

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814



June 23, 1998

ALL-COUNTY LETTER NO. 98-39

REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law or Regulation Change
- Court Order or Settlement Agreement
- Clarification Requested by One or More Counties
- Initiated by CDSS

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY CHILD CARE COORDINATORS

SUBJECT: 1998 REGIONAL MARKET RATE CEILINGS

This letter transmits the 1998 Regional Market Rate (RMR) ceilings for California child care providers and the instructions to use with the RMR listing. The California Child Care Resource and Referral Network (Network) determined the ceiling rates based on the results of a statewide survey of 13,500 child care providers. These child care rate ceilings are used for the California Work Opportunity and Responsibility to Kids (CalWORKs) child care program and various programs administered by the California Department of Education (CDE). The 1998 RMR ceilings will become effective July 1, 1998, and will remain in effect until further notice. Riverside, Ventura and Yolo Counties can continue to use sub-regional rates. These rates represent a cost-of-living adjustment of 2.67 percent applied to the rates for last year. Counties will have the opportunity to request sub-regional rates for next year. CDE will be sending out a letter to solicit requests next month.

The RMR ceilings represent the *maximum* that each particular program will pay for child care. If a provider charges less than the rate ceilings, counties can only pay the rate that is charged. However, should the actual cost of child care exceed the rate ceiling, the parent is responsible for paying the difference in the cost if they want to use that particular child care provider.

ATTACHMENT I contains the instructions for using the RMR and ATTACHMENT II is the RMR document. The subregional rates for Riverside, Ventura and Yolo Counties are found in the back portion of the RMR document. The adjustment factor for Special Needs Care remains at 1.5 times the RMR and the adjustment factor for Evening/Weekend care remains at 1.36 times the RMR. The instructions for determining Special Needs or Evening/Weekend Care rate ceilings are located in ATTACHMENT I.

All County Letter No. 98-39  
Page Two

If you have questions or concerns regarding these 1998 RMR ceilings, please contact Suzanne McNamee in the Child Care Programs Bureau at (916) 657-3815.

Sincerely,

***Original Document Signed By  
Bruce Wagstaff on 6/23/98***

BRUCE WAGSTAFF  
Deputy Director  
Welfare to Work Division

Attachments

**INSTRUCTIONS FOR USING THE  
REGIONAL MARKET RATE CEILINGS  
FOR CALIFORNIA CHILD CARE PROVIDERS**

The maximum amount payable for child care in CalWORKs Stages I, II and III child care is 1.5 standard deviations above the mean market rate. This is approximately 93 percent of the range of costs for child care in a given region. Counties are not bound by the rate ceiling when there are no more than two child care providers of the type needed by the client in the region.

The following guidelines may be used when determining the provider reimbursement rate:

- Hourly rates should not be paid for full-time care,
- Hourly rates or daily charges for part-time care should only be paid up to the full-time weekly rate, and
- Two hours of care or less per day should only be paid up to the hourly rate multiplied by the hours of care.

**DEFINITIONS:**

- ***Child Care Centers*** are licensed facilities, other than family day care homes, where care is provided for children in a group setting.
- ***Family Day Care*** is care provided by a licensed provider in the provider's own home.
- ***In-Home/Exempt Care*** is any child care arrangement that is exempt from child care licensing requirements.
- ***Part-time (PT) Care is-***
  - 1) Less than six hours per day, or
  - 2) Less than 30 hours per week, or
  - 3) Less than 126 hours per calendar month.
- ***Full-time (FT) Care is-***
  - 1) Six hours or more per day, or
  - 2) 30 or more hours per week, or
  - 3) 126 hours or more, based on a 21-day month.

- ***Evening/Weekend Care*** is child care provided after 6:00 p.m. and before 6:00 a.m. on weekdays and during any hours on the weekend. An adjustment factor of 1.36 is allowed for this type of care for SFY 1998-99.
- ***Special Needs Care*** is care provided to a child who is mentally or physically incapable of self-care and requires that separate accommodations be provided with basic child care services. The incapacity must be verified by a physician or a licensed or certified psychologist. According to the Americans with Disabilities Act (ADA), child care facilities cannot charge special rates for children for whom reasonable accommodations would permit full integration of the child into their program. An adjustment factor of 1.5 is allowed for special needs care.
- ***Family Fee*** means the monthly amount a family is required to pay toward their child care costs.
- ***A period*** (.) in a rate category means there were less than three providers for a particular type of care in both the county rate survey and the larger regional rate survey. If a child care provider requires payment in such a rate category, the county will pay the actual cost of the child care.
- ***Asterisks*** (\*) were inserted into the part-time daily, weekly, and monthly rate categories for In-Home/Exempt Care to indicate the actual number of hours of care is multiplied by the hourly rate ceiling to issue the appropriate child care payment.

## INSTRUCTIONS:

The following information is needed to determine the appropriate rate ceiling.

- The rate ceiling level (1.5 standard deviations above the mean);
- The county or subregion within the county where the child care is provided;
- The type of provider (Child Care Center, Family Day Care Home, In-Home/Exempt Care);
- The number of hours of care per week (full-time or part-time as defined by the program);
- The age of the child;
- How the provider charges (hourly, daily, weekly, or monthly); and
- Any appropriate adjustment factor (1.5 for Special Needs Care or 1.36 for Evening/Weekend Care).

Step 1: Locate the appropriate page in the RMR ceiling document that corresponds with the program's appropriate rate ceiling level and locate the county or subregion where the child care is provided.

Step 2: Locate the appropriate category for the type of care (Child Care Center, Family Day Care Home, or In-Home/Exempt Care).

Step 3: Locate the appropriate category for the age of the child and whether or not the care was provided full-time or part-time as defined in the program.

Step 4: Locate the rate ceiling level. In the part-time In-Home/Exempt Care categories where only hourly rate ceilings are established, multiply the hours of care by the hourly rate ceiling.

Step 5: If Evening/Weekend Care is provided, multiply the rate ceiling identified in Step 4 by the 1.36 adjustment factor. The result is the Evening/Weekend Care Rate Ceiling.

In other words:

$$\text{Rate Ceiling} \times 1.36 = \text{Evening/Weekend Care Rate Ceiling.}$$

If Special Needs Care is provided, multiply the rate ceiling identified in Step 4 by the 1.5 adjustment factor. The result is the Special Needs Care Rate Ceiling.

Step 6: Compare the rate ceiling amount to the actual cost of care. If the rate ceiling is higher than the actual cost, pay the actual cost. If the rate ceiling is lower than the actual cost, only pay the rate ceiling amount.

When a child changes age categories or there is a change in the provider or in the hours of care, the rate ceiling for the child must be reviewed. Parents must be given adequate and timely notice of any change. If a rate change is required, it becomes effective no later than the first of the following month. The only exception to this rule is for a child who enters kindergarten at five years of age and turns six years of age later in the school year. Continued use of the 2-5 year rate ceiling is permitted for the remaining part of that school year. Please refer to Example 1 of Attachment A, "Determining a Standard Rate Ceiling."

## EXAMPLE 1

### DETERMINING A STANDARD RATE CEILING

#### KERN COUNTY

1998 REGIONAL MARKET RATE CEILINGS  
FOR CALIFORNIA CHILD CARE PROVIDERS  
1.5 STANDARD DEVIATIONS ABOVE THE MEAN

<u>FAMILY DAY CARE HOMES</u>	<u>HOURLY</u>	<u>DAILY</u>	<u>WEEKLY</u>	<u>MONTHLY</u>
FT UNDER 2 YRS.	2.85	21.05	96.00	415.30
PT UNDER 2 YRS.	3.07	24.43	81.62	266.94
FT 2-5 YRS.	2.35	20.27	91.38	396.31
PT 2-5 YRS.	2.85	20.33	78.03	248.46
FT 6+ YRS.	2.30	19.51	92.92	402.98
PT 6+ YRS.	3.75	13.04	71.36	325.98

## EXAMPLE 1

A Kern County family consists of a mother and a two-year old child, Mary. Mary's mother works for 8 hours a day, 5 days a week, Monday through Friday. When transportation time of 2 hours a day is included, Mary needs care for 10 hours each day (8:00 a.m. - 6:00 p.m.).

- Since 10 hours x 5 days equals 50 hours or full-time care (30 or more hours a week), use rate in the full-time 2-5 years category. Based on the 1998 RMR Survey, the weekly 1.5 standard deviations ceiling for this full-time 2-5 years category is \$91.38 per week. The family day care provider charges \$100.00 per week. The difference of \$8.62 per week would be the responsibility of the parent as a co-payment.

## EXAMPLE 2

### DETERMINING A SPECIAL NEEDS CARE RATE CEILING

Suppose Mary's mother works the standard 8 hours, Monday through Friday, needing child care from 8:00 a.m. to 6:00 p.m. for a total of 50 hours per week. However, Mary is a special needs child, so all of her hours of care qualify for the Special Needs Care Adjustment Factor.

- The full-time weekly standard rate ceiling is multiplied by the Special Needs Care Adjustment Factor to determine the Special Needs Care Rate Ceiling ( $\$91.38 \times 1.5 = \$137.07$ ). The provider's rate for Special Needs Care is \$130.00. Since the provider's rate (\$130.00) is less than the \$137.07 Special Needs Care Rate Ceiling, the entire cost of child care will be reimbursed.

### EXAMPLE 3

#### DETERMINING AN EVENING/WEEKEND CARE RATE CEILING

Suppose, instead, Mary's mother works Tuesday through Saturday and attends training classes after work Tuesday through Friday (classes are 6:00 p.m. - 9:00 p.m.). Mary needs care for 14 hours Tuesday through Friday (8:00 a.m.- 10:00 p.m.) and for 10 hours on Saturday (8:00 a.m. - 6:00 p.m.), for a total of 66 hours per week in her family day care home.

- For the weekday hours of 8:00 a.m. to 6:00 p.m., the full-time weekly rate (\$91.38) applies. In this example, the provider's weekly rate (\$100.00) is more than the standard weekly ceiling (\$91.38). Mary's mother would pay a \$8.62 weekly co-payment.
- Some of those hours qualify as Evening/Weekend Care hours. For those hours only the Evening/Weekend Care Rate Ceiling would apply.
  - For the four evening hours, 6:00 p.m. to 10:00 p.m., the part-time hourly rate is multiplied by the Evening/Weekend Care Rate Adjustment Factor to determine the Evening/Weekend Care Rate Ceiling ( $\$2.85 \times 1.36 = \$3.88$ ). The provider's rate for weekday evenings (\$3.50) is less than the ceiling (\$3.88), so the entire evening cost would be reimbursed.
  - For Saturday, the full-time hourly rate is adjusted to determine the Evening/Weekend Care Rate Ceiling ( $\$2.35 \times 1.36 = \$3.20$ ). The provider's rate for Saturday (\$3.50) is more than the ceiling (\$3.20), so Mary's mother would pay a \$3.00 co-payment ( $\$.30 \times 10$  hours) for Saturday, in addition to the weekly \$8.62.