



Connecticut Administered State-funded  
General Policy B-02

Guidelines on Fees, Fee Schedule, and Family/Per-Child Contributions

- ☒ OEC Child Day Care Contractors
- ☒ OEC School Readiness Program
- ☐ OEC State Head Start Supplement
- ☒ OEC Smart Start

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General Policy B-02 (GP B-02) provides Guidelines on the implementation of the OEC-published Fee Schedule (also known as ‘the fee scale’) to determine Fees and Family and/or per-Child Contributions for families participating in an OEC-funded space.

The content of GP B-02 is organized in five sections as follows:

- I. Definitions;
- II. Policy;
- III. Responsibilities of School Readiness Councils, Child Day Care Contractors with sub-contractors and Smart Start Local or Regional Boards of Education;
- IV. Determining Family Income, Family Contribution and Fee; and
- V. Access to the Child Care Assistance Program Care 4 Kids (C4K)

**I. DEFINITIONS**

A. “**Cost of Care**” is the per-child actual cash cost (i.e. annual, monthly, and weekly) incurred by an early care and education program. No family, regardless of income, shall be charged a fee which is more than the OEC-funded early care and education program’s established cost of care.

B. Definitions related to “**family**” and “**family size**”

“**Family**” is:

- 1. The parent(s), a parent’s spouse or a person legally granted **in loco parentis**, and their minor child(ren) who reside together. **Residing together** is living with, including taking meals together and sleeping in the same household.
  - a. A parent is a person of majority age who has legally been granted “in loco parentis” status or who is a child’s parent by blood, marriage, or adoption. **In loco parentis** is standing in the place or position of a parent (e.g., a relative, legal guardian or other person with whom the child resides) with a parent’s rights, duties and responsibilities, as granted legally.
  - b. Additionally, parents who pay more than half the support of their minor child(ren) living with another family, as reported to the federal Internal Revenue Service (IRS) at their last IRS filing, may include such child(ren) as a member of their family (i.e., family size) for determining the family’s fee.

- c. Dependents other than minor children related by blood, marriage or adoption will be included in determining family size only as reported to the federal Internal Revenue Service (IRS) at the last IRS filing.

2. A **family of ONE** is:

- a. A child for whom Temporary Family Assistance (TFA) is received, living with a relative who does not receive TFA for themselves.
- b. A child receiving subsidized guardian payments from the Connecticut Department of Children and Families (DCF), its designee, or from an agency in another state that is a member of the Interstate Compact on the Placement of Children. Children receiving subsidized guardian payments will comprise a separate family unit from the guardian and any other household members regardless of kinship to the child.
- c. A child who is adopted from the CT DCF or from an agency in another state that is a member of the Interstate Compact on the Placement of Children shall continue to be treated as his or her own family unit for twelve months following the date of the adoption. After twelve months following the date of adoption, the adoptive parent and other household members shall be included in the family unit.

3. **Family size** is:

- a. Defined by each funding stream, as outlined in the Child Day Care contract or [GP B-03](#) for School Readiness.
- b. OEC-funded early care and education programs shall use the tax return for the number of family members for families who do not meet the funding stream definition and for whom a question of family size remains.
- c. The OEC allows flexibility for families to identify in a legally documentable form that there are additional or fewer dependents in the household, in situations when the tax return does not reflect the most current information on family size.

C. **Definitions related to “fees”**

- 1. **“Fee/OEC fee”** is the per-child amount of an eligible family’s contribution to the cost of care that is owed to the early care and education program based on the OEC-published fee schedule for the category of care provided.
- 2. **“Fee schedule/scale”** is the document provided by the OEC and updated as necessary from which the calculation of a family’s per child contribution is determined. When the OEC publishes/updates fee schedules, changes to fees charged shall become effective thirty (30) days after the date families are notified or at the family’s next income determination, whichever is later.

D. Definitions related to **“income”** when calculating family contribution:

- 1. **Earned Income:** means compensation for personal services (employment), self-employment or contractual agreements.
  - a. **“Income from employment”** is the gross total earnings from salaries, wages, and tips for all family members, including commissions, overtime and bonuses not otherwise excluded below in Section I.D.3.
  - b. **“Self-employment”**
    - 1) **“Self-employed”** means working for pay either full or part-time where the individual is not considered an employee of another entity for purposes of reporting social security tax or unemployment compensation.

- 2) **“Income from self-employment”** is the total income for all family members from business enterprises, including farming, not otherwise excluded in Section I.D.3. below, remaining after the total cost of business expenses or cost of production of the income is subtracted from the gross income, and reported as total household income on IRS-1040<sup>1</sup>.

**NOTE:**

- Personal expenses such as income tax payments, social security deductions, lunches, transportation, etc., are not herein classified as business expenses.
  - After six months of self-employment, the taxable earnings for each self-employed family member s should equal or exceed the state minimum wage times the number of hours the family member is self-employed on a continual basis.
2. **“Income from all other sources”** is gross total income from whatever source derived, not otherwise excluded in Section I.D.3. below, for all family members. Income from all other sources includes, but is not limited to: pensions, annuities, dividends, interest (if more than \$50.00 per month), rental income, income from boarders, estate or trust income, royalties, social security or supplemental security income (SSI), tribal distributions, veterans’ benefits, unemployment compensation, workers’ compensation, family and medical leave compensation, alimony, foster care payments, cash gifts from friends and relatives, lottery winnings and cash assistance from federal, state and municipally funded assistance programs that are not otherwise expressly excluded as income by federal or state law.
3. **“Income excluded”** is defined as:
- a. TFA cash assistance benefits from the Connecticut Department of Social Services (DSS);
  - b. Payments received for childcare services from state or federal funds;
  - c. Child support payments;
  - d. Income paid by the U.S. Census Bureau to low-income temporary census workers;
  - e. The value of Supplemental Nutrition Assistance Program-SNAP (previously known as Food Stamps) benefits;
  - f. The earnings of a family member, under the age of 18, who is not the parent of a child for whom assistance is requested;
  - g. Earned income credit payment, including advanced payments;
  - h. Cash contributions from non-profit charitable agencies or organizations;
  - i. Interest and dividends totaling less than \$600 per calendar year;
  - j. Lump sum payments from unearned income sources totaling less than \$600 per year;
  - k. Income tax refunds;
  - l. Special need payments issued by the Department of Social Services on behalf of a cash assistance recipient that are paid to a vendor;
  - m. Income from the sponsor of a non-citizen;
  - n. Grants, loans and scholarships paid to students;
  - o. Cash gifts received on an irregular basis, the aggregate which does not exceed \$1,200 per calendar year;
  - p. The value of goods and services received as in-kind income rather than cash payments;
  - q. Reimbursements for expenditures that do not represent a benefit or gain to the recipient;
  - r. Disaster assistance paid under the Disaster Relief Act of 1974, as amended, including the Individual and Family Grant (IFG) program, and comparable disaster assistance provided by federal, state and local governments and private organizations and any interest earned on funds from this source;

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<sup>1</sup> Line 9 on page 1 of the 2021 version of IRS-1040.

- s. Payments made by the Connecticut Department of Labor (DOL) to meet the cost of pursuing employment;
- t. State or federal government rental subsidies;
- u. Security deposits returned by a landlord to a family;
- v. Payments made under means-tested energy assistance programs and utility subsidies;
- w. Payments received under Title II of the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970; and
- x. Subsidized adoption payments received from the CT DCF as provided for under the C.G.S. § 17a-119, or from an agency in another state that is a member of the Interstate Compact on the Placement of Children.

## II. POLICY

- A. The OEC Fee Schedule must be used in setting the per-child fee charged to participating families at all OEC-funded early care and education programs. [GP B-01](#)
- B. OEC-funded early care and education programs shall calculate and document the per-child fee for all their participating families, available for OEC review upon request.
- C. Family size and composition shall be determined based solely on the definition of family (Section I.B. above).
- D. Family size and family income shall be used to calculate the family contribution. Both family size and income shall be determined at the time of initial enrollment and at least annually thereafter.
- E. For families sharing living quarters, OEC-funded early care and education programs shall consult their community McKinney-Vento liaison (<https://portal.ct.gov/SDE/Homeless/Homeless-Education/How-To#schooldistricts>) or the School Readiness liaison for information on whether the family meets the McKinney-Vento Act definition of homeless which includes “individuals who lack a fixed, regular, and adequate nighttime residence<sup>2</sup>”.
- F. Families reporting to be without income shall be considered to be in the 0% SMI bracket of the fee schedule and will not be charged a family fee.
- G. OEC-funded early care and education programs who offer discounts and/or fee reductions (hardship, vacation, illness, employees, siblings, etc.) are strongly encouraged to account for this loss of income in a line item to be aware of its impact on their total budget.
- H. Family fee determination made by C4K shall be the family fee for any OEC-funded early care and education space. (See Section V.B.4. below).
- I. Families shall be required to report within fifteen (15) calendar days changes in family composition and changes in income of fifty dollars (\$50.00) or more per week.
- J. No family, regardless of income, shall be charged a fee more than the OEC-funded early care and education program’s established cost of care.

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<sup>2</sup> Subtitle VII-B of the McKinney-Vento Homeless Assistance Act (42 USC §§11431-11435), reauthorized in 2015 by Title IX, Part A of the Every Student Succeeds Act (subsequently referred to in this brief as the McKinney-Vento Act)

- K. No family, regardless of the number of children participating in an OEC-funded early care and education program, shall be charged more than the calculated family fee for each child.
- L. OEC-funded early care and education programs may assess fees related to the cost of doing business, according to industry-wide, customary, and ordinary, best practices as follows:
  - 1. A registration fee may be charged for the initial registration process and/or to complete an annual update of the paperwork required for a child's continuous enrollment.
  - 2. Deposit(s) to ensure payments for services delivered may be collected and applied to the last week of tuition.
  - 3. Field trip fees may be charged and collected as long as the OEC-funded early care and education program ensures that no child would be denied participation because of lack of payment.
  - 4. OEC-funded programs may charge and collect late pick up fees incurred when parents pick up their child(ren) after the program(s)'s posted business hours, and the staff are paid through payroll for this time worked.
  - 5. Bank fees charged by a bank to the program (e.g., checks returned for insufficient funds, automatic clearing house (ACH) electronic transactions or credit card fees) may not be passed to purchasers of child care services<sup>3</sup>.
  - 6. OEC-funded early care and education programs shall not pass fees on to families that increase families' cost of care such as late payment fees, required-participation fundraisers or curriculum additions (e.g., computer, dance, or music classes, etc.).
- M. Proof that income is below 75% of the state median income is required upon enrollment for all families participating in an OEC-funded space. However, for **School Readiness** and **Smart Start** programs, applicant families claiming to be over 75% of the state median income (SMI) may provide an estimate without documentation but must agree to pay the cost of care.
- N. When the OEC publishes/updates the fee schedule, changes to individual fees charged shall become effective thirty (30) days after the date families are notified or at the family's next income determination, whichever is later.
- O. OEC-funded early care and education programs shall notify families in writing of any change in fee schedule 30 days prior to the date the change is to take place and maintain proof of such notification.
- P. OEC-funded early care and education programs shall encourage and assist families to apply to the C4K Program but shall not make it a condition for enrollment.
- Q. OEC-funded early care and education programs shall keep and preserve or cause to be kept and preserved all of their records until three (3) years after the latter of:
  - 1. Final payment under the Contract,
  - 2. The expiration or earlier termination of this Contract, as the same may be modified for any reason.
 The State may request an audit or inspection at any time during the period. If any claim or audit is started before the expiration of this period, the OEC-funded early care and education programs shall retain or cause to be retained all records until all claims or audit findings have been resolved.

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<sup>3</sup> Conn. Gen. Stat. §42-133ff

(a) No seller may impose a surcharge on a buyer who elects to use any method of payment, including, but not limited to, cash, check, credit card or electronic means, in any sales transaction.

- R. All OEC-funded early care and education programs shall establish written fee policies and disseminate these policies to families and staff, at least in their respective handbooks. For **School Readiness**, such policies shall be based on the School Readiness Councils' (SRCs') policy.

At a minimum, these policies shall address:

1. How family contribution is determined;
2. How per-child fees are assessed and collected;
3. How income, family size, TFA status and any other eligibility factors are determined and verified;
4. How confidentiality of family information is maintained; and
5. How a family hardship will be considered, including outlining procedures not limited to: fee determination and waiver, failure to pay, process for the temporary reduction in assessed fees, timeline applied, and the process for appealing a fee determination. Any reduction in the amount collected should be documented as fee waived.

### **III. RESPONSIBILITIES OF SCHOOL READINESS COUNCILS, CHILD DAY CARE CONTRACTORS WITH SUB-GRANTEES, and SMART START LOCAL OR REGIONAL BOARDS OF EDUCATION**

#### **A. SCHOOL READINESS COUNCILS, CHILD DAY CARE CONTRACTORS AND SUB-GRANTEES MUST**

1. Ensure that sub-grantees establish written fee policies and disseminate these policies to families and staff, at least in their respective handbooks.
2. Monitor and ensure fees are charged when programs choose to implement full-day/full-time, school-day, wrap-around, extended-day and partial-day school-age programs.
3. Monitor and ensure that fees are charged only for the portion of the day supported by School Readiness or Child Day Care funding for programs that implement part-day, extended-day, and wrap-around or school-age programs.
4. Require sub-grantees to submit monthly accurate and complete data on actual family fees collected using the report provided by the OEC for pertinent funding source and review data for consistency with established policy. Family fees shall be reported in the month they are collected, even if the fee collected was for a previous or future month.
5. Ensure that sub-grantees keep and preserve or cause to be kept and preserved all of their and sub-grantees parties' records until three (3) years after the latter of:
  - a. Final payment under the Contract/Grant,
  - b. The expiration or earlier termination of the Contract/Grant, as the same may be modified for any reason.

The OEC may request an audit or inspection at any time during the period. If any claim or audit is started before the expiration of this period, the SRCs and Contractors and their sub-grantees shall retain or cause to be retained all records until all claims or audit findings have been resolved.

#### **B. SCHOOL READINESS COUNCILS (SRCs) SHALL**

1. Require sub-grantees to annually publish their cost of care for School Readiness supported spaces and file their published rate with their SRC.
2. Establish written policies and procedures for the implementation of this fee policy. SRCs shall not set a minimum rate for the community.

3. Ensure that sub-grantees use family fees to support the School Readiness program in the fiscal year they are collected, except that fees collected from May and June may be used in the next fiscal year and submit the requests for SRC approval to carry over family fees. The SRC will notify the OEC that approval has been granted.
4. Ensure that sub-grantees set up a separate non-interest bearing account to hold family fees collected by the School Readiness program.
5. Require sub-grantees to provide an expenditure report to the SRC at least twice annually on the grant award, family fees collected, and Care 4 Kids revenue, in a manner determined by the SRC.

#### C. SMART START LOCAL OR REGIONAL BOARDS OF EDUCATION SHALL

1. Decide whether a family fee will be charged and ensure the use of the OEC fee schedule when family fees are charged.
2. Establish written policies and procedures for the implementation of this fee policy and the collection of family income information.
3. Ensure that Smart Start grantees use family fees to support the Smart Start program in the fiscal year they are collected, except that fees collected from May and June may be used in the next fiscal year, and submit the requests for OEC approval to carry over family fees.
4. Ensure Smart Start grantees submit accurate data on family fees collected each month using a report provided by the OEC. Family fees shall be reported in the month they are collected, even if the fee collected was for a previous or future month.
5. Make sure that Smart Start grantees keep and preserve or cause to be kept and preserved all of theirs and the Smart Start grantees parties' records until three (3) years after the latter of:
  - a. Final payment under the Grant,
  - b. The expiration or earlier termination of the Grant, as the same may be modified for any reason.

The OEC may request an audit or inspection at any time during the period. If any claim or audit is started before the expiration of this period, the Boards of Education and the Smart Start grantees shall retain or cause to be retained all records until all claims or audit findings have been resolved.

### IV. DETERMINING FAMILY INCOME, FAMILY CONTRIBUTION AND FEE

#### A. Family income and size:

1. Are used to calculate the family contribution and fee; and
2. Must be determined at the time of initial enrollment and at least annually thereafter.

#### B. Family contribution and fee shall be determined by:

1. Computing the gross total annual family income:
  - a. Gross total income shall be calculated based on the best estimate of family income using a federal or state tax return as the primary source for verification.
  - b. If a tax return is not available or it does not reflect the family's current circumstances payroll statements or other documentation of income (such as notarized letters from employers, etc.) may be used as follows:

- 1) Income received monthly or more frequently shall be annualized based on the amount received in the four-week period immediately before the date of the income calculation.
  - 2) Income received less frequently than monthly shall be averaged over the period it covers.
  - 3) Income that fluctuates in an unpredictable manner shall be averaged over a longer, more representative period.
  - 4) Income received regularly according to a schedule shall be annualized based on the payment schedule.
  - 5) Income derived through employment under the terms of an employment contract shall be annualized over the term of the employment contract period.
  - 6) When income is expected to change or a family member is beginning new employment or changing work schedules, income shall be calculated based on the best estimate over the next six months, using all available documentation to make such calculation.
  - 7) Self-employed individuals shall have their calculation based on the prior year's U.S. Individual Income Tax Return, Connecticut Resident Income Tax Return or current business records, whichever is more reflective of the projected earnings. Standard business deductions shall be allowed in accordance with federal IRS tax requirements. To be deductible, a business expense must be both ordinary and necessary. An ordinary expense is one that is common and accepted in the trade or business. A necessary expense is one that is helpful and appropriate for the trade or business. An expense does not have to be indispensable to be considered necessary.
2. Calculating the weekly family fee using the most recently published OEC Fee Schedule GP B-01 :
    - a. Determine the family's State Median Income (SMI) level that matches the family's specific size and gross annual income level; and
    - b. Identify the percentage of income to be charged based on the category of care provided and SMI level of the family.

## V. ACCESS TO THE CT CHILD CARE ASSISTANCE PROGRAM CARE 4 KIDS (C4K)

The definitions, policies and procedures included in this section apply only to children and families eligible to participate in Care 4 Kids.

### A. DEFINITIONS

1. **Child care assistance** is a subsidy for child care expenses authorized under the Care 4 Kids Program.
2. **Family fee** is the portion of the C4K authorized cost of care paid by families with earnings or self-employment income. This fee is based on a C4K monthly sliding fee scale. While an active C4K certificate is in place, the C4K family fee supersedes the fee determined through the OEC Fee Schedule.
3. **Family contribution** is the C4K amount, based on a percentage of the family's gross total annual income, determined to be a reasonable amount a family should pay toward the cost of care, regardless of the number of children receiving child care.
4. **Countable income** is gross total income less allowable deductions and excluded income.
5. **Weekly provider reimbursement rate** is the maximum weekly amount that C4K pays a provider. This amount is based on the number of hours that child care is provided, the age of the child, the type of provider and the region of the state.
6. **Parent-Provider Agreement (PPA)** is the C4K form used to collect and document information concerning provider eligibility and the agreement between the family and the provider for the provision of child care services.



## B. POLICY

1. OEC-funded early care and education programs are eligible to participate in C4K.
2. OEC-funded early care and education programs that do not charge fees are ineligible to participate in C4K.
3. No family, regardless of the number of children participating in an OEC-funded early care and education program, shall be charged more than the C4K calculated family contribution.
4. C4K uses countable income to determine program eligibility. This income determination shall be the household income for the program.
5. Family fee determined by C4K is based on the family's gross countable income. This fee shall be the family contribution for the program when an active certificate is in place. It supersedes the OEC fee determined through the OEC Fee Schedule.
6. The weekly charge to be entered on the Parent Provider Agreement (PPA) for a child participating in a program shall be based on the space type and the regional C4K reimbursement rate.
7. Once a family secures a C4K certificate, the amount calculated by C4K on the certificate shall be the family fee for the OEC-funded early care and education program. If a family no longer has a C4K certificate, the OEC-funded early care and education program must use the OEC Fee Schedule [GP B-01](#) to calculate the per-child family fee.

## C. RESPONSIBILITIES OF SCHOOL READINESS COUNCILS, CHILD DAY CARE CONTRACTORS and SMART START LOCAL OR REGIONAL BOARDS OF EDUCATION

1. Ensure that parents are notified of any upcoming change in fee schedule 30 days prior to the date the change is to take place.
2. Advise eligible families or, if applicable, require sub-grantees to advise eligible families, to participate in C4K, but may not require C4K application as a condition of enrollment.
3. Advise programs that applying for child support is not a requirement for the Care 4 Kids Program.
4. Child Day Care Contractors shall submit a report on actual C4K income in accordance with OEC State-funded reporting requirements and shall review all sub-grantee reports for accuracy.
5. SRCs shall require sub-grantees to submit a monthly report on C4K actual income and shall review it for accuracy.
6. SRCs shall submit accurate data on C4K actual income each month in accordance with OEC State-funded reporting requirements and shall review that data for consistency with established policy.

**For further information concerning this GENERAL POLICY please contact the OEC program manager.  
If you're not sure who that is, visit: <https://www.ctoec.org/contact-us/>**