

CHILD DEVELOPMENT PROGRAM FEE POLICY FREQUENTLY ASKED QUESTIONS

1.) Why are fee ranges being revised? How have the new ranges been determined?

- Fee ranges have been revised to account primarily for inflation and increased incomes. To account for these trends, income ranges by category have increased by five percent, and fee ranges have increased by three percent. These revisions represent the first adjustments in fee policy since SY 2004 – 2005.

2.) How are the values in between different income categories accounted for in the new fee policy?

- Participants in the child development program may be responsible for fees that cover each dollar amount up to, but not including, the minimum value in the next numerical income category (e.g. families in Category I may be responsible for fees of no more than \$59.99, as fees of \$60 fall into Category II).

3.) Who will be affected by these fee increases?

- These fees apply to families who attend regularly scheduled Child Development Center (CDC) and School Age Care (SAC) programs during the year.

4.) What services will families receive for the new fee ranges?

- Fees include 50 hours of care per week and United States Department of Agriculture (USDA) approved meals (breakfast, lunch and a snack).
- SAC program fees should be based on the number of program hours children attend SAC. The SAC rate includes all meals and snacks when provided. Fees must be reduced by 20 percent when meals and snacks are not provided during the full-day summer program.

5.) When will the new fee structure be implemented?

- The Services must implement fee changes no later than September 30, 2010.

6.) How is family income determined, and what forms are required for verification?

- The Application for Department of Defense Child Care Fees DD Form 2652 will be used to verify TFI as defined in DoDIs 6060.2 and 6060.3.
- For the purposes of determining child care fees in the Department of Defense child development program, total family income (TFI) is defined as all earned income including wages, salaries, tips, long term disability benefits, voluntary salary deferrals, assignment incentive pay, quarters allowances, and subsistence allowances and in-kind quarters and subsistence received by military members, and anything else of value, even if not taxable, that was received for providing services. Include pays such as Special Duty Pay, Fly Pay, Demolition (DEMO) Pay, Save Pay, and Survivor Benefit Pay.
- Do not include cost of living allowance (COLA) received in high cost areas, alimony and child support, temporary duty allowances, Hardship Duty Pay, Imminent Danger Pay, Move-In Housing Allowance, Temporary Lodging Allowance, or reimbursements for education expenses.
- TFI includes the appropriate Non-Locality Basic Allowance for Housing with Dependents Rate (BAH RC/T) , formerly referred to as BAH II, for all members, regardless of whether they live in government housing or off installation. Program will use the local BAH rate in locations where military members receive less than the BAH RC/T allowance. For dual military members, regardless of whether they reside in government housing or off, use the BAH RC/T with Dependents Rate of the senior member only, disregarding the instructions on DD Form 2652. This form will be changed to reflect this guidance on calculating TFI for dual military members who receive BAH.
 - Note that the BAH RC/T rate is based on the calendar year. Programs will use the appropriate year's rate when calculating fees. Specific rate information can be obtained on BAH rate based on rank and geographic location at:
<http://www.defensetravel.dod.mil/perdiem/>

7.) Why is the allowance for housing included in the total family income computation?

- The Military Child Care Act (MCCA) of 1989, codified in Section 568 of the National Defense Authorization Act for 1996 requires the Department of Defense (DoD) to establish DoD wide uniform child care fees based on

total family income (TFI). In 1990, when the fee policy was first established, the family's Internal Revenue Services (IRS) form 1040 was used to determine TFI.

- In 1993, the definition of TFI was changed to be consistent with the Internal Revenue Code's definition for military members claiming Earned Income Tax Credit for Child Care. According to the IRS definition, TFI comprises all earned income to include wages, salaries, tips, long term disability, voluntary salary deferrals, quarters allowances (BAQ), subsistence allowances (BAS), and in-kind quarters and subsistence received by military members, and anything else of value, even if not taxable. Basic Allowance for Housing (BAH Type II) was used instead of BAQ because of changes to the housing allowance system in 1998.
- The computation of TFI is based on earned income rather than on disposable income. The BAH used to calculate TFI represents an in-kind service that you receive in lieu of a housing payment. As noted above, subsistence allowance is included in the category of earned income.
- Parent fees are established to generate approximately 50 percent of the direct costs of operating the program with the remainder of the program subsidized by appropriated funds. Regardless of income, all military child development program patrons receive some level of subsidy.

8.) Will families have to resubmit documentation if there have been no changes to financial arrangements?

- All families are required to provide documentation, such as a current Leave and Earning Statement (LES), annually to verify their income. This information is necessary for future assessments of the fee policy.

9.) Are there any exceptions to these rules in the event of special circumstances? If so, how are these determined?

- Commanders have the authority to grant hardship waivers and must consider the balance of NAF income and appropriated fund support as they apply waivers.

10.) Will civilian employees be taxed on the value of the child care space?

- Title 26, United States Code, section 61 and title 26, Code of Federal Regulations, section 1.61-1, Internal Revenue Code (IRC), provide that

child care subsidies are generally treated as cash income. This cash income is generally calculated by adding the value of the subsidy to the taxable income of civilian employees who benefit from the subsidies.

- The cost of each space in DoD installation based child development programs is equally subsidized for both Military Service members and civilian patrons through appropriated funds. These subsidies include direct support for a limited number of staff salaries, equipment and supplies. Additional financial support is provided in the form of installation contracts, facility and grounds maintenance, and other personnel support. In the absence of subsidies, the cost of child development programs offered to both Military Service members and civilian employees would be significantly higher.

11.) Are there discounts for multiple children from the same family?

- Installation commanders may authorize up to a 20 percent reduction of fees for each additional child of the same family.

12.) What is the high cost option, and who will pay it?

- The optional high cost fee may be used in areas where it is necessary to pay higher wages to compete with local labor or at those installations where wages are affected by non-foreign area cost of living allowances (COLA), post differential, or locality pay as indicated in DoDI 6060.2, para E3.6.3.5.