



2022 Child Care Relief Fund

HOW DO I CREATE A TUITION ASSISTANCE POLICY?

Learn how to develop policies that help families and comply with the Child Care Relief Fund 2022 requirements.

Child care is absolutely critical to Texas’s economy. As child care businesses know all too well, balancing the line between how much income you can take in and how much tuition your families can pay is tricky. Often, the operational costs of providing high-quality child care services are out of reach for many families. This can prevent families from enrolling in your program, hurting both those families and their economic security, as well as your business and its success. Studies have also shown that having economic diversity of children in a classroom can help spur development for all children. Accordingly, there is a great incentive for all involved to ensure that any family can afford and access the important services your program offers.

The Child Care Relief Fund (CCRF) 2022 includes a [federal requirement](#) that providers will “provide relief from copayments and tuition payments for the families enrolled in the provider’s program, to the extent possible, and prioritize such relief for families struggling to make either type of payment.” If a provider is in the financial position with their CCRF 2022 funds to provide this relief, they should prioritize assisting those families making under 85% of the State Median Income (SMI) for a family of the same size (see [information on the SMI income level by family size](#), in the column titled “85% SMI”).

How do you create a policy which will conform with the requirements of the CCRF 2022, help families in your community, and be realistic for your business and your staff to implement? This guide will take you through common types of assistance options and how you can document and execute them.

Types of assistance

Three types of financial assistance are typically offered to families: a sliding scale fee, scholarships, and discount programs for economic need or multiple children enrolled in care.

A **sliding scale fee** model adjusts your tuition rates for families based on economic need, usually as defined by a parent's gross income. Gross income is all of a family's income as opposed to their adjusted gross income or another measure. It is fairly easy to figure out a family's gross income because you can determine it by collecting their pay stubs. With a sliding scale fee, you might set one tuition level for families under a certain income level (such as at 85% of SMI) or it may be more complicated, having multiple tiers and various rates adjusted for the number of children in the household, levels of income, or other factors.

Scholarships can be offered to help families cover your tuition or your copayments. Scholarships can be determined by financial need or can be based on temporary or ongoing hardships a family may be facing that may not be as easy to measure financially, such as COVID-19. For example, a family might experience an influx of medical bills that creates additional hardship and stress on the family for a period. In this example, even though they might be receiving the same wages, their costs have gone up as they face large medical expenses.

Tuition discount programs including for siblings or economic need are often a very simple option to reduce tuition or copayments for families enrolled in your program. For example, if you serve a family whose earnings fall below the 85% SMI, you could offer them 25% of their copay in assistance. You could also offer a reduction for additional siblings' tuition, such as 5-10% off, thereby encouraging the family to place all their children at the program and also helping the family to relieve some of the economic stress of having multiple children enrolled in child care.

How do I create the policy?

First, whichever policy you decide to offer should be written, communicated to all parents, and accessible for them to read and review at any time. We recommend that the policy is publicly displayed on your website, your parent handbook, posted next to other program announcements in your program, and/or other places where the larger community can access it and see your commitment to helping all families attend regardless of their financial situation.

For each policy you offer, you should include details about:

- Specifically, what are you offering?
- Who can benefit from this policy?
- How much funding can a family potentially receive?
- How can a family apply?
- What is the appeal process if a family is denied assistance or thinks they should receive it even if they might not be eligible under your policy?

For example, your announcement text could appear as follows:

NEW Tuition Assistance Program

[Business Name] is offering a Tuition Assistance Program beginning on [date] to help families in need to offset the costs of child care services. This new program, made possible by funding from the 2022 Child Care Relief Fund, will provide [1) a sliding scale fee, 2) scholarships, 3) discounted rates] to assist families within our community access child care during times of need.

[Provide a description of your program here.]

1. Will the program provide a sliding scale fee based on the families' gross income? For example:

Under our new Tuition Assistance Program, rates will be dependent on gross family income per each family's State Median Income (SMI):

<i>Families 85% SMI and higher</i>	<i>[rate]</i>
<i>Families 80% SMI</i>	<i>[rate]</i>
<i>Families 75% SMI</i>	<i>[rate]</i>
<i>Families 55% SMI</i>	<i>[rate]</i>

2. Perhaps the program will award a certain number of full or partial scholarships per year? For example:

As part of our new Tuition Assistance Program, [Business Name] will offer [number of full and/or partial scholarships] per year.

3. Alternatively, will the program offer a percentage discount to families? For example:

Families participating in the Tuition Assistance Program will receive a discount of [include the details here. This could be a percentage discount awarded to eligible families who apply, or it could take the form of a discount for additional children enrolled in your program].

To be eligible for the Tuition Assistance program, [include eligibility here, such as SMI requirements, etc.]. Interested families should submit an application by [date]. Families will receive notice of their application decision within 30 days. Once notified of the decision, you may contact [contact information] if you have any further questions about your application.

To request an application for the Tuition Assistance Program, please contact [email or phone].

It is important to have clear decision points so that both staff and families understand when they will and won't qualify for a scholarship or other financial assistance. For example, for a sibling discount, you can state the number of children you will need to serve in a family before the discount begins. When offering an economic need discount, you should state exactly how much income a family would have for the discount to kick in. Many families might not know what the State Median Income is and if they qualify based on their family size and income level. [Specific information on Texas State Median Income](#) is available, with information listed by various family sizes and various percentages of SMI. This is important information to share if using this as a part of your assistance policy.

Your policy could include a requirement that families be in full-time care to be eligible for discounts. There's no reason not to offer the financial assistance to families enrolling a child part-time, but some businesses want to support full-time families first.

You may want to have an application and a structured review process. You could collect documents such as pay stubs to verify financial need. However, when you receive documents containing personal information, especially personal financial information, you will need to guard them very carefully so that they do not become a liability for you if there is a data leak.

You can also require that the parents show verification that they are working in order to receive a tuition assistance. Again, this isn't necessary, but some child care businesses prefer to see that the family needs child care to continue to participate in the Texas economy.

You don't just have to choose one of these options and be done. For example, you could simultaneously offer a sliding scale tuition policy, scholarships for copays, and a discount for the number of children from one family enrolled in care. All three of those policies can exist in the same family handbook so that you can continue to support different types of families.

Example policies

Stacy at Happy Apple Child Care wants to allocate some of her 2022 Child Care Relief Funds to implement some financial assistance policies. Stacy worked with a [free business coach](#) available through the Texas Workforce Commission to put several ideas on paper about how to frame possible policies and a review/appeal process. After Stacy thinks about the challenges the families she serves are facing and what she can afford to offer, Stacy will select a few of these policies and one review/appeal process to implement at Happy Apple Child Care. Feel free to use some of Stacy's policy wording to put together your own financial assistance announcement.

Option 1: Offering a discount for more than one child enrolled

Happy Apple Child Care will offer a 5% discount to families with more than one child enrolled. This applies to full-time enrollment only. Each additional child after the first enrolled in the program will be eligible for the 5% discount. To apply for the discount, speak to the director or email her at director@happyapple.org.

Option 2: Variable-rate scholarship for tuition or copays

The team at Happy Apple Child Care recognizes that some families may have ongoing or temporary financial need. If this might apply to your family, you can apply for full or part-year scholarships to cover a part of your copay or tuition.

- Full-year scholarships will be based on documented family need and a percentage discount of between 25% to 50% will be determined by the director on a case-by-case basis. The director will re-evaluate the scholarship if the family enrolls for another year.
- Partial-year scholarships will be awarded for a set percentage of between 25% to 50% and a given amount of time based on temporary financial need of families or for new families who may face additional costs as they start with us. To apply for a partial-year scholarship, contact the director at director@happyapple.org.

Option 3: Sliding scale fee

Happy Apple Child Care is committed to ensuring that every family can attend our center regardless of their financial situation. We set our tuition fees lower for families who demonstrate financial need.

- If your family's current gross income is within 175% of the current federal poverty level for a family of your size (which is \$38,430 for a family of three), your tuition rate will be \$75 a week. If your gross income is from 176% of the poverty level to 200% of the poverty level for your family's size (up to \$43,920 for a family of three), your rate will be \$150 a week. You can check this [chart based on your family size and Federal Poverty Guideline percentages](#) to see if you might be eligible.
- To apply, you need to contact the director at director@happyapple.org and share your current gross income.
- These tuition rates need to be reviewed and renewed every twelve months and you'll be requested to show proof of income. If Happy Apple increases rates for other families, there may be an increase in the rates you are required to pay.
- Families that meet eligibility for other scholarships, such as state subsidy, will be requested to utilize that form of support first. If your income changes during the year and affects your eligibility, you are asked to share this information as soon as possible with the director so they can adjust your tuition accordingly.

Option 4: Sliding fee scale based on a single financial decision point

Happy Apple Child Care is committed to ensuring that every family can attend our center regardless of their financial situation. Families interested in applying for a lower tuition rate can send the director an email at director@happyapple.org with **just the first page** of their 1040 Federal Tax Return for the last tax year to verify gross income. Any families with a gross income of \$50,000 or less will be eligible for a scholarship. Requests will be reviewed by the director, and you will receive a decision in writing by letter or by email. If you are approved for a scholarship, it will be available for 12 months from the approval date. After that time, you will need to reapply to be reappraised for the scholarship. If you have a sudden and dramatic change in your financial situation, for example due to a lay-off, contact the director immediately to determine if there are scholarship funds that could be issued temporarily.

Option 5: Sliding scale fee based on income

Happy Apple Child Care is committed to ensuring that every family can attend our center regardless of their financial situation. To help families, we offer a sliding scale fee structure based on your gross income. At time of application, each parent in the household must demonstrate the need for full-time care, usually in the form of a 30 or more-hour work week or a full-time student schedule or both. If families make less than \$30,000 a year in their gross income, they are eligible for a 25% discount on all fees. Those making \$30,001 to \$40,000 a year are eligible for a 10% discount, those making \$40,001 to \$45,000 a year are eligible for a 5% discount. The discount amount will be reviewed annually, and additional information must be provided as needed. If there is an immediate change in the family's financial situation after you are enrolled, either requiring additional support or if they no longer need support, they should contact the director as soon as possible at director@happyapple.org.

Option 6: Per-child, flat rate discount

Happy Apple Child Care is committed to ensuring that every family can attend our center regardless of their financial situation. Accordingly, we offer discounts to families with multiple dependent children in their household attending our center. Each additional sibling will receive a \$50 weekly discount. For example, a family with two children to enroll at Happy Apple will receive a \$50-per-week discount for the second child. A family with four dependent children in their household will receive \$50 off three children's weekly bills. We hope this helps alleviate some of the financial stress for families enrolling multiple children in child care.

Appeals process examples

An appeal process for a center with an individual owner:

If you have any questions about the determination of your eligibility for the scholarship, you may contact the center owner at centerowner@happyapple.org with any questions and request a review of your case. All reviews are final.

An appeal process for a nonprofit:

If you have questions about the decision on your scholarship, you may contact the Happy Apple Board of Directors Chair at chair@happyapple.org and request a review of your case. All reviews are final.

A policy without a review:

All decisions by the director or the owner are final and there is no appeal for scholarships. Families may reapply after 12 months or if their financial circumstances change.

Need help?

For individualized help and assistance in creating a tuition assistance policy for your business, please request the help of a [free business coach](#), made available through the Texas Workforce Commission.