



## Requirements, Flexibilities, and Administration Considerations for Setting Affordable Co-payments: A Checklist

**Purpose:** The purpose of this tool, used in conjunction with the Affordable Co-payments Brief, is to allow Lead Agencies to evaluate whether they meet policy requirements for setting affordable co-payments, explore policy flexibilities available to them, and consider the impacts on administration when setting policies and practices. The checklist provides a framework for adopting co-payment policies and developing a sliding fee scale.

View a graphic and more information about equal access at this link: <https://childcareta.acf.hhs.gov/equal-access-resources>

### Policy Requirements

Citation 45 CFR	Policy Requirements Co-payment policies must be:	Rationale	Lead Agency Meets	Lead Agency Notes
<b>§98.45(k)(3)</b>	Affordable and not a barrier to families receiving assistance.	Lead Agencies should define what amount of a family’s contribution is affordable (i.e., at what percent is the co-payment set?) and consider circumstances for when a co-payment should be waived.	<input type="checkbox"/>	
<b>§ 98.45(k)</b>	Based on a sliding fee scale that is periodically revised by rule.	The Lead Agency must periodically revise its rule as outlined in statute, administrative rule, code, or other means used to implement regulatory policy.	<input type="checkbox"/>	
<b>§98.45(k)(2)</b>	Based on family size and income.	Consider the data source that income eligibility and a sliding fee scale is based on: Federal poverty level? State median income? Other? What year?	<input type="checkbox"/>	

Citation 45 CFR	Policy Requirements Co-payment policies must be:	Rationale	Lead Agency Meets	Lead Agency Notes
§98.45(k)2)	Based on factors other than the cost of care or the amount of a child’s subsidy payment.	Although basing co-payments on cost or subsidy amount is not allowed as it encourages families to use lower-cost care and impedes access to higher-cost care, other factors can be included.		
§98.21(c)	Set to consider irregular fluctuations in earnings at the time of initial determination and redetermination to ensure that temporary increases in income do not affect family co-payments.	Lead Agencies can adopt policies that ensure temporary changes in income, including changes that result in monthly income exceeding 85% of state median income, do not affect co-payments. If a family temporarily sees its income rise but that change is not expected to be long-lasting, abruptly increasing co-payments can leave the family without assistance when the short-lived income has ended.		
§98.21(a)3)	Set so that no increase in co-payments occurs during the minimum 12-month eligibility period (between the initial eligibility and redetermination period and subsequent redetermination periods).	Lead Agencies should ensure that small increases in earnings do not trigger large increases in co-payments that are unaffordable for families. This ensures stability for families as they improve their economic circumstance and transition off assistance.		
§98.21(e)4)(i)	Set to allow families the option to voluntarily report changes and to allow Lead Agencies to act on the information only if it would reduce the family’s co-payment (or increase subsidy amount).	Families should not have a disincentive to report changes to the Lead Agency, especially those changes that could be beneficial to the family’s co-payment or subsidy level. Protecting the family’s benefit level during the minimum 12-month eligibility period serves to stabilize the child’s access to assistance and avoids the unintended consequence of forcing working parents to choose between advancing in the workplace and receiving subsidy for their child. In addition to providing stability for families, the policy also reduces the administrative burden for Lead Agencies.		
§98.45(k)1)	Written to allow a range of provider choices for families.	Ensuring a choice of providers is a key component of equal access.		

## Policy Flexibility

Citation 45 CFR	Policy Flexibility Co-payment policies can be:	Possible Options	Lead Agency Decision to Incorporate	Lead Agency Notes
§98.45(k)(2)	Based on other factors the Lead Agency chooses.	<ul style="list-style-type: none"> <li>Charge lower fees to families who enroll their children in higher quality rated programs</li> <li>Base the co-payment on number of hours child is in care</li> <li>Base the co-payment on number of children in care</li> </ul>	<input type="checkbox"/>	
§98.45(k)	Set as a dollar amount.	<ul style="list-style-type: none"> <li>Per child, with the same fee for each child</li> <li>Per child and is discounted for two or more children</li> <li>Per child up to a maximum per family</li> <li>With no additional fee charged after a certain number of children</li> <li>Per family</li> <li>In various ways because it is set locally/regionally</li> </ul>		
§98.45(k)	Set as a percentage of income.	<ul style="list-style-type: none"> <li>Per child, with the same percentage applied for each child</li> <li>Per child, and a discounted percentage is applied for two or more children</li> <li>Per child up to a maximum per family</li> <li>With no additional percentage charged after a certain number of children</li> <li>Per family</li> <li>In various ways because it is set locally/regionally</li> </ul>	<input type="checkbox"/>	
§98.45(k)	Based as a “per family” dollar amount or percentage.	<ul style="list-style-type: none"> <li>Establish a “per family” fee instead of requiring families to pay a fee for each child in care</li> <li>Limit co-payments to the first two or three children in care</li> </ul>		

Citation 45 CFR	Policy Flexibility Co-payment policies can be:	Possible Options	Lead Agency Decision to Incorporate	Lead Agency Notes
§98.45(k)(4)	<p>Waived for certain families.</p> <p><i>Note: Lead Agencies cannot eliminate the co-payment requirement for all families receiving CCDF assistance.</i></p>	<ul style="list-style-type: none"> <li>▪ Incomes are at or below the poverty level (under 100% FPL)</li> <li>▪ Families with children who receive or need to receive protective services (waived on a case-by-case basis)</li> <li>▪ Other criteria established by the Lead Agency such as:                             <ul style="list-style-type: none"> <li>• Families with children in foster care</li> <li>• Children in families that are experiencing homelessness</li> <li>• Families receiving TANF</li> <li>• Migrant families</li> <li>• Victims of human trafficking</li> <li>• Families with children in Head Start or Early Head Start</li> <li>• Families with children with special needs</li> <li>• Teen parents in secondary education</li> </ul> </li> </ul>		
§98.21(b)(3)	<p>Set within graduated phase-out policies to allow the additional reporting of changes in family income to help families transition off subsidy (so long as additional reporting does not create an undue burden for families).</p>	<p>Graduated phase out or incremental increases in the portion that families pay as their income increases supports the transition off subsidies and promotes family stability.</p>		
45 C.F.R.	<p>Set within phase-out policies to gradually adjust co-payments in proportion to a family’s income growth and in such a manner that it does not constitute too high a cost burden for families.</p>	<p>Lead Agencies should ensure that small increases in earnings do not trigger large increases in co-payments that are unaffordable for families. This promotes family stability as they improve their economic circumstances and transition off assistance.</p>		

Citation 45 CFR	Policy Flexibility Co-payment policies can be:	Possible Options	Lead Agency Decision to Incorporate	Lead Agency Notes
<p><b>§98.16(j)(5)</b></p>	<p>Set to consider all appropriate deductions and exclusions to family income when determining countable income.</p> <p><i>Note: Many Lead Agencies deduct or exclude income from sources that are intended to provide direct support to children, are considered unavailable to parents, or provide incentives for relatives or other adults to provide a home for displaced children.</i></p>	<ul style="list-style-type: none"> <li>▪ Education loans and Pell Grants</li> <li>▪ Title IV-E payments to foster parents and subsidized guardians</li> <li>▪ Adoption assistance/adoption subsidies</li> <li>▪ SNAP benefits</li> <li>▪ Child support payments and arrearages received by families</li> <li>▪ Child support payments paid outside of the home</li> <li>▪ Non-recurring lump payments</li> <li>▪ In-kind income</li> <li>▪ Job training expenses</li> <li>▪ Earned income tax/tax refunds</li> <li>▪ Earnings of minors and teen parents</li> <li>▪ Federal and state income tax credits</li> <li>▪ Military housing and food allotments</li> <li>▪ Income from work study</li> <li>▪ Disaster relief and other forms of temporary assistance received during emergencies</li> </ul>		<div style="background-color: #e0e0e0; height: 20px; width: 100%;"></div>
<p><b>§98.21(a)(5)(iii)</b></p>	<p>Set to allow for termination of a family’s eligibility for not paying the co-payment.</p> <p><i>Note: If Lead Agencies are frequently ending assistance to families for not paying their co-payment, the Lead Agency may want to reexamine its sliding fee scale to ensure that it is not in violation of this requirement by being a barrier to assistance.</i></p>	<p>Lead Agencies have the option to discontinue assistance prior to the next re-determination in limited circumstances, including “substantiated fraud or intentional program violations that invalidate prior determinations of eligibility.”</p>		<div style="background-color: #e0e0e0; height: 20px; width: 100%;"></div>

## Administrative Considerations

Citation 45 CFR	Administrative Considerations	Lead Agency Response	Lead Agency Notes
	1. Is the Lead Agency’s sliding fee scale easy for agency staff, families, and providers to understand?	<input type="radio"/> Yes <input type="radio"/> No	
	2. Does the CCDF eligibility system automatically calculate and assign payment amounts to specific children?	<input type="radio"/> Yes <input type="radio"/> No	
	3. Are co-payment calculations administratively simple to implement if not automatically calculated?	<input type="radio"/> Yes <input type="radio"/> No	
§98.71(a)(10)	4. Does the Lead Agency encounter any challenges in reporting in the ACF-801 “the total monthly child care co-payment by the family”?	<input type="radio"/> Yes <input type="radio"/> No	
§98.71(a)(11)	5. If the Lead Agency allows providers to charge families the difference between the state reimbursement (including co-payment) and the provider’s price, are there challenges in reporting any additional amount charged?	<input type="radio"/> Yes <input type="radio"/> No	
§98.71(a)(11)	6. Has the Lead Agency gathered data related to participation in, and barriers to, child care providers participating in the CCDF program? Have barriers such as challenges in collecting the co-payment from families been identified by providers?	<input type="radio"/> Yes <input type="radio"/> No	
	7. Are provisions made in the rules, policy manual, and CCDF Plan that will accommodate changes that may be necessary during times of a state emergency or disaster? When changes are made to the sliding fee scale, does the agency conduct cost estimates of potential impact if co-payments were waived?	<input type="radio"/> Yes <input type="radio"/> No	

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