000-\$685,714) is in excess of the LIDC allocation. Assuming \$214,286 is identified as being ARLICC eligible expenditures, the ARLICC reimbursement could be claimed as follows:

	<u>Gross</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Low Income	\$685,714.00	\$0.00	\$600,000.00	\$85,714.00
ARLICC				
Eligible	<u>\$214,286.00</u>	<u>\$107,143.00</u>	<u>\$0.00</u>	<u>\$107,143.00**</u>
Total	\$900,000.00	\$107,143.00	\$600,000.00	\$192,857.00

\*\* must be in cash

In the previous example, no state funds were used to match the ARLICC eligible expenditures. However, if excess state funds exist, these retroactive claims could be matched with the additional state funds, further reducing the local share (as otherwise the match would be 50 percent federal, 50 percent local).

The following scenario demonstrates that the more ARLICC eligible expenditures are identified (i.e. categorically eligible recipients with local cash match), the more the local share is decreased.

County X has identified that of the \$900,000 total expenditures, \$350,000 were for ARLICC eligible families. Because the total amount of the LIDC program is decreased, additional state funds are made available to match the retroactive ARLICC program.

	<u>Gross</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>
Low Income	\$535,714.00	\$0.00	\$468,750.00	\$66,964.00
ARLICC				
Eligible	\$350,000.00	\$175,000.00	\$131,250.00	\$43,750.00**
Non-Reimbursable LIDC	<u>\$14,286.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$14,286.00</u>
Total	\$900,000.00	175,000.00	\$600,000.00	\$125,000.00

\*\* Must be in cash

These examples demonstrate that social services districts limit their opportunity to leverage federal funds by only examining their LIDC overclaims for ARLICC eligible expenditures. By reviewing the full population served and locating ARLICC eligible families, the total local share in both programs can be decreased, and more state dollars can be freed to match the ARLICC program.

Attachment D  
Sliding Fee Scale

Fees are assessed based on family size and in accordance with excess income available above the poverty level. Fees will not be affected by service type, quantity of service or numbers of individuals receiving the service. A single family fee is to be charged for all services. In those cases where more than one child is in care, the entire fee may be attributed to the cost of care of the youngest child (assuming her/his care is the most expensive and is likely to last the longest). Any portion of the fee in excess of the cost of care of the youngest child is to be utilized to meet the cost of care of the other children.

While the base line for the fee calculation is the poverty level, an additional cushion exists as no fee less than one dollar is to be charged. Fees shall be rounded to the nearest \$.50.

The following formula must be used to calculate fees. This must be done manually, as the current system in the computer does not calculate the fees correctly.

$$\frac{\text{Annual Gross Income} - \text{Poverty Level (by family size)}}{52} \times \text{(district option \%)} = \text{Weekly Fee}$$

52

The range of percentages from which social service districts may select the level of fees in their district is from 10% to a maximum percentage of 35% to be applied to the difference in income between gross income and the poverty level. Districts may only select one percentage for all family sizes.

Example:

A family of 4, with a gross income of \$16,000 in District X with a percentage for fees of 10%, pays what fee?

$$\frac{16,000 - 13,400}{52} \times X .10 = \$5 \text{ weekly fee}$$