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 | INFORMATIONAL LETTER |  
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TRANSMITTAL: 91 INF-29

TO: Commissioners of  
 Social Services

DIVISION: Family and  
 Children  
 Services

DATE: June 5, 1991

SUBJECT: Family Day Care: Incentives for Public Assistance  
 Recipients to Become Providers

SUGGESTED

DISTRIBUTION: Employment Coordinators  
 Income Maintenance Supervisors  
 Directors of Services  
 Food Stamp Directors  
 Staff Development Coordinators

CONTACT PERSON: Child Care: Dee Woolley, 1-800-342-3715 ext. 4-9454  
 Income Maintenance: Maureen Standish, ext. 3-6555

ATTACHMENTS: Day Care Start-Up Administrative Agencies  
 (available on-line)

FILING REFERENCES

Previous ADMs/INFs	Releases Cancelled	Dept. Regs.	Soc. Serv. Law & Other Legal Ref.	Manual Ref.	Misc. Ref.
88 INF-47		352.17 352.18 352.19 352.20 352.22(h) 385.2 628.3(f)(3)	131(1)	PASB XVI-E FSSB XII-B-1 XII-G-10 XII-H-1.5	90 LCM-159

The purpose of this letter is to inform social services districts of incentives available to public assistance (PA) recipients to become family day care (FDC) providers, group family day care (GFDC) providers and informal child care providers.

Background

The enactment of the federal Family Support Act of 1988 has created increased demands for child care. Single parents and caretaker relatives in receipt of public assistance and who have preschool children in the household may be required to participate in employment and training activities. The lack of available and affordable child day care restricts the parents' opportunities to pursue training and educational activities which increase their employability. The availability of reliable and affordable child care also impacts on the ability of some parents to retain and maintain steady employment.

Many parents in receipt of public assistance want to work but are hesitant to leave their children. The option of becoming a family day care provider, group family day care provider or an informal child care provider offers an employment opportunity for PA recipients who wish to work and stay at home with their children. By becoming family day care providers, group family day care providers or informal child care providers these PA recipients can enter the work force, reduce or eliminate their need of public assistance and achieve self-sufficiency.

A number of incentives exist to encourage public assistance recipients interested in becoming FDC providers, GFDC providers or informal child care providers. Use of these incentives can increase the ability of social services districts to recruit and retain regulated family day care providers.

Incentives for Public Assistance Recipients

Several benefits currently exist for public assistance recipients who become child care providers. These incentives are available to FDC providers, GFDC providers and informal child care providers who are in receipt of public assistance.

- o Family day care provider income exemption -- In addition to the usual work-related deductions from earned income, recipients who become family day care providers will have \$5 per day per child of their income disregarded. This disregard is to help offset the expenses the recipient incurs in providing care (i.e. snacks, toys, materials, etc.).
- o Work expense exemption -- Recipients also receive the standard work expense exemption of \$90 per month.
- o \$30-1/3 monthly earned income disregard -- If otherwise eligible, \$30 plus one-third of the remainder of the recipients's monthly

earned income must be disregarded from income for the first four consecutive months in which the recipient provides family day care, group family day or informal child care.

- o \$30 earned income disregard -- When recipients providing child care/day care have exhausted the \$30-1/3 earned income disregard, \$30 must be disregarded from their monthly income for an additional eight consecutive months.

The following example demonstrates how these work-related incentives would be applied to a hypothetical case.

Mrs. Smith has an active ADC case in Albany County for herself and her two dependent children. She receives a monthly public assistance grant of \$536. Mrs. Smith becomes employed as an informal child care provider in her own home. Mrs. Smith begins employment in November and provides child care for two children, ages six months and two years. Mrs. Smith is paid the full-time monthly market rates of \$335 per month for the six month old and \$305 per month for the two year old. Mrs. Smith is eligible to have \$30 plus one-third of her remaining earned income disregarded for four consecutive months.

Mrs. Smith's gross income for November is computed by adding the fees received for each child and then deducting the family day care provider exemption. Thus, her gross income is \$640 (\$335 + \$305) minus \$200 (\$5 per day X 5 days per week X 4 weeks X 2 children) or \$440.

To determine Mrs. Smith's net income for November, the work exemption (\$90), and \$30-1/3 disregard (\$136.67) are deducted from her gross income of \$440. Therefore, Mrs. Smith's net income used to reduce her public assistance for the first four months is only \$213.33 of the \$640 in day care earnings. This is the amount of income used in determining Mrs. Smith's public assistance grant for the month of November which is \$322. Thus, Mrs. Smith's total income for the month of November is \$962 (\$640 from payment for her day care clients and \$322 from her PA cash grant). Even after the \$30-1/3 and \$30 disregards end, Mrs. Smith would receive a monthly public assistance grant of \$186 in addition to the \$640 she earns as an informal child care provider.

For Food Stamp budgeting purposes, family day care provider income is viewed as self-employment earned income. All appropriate expenses incidental to producing this self-employment income are to be excluded in determining the household's gross countable food stamp self-employment earned income.

For example, if Mrs. Smith's documented monthly self-employment expenses were \$300, this amount would be subtracted from the \$640 per month which she earns, leaving \$340 in gross monthly countable food stamp self-employment earned income. The standard food stamp earned income deduction of 20% would be applied to the \$340 and any countable PA/FS grant would be added to this amount to determine the household's monthly food stamp benefit.

Most low income workers who have children who live with them can receive payment of an earned income credit from the Internal Revenue Service. To receive an earned income credit payment the individual must file an income tax return even though she might not earn enough to be required to do so.

Incentives for Prospective Providers to Become Regulated

Informal child care providers who care for subsidized children are eligible for reimbursement based upon the actual cost of care up to the local market rate for informal child care. The market rate for informal child care is a rate equivalent to 75 percent of the local market rate for family day care. Informal child care providers who become licensed, certified or registered can increase their earning potential significantly and enhance their chances of achieving independence.

- o By becoming a FDC provider, the individual qualifies for reimbursement based upon the actual cost of care up to the local market rate for family day care. GFDC providers qualify for reimbursement based upon the actual cost of care up to the local market rate for group family day care.
- o Informal child care providers can care for one or two unrelated children. In addition to being eligible for a higher payment rate per child, FDC providers can care for up to six preschool age and up to two additional school age children. GFDC providers can care for up to twelve preschool age children and up to two additional school age children.

Public assistance recipients who become FDC or GFDC providers can also access a variety of other services which are unavailable to informal child care providers. These services are also available to FDC and GFDC providers who are not in receipt of public assistance. These include:

- o Start-up funding of up to \$2500 may be available to individuals interested in becoming family day care providers or group family day care providers. Individuals may apply for such funds from Department-funded Day Care Start-Up Administrative Agencies. Day care start-up grants may be used to purchase equipment, toys, insurance, supplies and other items or to make minor renovations to assist the new provider in achieving compliance with the applicable operating standards.

From social services districts, start-up funding also may be available to prospective FDC and GFDC providers from administrative funds allocated to districts in the Title XX and the Low Income Day Care programs. Social Services regulations section 628.3(f)(3) details specific reimbursement for the development and operation of certified family day care homes.

Social services districts may authorize supportive services as necessary and appropriate to assist JOBS participants who wish to become FDC or GFDC providers.

- o Technical assistance, compliance training and support services are available to FDC and GFDC providers. These services can assist such providers to meet the applicable operating child day care standards, correct problem areas and improve the quality of the care they provide. Training which covers a wide range of topics related to child development and management of a family day care business is available. Day Care Start-Up Administrative Agencies provide training and technical assistance to FDC and GFDC providers in the areas they are designated to serve. (See attached) Other community agencies such as Day Care Councils and Child Care Resource and Referral Agencies also conduct provider training. Counties may wish to provide training directly or to coordinate with other community agencies to provide training to public assistance recipients who wish to become FDC and GFDC providers.
- o As self-employed individuals, FDC and GFDC providers are able to claim a number of business-related deductions for income tax purposes. Depending on the amount of her earnings, a FDC or GFDC provider may also qualify to receive payment of an earned income credit.
- o FDC and GFDC providers are eligible to receive United States Department of Agriculture (USDA) reimbursements. Some social services districts provide technical assistance to encourage FDC and GFDC providers to utilize this benefit. In other social services districts technical assistance may be available from child care councils, a community action program or some other human service agency.
- o Liability insurance can be obtained by FDC and GFDC providers. Some social services districts purchase liability insurance for providers serving children whose care is subsidized.
- o Resource lending libraries are available to FDC and GFDC providers associated with a Day Care Start-Up Administrative Agency. Libraries of this type make available a variety of larger toys, child development resource materials (e.g. books, magazines, videos), and equipment such as car seats, playpens, cribs and high chairs which providers may borrow.
- o Family Day Care Associations have been formed in some counties to support FDC and GFDC providers. Such providers often have limited contact with other adults during the course of their work day. Networking with other family day care providers can assist them in providing higher quality programs to the children and families whom they serve.

Social service districts are encouraged to aggressively pursue family day care as an employment opportunity for public assistance recipients who wish to work while staying at home with their children. Mechanisms to identify PA recipients who are potential family day care or group family day care providers and to assist them through the licensing, certification or registration process should be developed in each social services district where such procedures do not currently exist.

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Joseph Semidei  
Deputy Commissioner  
Family and Children Services

1989-90 FUNDING CYCLE  
DAY CARE START-UP  
ADMINISTRATIVE AGENCIES

This list replaces Attachment C of 90 LCM-159.

REGION I:

Cattaraugus County Community Action Program  
101 South 19th Street  
Olean, New York 14760  
Ira Katzenstein  
(716) 373-2447  
34 FDC homes serving Cattaraugus County

Child Care Coalition of Niagara Frontier  
656 Elmwood Avenue  
Buffalo, New York 14222  
Judy DiPasquale  
(716) 882-6544  
40 FDC homes serving Erie/Niagara County

YWCA Children's Center  
301 North Street  
Batavia, New York 14020  
Janet Baldwin  
(716) 343-5808  
25 FDC homes serving Genesee/Wyoming Co.

REGION II:

Child Care Council of the Finger Lakes  
c/o Cornell Cooperative Ext.  
321 E. Williams Street  
Waterloo, New York 13165  
Robin Travis  
(315) 539-9254  
30 FDC homes serving Seneca/Cayuga Co.

Steuben County Economic Opportunity Program, Inc.  
117 East Steuben St., PO Box 352  
Bath, New York 14810  
David Hunt  
(607) 776-2125  
44 FDC homes serving Steuben/Schuyler/Chemung Co.

Western New York Child Care Council, Inc.  
1344 University Avenue  
Rochester, New York 14607  
Kathleen Hursh  
(716) 244-3960  
40 FDC homes serving Monroe/Ontario/Wayne/Livingston/Orleans Co.

REGION III:

Broome County Child Development Council, Inc.  
29 Fayette Street, PO Box 880  
Binghamton, New York 13902  
Linda Prutisto  
(607) 723-8313  
20 FDC homes serving Broome/Delaware/Tioga Co.

Cortland Area Child Care Council  
111 Port Watson Street  
Cortland, New York 13045  
Susan Griffin  
(607) 753-0106  
20 FDC homes serving Cortland Co.

Day Care & Child Development Council  
609 West Clinton Street  
Ithaca, New York 14850  
Margaret Dill  
(607) 273-0259  
50 FDC homes serving Tompkins Co.

Jefferson-Lewis Child Care Coordinating Council  
223 J.B. Wise Place  
Watertown, New York 13601  
Carol West  
(315) 788-8450  
20 FDC homes serving Jefferson/Lewis Co.

Onondaga County Child Care Council  
215 Bassett Street  
Syracuse, New York 13210  
Beth Rougeox  
(315) 472-6919  
30 FDC homes serving Onondaga Co.

Opportunities for Chenango, Inc.  
44 West Main Street  
P.O. Box 470  
Norwich, New York 13815  
Devon Peters  
(607) 336-4515  
20 FDC homes serving Chenango Co.



St. Lawrence County  
Community Development Program  
Start-Up Project  
P.O. Box 152  
Canton, New York 13617  
Virginia Waite  
(315) 386-3541  
20 FDC homes serving St. Lawrence Co.

REGION IV:

Capital District Child Care Coordinating Council  
352 Central Avenue  
Albany, New York 12206  
Dianne Meckler  
(518) 426-7181  
25 FDC homes serving Albany Co.

Christ Church Day Care Center  
970 State Street  
Schenectady, New York 12309  
Phillippa Spencer  
(518) 346-5360  
20 FDC homes serving Schenectady Co.

Committee for Economic Improvement Essex County  
14 Front Street  
Keeseville, New York 12944  
Phyllis Brown  
(518) 834-7170  
15 FDC homes serving Essex Co.

Franklin Day Care Development Office  
26 Raymond Street  
Malone, New York 12953  
John Donohue  
(518) 483-5151  
20 FDC homes serving Franklin Co.

Fulmont Development Facility, Inc.  
Child Services Network  
County Annex Building  
Park Street  
Fonda, New York 12068  
Donna Houlihan  
(518) 853-8112  
20 FDC homes serving Fulton/Montgomery Co.

Joint Council for Economic Opportunity  
4 Montcalm Avenue  
PO Box 758  
Plattsburgh, New York 12901  
Chris Lashaway  
(518) 561-6310  
30 FDC homes serving Clinton Co.

Opportunities for Otsego, Inc.  
3200 Chestnut Street  
Oneonta, New York 13820  
Margaret Dutcher  
(607) 432-0629  
20 FDC homes serving Otsego Co.

REGION V:

Child Care Council of Suffolk, Inc.  
145 Pidgeon Road  
Huntington Station, New York 11746  
Janet Walerstein  
(516) 427-4270  
50 FDC homes serving Suffolk Co.

Child Care Council of Westchester, Inc.  
470 Mamaroneck Avenue  
White Plains, New York 10605  
Sally Ziegler  
(914) 761-3456  
10 FDC homes serving Westchester Co.

Day Care Council of Nassau County, Inc.  
54 Washington Street  
Hempstead, New York 11550  
Gloria Wallick  
(516) 538-1362  
50 FDC homes serving Nassau Co.

Dutchess County Child Development Council  
53 Academy Street  
Poughkeepsie, New York 12601  
Marlyn Kenoyer  
(914) 473-4141  
20 FDC homes serving Dutchess Co.

Family of Woodstock, Inc.  
UPO Box 3516  
Kingston, New York 12401  
Eileen Hall  
(914) 331-7080  
18 FDC homes serving Ulster Co.

Orange County Day Care Council  
11 Bennett Street  
Middletown, New York 10940  
Joan Augello  
(914) 342-6109  
20 FDC homes serving Orange Co.

Putnam County Child Care Council  
73 Gleneida Avenue  
Carmel, New York 10512  
Anne Oswald  
(914) 228-1994  
20 FDC homes serving Putnam County

Rockland Council for Young Children  
185 North Main Street  
Spring Valley, New York 10977  
Phyllis Helbraun  
(914) 425-0009  
30 FDC homes serving Rockland Co.

Sullivan County Child Care Coordinating Council  
Box 864  
Liberty, New York 14754  
Emily Poe  
(914) 292-5250  
20 FDC homes serving Sullivan Co.

Sullivan County Head Start  
Box 215  
Woodbourne, New York 12788  
Bertha Williams  
(914) 434-4164  
20 FDC homes serving Sullivan Co.

REGION VI:

BMCC Early Childhood Center  
199 Chambers Street  
New York, New York 10007  
Todd Boressoff  
(212) 618-1122  
20 FDC homes serving Manhattan

Bronx Community College  
Child Development Center  
2205 Sedgwick Avenue  
Bronx, New York 10468  
Charlotte Bellamy  
(212) 367-8882  
15 FDC homes serving Bronx

Child Care, Inc.  
275 7th Avenue, 25th Floor  
New York, New York 10001  
Nancy Kolben  
(212) 729-7604  
20 FDC homes serving Manhattan

Child Development Support Corporation  
677 LaFayette Avenue  
PO Box 474258  
Brooklyn, New York 11216  
Freddie Hamilton  
(718) 398-2050  
50 FDC homes serving Brooklyn

Day Care Council of New York  
22 West 38th Street  
New York, New York 10018  
Betty Springer  
(212) 398-0380  
20 FDC homes serving Manhattan

Erasmus Neighborhood Federation, Inc.  
814 Rogers Avenue, 2nd Floor  
Flatbush, New York 11226  
Kathryn Albritton  
(718) 462-7700  
60 FDC homes serving Brooklyn

Family Support Systems  
Unlimited, Inc.  
1749 Grand Concourse Suite 1A  
Bronx, New York 10453  
Brenda Hart  
(212) 716-6000  
15 FDC homes serving Bronx

Forest Hills Community House  
Child Care Network  
108-25 62nd Drive  
Forest Hills, New York 11375  
Mary Abbate  
(718) 592-5757  
15 FDC homes serving Queens

\*Kiddie College  
118-35 198th Street  
St. Albans, New York 11412  
Clare Fowler  
(718) 525-2136  
24 FDC homes serving Queens  
\*Will be under subcontract to another agency

Living Hope Family Day Care Network  
161 East 104th Street  
New York, New York 10029  
Beatrice Ortiz  
(212) 427-2431  
25 FDC homes serving Manhattan

Sheltering Arms Children's Services  
122 East 29th Street  
New York, New York 10016  
Cordelia McNish  
(212) 316-0095  
20 FDC homes serving Manhattan