

Family Fees Primer

1. What are family fees?

“Family fees” is an assessed fee that families must pay if they receive a child care subsidy.

2. How is the amount of family fees determined?

The family fee is based on the family’s size, adjusted monthly income, and whether they use full-time or part-time care.¹ For example, a family of 3 must pay \$64 per month for full-time care when they reach 40 percent of State Median Income (\$2,825 in gross income). Those fees rise to \$645/month when they reach 85 percent of State Median Income (\$7,244 in gross income).

The California Department of Education (“CDE”) issues notifications about the updated family fees schedule each year.²

3. How are family fees collected?

Depending on the Alternative Payment Program’s (AP’s) policy, parents either pay their family fees directly to the AP or directly to the child care provider. In instances where the parent pays their family fee directly to the child care provider, the family fee amount is deducted from the subsidy payment that the child care provider receives.

Child care centers directly contracted with CDE collect the family fee directly from the parent.³

4. Why are family fees required?

The federal Child Care Development Block Grant Act of 2014 (“CCDBG”) requires that child care programs paid with CCDBG money require family fees.

5. Do all families need to pay family fees under current CA law?

No. The federal CCDBG law allows for states to create categories of families who need not pay family fees.⁴

6. Which families do not need to pay family fees in California?

- Families receiving CalWORKs cash assistance,
- Families whose children attend part-day California State Preschool,
- Families whose children receive child protective services or are at-risk or identified as abused, neglected, or exploited under Section 8263(b)(1) may be exempt for fees for up to 12 months,⁵
- Families whose children attend Early Head Start or Head Start programs,⁶ and
- Based on the current family fee schedule, families earning under 40 percent of State Median Income (“SMI”) also do not pay family fees.⁷

Family fees increase as the family’s income increases, but family fees cannot be more than 10 percent of a family’s monthly adjusted income in California.⁸ This amount is higher than the federal recommendations; CCDBG regulations recommend that family fees do not exceed 7

percent of a family's income. The federal Child Care for Working Families Act, introduced in 2019, requires that no family earning at or below 75 percent of SMI pay family fees and that family fees must not exceed 2 percent of a family's income when they earn between 75 percent and 85 percent of SMI.⁹

7. How can a family reduce their family fees?

A family may ask their AP to recalculate their family fees for the reasons below. A family may have their family fees reduced if they:

- Earn less money,
- Have additional family members that are considered in the family fee calculation, or
- Reduce their hours of care to part-time.

8. When can family fees increase?

Family fees increase if the family's income increases. However, the fee increase can only be assessed during recertification of the family's child care services. The period between recertification can be no less than 12 months.¹⁰

9. Do families pay family fees during the Covid-19 pandemic?

The Administration for Children and Families, Office of Child Care granted California a waiver to waive family fees for *all* families from April 2020 – August 2020.

The Legislature and the Governor continued to waive family fees only for enrolled families who are sheltering in place and not using in-person child care from September 2020 – June 2021. Families using in-person child care, predominantly essential workers, have continued to pay fees they cannot afford.

The CARES Act, the Consolidated Appropriations Act and the American Rescue Plan Act each allow the state to waive family fees for all families as a form of pandemic relief. This federal waiver is time limited. When the state acts to waive all family fees again, it will bring instant economic relief to families and child care providers – with no applications or waiting period.

10. Why are some families paying more in family fees since September 2020?

Many families with school aged children who were paying family fees based on a *part time* schedule, are now paying for families fees based on a *full time* schedule because their children's schools are closed. Once they are reassessed for child care services at certification, many families have seen their family fees increase.

11. How can we fund waiving family fees for *all* families?

The policy can be funded in a variety of ways:

- CCDBG funds, which likely require a waiver from the Administration for Children and Families (ACF).
 - California waived family fees for all families with CARES Act funding and can do it again under the Consolidated Appropriations Act of 2021, at least until October 31, 2022 and for one more year with an ACF waiver extension.

- The broader and more flexible language under the American Rescue Plan Act of 2021 (ARPA) also permits California to use CCDBG funds and Child Care Stabilization Funds to waive family fees, possibly until September 30, 2024.¹¹
- State CCDBG matching funds with a waiver from ACF.¹²
- State non-matching CCDBG funds without a waiver from ACF.

12. What is a copayment?

The federal law uses the term “copayment” to refer to what California calls a “family fee.”

In California, a copayment is the difference between the amount of the subsidy and the actual cost of care. For example, if my child care provider charges \$1,500/month and the amount of my subsidy is \$1,000/month, then my provider may charge me a co-payment of \$500. Therefore, a family could potentially pay a family fee and a copayment.

13. How does the issue of family fees affect child care providers?

APs may establish whether the child care provider or the AP agency itself collect the fees from the family.

In cases where the AP program leaves the collection to the provider, it is difficult for the provider to collect fees from the families. Because of the sacred relationship between child care providers and parents, some providers find it awkward or difficult to collect fees, especially when they know that parents cannot afford them. As a result, providers take a pay cut from their already dismal wages.

California law covers rules related to setting reimbursement rates and family fees in the *same code*.¹³

14. How do family fees hurt families?

Family fees are rooted in racism and patriarchy:

- Most families with child care subsidies are Black and Latinx. They are paying an estimated \$68 million a year in fees they cannot afford.
- The family fee requirement is based on a false narrative that people living in poverty need to take responsibility for their life circumstances.
- Policy makers have also touted that parents *want* to pay family fees as it helps get them accustomed to paying for child care and learn how to budget their expenses. In reality, families know best how to budget their money and eliminating fees helps them meet their basic needs.
- Parents, particularly mothers of color, have dropped out of the work force or reduced their work hours because they cannot afford family fees during the pandemic.
- Some parents disenroll from child care programs because they are unable to pay family fees. This change disrupts children’s stability and development.

California has the chance to heal some of the harm caused by a child care policy that has kept families of color from building wealth.

15. What is the cost for waiving family fees for all families in the budget?

We have received various estimates. Based on estimates recently shared by CDE, families pay about \$5.7 million per month in fees (including families sheltering in place and using in-person care). Based on CDE's numbers, we estimate the cost to be no more than \$125 million to waive family fees for all families from July 1, 2021 – October 31, 2022.

16. How does AB 92 (Gómez Reyes) resolve family fee issues?

- Waives family fees for all families with child care subsidies until October 31, 2022, as permitted under the Consolidated Appropriations Act.
- Once family fees resume, implements a new family fee schedule by which:
 - No family earning below 75 percent of SMI pays family fees.
 - Creates an equitable family fee schedule with parents, providers, the lead agency and other stakeholders.
 - The revised family fee payments will not exceed 1 percent of the family's monthly income.¹⁴
- Ensures child care providers are not absorbing costs due to the reduction in family fees collected.
- Number of child care spaces is not reduced because of any reduction in family fees.¹⁵

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¹ [Cal. Educ. Code § 8273.](#)

² Cal. Dep't of Education, Management Bulletins, <https://www.cde.ca.gov/sp/cd/ci/allmbs.asp>. The 2020-21 family fee schedule can be found at: <https://www.cde.ca.gov/sp/cd/ci/documents/familyfeeschedulejul2020.xlsx>

³ Alternative Payment Programs ("APs") in every county directly contract with CDE to administer and distribute state and federally funded child care subsidies. Child care centers, commonly referred to as "Title 5 centers," directly contract with CDE to administer state and federally funded child care spaces.

⁴ [45 C.F.R. Part 98, § 98.45\(k\)](#) ("Lead Agencies shall establish, and periodically revise, by rule, a sliding fee scale(s) for families that receive CCDF child care services that: (1) Helps families afford child care and enables choice of a range of child care options; (2) Is based on income and the size of the family and may be based on other factors as appropriate, but may not be based on the cost of care or amount of subsidy payment; (3) Provides for affordable family copayments that are not a barrier to families receiving assistance under this part; and (4) At Lead Agency discretion, allows for co-payments to be waived for families whose incomes are at or below the poverty level for a family of the same size, that have children who receive or need to receive protective services, or that meet other criteria established by the Lead Agency.") (emphasis added).

⁵ [Cal. Educ. Code § 8273.1.](#)

⁶ See [42 U.S. Code § 9840\(b\)](#).

⁷ [Cal. Dept. of Education, Family Fee Schedule, 2020-2021.](#)

⁸ [Cal. Educ. Code § 8273\(d\)](#).

⁹ [S. 568](#) (2019), [H.R. 1364](#) (2019). These bills have not yet passed.

¹⁰ *Id.*

¹¹ Waiving family fees for all families with the CCDBG money under the American Rescue Plan Act (ARPA) likely requires a waiver from the ACF. Waiving family fees with the Child Care Stabilization funding money under the

ARPA likely does not require a waiver because child care providers applying for sub-grants must agree to “provide relief from [family fees] and tuition payments for families... to the extent possible and prioritize such relief for families struggling to make either type of payment.” [§ 2202\(d\)\(2\)\(D\)\(i\)\(III\)](#). The ACF should soon release guidance on the ARPA, including whether states need to submit waiver applications to waive family fees for all families.

¹² “CCDBG matching funds” means child care state matching funds required under the 42 U.S.C. 618 and 42 U.S.C., tit. 42, Part A (the General Child Care Entitlement funding under Grants to States for Aid and Services to Needy Families with Children and for Child-Welfare Services of Chapter 7, Social Security).

¹³ Cal. Educ. Code Section 8447 (e) (“By March 1 of each year, the Department of Finance shall provide to the department the state median income amount for a four-person household in California using the methodology provided in subdivision (c) of Section 8263.1. The department shall adjust its fee schedule for child care providers to reflect this updated state median income; however, no changes based on revisions to the state median income amount shall be implemented midyear.”).

¹⁴ This provision is consistent with the Child Care for Working Families Act, which requires families earning between 75 percent and 85 percent of SMI to pay between 0 and 2 percent of their family income. [S. 568](#) (2019), [H.R. 1364](#) (2019). These bills have not yet passed.

¹⁵ A.B. 92 was introduced on December 7, 2020.

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