

**DEPARTMENT OF AIR FORCE FEE POLICY  
CHILD DEVELOPMENT/SCHOOL AGE CARE/FAMILY CHILD CARE  
SUBSIDY PROGRAMS  
SCHOOL YEAR (SY) 2021-2022**

**Background**

Section 1793 of title 10, United States Code, requires that DoD prescribe uniform fee regulations for military child development programs. Fees are to be based on total family income (TFI) and shall apply to all children who attend on a regular basis. Department of Defense Instruction (DoDI) 6060.02, “Child Development Programs (CDPs),” dated September 1, 2020, establishes DoD policy on this matter of, and describes DoD’s fee policy. The DoDI requires the Assistant Secretary of Defense for Manpower and Reserve Affairs (M&RA) to publish fee ranges on an annual basis. Department of Air Force Instruction (AFI) 34-144 “Child and Youth Programs” paragraph 9.4 outlines additional Department of Air Force specific requirements. The fee ranges for SY 2021-2022 are to be used by all programs in the DoD child development system of care.

Parent fees have been adjusted, to a large degree, to compensate for increases in directcare staff hourly wages necessary to compete with local labor markets. The fee policy increases the number of family income categories from 9 to 13, and includes an increase in the hourly child care rate from \$5.00 to \$7.00 per hour.

Each DoD family, regardless of their income category, must provide income documentation. Families are not permitted to automatically elect to enroll in the highest fee category. Failure to provide the required information will delay the processing and approval of child care service.

DoD contractors and other “specified space available patrons” are not eligible to receive child care subsidies. The term “specified space available patron”, as defined in DoDI 6060.02, and for the purpose the fees established herein, does not include active duty Service members with non-working spouses, or DoD civilian employees paid from Appropriated or Nonappropriated Funds with non-working spouses. The term also does not include surviving spouses or families with a military or DoD civilian sponsor.

**Fee Categories**

Family income ranges for the 13 Total Family Income (TFI) categories and weekly fees are listed in the SY 2021-2022 fee chart. Last year, fees for Department of Air Force (DAF) Child Development Centers (CDC), School Age Care (SAC) and Family Child Care Subsidy (FCC SUB) programs were released to cover SY 2020-2021.

The fees listed (including those for hourly care) cover normal operating hours, typically up to 50 hours per week.

Families who are enrolled in DAF FCC SUB Program are purchasing 50 hours of care each week (Sunday-Saturday) to meet their full time child care needs or the number of hours to meet their Before and After School child care needs. Prior to utilizing any DAF FCC Expanded Child Care Hourly Program, the family must use the hours purchased in DAF FCC SUB Program, unless there are unique circumstance approved by AFSVC/SVPY; i.e.

care was not provided based on a Federal Holiday, Down Day, etc.

For CDC and SAC programs, in the event that mission requirements dictate the need for care beyond 10 hours per day, the program will assume the additional cost using appropriated fund dollars. Children may not be in care more than 12 hours per day in CDC and SAC; whether or not their operating and service hours extend to 14 or more hours a day. Requests for care beyond 12 hours per day in CDC and SAC due to unique mission requirements that cannot be met via DAF FCC Extended Child Care must be coordinated with AFSVC/SVPY.

DAF requires programs provide a discount to families with multiple children enrolled in the CDC, SAC or DAF FCC SUB programs. The family pays the full fee for the first child with the highest weekly rate. Other children from the same family enrolled in the program will each receive a multiple child discount of 15%. DoD contractors and specified space available patrons are not authorized the multichild discount.

### **Weekly Fee**

The weekly fee is the amount charged if the parent pays for the entire year (52 payments). When broken down by the hour, the weekly fee for full time programs will be the **same** for all programs (CDC, SAC and DAF FCC SUB).

Installations may choose between the standard weekly, high market adjustment or low market adjustment rate. The market adjustment rates must be applied to all 13 income categories for all CDPs. **For school year 2021-2022, the following installations are approved to implement the high market adjustment rate: Beale, Buckley, Davis Monthan, Eglin, Fairchild, Hanscom, Hurlburt Field, Joint Base Anacostia-Bolling, Joint Base Andrews, Joint Base Elmendorf- Richardson, Los Angeles, Luke, MacDill, Nellis, Scott, Travis, and Vandenberg. For all other installations, high/low market adjustment rate requests will be routed through AFSVC/SVPY to HQ DAF/A1SOC for approval using the Decision Memo template (attached). A cover memorandum signed by the Installation Commander or designee (no lower than MSG/CC) that outlines the reasons and includes a financial analysis is required. The suspense for requesting use of the high/low market adjustment rate is 19 July 2021.** The use of high/low market adjustment will be validated in the annual DoD certification process. NOTE: Installations are to complete total family income verification for all families as adjustment rate package is routed through AFSVC/SVPY to HQ DAF/A1SOC for approval.

It is very important installations carefully consider the impact on families and the financial status of their program when choosing the standard weekly fee or high/low market adjustment rate. DAF has worked diligently with the other Armed Services to ensure consistency in CDP fees with neighboring installations. Please ensure you analyze the child care fees of other neighboring installations when submitting a high/low market adjustment request. The utilization of high market fee rates are authorized, upon approval, for installations where it is necessary to pay higher wages to compete with local labor or at those installations where wages are affected by nonforeign cost of living allowances (COLA), post differential, or locality pay. Fees should be set high enough to cover the cost of the nonappropriated fund staff wages, benefits, recruitment/retention initiatives, and training; consumable supplies (e.g. paper goods, pet food/bedding, art supplies, sunscreen, trash bags, laundry detergent, materials that have a one-time use) not purchased with appropriated funds; and any food program costs not reimbursed by the United States Department of Agriculture Child and Adult Care Food Program or paid with appropriated funds. Installations should avoid charging fees higher than necessary for the

program to be self-sustaining. SAC fees should be set to generate no more than a ten percent profit by the end of the fiscal year and should be invested in youth programs that have little or no revenue generating potential such as youth support activities (excluding youth sports). To minimize issues for those on joint installations, the supporting Component will determine fees for the entire community.

### **Child Development Program Staff Fee Adjustments**

Adjustments may be requested to full-time child care fees and weekly SAC fees for CDP employees when significant staffing shortages, due to recruitment and retention inhibit the program's ability to operate at full capacity. Installations desiring to adjust CDP staff child care fees must submit a request for an operational hardship waiver through AFSVC/SVPY to HQ DAF/A1SOC for approval. Other strategies in addition to an operational hardship must be deployed to address staffing shortfalls. A cover memorandum signed by the MSG/CC that outlines the reasons and includes a financial and operational analysis is required.

Financial and operational hardship analysis must include:

- Proximity of other U.S. military installations with CDP and their child care fee rates
- Financial analysis including projected impact to revenue
- Number of unfulfilled staff and child care space vacancies
- Detailed justification if reduced fees are to be extended to non-direct care staff
- Staff turnover statistics
- Staff salary information (# of current NAF employees by position, series, grade/pay band, rate of pay, flexible/regular status)
- Specific personnel recruitment and retention issues (including competition with local labor, if applicable)
- Specific personnel recruitment and retention strategies/efforts implemented (i.e. job fairs, Direct Hiring Authority usage, salary increases)
- If applicable, financial and operational impact assessment of any previous operational hardship approvals
- Any information citing additional factors such as staff mission fatigue, new facility openings, increase in installation operational tempo and increase to military personnel assigned to installation

The suspense for requesting the use of an operational hardship is **30 days prior to desired implementation date.** Fee reductions for operational hardship will not exceed 20 percent. Once approved, the new adjusted fee must be within the installation's advertised fee scale and may not go below Fee Category I. The operational hardship reduction is calculated after the multi-child discount is applied. Only one operational hardship reduction will be applied per child when more than one family member is employed in the installation Child Development Programs. Operational hardships will be reported to HQ DAF/A1SOC on the DoD annual fee report listing the amount of the fee reduction provided and the type and number of staff receiving the reduction. Operational hardship waivers must be requested and approved each fee year.

## **Part Day Program Fees (SAC, Part-Day Enrichment and Voluntary Preschool Wrap-Around Care)**

Part day program fees will be based on CDC weekly fees and adjusted based on the number of hours of operation. All part day program fees must be approved by AFSVC/SVPY before implementation. Rates include all meals and snacks. Parents who use the school age care program will be permitted to pay for the service needed (before school care, after school care, or both). Please ensure parents are not charged full time rate for part time care.

Divide the Weekly Fee of each income category by 50 hours to get the hourly rate. Multiply the hourly rate by the number of hours of operation. Here are some examples:

1. A preschool program meets 3 days a week for 3 hours a day. The weekly fee will be based on 9 hours of attendance (3 days X 3 hrs/day).
2. A school age care program and/or a voluntary preschool wrap-around care program meets 5 days a week for 2 hours in the morning and 4 hours in the afternoon. The weekly fee for before and after care will be based on 30 hours per week (5 days X 6 hrs/day).

Occasionally families may need to use an additional program (i.e. use of after care when only before care is contracted) and will need to pay additional fees. Program staff should pay particular attention reviewing attendance records to ensure families are charged for all types of care used.

## **Transportation Fees**

Installations may charge parents costs to transport child (ren) to and from CDPs, school, and/or field trips. CYP program staff must pay particular attention to transportation costs in order to maintain affordability for parents. Transportation costs must not generate excess income. Any transportation charges to parents must be submitted to AFSVC/SVPY for review and approval.

## **Subletting/Leasing/ Renting Child Care Space**

All CDC/SAC parents will be given the option of subletting/leasing/renting their space. All DAF CDPs must provide families the option to sublet/lease/rent their child care space when their child is not present for an entire week or more. DAF CDPs take ownership and management of child space when child is not present (i.e. family vacation, leave, sick etc.). Under no circumstances shall the owner of the space profit from the subletting or rental of their space. **Weekly fees paid are calculated based on the Total Family Income of the patron occupying the sublet/leased/rental space. If space is used for hourly care, the hourly fee paid will be \$7.00 per hour per child.** Parents occupying the sublet/lease/rental space must be notified of the conditions upon which their space may be terminated and enrollment in a sublet/rental space does not give them higher priority on the waiting list if a permanent space becomes available.

## **Determining Total Family Income (TFI)**

TFI must be verified each fee year and adjusted if applicable. **The Application for Department of Defense Child Care Fees, DD Form 2652 dated Oct 2020, or electronic equivalent will be used to verify TFI as defined in DoDI 6060.02, DoD Instruction 6060.02,**

defines TFI to include all earned income, including wages salaries, tips, long-term disability benefits, voluntary salary deferrals, Basic Allowance for Housing Reserve Component/Transit (BAH RC/T) subsistence allowances, in-kind quarters; and subsistence received by a Military Service member, DoD civilian employee, and if applicable, his or her spouse; and anything else of value, even if not taxable, received for services. BAH RC/T and subsistence allowances include the Basic Allowance for Quarters and the Basic Allowance for Subsistence received by military and civilian personnel, when provided (with respect to grade and status), and the value of meals and lodging furnished in-kind to military personnel residing on military installations.

TFI calculations must also include quarters' subsistence and other allowances appropriate for the rank and status of military or civilian personnel, whether received in cash or in-kind. Rather than use the BAH listed on an LES, installations must use the non-locality BAH RC/T for all members, regardless of whether they live in government housing or off of the installation. Dual military couples living in government quarters must include BAH RC/T of the senior member only. In locations where Service members receive less than the BAH RC/T allowance, use the local BAH rate. For DoD civilian employees outside the continental United States, include either the housing allowance or the value of the in-kind housing provided. Programs should not include alimony and child support received by the custodial parent, Supplemental Security Income (SSI) benefits received on behalf of the dependent child, reimbursements for educational expenses or health and wellness benefits, Cost of Living Allowance (COLA), temporary duty allowances, or reenlistment bonuses. See TFI Tip Sheet for additional information in package.

Since the BAH RC/T chart is based on the calendar year, programs will use the 2021 BAH RC/T chart for those enrolling on or after **January 1, 2021**. More information can be obtained on BAH at: <http://www.defensetravel.dod.mil/perdiem/> and <http://www.defenselink.mil/militarypay>. If further changes to the definition of TFI are made, notification of these changes will be made by separate memorandum. If installation does not use BAH RC/T chart and rates are lower than published BAH RC/T chart, send AFSVC/SVPY copy of BAH chart used.

TFI should be must be recalculated by the date established within the policy using the **most recent W-2 forms or current Leave and Earning Statement(s) of the Military Service member or DoD civilian employee and, if applicable, those of their spouse and/or all adults who financially contribute to the welfare of the child.** When reassessing TFI of currently enrolled families use the **June 2021 LES**. TFI will not be recalculated more than once in a fee year even if the child is changing CDPs; however fees for individual families may be adjusted on a case-by-case basis if warranted due to special financial hardship. TFI may be recalculated if a space available patron moves to a higher priority category due to employment.

**Each DoD family, regardless of their income category, must provide income documentation. Families are not permitted to automatically elect to enroll in the highest fee category. Failure to provide the required information will delay the processing and approval of child care services.**

For blended families, the income of the household in which the child spends most of his or her time will be used for TFI. For households in which non-related adults or unmarried couples are living in the same residence, include the income of all adults who financially contribute to the welfare of the child. In households where the parents are married or in a legal partnership and one parent is geographically separated from the other include the income of

both. During deployments or remote assignments, temporary custody to relatives or friends will not affect the TFI calculations for the dependent child. DoD civilian employees, DoD contractors, and specified space available patrons with children enrolled in DoD subsidized child care programs are subject to the requirements of, title 26, United States Code (also referred to as the Internal Revenue Code (IRC), Section 61 and title 26, Code of Federal Regulations, section 1.61-1. The IRC requires that child care subsidies generally be treated as part of gross income for tax purposes (see Notification of Child Care Subsidy Tax Value -Tax Year 2021) attached. Active duty Service members are not impacted as they receive an exclusion from taxes for benefits under dependent care assistance programs based on language included in the Military Family Tax Relief Act, codified at title 10, United States Code, Section 134(b).

### **Fee Adjustments and Hardship Waivers**

The Installation or MSG/CC (may not be delegated any lower) may adjust a family's child care fee based on financial hardship, such as loss of employment, sudden and unexpected illness or accident, property damage not covered by insurance, and extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the family. Such waivers are reviewed on a case-by-case basis and may be for short periods of time or until the next TFI review. The new adjusted fee must be within the installation's advertised fee scale and may not go below Fee Category I. **Active Duty Combat Related Wounded Warriors fees will be assessed based on TFI and any adjustments due to hardship must be approved by Installation or MSG/CC (may not be delegated any lower).**

The Airman and Family Readiness Centers (A&FRC) offer information, education, and personal financial counseling to help individuals and families maintain financial readiness and build resiliency. Families in need of a fee reduction are required to provide a personal financial analysis conducted by the A&FRC and a letter from their commander, first sergeant or supervisor. Families experiencing divorce or legal separation do not need a financial analysis, but a copy of the legal document is required. All supporting documentation should be included in the family's request for a fee reduction package. A&FRC personnel will not make the determination for reduced fees. CYP personnel will report the number of hardship waivers granted on the DoD annual fee report.

### **Youth Programs Membership Fees**

Youth Programs must generate enough income to cover nonappropriated expenses associated with an activity. Youth Programs and activities are offered free or at a reasonable cost. Monthly membership fees may not exceed \$30 per youth per month without approval from AFSVC/SVPY.

## **Dates for Implementation**

**TFI verification must occur by 1 Aug (using June 2021 LES) and implementation of fees must occur on 15 Aug 2021.** Prior to announcing SY2021-2022 fees, rates will be submitted to AFSVC/SVPY for review and/or approval.

## **Posting and Communicating Fees**

Child care fees should be posted and advertised as Weekly Fees (52 week format); however, installations are authorized to collect fees weekly, every two weeks (biweekly), twice a month, or monthly. Ensure these payment methods do not exceed the total yearly amount. Carefully calculate biweekly payments to ensure they result in 26 payments per year (versus 24 using the twice a month method). Do not post or communicate fees using the biweekly, twice a month, or monthly amounts; this leads to confusion on the part of parents and Congressional inquiries. Annualized fees are not permitted.

NOTE: Only the Weekly Fees are used in DAF FCC Subsidy;

## **Child and Youth Business Management System (CYBMS)**

Upon transition to the CYBMS, all payments for child care must be accomplished within the system. Until transition to CYBMS, all payments for CDC and SAC must be accomplished in Orbital. Effective 15 August 2021, installations who have not transitioned to CYBMS, will implement the following late pickup and late payment fee policy: Late fees (not to exceed \$2.00) will be assessed for pick up after closing after a 10 minute grace period. Late payment fees are \$5.00 per day per family.

## **Additional Guidance**

DoDI 6060.02 permits serving other eligible patrons such as active duty Military Service members with non-working spouses, DoD civilian employees paid from APF and NAF with non-working spouses, eligible employees of DoD Contractors, Federal employees from non-DoD agencies and military retirees on a space available basis. Space available patrons are notified at the time of enrollment their space must be vacated if a higher priority patron requires child care. Parents are to receive a 45 day written notice if their CDC/SAC space is needed.

Additional information for program staff is provided in the “Frequently asked Questions and Answers” handout.

## **Reporting Requirements**

DoD will conduct its annual fee review. Each installation is required to provide fee information in the DoD Annual Fee Report.

### **Reporting Timelines (Due Dates)**

**High/Low Market Rate Adjustment Requests: 19 July 2021**

**Fee Year TFI Verification: NLT 1 Aug 2021**

**SY 2021-2022 Fee Implementation: 15 Aug 2021**

**2021 DoD Annual Fee Report: 20 Sept 2021**

**CHILD DEVELOPMENT PROGRAM FEES  
SCHOOL YEAR (SY) 2021 – 2022**

<i>Category</i>	<i>Total Family Income</i>	<i>Weekly Fee Per Child</i>	<i>Market Adjustment Fee Low (Optional)</i>	<i>Market Adjustment Fee High (Optional)</i>
I	\$1 - \$30,000	\$58	\$50	\$68
II	\$30,001 - \$40,000	\$67	\$58	\$77
III	\$40,001 - \$50,000	\$82	\$73	\$92
IV	\$50,001 - \$60,000	\$100	\$91	\$110
V	\$60,001 - \$70,000	\$119	\$108	\$129
VI	\$70,001 - \$80,000	\$126	\$114	\$136
VII	\$80,001 - \$90,000	\$139	\$127	\$149
VIII	\$90,001 - \$100,000	\$142	\$130	\$152
IX	\$100,001 - \$110,000	\$146	\$134	\$156
X	\$110,001 - \$120,000	\$149	\$137	\$159
XI	\$120,001 - \$130,000	\$156	\$144	\$166
XII	\$130,001 - \$140,000	\$162	\$150	\$172
XIII	\$140,001+	\$167	\$155	\$177
DoD contractors and specified space-available patrons	Not Applicable	\$217		

<b><i>Standard Hourly Care Rate</i></b>	<b>\$7.00</b>
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**DECISION MEMO**

**TO:**

**FROM:**

**SUBJECT:** Authorization for Use of Department of Defense (DoD) Child Development Program Optional High-/Low-Cost Fee Schedule

In accordance with the DoD child development program fee policy and DoD Instruction 6060.02, "Child Development Programs (CDP)," September 1, 2020, this memorandum requests authorization to implement the market adjustment fee schedule at [*insert installation*].

Date:

Service/Installation:

**Justification for high-market adjustment rate:**

\_\_\_ Option 1: The optional high-cost fee schedule is necessary to pay higher wages to compete with local labor.

\_\_\_ Option 2: The optional high-cost fee schedule is necessary because wages are affected by

non-foreign area cost of living allowances (COLA), post differential, or locality pay as indicated in DoDI 6060.02, Enclosure 3.

**Justification for low-market adjustment rate:**

\_\_\_ Option 1: The overall program operating costs are significantly lower than average program operating costs, and the program is able to provide care at a lower cost to families while still achieving a break-even financial goal.

\_\_\_ Option 2: Costs for comparable care within the installation catchment area are significantly lower, and the CDC and/or SAC program must adjust rates to be marketable in this geographic area.

Installation Approving Official: \_\_\_\_\_ Date: \_\_\_\_\_

Headquarters Approving Official: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTIFICATION FOR CIVILIAN SPONSORS UTILIZING DEPARTMENT OF  
DEFENSE SUBSIDIZED CHILD DEVELOPMENT PROGRAMS  
DURING TAX YEAR 2020**

**NOTE: This document will be updated and provided under separate cover at a later date.**

The Department of Defense (DoD) is required to notify you annually of the tax value of the child care subsidy for your installation-based child development program. This letter serves as your notification.

The Internal Revenue Code (IRC) commonly referred to as the “tax code” or “law,” is provided in Title 26, United States Code, section 61, and title 26, Code of Federal Regulations, section 1.61-1. The IRC requires that child care subsidies generally be treated as cash income, in addition to normal earnings. While no direct subsidy payment is made to any sponsor, either military or civilian, the DoD installation-based child development programs are equally subsidized for all sponsors through appropriated funds. These subsidies enable the programs to provide quality care to your children at a rate less than would normally be charged. These subsidies reduce the cost to you of this nationally accredited child care.

While the IRC requires child care subsidies to be potentially taxable, there are tax exclusions on the value of subsidies up to \$2,500 (for married individuals filing separately), or \$5,000 (for married couples filing jointly or single heads of household), from gross income if the subsidies are made available through an employer Dependent Care Assistance Plan (DCAP); which is the case for children enrolled in DoD installation child care programs.

The IRC also stipulates that the child must be claimed as a dependent on the Federal income tax return of their parent or guardian in order to qualify for the \$2,500 or \$5,000 exclusion. This stipulation applies to civilian employee sponsors with children enrolled in DoD subsidized child care programs. Additional guidance may be found in the Internal Revenue Service Publication 503, "Child and Dependent Care Expenses."

Each year the DoD must determine the value of the child care subsidy. The third party administrator (TPA) performs this calculation on behalf of the Department by deducting the amount of your child care fees from the tax value of the child care space to determine a “net value” of the child care space. **This net value is the amount that is considered potentially taxable income associated with the DoD child care subsidy.** Only child care subsidies that exceed the \$5,000 (\$2,500 for married individuals filing separately) exclusion are taxable and reportable. Sponsors are responsible for considering any Dependent Care Flexible Spending Accounts (DCFSAs) to determine if the net value, plus the DCFSA value, exceeds the \$5,000 or \$2,500 amount, which would be considered potentially taxable income. If you have questions regarding your potential tax liabilities, you should consult with your tax advisor.

## Tax Year 2020 Information

**The cash value of the subsidy for 2020 tax purposes is \$5,490**

The 2020 **net value** of the subsidy for each income category is listed below:  
*Only child care subsidies that exceed the \$5,000 (\$2,500 for married individuals filing separately) exclusion are taxable and reportable.*

- Families in Category I have a child care subsidy net value of **\$2,370/year** for a full-time, full-day space.
- Families in Category II have a child care subsidy net value of **\$1,590/year** for a full-time, full-day space.
- Families in Category III have a child care subsidy net value of **\$654/year** for full-time, full-day space.
- Families in Category IV - IX have NO child care subsidy net value (**\$0/year**) for a full-time, full-day space based on the yearly total of fees paid for child care.

**CHILD DEVELOPMENT PROGRAM FEE POLICY  
FREQUENTLY ASKED QUESTIONS AND ANSWERS  
SCHOOL YEAR (SY) 2021-2022**

**1. When will the SY 2021-2022 fees be implemented?**

**ANSWER:** The SY 2021-2022 fees will be implemented on **15 Aug 2021**.

**2. How are fees determined?**

**ANSWER:** The fees are set by DoD to pay approximately half of the total cost of providing child care. The Military Child Care Acts of 1989/1996 directs parents to pay approximately half of the cost of care. Fees are based on Total Family Income (TFI). TFI is adjusted each school year to reflect approved military and civilian pay increases. In practice, this means that a family will not move to a higher fee category solely because of a cost of living increase.

**3. Why have the child care fees changed for the SY 2021-2022?**

**ANSWER: Fees have changed for the following reasons:**

- Parent fees have been adjusted to compensate for increases in direct care staff hourly wages necessary to compete with local labor markets.
- Parent fees TFI ranges, and the hourly child care rates have not been adjusted since the SY 2018-2019.
- The fee policy increases the number of family income categories from 9 to 13 and establishes TFI ranges with \$10,000 increments between each income category.
- Parents fees have been adjusted to address the lack of uniformity in the range of the TFI categories and to provide a more equitable and uniform fee structure to account for higher income households (\$~140K+).
- The fee policy also includes an hourly child care rate increase from \$5.00 to \$7.00 per hour.

**4. How much money does DoD spend to subsidize service members who use Child Development Programs (CDPs)?**

**ANSWER:** 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. Fees are set high enough to only cover the costs not paid for by the taxpayers.

**5. How does NOT increasing the fees negatively impact the program?**

**ANSWER:** At the local level, programs would take action to minimize potential financial losses by reducing or eliminating services. For example:

- The demand for infant and toddler care is strong. While the ideal solution to meet the infant demand would be to use classroom space for this purpose, programs may choose to limit the amount of infant care offered as it is cost prohibitive due to lower ratios.

- Programs in high demand/high cost locations may have difficulty recruiting and retaining quality staff if they are unable to pay competitive salaries. Without qualified staff facilities operate at less than full capacity.

## **6. Who is affected by fee increases? Why are contractors and specified space available patrons being charged a higher rate?**

**ANSWER:** Fees apply to families who attend regularly scheduled Child Development Programs (CDPs) including Child Development Center (CDC), School Age Care (SAC) and DAF Family Child Care (FCC) Subsidy during the year.

- The School Year (SY) 2017 - 2018 fee review determined that DoD contractors and other specified space available patrons, as defined in DoD Instruction (DoDI) 6060.02 “Child Development Programs,” August 5, 2014, would no longer be eligible for child care fee subsidies. ALL DoD contractors and specified space available patrons will pay the unsubsidized child care fee.
- The term “specified space available patron”, as defined in DoDI 6060.02, and for the purpose the fees established herein, does not include active duty Service members with non-working spouses, or DoD civilian employees paid from Appropriated or Nonappropriated Funds with non-working spouses. The term also does not include surviving spouses or families with a military or DoD civilian sponsor.

## **7. Are other non-DoD employees eligible for care and if so how are fees set?**

**ANSWER:** On a space available basis DoDI 6060.02 permits CDPs to enroll **“otherwise ineligible patrons (e.g. non-federal civilians)”** to make more efficient use of DoD facilities and resources. Fees will be assessed at the unsubsidized rate (**\$217.00/week**).

## **8. What is the market adjustment rate?**

**ANSWER:** A low and high market adjustment rate option, authorized by the OSD Office of Family Policy/Children and Youth through Service headquarters, provides installations the opportunity to adjust fees using the designated higher or lower rate.

- The optional low market adjustment rate may be used in areas where costs for comparable care within the installation catchment area are significantly lower.
- The optional high market adjustment rate 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

## **9. Why are the fees based on TFI?**

**ANSWER:** Fees are based on a family’s ability to pay. TFI is a better yardstick since it takes into consideration all income available to pay the child care bill. Additionally one of the purposes of the military child care program is to improve the economic viability of military families. Those families with the lowest incomes are those most in need of assistance with their child care expenses.

## 10. How is family income determined and what forms are required for verification?

**ANSWER:** The *Application for Department of Defense (DoD) Child Care Fees, DD Form 2652 dated Oct 2020*, or electronic equivalent will be used to verify TFI as defined in Department of Defense Instructions (DoDIs) 6060.02.

- For purposes of child care fees in the Department of Defense Child Development Programs, TFI is defined as all earned income including wages, salaries, tips, special duty pay (flight pay, active duty demo pay, sea pay), active duty save pay, long-term disability benefits, voluntary salary deferrals, retirement or other pension income including Supplemental Security Income (SSI) paid to the spouse/partner and Veterans Affairs (VA) benefits paid to the surviving spouse before deductions for taxes using the individual's most recent W-2 or Leave and Earning Statement. TFI calculations must also include quarters subsistence and other allowances appropriate for the rank and status of military or civilian personnel whether received in cash or in-kind.
- Programs should not include alimony, child support received by the custodial parent, SSI received on behalf of the dependent child, reimbursements for educational expenses or health and wellness benefits, cost of living (COLA) received in high cost areas, temporary duty allowances, or reenlistment bonuses.
- Do not include cash awards, bonuses, or overtime pay in TFI calculation.
- TFI includes the appropriate non-locality Basic Allowance for Housing (BAH Reserve Component/Transit (RC/T)) for all members, regardless of whether they live in government housing or off-installation. Programs will use the local BAH rate in locations where military members receive less than the BAH RC/T allowance. For dual-military living in government quarters, include BAH RC/T of the senior member only; for Defense civilian OCONUS, include either the housing allowance or the value of the in-kind housing provided.
- 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/> and at [http://www.defenselink.mil/military pay](http://www.defenselink.mil/militarypay)

## 11. Why is the allowance for housing included in the TFI computation?

**ANSWER:** Housing allowance is included because:

- Section 1793(a) of title 10, United States Code requires DoD to establish Department-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 Service (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) is 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 received in lieu of a housing payment. As noted above, subsistence allowance is included in the category of earned income.

**12. How do I calculate the TFI for non-related families or non-married couples and for couples who are geographically separated?**

**ANSWER:** In households where non-related families or unmarried couples are living in the same residence, include the income of all adults who financially contribute to the welfare of the child. In households where the parents are married or in a legal partnership and the custodial parent is geographically separated from the sponsor include the income of both.

**13. How do I calculate the income for individuals who work on commission and who do not have a previous tax year return?**

**ANSWER:** Individuals who have no employment income history and whose income fluctuates throughout the year must provide an employer estimate of the anticipated annual earnings. Individuals who are self-employed will also be required to provide an estimate of annual earnings. Individuals must provide verification of employment such as a Pay/Leave and Earning Statement, Form 1099-MISC, Schedule C (Form 1040 or 1040 SR), or a self-certification statement with an estimated number of hours worked on a weekly or monthly basis.

**14. How do I calculate the income for individuals who own their own business?**

**ANSWER:** Calculate the TFI using the business net income.

**15. Will families have to resubmit documentation if there have been no changes to financial arrangements?**

**ANSWER: All families are required to provide documentation each fee year based on HQ DAF/AISOC guidance to verify their income, such as a current Leave and Earning Statement (LES). Each DoD family, regardless of their income category, must provide documentation for verification using the most recent W-2 forms or current LES (s) of the Service member, DoD civilian employee, or contractor/space available patron. Families are no longer permitted to automatically elect to enroll in the highest fee category.**

**16. What happens if a family refuses to provide proof of income?**

**ANSWER: Failure to provide the required information will delay the processing and approval of child care services.**

**17. How are families experiencing a hardship assisted?**

**ANSWER:** The Installation or MSG/CC (may not be delegated lower) may adjust a family's fees based on unusual financial circumstances, such as when a family's Total Family Income declines. Such waivers are reviewed on a case-by-case basis and may be for short periods of time or until the next TFI review. As waivers are reviewed, consideration must be given regarding the balance of non-appropriated income (parent fees) and appropriated fund support. Hardship fees will be set at

one of the installation's established rates and not be less than Fee Category I. The Airman and Family Readiness Centers (A&FRC) offer information, education, and personal financial counseling to help individuals and families maintain financial readiness and build resiliency. Families in need of a fee reduction are required to provide an A&FRC personal financial analysis and a letter from the individual's commander, first sergeant, or supervisor. Families experiencing divorce or legal separation do not need a financial analysis, but legal documentation supporting this status is required. A&FRC personnel do not make the determination for reduced fees. The financial hardship does not apply to contractors or specified space available patrons.

#### **18. Are there discounts for multiple children from the same household?**

**ANSWER:** Yes. DAF requires a 15 percent reduction of fees for each additional child of the same household. The multiple child discounts does not apply to contractors or specified space available patrons.

#### **19. What services do families receive for their fees?**

**ANSWER:** Fees are based on a typical Monday-Friday operation with up to 50 or more total hours. Full day SAC program fees are based on full day CDC fees. Part day SAC fees are adjusted based on the number of program hours provided. Meals (breakfast, lunch and a snack) for all programs are included. The program will assume additional costs using appropriated fund dollars when the mission requirement dictates the need for care beyond 10 hours per day. Children may not be in care more than 12 hours per day. --FCC Subsidy Meals

Requests for care beyond 12 hours due to unique mission requirements which cannot be met via FCC Expanded Child Care must be coordinated with AFSVC/SVPY.

#### **20. Why does child care cost so much?**

**ANSWER:** Caring for children is an expensive service because it is labor intensive, especially, for infants and toddlers. Over 50% of the total cost of providing child care and 95% of the cost paid by parents is for caregiver's wages. Families who are enrolled in DAF FCC SUB Program are purchasing 50 hours of care each week (Sunday-Saturday) to meet their full time child care needs or the number of hours to meet their Before and After School child care needs. Child care fees include daily meals and snacks including for families enrolled in DAF FCC SUB. The actual cost of child care, not counting the value of the meals and snacks, is less than \$5.00 per hour for parents in Category XIII.

#### **21. Why do higher income families pay more for childcare?**

**ANSWER:** Although higher income families pay more in actual dollars for their child care, they pay a lower percentage of their income for child care. One of the primary purposes of Congress providing taxpayer funds to help reduce the cost of child care for military families is to improve the economic viability of these families; therefore, the cost of care for lower income members is subsidized more than that of higher income families. Note: The installation may provide a chart showing the percent that each income category is paying for child care

#### **22. Why are the fees at off-base centers cheaper in some areas?**

**ANSWER:** There are several reasons why the fees at some off-base centers may be lower than DAF child development or school age care programs. Many off-base centers do not provide infant and toddler care or, if they do, provide only a few spaces for these age groups. These age groups are the most expensive to provide care for because caregivers can care for fewer children. Most DAF centers devote up to half (or more) of their spaces to infants and toddlers, therefore, the overall cost of operating is higher. Secondly, staff:child ratios (the number of children for whom one caregiver can provide care) are different.



In many states, the number of children per caregiver is much higher than the DAF considers necessary to provide safe and good quality care for children. Finally, off-base centers may pay low wages and not be concerned about high staff turnover; some off-base centers pay minimum wage and have very high staff turnover. The DAF believes it is important for children to be taken care of by the same caregiver from day-to-day. The caregiver gets to know the child, establishes an emotional bond, and is more aware when the child is coming down with a potentially life-threatening illness. Paying caregivers enough to minimize staff turnover reduces the amount the DAF has to spend recruiting, screening, and training caregivers.

**23. If caring for an infant or toddler costs more, why doesn't the Department of Air Force charge parents who have infants and toddlers more than they charge parents who have preschoolers?**

**ANSWER:** Parents with infants and toddlers are usually those with lower incomes and are less able to pay higher fees. Since all children pass through these age groups, over the enrollment of the child in an Department of Air Force center, it “evens out”; parents of infants and toddlers pay less than they could be charged when their children are in these age groups, and more than they could be charged when their children are preschoolers. Having the fees the same regardless of age group is easier for Department of Air Force families and reduces the center's administrative costs.

**24. Wouldn't it be cheaper for parents if the Department of Air Force offered custodial care instead of developmental care?**

**ANSWER:** Parent fees pay for caregivers and the same number of caregivers is required whether the Department of Air Force offers custodial or developmental care. The difference between custodial care and developmental care is the manner in which caregivers interact with the children, and the educational materials and activities that are offered to the children. It is the Air Force's position that it is better for families and for the Department of Air Force if the caregivers interact with the children using positive guidance techniques, read to the children, and conduct other learning activities with them.

**25. Are parents charged for the weeks that their children are not present because the parents are on leave?**

**ANSWER:** Yes. Parents must pay for the child care space even if their child is not present because the program's costs of making that space available, whether it is used or not, does not decrease. Having children absent does not decrease the number (and cost) of staff in the room.

**26. Do parents have to pay for child care when their child is sick?**

**ANSWER:** Yes. The program's costs of operating the center do not decrease when one or more children are absent in a room. The fees collected from parents are used to pay the caregiving staff and those costs do not decrease because of the absence of a few children.

**27. Why does it cost more if a parent is late picking up a child?**

**ANSWER:** Most Department of Air Force child development programs require additional payment if the parent arrives after closing time. This is because additional staff must be kept on duty and may have to be paid overtime.

**28. Why does family child care sometimes cost more than center-based care?**

**ANSWER:** Family Child Care (FCC) providers are private businesses certified by the

Department of Air Force to provide child care in their home. As private business owners the Department of Air Force is not permitted to dictate their rates. Although FCC may cost more, many of our bases have Department of Air Force-subsidized FCC. Subsidized FCC reduces the cost of child care for those families who have: children/youth on the waiting list when there are no spaces available in the CDC or SAC; children/youth with special needs; parents that work outside the normal operating hours of the CDC or SAC. Parents using a subsidized FCC home will pay the same weekly fee as they would if they were using the installation child development center or school age care program.

**29. Will DoD civilian employees, DoD contractors, and specified space available patrons be taxed on the value of the child care space?**

**ANSWER:** Title 26, United States Code, section 61, title 26, Code of Federal Regulations, section 1.61-1, Internal Revenue Code (IRC), provide that child care subsidies are generally treated as income. This income is generally calculated by adding the value of the subsidy to the taxable income of civilian employees, DoD contractors, and specified space available patrons 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.

## TOTAL FAMILY INCOME FAQ

TYPES OF PAY (Using pretax figures)	YES	NO	ADDITIONAL INFORMATION
Active Duty, Drill Weekend and Reserve Training	X		
Active Duty Save	X		
Adoption Reimbursement		X	
Alimony		X	
Assignment Incentive Pay (Submarine, Flight, HALO High Altitude/Low Opening or Jump)	X		
Basic Allowance for Subsistence (BAS)	X		
Bonus (Career Status, Enlistment, Officer, Overseas Extension, Reenlistment)		X	
Child Support		X	
Civilian Housing Allowance (LQA)	X		
Civilian Maintenance Allowance Subsistence		X	
Clothing Allowance		X	
Combat, Hardship, Hazardous, Hostile Fire or Imminent Danger Duty		X	
Command Responsibility	X		
Cost of Living Allowance in High Cost Areas		X	
Dislocation		X	
Educational Allowances (e.g. GI Bill)		X	
Employer Reimbursed Mileage		X	
Family Subsistence Supplemental Allowance		X	A voluntary financial benefits program for military families, intended to increase a service member's income in order to remove their household from eligibility for SNAP benefits (formerly the food stamp program).
Family Separation or Housing Separation		X	
Health and Wellness Benefit		X	
Housing Allowance Based on BAH RC/T	X		If dual military, based on rate of senior member. This includes OCONUS civilians as the BAH/RT or the value of the in-kind housing provided.
Locality	X		
Long Term Disability/VA Disability	X		
Move In Housing Allowances		X	
Other Pension	X		
Overtime		X	
Premium	X		Only if reflected on LES (i.e. night differential, etc.)
Post Allowance		X	
Retirement	X		
Special Duty Pay (Aviation/Flight, Active Duty Demolition, Sea, Submarine, Nuclear Officers, Diving, Foreign Duty or Language, Medical and Dental Officers, Optometry, Pharmacy and Veterinarian)	X		
Social Security (include SSI-Supplemental Security Income, SSDI-Social Security Disability Income) Paid on Behalf of the Child		X	
Social Security (include SSI-Supplemental Security Income, SSDI-Social Security Disability Income) Paid on Behalf of the Adult	X		
Surviving Child Benefits		X	
Surviving Spouse Benefits	X		
Temporary Duty Allowances		X	

TYPES OF PAY (con't)	YES	NO	ADDITIONAL INFORMATION
Tips	X		
Unemployment Compensation		X	
VA Payments to Surviving Spouse	X		
Voluntary Salary Deferrals	X		
Wages and Salary	X		Includes geographically separated parents/custodians
Wounded Warrior Pay (any type)		X	
FREQUENTLY ASKED QUESTIONS	YES	NO	ADDITIONAL INFORMATION
Is self-employed income included in TFI?	X		Use IRS 1040 Schedule C. If unavailable use annual income estimate.
Is TFI recalculated when a single sponsor marries?		X	TFI must not be recalculated until next fee year TFI recalculation period.
Is TFI recalculated when a sponsor or other adult in home is promoted or obtains a higher paying position?		X	TFI must not be recalculated until next fee year TFI recalculation period.
Is TFI recalculated when access to child care was obtained while an adult member was unemployed, but the member gains employment?	X		Because initial enrollment was contingent upon gaining employment.
Is TFI recalculated when an adult member is no longer in school full time, but gains employment?	X		Because initial enrollment was based on student status which changed to full time employment.
Is TFI recalculated when an existing customer enrolls a new child in the program?		X	
Is TFI recalculated when another adult moves into the home?		X	TFI may not be recalculated until the next fee year TFI recalculation period. <b>Note:</b> Adult refers only to sponsor, spouse, parent of the child. Other adults such as grandparents are not included, unless they contribute to welfare of child.
What is the definition of a contractor?			Check with Installation Contracting office to verify contractor status.
When a surviving spouse remarries is TFI recalculated?		X	TFI may not be recalculated until next fee year TFI recalculation period. However, a reduction in TFI due to loss of annuity can be addressed out of cycle with a fee reduction hardship waiver.
When civilians live on base is the BAH RC/T chart used?	X		If living in government housing in USAFE or West PACAF. Use the military to civilian grade equivalency chart to calculate.
Is TFI based on the sponsor's income when the child doesn't live with sponsor because of divorce?	X		Eligibility and enrollment for child care is based on the sponsor's need for child care to accomplish the DoD mission. As such, TFI is based on the sponsor's income.
Do siblings at different installations get the multichild discount?		X	However, if the programs are in the same installation MWRF (i.e. Lackland, Randolph, Sam Houston) then discount can be applied.
Can child support payments be deducted from TFI?		X	Child support payments are not added or deducted from TFI.
Can fees be adjusted after losing employment or for other hardships?	X		Approval via waiver package submitted by parents is required by the MSG or Installation Commander after completion of a personal financial analysis by the Airman and Family Readiness Center.
Can fees be adjusted for divorce or separation?	X		Approval is required by the MSG or Installation Commander upon review of legal separation or divorce documents.
If an individual departs the program and returns during the same school year is TFI recalculated?		X	TFI is valid until next fee year TFI recalculation period.
Is the weekly fee of the authorized user charged when subletting or renting space to another parent?	X		Fees may not exceed the parent's original TFI fee. No authorized user of the space may profit from the subletting or rental of their space.