

**CHILD DEVELOPMENT PROGRAM FEE POLICY
FREQUENTLY ASKED QUESTIONS AND ANSWERS
SCHOOL YEAR 2020-2021**

1. When will the SY 2020-2021 fees be implemented?

ANSWER: The SY 2020-2021 fees will be implemented on **15 January 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 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. How much money does DoD spend to subsidize service members who use Child Development programs?

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.

4. 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.

5. 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 including Child Development Center (CDC), School Age Care (SAC) and 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 Category IX (A) 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.

6. 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 Category IX unsubsidized rate (**\$210.00/week**).

7. 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

8. Why are the fees based on total family income?

ANSWER: Fees are based on a family’s ability to pay. Total family income 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.

9. 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 total family income (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 with Dependents Rate (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/site/bah.cfm>.

10. Why is the allowance for housing included in the total family income 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.

11. 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.

12. 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.

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

ANSWER: Calculate the TFI using the business net income.

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

ANSWER: All families are required to provide documentation annually based on HQ DAF/A1SOC 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. This information is necessary for future assessments of the fee policy.

15. 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 and could result in denial of child care services.

16. How are families experiencing a hardship assisted?

ANSWER: The Installation or Mission Support Group Commander (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.

17. Are there discounts for multiple children from the same household?

ANSWER: Yes. The Air Force 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.

18. 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.

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

19. 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. Child care fees include daily meals and snacks. 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 IX.

20. 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

21. 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 Air Force 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 Air Force 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 Air Force 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 Air Force 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 Air Force has to spend recruiting, screening, and training caregivers and saves parent's money in the long run.

22. If caring for an infant or toddler costs more, why doesn't the 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 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 Air Force families and reduces the center's administrative costs.

23. Wouldn't it be cheaper for parents if the 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 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 Air Force if the caregivers interact with the children using positive guidance techniques, read to the children, and conduct other learning activities with them.

24. 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.

25. 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.

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

ANSWER: Most 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.

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

ANSWER: Family Child Care (FCC) providers are private businesses certified by the Air Force to provide child care in their home. As private business owners the Air Force is not permitted to dictate their rates. Although FCC may cost more, many of our bases have 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.

28. 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 annual 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 annual 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 annual TFI recalculation period. Note: 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 annual 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 annual 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.