Understanding Family Contribution (FC) – Licensed Provider

The Family Contribution (FC) amount is based on a family's income when the child is determined income eligible by Michigan Department of Health and Human Services (MDHHS). The FC amount is subtracted from the CDC Scholarship provider payment issued by the department (MiLEAP). The family may be responsible for paying this amount to the provider.

The Family Contribution (FC) amounts are per child, per two-week pay period, with a family maximum amount per two-week pay period. FC amounts can be found on the DHS-198 (Child Development and Care Provider Notice). In cases where the CDC Scholarship payment exceeds what a provider charges for care, the provider should not collect the FC amount from the family.

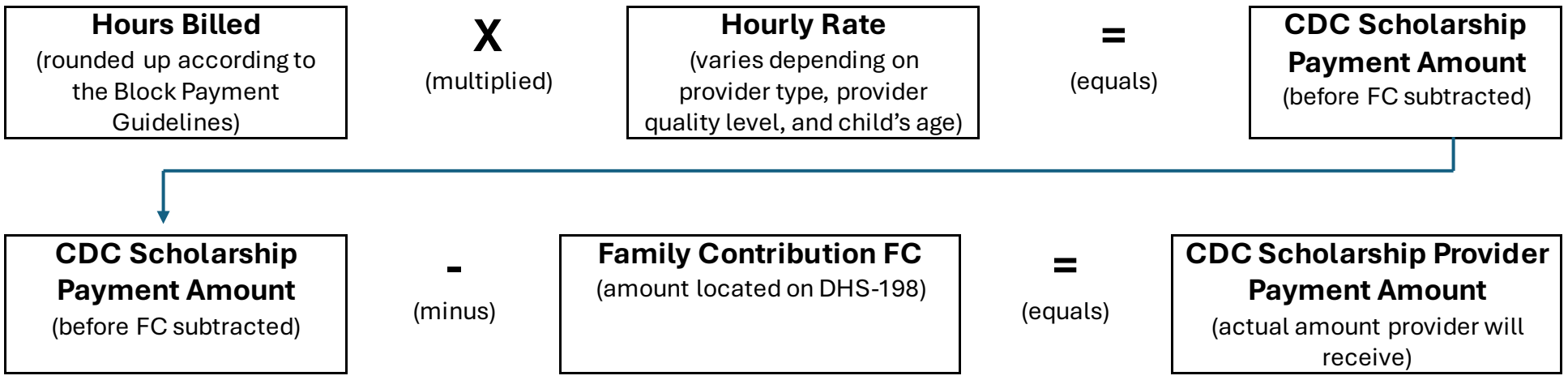
In the cases below, Family Contribution (FC) is waived (not subtracted from CDC Scholarship provider payment).

- Children attending programs with a quality level of Enhancing Quality or higher (visit Great Start to Quality for additional information)
- Families who are receiving FIP/TANF
- Children in foster care
- Children experiencing homelessness or who are migrants
- Children with open child protective services (CPS) cases

For instances where FC is waived, the DHS-198 will reflect 0 as the amount.

Use the formula below to estimate CDC Scholarship Payment and Provider Payment amounts.

Review the example scenarios on the next page to get a better understanding of when FC may be waived, not collected, or adjusted.



EXAMPLES

Family Contribution (FC) **Not Collected**

Provider Type: Licensed Home Provider

Quality Level: Reflecting on Quality

Current Hourly Rate: $6.15 (Infant)

Family Contribution: $15

- Tuition for 2 weeks of care (set by provider): $450
- 90 Hours (Full-Time Block) X $6.15 (Hourly Rate) = $553.50 CDC Scholarship amount before FC subtracted
- $553.50 - $15 FC = $538.50 CDC Scholarship Provider Payment amount
- The provider should not collect the $15 FC from the family as the scholarship payment amount they receive is more than what they charge for tuition ($450)
- Providers can refer to the "Excess Scholarship Payments" section in the CDC Scholarship Handbook for Licensed Providers for guidance on how to use the excess funds.

Family Contribution (FC) **Adjusted**

Provider Type: Licensed Home Provider

Quality Level: Reflecting on Quality

Current Hourly Rate: $6.15 (Infant)

Family Contribution: $15

- Tuition for 2 weeks of care (set by provider): $550
- 90 Hours (Full-Time Block) X $6.15 (Hourly Rate) = $553.50 CDC Scholarship amount before FC subtracted
- $553.50 - $15 FC = $538.50 CDC Scholarship Provider Payment amount
- Providers cannot charge a family more than they charge other families or private pay families. If the provider collects the full $15 FC, they would be charging the family more than their tuition ($550)
- The provider would adjust the FC, and the family would pay $11.50 ($550 tuition - $538.50 scholarship provider payment amount = $11.50 adjusted FC)

Family Contribution (FC) + **Additional Charges**

Provider Type: Licensed Child Care Center

Quality Level: Reflecting on Quality

Current Hourly Rate: $7.55 (Infant)

Family Contribution: $15

- Tuition for 2 weeks of care (set by provider): $700
- 90 Hours (Full-Time Block) X $7.55 (Hourly Rate) = $679.50 CDC Scholarship amount before FC subtracted
- $679.50 - $15 FC = $664.50 CDC Scholarship Provider Payment amount
- The CDC Scholarship provider payment amount ($664.50) does not cover the tuition charge ($700). The family would be responsible for the FC ($15) AND the remaining $20.50 not covered by the CDC Scholarship ($35.50/ 2 weeks).

Family Contribution (FC) **Waived**

Provider Type: Licensed Child Care Center

Quality Level: Demonstrating Quality

Current Hourly Rate: $9.60 (Infant)

- FC is waived because the program has a quality level of "Enhancing Quality" or higher. FC would not be subtracted from the CDC Provider Payment amount, and the family would not pay FC.
- 90 Hours (Full-Time Block) X $9.60 (Hourly Rate) = $864 CDC Scholarship Provider Payment amount

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