

# Calculating Facility Credit

## How to Calculate Average Monthly Enrollment:

- **Step 1:** Find the **daily average** of eligible children for each month.

$$\frac{\text{Total eligible children per day for the month}}{\text{Number of days in the month}}$$

- **Step 2:** Add the **monthly averages** and divide by **12** to get the yearly average.
  - » Example on the next slide.

# Calculating Facility Credit

Example: Facility Alpha is a two-star facility with a fluctuating number of eligible children enrolled in February.

**Step 1:** Use Figure 1 to calculate the average number of eligible children per day for February (e.g., 20.9).

**Step 2:** Using Figure 2, add the monthly averages together and divide by 12. Round up if  $\geq 0.5$ , round down if  $\leq 0.4$  (e.g., 22).

**Step 3:** Multiply the facility's star rating by the average number of eligible children per month.

$$\$1,250 \times 22 = \$27,500$$

The total credit Facility Alpha can claim is \$25,000 (since \$27,500 **exceeds** the annual limit).

Figure

February			
Day	# of Children	Day	# of Children
1st	22	15th	20
2nd	22	16th	20
3rd	22	17th	20
4th	22	18th	20
5th	22	19th	20
6th	22	20th	20
7th	22	21st	20
8th	22	22nd	20
9th	22	23rd	20
10th	22	24th	20
11th	22	25th	20
12th	22	26th	20
13th	20	27th	20
14th	20	28th	20
Total:			584
584/28 days in February = 20.9			

Figure 2

Month	# of Children
January	22
February	20.9
March	20.9
April	20.9
May	20.9
June	20.9
July	20.9
August	22
September	22
October	22
November	22
December	22
<b>Total:</b>	257.4
257.4/12 months=21.5	
Round up to 22	

# Calculating Employer Credit

- **Small businesses or employers headquartered in rural areas** → 100% of eligible expenses, up to \$600,000 annually.
- **All other employers** → 75% of eligible expenses, up to \$600,000 annually.
- Eligible costs must be **incurred** by the employer to qualify for the credit:
  - » Direct, tangible expenses incurred by the employer.
  - » Only costs directly incurred by the employer qualify; benefits provided without such expenses are not eligible.

# Calculating Employer Credit

## Examples

- Employer Beta (**Not rural, \$400,000 expenses**) → 75% allowed.

*Calculation:*  $\$400,000 \times 75\% = \$300,000$

**Claimable amount: \$300,000**

- Employer Gamma (**\$1,000,000 expenses**) → 75% allowed

*Calculation:*  $\$1,000,000 \times 75\% = \$750,000$  ! Exceeds annual limit

**Claimable amount: \$600,000 (annual cap)**

- Employer Delta (Small business, \$95,000 expenses) → 100% allowed

*Calculation:*  $\$95,000 \times 100\% = \$95,000$

**Claimable amount: \$95,000**

- Employer Zeta (Rural employer, \$800,000 expenses) → 100% allowed

*Calculation:*  $\$800,000 \times 100\% = \$800,000$  ! Exceeds annual limit

**Claimable amount: \$600,000 (annual cap)**