



State of New Jersey

DEPARTMENT OF HUMAN SERVICES
DIVISION OF FAMILY DEVELOPMENT
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Table with header 'DIVISION OF FAMILY DEVELOPMENT' and 'PROGRAM INSTRUCTION'. Rows include: SUBJECT: COVID-19 Family Differential Payments Extension; ISSUE DATE: January 4, 2022 | DFDI No.: 22-01-01; IMPACTED PROGRAMS: Child Care Program; IMPACTED PROVIDERS: Child Care Centers and Family Child Care Providers; HISTORY:

I. PURPOSE

The purpose of this Instruction is to inform the Child Care Resource & Referral Agencies (CCR&Rs) that the New Jersey Department of Human Services, Division of Family Development (DFD) is extending the COVID-19 Family Differential Payments (Differential Payments) for certain child care providers through December 2023.

II. AUTHORITY

American Rescue Plan Act of 2021 (Public Law 117-2); 42 U.S.C. §§ 9857 et seq.; 42 U.S.C. §§ 618 et seq.; 45 C.F.R. Part 98.

III. OVERVIEW

In response to the COVID-19 health emergency, DFD will extend Differential Payments for licensed child care centers and family child care providers (FCCs) from January 1, 2022 through December 31, 2023. The Differential Payments will continue to provide up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rate. The Differential Payment extension is intended to support the stability and sustainability of these child care providers, and to provide relief to families who use the child care assistance program.

As a reminder, the Differential Payments are designed to help pay the tuition difference and reduce any other costs or fees paid by families that are not covered by the baseline reimbursement payments. This means that if a provider's rate is greater than the baseline reimbursement rate, the provider must reduce the family's cost of care, any difference owed, or credit issued (if monies are owed), by the additional amount received through the Differential Payment.

Families will only pay the tuition difference if the total subsidy payment (reimbursement rate plus Differential Payment) does not cover the provider rate.

#### IV. POLICY

- A. From January 2022 through December 2023, DFD shall provide Differential Payments to licensed child care centers and FCCs on behalf of eligible families.
  - **Note:** The Differential Payments extension **does not** apply to Approved Homes, meaning those providers will no longer receive the payments.
- B. Differential Payments shall be up to \$300 for full-time care, or \$150 for part-time care, per eligible child, per month above the baseline reimbursement rates.
- C. Differential Payments shall be used to reduce or eliminate families' expenses in excess of the reimbursement rate.
- D. Differential Payments shall be processed as regular payments and prorated based on the number of authorized care days.
- E. Differential Payments shall be systematically included in the reimbursement rate, creating one combined subsidy payment. This combined subsidy payment shall be calculated at the daily reimbursement rate through EPPIC from January 2022 through December 2023.
- F. CCR&Rs shall authorize combined subsidy payments for providers that have active service agreements during each month the Differential Payment covers (January 2022 through December 2023).

#### V. PROCEDURES

##### A. Authorization of Agreements

CCR&Rs shall authorize agreements that provide Differential Payments from January 1, 2022 through December 31, 2023. The Differential Payments shall only be provided to licensed child care centers and FCCs for eligible and enrolled children. CCR&R staff shall use the existing payment system to provide the Differential Payments to eligible providers.

##### B. Oversight

CCR&Rs shall ensure that staff are authorizing agreements in accordance with this Instruction. To that end, CCR&Rs shall ensure staff are aware of the policies and procedures within this Instruction and shall periodically conduct quality assurance reviews to verify staff are correctly authorizing care.

CCR&Rs shall review the provider rates and ensure they are accurately reflected in CARES. CCR&Rs shall update CARES with the current rates as needed.

### **C. Anomalies**

CCR&Rs have some flexibility to deal with common anomalies with the priority service group and provider changes, which require manually processing adjustment payments for authorized dates that are not automatically processed through EPPIC.

### **D. Differential Payment Notices and Outreach**

CCR&Rs shall immediately send out the “2022-2023 COVID-19 Family Differential Payment Provider Notice,” along with the “2022-2023 COVID-19 Family Differential Payment Acknowledgement Form,” to all licensed child care centers and FCCs. CCR&Rs also shall immediately send the “2022-2023 COVID-19 Family Differential Payment Parent Notice” to affected parents.

CCR&Rs shall conduct ongoing outreach to ensure providers return the “2022-2023 COVID-19 Family Differential Payment Acknowledgement Form.” Forms should be returned to CCR&Rs within 30 days of receipt to avoid delays in payment.

CCR&Rs also shall provide general consumer education about this Instruction, and engage in ongoing communication and collaboration with families, providers, and communities to ensure that they are informed of its policies.

## **VI. SYSTEMS**

Reimbursement rates will be systematically updated in CARES and payment will be calculated at the daily reimbursement rate through EPPIC to reflect the new increased rates from January 1, 2022 through December 31, 2023.

## **VII. FORMS AND ATTACHMENTS**

- 2022-2023 COVID-19 Family Differential Payment Provider Notice
- 2022-2023 COVID-19 Family Differential Payment Parent Notice
- 2022-2023 COVID-19 Family Differential Payment Acknowledgment Form

If you need additional guidance, please contact the Child Care Supervisor assigned to your county.

Sincerely,

*Natasha Johnson*

Natasha Johnson  
Assistant Commissioner