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State of Wisconsin
Governor Scott Walker

TO: **Income Maintenance Supervisors**
Income Maintenance Staff
Training Staff
Child Care Eligibility and
Authorization Workers
Child Care Coordinators

DECE/BELP OPERATIONS MEMO

No: 18-25

DATE: 09/20/2018

Wisconsin Shares Child Care

FROM: Kath McGurk, Director
Bureau of Early Learning and Policy
Division of Early Care and Education
Department of Children and Families

SUBJECT: CCDBG Phase 3 Copayment Changes

CROSS REFERENCE: [Child Care and Development Block Grant](#);
[Child Care and Development Fund Final Rule](#);
[Wisconsin Shares Policy and Process Handbook](#), Sections
2.5.1, 2.5.2, 2.5.3, and 2.6 *;
Operations Memo [18-24](#)

* These section numbers are specific to the October 1, 2018
publication of the Wisconsin Shares Policy and Process
Handbook

EFFECTIVE DATE: November 1, 2018

PURPOSE: The purpose of this Operations Memo is to inform Wisconsin Shares Child Care Subsidy agencies of upcoming changes to the method of calculating copayments. These copayment changes are part of the third phase of Wisconsin Shares changes related to the Child Care Development Block Grant (CCDBG).

BACKGROUND: The CCDBG Act of 2014 requires states to create family friendly policies that help families maintain Wisconsin Shares Child Care Subsidy and support continuity of care for children. The Bureau of Early Learning and Policy (BELP) has implemented these requirements in three phases. The first phase eliminated the Six Month Report Form (SMRF) for Wisconsin Shares Child Care and established a 12-month eligibility period (see [Operations Memo 16-20](#)). The second phase established a \$25,000 asset test for families (see [Operations](#)

[Memo 17-37](#)), allows a child who reaches the age of 13 to continue receiving Wisconsin Shares up to the next annual renewal (see [Operations Memo 17-38](#)), and allows parents who experience a permanent loss of an approved activity to continue receiving Wisconsin Shares for up to three months while they search for another approved activity (see [Operations Memo 17-45](#)). This third phase further enhances policies to promote continuity of care and reduce fluctuations in the monthly subsidy amount.

When discussing the Wisconsin Shares copayment, it is important to remember that the copayment is not the amount that a parent owes their child care provider. The copayment is subtracted from the subsidy amount before it is issued to the parent, and the parent has the responsibility to pay the provider for the difference between the Wisconsin Shares subsidy amount and the provider price.

Prior to CCDBG Phase 3 implementation, when an authorization is written for an eligible child, the Child Care Statewide Administration on the Web (CSAW) system calculates a copayment. CSAW subtracts the copayment from the subsidy amount before the subsidy is issued to the family. The copayment is determined according to a Base and Per Child method, which prorates the copayment based on ranges of authorization hours. If a family is between two Federal Poverty Level (FPL) brackets on the Wisconsin Shares Copayment Schedule, CSAW will use the higher FPL bracket when choosing the copayment. If a family's FPL changes enough to place them in another FPL bracket, their copayment is recalculated and the change is applied to the following month's subsidy.

NEW POLICY: With CCDBG Phase 3, Wisconsin Shares will implement Copayment Periods and a Copayment per Hour (rather than the Base plus Per Child method). Additionally, if the family's FPL is between two brackets on the Wisconsin Shares Copayment Schedule, the copayment will be determined based on the lower FPL row rather than the current method of using the higher FPL row. This method helps ensure that the family has the income necessary to afford the difference between the Wisconsin Shares subsidy amount and the provider price.

The Base Plus Per Child copayment method prorated the family's copayment according to ranges of authorization hours so that parents with a low number of authorized hours did not have to pay the full copayment. For example, if a child had an authorization for 50 hours per month, the family would only pay 50% of the Base copayment (because the family is in the 41-80 hour range) and 40% of the Per Child copayment (because the child is in the 46-60 hour range). Sometimes, when a family requested a small increase in authorization hours, the authorization hour range and prorating resulted in a large increase in copayment. The Copayment per Hour method adds a specific amount of copayment for each hour instead of using ranges of hours; a family's total copayment amount increases gradually in response to each additional hour.

The implementation of Copayment Periods in CCDBG Phase 3 allows parents to experience a more stable subsidy amount during their eligibility period. At conversion, most parents will be assigned to the Copayment Stabilization period. During this period, a parent's copayment per Hour will not increase until their next renewal, even if the family experiences an increase in income. This allows the family to gain stability and keep their children in quality care.

The Gradual Phase Out (GPO) period also controls the Copayment per Hour so that parents do not experience a large increase in copayment until they are able to afford that care. The Exit period implements Wis. Stat. s. 49.155(1m)(c)1d.a, as created by 2017 Wisconsin Act 59, to allow eligibility beyond 200% FPL up to 85% State Median Income (SMI) and gradually increase the copayment until the family assumes the full cost of care.

The new and revised policies are below; Section 2.5.1 has been revised, and Sections 2.5.1.1 onward are new. For information regarding conversion, please see the [Conversion section](#) at the end of this memo.

Note: All policy section references are specific to the Fall 2018 publication of the Policy Handbook. Some policy sections have been renumbered for the Fall 2018 publication and may not match previous section numbers.

2.5.1 Copayments

CSAW determines the copayment that will be subtracted from the subsidy amount based on the:

- Assistance Group's Federal Poverty Level (FPL) (based on family size and income),
- Number of children in subsidized child care, and
- Sum of subsidized hours for all children in the Assistance Group (AG).

CSAW subtracts a portion of the AG's copayment from each child's subsidy based on the percentage of total subsidized hours that each child has at each location. The total copayment assessed for each child will not exceed 152 hours per month per child, even if the child attends multiple providers.

See the Wisconsin Shares Copayment Schedule effective November 1, 2018 (attached).

The Department revises the Copayment Schedule annually based on changes made to the FPL (published annually in the Federal Register). The Copayment Schedule lists monthly FPL levels in 5% increments (e.g., 70%, 75%, 80%, etc.) and assigns an hourly copayment according to an AG's FPL. When the AG's FPL is between two levels, CSAW will use the lower of the two FPL percentages. If the family is in the Exit Copayment Period (see 2.5.1.1), CSAW will use the family's actual FPL and will not round to the lower FPL percentage.

Example 1: Sean's income places his family at 164% FPL. Sean's copayment per hour will use the copayment for the 160% FPL copayment level.

Process: CSAW determines the family's copayment per hour based on the family's FPL and the number of children in care with a Regular copayment type (see 2.5.2). CSAW then multiplies the copayment per hour by the sum of subsidized child care hours for the AG for the month. The maximum family copayment will not exceed 760 monthly subsidized hours.

CSAW subtracts a portion of the AG's copayment from each child with a Regular copayment type (see 2.5.2). The portion of the copayment applied to each child is capped at 152 hours per month per child. If a child has two or more authorizations in a month to different child care providers, the child's portion of the AG's copayment is subtracted from each of the authorizations based on the number of subsidized hours at each location (see Example 3 below).

Children with a Reduced copayment type (see 2.5.2) are calculated separately from the family copayment. CSAW will not apply an hourly copayment to children with a \$0 copayment. For children with a Minimal copayment type (65% FPL), CSAW will use the 65% FPL copayment per hour for one (1) child multiplied by the individual child's subsidized hours (capped at 152 hours per month).

Example 2: Juniper's income places her family at 115% FPL. Juniper's two children, Fantasia and Kyle, attend Sally's Day Care Center for 20 hours per week each. Juniper's total family copayment per month is \$111.36.

The calculation details are:

Copayment Per Hour for 115% FPL: \$0.64

Fantasia: 20 hours per week x 4.348125 weeks per month = 86.96 (87 monthly hours)

Kyle: 20 hours per week x 4.348125 weeks per month = 86.96 (87 monthly hours)

Total Monthly Family Hours: 87 + 87 = 174

Total Family Copayment: \$0.64 x 174 = \$111.36

In the summer, Juniper's two children begin attending 40 hours per week each. Juniper's full-time total family copayment is \$194.56.

The calculation details are:

Copayment Per Hour for 115% FPL: \$0.64

Fantasia: 40 hours per week x 4.348125 weeks per month = 173.92 (174 monthly hours, capped at 152 monthly hours)

Kyle: 40 hours per week x 4.348125 weeks per month = 173.92 (174 monthly hours, capped at 152 monthly hours)

Capped Monthly Subsidized Hours: 152 + 152 = 304

Total Family Copayment: \$0.64 x 304 = \$194.56

Example 3: Monique works 30 hours per week on second shift. Monique's income places her family at 75% FPL. Monique has two children, Genesis and Jasmine. Genesis attends Lil' Buddies for 28 hours per week. Jasmine attends Jumpin' Around in the afternoon for 8 hours per week, and Lil' Buddies in the evenings for 28 hours per week. Monique's total family copayment is \$57.54 per month.

The calculation details are:

Copayment Per Hour for 75% FPL: \$0.21

Genesis: 28 hours per week x 4.348125 weeks per month = 121.75 (122 monthly hours)

Jasmine: 8 hours per week x 4.348125 = 34.79 (35 monthly hours)

28 hours per week x 4.348125 = 121.75 (122 monthly hours)

35 + 122 = 157 monthly hours (capped at 152 monthly hours)

Total Monthly Family Hours: 122 + 152 = 274 monthly hours (279 uncapped monthly hours)

Family Copayment: \$0.21 x 274 = \$57.54

The copayment distribution is:

Genesis: 122 monthly hours ÷ 279 monthly uncapped hours = 43.73% of copayment

Copayment distribution: \$57.54 x .4373 = \$25.16

Jasmine Authorization for Jumpin' Around: 35 monthly hours ÷ 279 monthly uncapped hours = 12.54% of copayment

Copayment distribution: \$57.54 x .1254 = \$7.22

Jasmine Authorization for Lil' Buddies: 122 monthly hours ÷ 279 monthly uncapped hours = 43.73% of copayment

Copayment distribution: \$57.54 x .4373 = \$25.16

2.5.1.1 Calculating the Copayment in the Exit Copayment Period

During the Exit period (see 2.5.3.3), the copayment is determined according to a different methodology. CSAW still uses the copayment per hour, but it is set at the 200% FPL copayment level. After the total hourly copayment amount has been determined, CSAW adds an additional family copayment to the total hourly copayment amount. The additional family copayment is determined by increasing the family's copayment \$1 for every \$3 by which the Assistance Group's (AG's) gross income exceeds 200% FPL.

Example: Renee's income places her family at 207% FPL at renewal in April. Based on that information, Renee's family is determined to be in the Exit period. Renee's two children, Suki and Sahara, attend Joe's Quality Day Care for 15 hours per week each. Renee's total family copayment is \$215.56.

The calculation details are:

Copayment Per Hour for 200% FPL: \$1.33

Suki: 15 hours per week x 4.348125 weeks per month = 65.22 (66 monthly hours)

Sahara: 15 hours per week x 4.348125 weeks per month = 65.22 (66 monthly hours)

Total Monthly Family Hours: 66 + 66 = 132 monthly hours

Initial Copayment: \$1.33 x 132 = \$175.56

Additional Copayment (for Exit period): \$40 (207% FPL for an AG Size of 3)

Total Family Copayment: \$175.56 + \$40 = \$215.56

Renee receives a raise in December that places her family's income at 212% FPL. Renee's total family copayment goes up to \$244.56.

The calculation details are:

Copayment Per Hour for 200% FPL: \$1.33

Total Monthly Family Hours: 132

Initial Copayment: \$1.33 x 132 = \$175.56

(This part stays the same, as Renee has not requested additional hours)

Additional Copayment (for Exit period): \$69 (212% FPL for an AG Size of 3)

Total Family Copayment: \$175.56 + \$69 = \$244.56

2.5.1.2 Assuming the Full Cost of Care

A parent assumes the full cost of care when the parent's copayment equals or exceeds the subsidy amount. A parent may assume the full cost of care during any Copayment Period; however, most parents will assume the full cost of care at some point during the Exit Copayment Period.

Agency workers must not end eligibility or end the authorization due to the parent(s) assuming the full cost of care. An Assistance Group (AG) can retain eligibility as long as they continue to meet financial and nonfinancial requirements. The authorization must remain in place because a family may need to request more hours or report a decrease in income at any time. However, a parent may request that the agency end the authorization at any time, and the agency must comply with this request.

Example 1 (No Subsidy Amount): At her annual renewal in August, Ebony's income places her family at 225% FPL. Ebony has one child, Aiesha, who is 4 years old and attends Bundles of Fun in Brown County for 10 hours per week. Bundles of Fun is a Licensed Group provider.

The calculation details are:

Copayment Per Hour for 200% FPL: \$2.19

Aiesha: 10 hours per week x 4.348125 weeks per month = 43.48 (44 monthly hours)

Total Monthly Family Hours: 44

Initial Copayment: \$2.19 x 44 = \$96.36

Additional Copayment (for Exit period): \$144 (225% FPL for an AG Size of 2)

Total Family Copayment: \$96.36 + \$144 = \$240.36

Brown County Licensed Group Hourly Maximum for 4yo: \$4.26

Initial subsidy amount (prior to any reductions): \$4.26 x 44 hours per month = \$187.44

In this example, Ebony's total family copayment (\$240.36) exceeds her initial subsidy amount (\$187.44). As CSAW subtracts the total family copayment from the subsidy amount prior to loading the funds, no funds would be loaded to Ebony's MWCC card.

Example 2 (Small Subsidy Amount): At her annual renewal in August, Sarafina's income places her family at 225% FPL. Sarafina has one child, LaTanya. LaTanya is 4 years old and attends Reading Rainbow in Dane County for 10 hours per week. Reading Rainbow is a Licensed Group provider.

The calculation details are:

Copayment Per Hour for 200% FPL: \$2.19

LaTanya: 10 hours per week x 4.348125 weeks per month = 43.48 (44 monthly hours)

Total Monthly Family Hours: 44

Initial Copayment: \$2.19 x 44 = \$96.36

Additional Copayment (for Exit period): \$144 (225% FPL for an AG Size of 2)

Total Family Copayment: \$240.36

Dane County Licensed Group Hourly Maximum for 4yo: \$5.51

Initial subsidy amount (prior to any reductions): \$5.51 x 44 = \$242.44

In this example, the initial subsidy amount (\$242.44) is \$2.08 more than the total family copayment (\$240.36). The \$2.08 would be loaded to Sarafina's MWCC card. Sarafina will remain eligible in CWW due to continuing to meet financial and nonfinancial requirements, and her authorization must remain in place (unless Sarafina requests that the worker end the authorization).

2.5.3 Copayment Periods

After CARES Worker Web (CWW) determines initial eligibility for the Assistance Group (AG), CSAW will assign the AG to one (1) of three (3) Copayment Periods based on their Federal Poverty Level (FPL). CSAW will reassign the AG's Copayment Period at each annual renewal, according to their FPL at that time.

CSAW will automatically determine which Copayment Period to assign the AG based on the AG's FPL and point in the eligibility period (application, ongoing, or renewal). Workers must continue to enter reported changes that may affect eligibility or the authorization into CWW and CSAW; CSAW will automatically determine whether the changes entered should affect the copayment per hour. The three (3) Copayment Periods are:

Copayment Period	Assistance Group FPL	Copayment Per Hour Status During 12-month Eligibility Period
Copayment Stabilization	Below 190% FPL	Will not increase
Gradual Phase Out (GPO)	190% - 199% FPL	May increase up to 200% FPL copayment level
Exit	200%+ FPL	May increase

2.5.3.1 Copayment Stabilization

If an Assistance Group's income is below 190% FPL at any time, CSAW will assign the Assistance Group (AG) to the Copayment Stabilization period. During the Copayment Stabilization period, CSAW will not allow increases in income to increase the AG's copayment per hour until the AG's next eligibility renewal. Once CSAW has assigned the AG to the Copayment Stabilization period, CSAW will not assign the AG to a different Copayment Period until the AG's next eligibility renewal.

Example: At application in June, Brad's income places his AG at 75% FPL. In September, Brad receives a \$1.00/hour raise, which brings his AG's income up to 90% FPL. CSAW will not increase Brad's copayment per hour above the 75% FPL copayment level until his next renewal.

2.5.3.2 Gradual Phase Out (GPO)

If the Assistance Group's income is at or above 190% FPL but below 200% FPL at renewal, CSAW will assign the Assistance Group (AG) to the Gradual Phase Out Copayment Period. During the Gradual Phase Out period, CSAW will increase an AG's copayment per hour starting the month after the worker enters the new income in CARES Worker Web (CWW), but the AG's copayment will not exceed the 200% FPL copayment level at any time.

Example: Sari's income places her AG at 193% FPL at renewal in July. CSAW assigns Sari's AG to the Gradual Phase Out period. In October, Sari starts a new job. Her new income places her AG at 205% FPL. Sari's copayment per hour will increase from the 190% FPL copayment level to the 200% FPL copayment level. CSAW will not increase her copayment beyond the 200% FPL copayment level and her AG will remain in the Gradual Phase Out period, regardless of subsequent increases in income, until the next annual renewal.

2.5.3.3 Exit

If the Assistance Group's income is at or above 200% FPL at renewal, CSAW will assign the Assistance Group (AG) to the Exit Copayment Period. During the Exit period, CSAW will increase the AG's copayment starting the month after the worker enters the new income in CARES Worker Web (CWW). CSAW determines the copayment during the Exit period by adding an additional family copayment to the total hourly copayment for the 200% FPL copayment level (see 2.5.1.1). CSAW will continue to increase the AG's additional family copayment following subsequent income increases until the family assumes the full cost of care (see 2.5.1.2).

Example: Gloria's income places her AG at 212% FPL at renewal in July. CSAW assigns Gloria's AG to the Exit period and sets the AG's copayment per hour at the 212% FPL copayment level. In September, Gloria starts a new job, which places her AG at 218% FPL. The AG's copayment increases to the 218% FPL copayment level. In March, Gloria receives a raise for passing her 6-month probationary period, and her AG's income increases to 220% FPL. The AG's copayment increases to the 220% FPL copayment level.

2.5.3.4 Moving Between Copayment Periods

CSAW will only assign an Assistance Group (AG) to a higher Copayment Period at the AG's annual renewal. If an AG's FPL decreases, CSAW will reassign the AG to a lower Copayment Period at any time without regard to the renewal date, but will not reassign the AG to a higher Copayment Period until their next renewal, regardless of subsequent increases in income.

Example 1 (GPO – Stabilization):

At renewal in February, Jack's income places his AG at 192% FPL. CSAW assigns Jack's AG to the Gradual Phase Out period. In April, Jack's employer cuts his work hours to part-time. The resulting income loss places his AG at 115% FPL. CSAW determines Jack's copayment per hour at the 115% FPL copayment level, and reassigns Jack's AG to the Copayment Stabilization period. Even if Jack's work hours increase back to full-time, Jack's AG will remain in the Copayment Stabilization period at the 115% FPL copayment level until his next annual renewal.

Example 2 (Exit – GPO):

LaQuisa's income places her AG at 205% FPL at renewal in October. CSAW assigns LaQuisa's AG to the Exit period. In November, LaQuisa starts a new job. Her new income places her AG at 192% FPL. CSAW decreases LaQuisa's copayment per hour to the 190% FPL copayment

level and reassigns LaQuisa's AG to the Gradual Phase Out period. If LaQuisa's income increases after this, CSAW will increase her copayment per hour. However, CSAW will not reassign her AG to the Exit period, and will not increase her copayment per hour beyond the 200% FPL copayment level until her next renewal.

Example 3 (Exit – Stabilization):

At renewal in July, Mai Thao's income places her AG at 206% FPL. CSAW assigns Mai Thao's AG to the Exit period. In September, Mai Thao loses her job, and her AG's income decreases to \$0. Mai Thao's worker offers her the Approved Activity Search period (ACTS), which she accepts. CSAW reduces Mai Thao's copayment per hour to the 65% FPL copayment level, and reassigns Mai Thao's AG to the Stabilization period. In November, Mai Thao starts a new job, and her AG's income increases to 210% FPL. Mai Thao remains in the Copayment Stabilization period, and her copayment remains at the 65% FPL copayment level until her next renewal.

CONVERSION: Effective November 1, 2018, CSAW will systematically assign a Copayment Period to all families receiving Wisconsin Shares Child Care Subsidy according to their FPL as recorded in CWW for the month of November. CSAW will also round the AG's FPL down to the lower copayment bracket, convert all copayments to the Copayment per Hour method, and recalculate subsidy amounts for the month of November forward. Most families currently receiving subsidies will see an equal or greater amount of subsidy as of the conversion date.

If the AG does not have confirmed eligibility in CWW as of the conversion date, CSAW will apply the new CCDBG Phase 3 policies upon confirmation of eligibility and the creation of the first authorization for November forward. Any authorizations that are backdated to begin prior to November 1, 2018, will not use the Phase 3 policies and functionality.

Workers do not need to take any action to implement these Phase 3 changes. CSAW will begin the conversion process on October 27, 2018. If benefits are calculated for November between October 29 – October 31, the worker may see the new functionality in CSAW. However, all subsidies will be recalculated the evening of October 31, prior to the November benefit load, to ensure all subsidy amounts are correctly calculated using the most current information.

Parents will receive a new Quarterly Authorization Notice regarding their new subsidy amount after conversion, on or around the first of November.

ATTACHMENT: [Hourly Copayment Schedule for Nov 2018](#)

CONTACTS:

For Wisconsin Shares Child Care policy questions outside of Milwaukee County contact your Bureau of Regional Operations (BRO), Child Care Coordinators at BROCCPolicyHelpDesk@wisconsin.gov.

For Child Care CARES/CWW and CSAW Processing Questions statewide, and policy questions in Milwaukee County, contact the Child Care Subsidy and Technical Assistance line at: childcare@wisconsin.gov or (608) 422-7200.