

CHILD DEVELOPMENT PROGRAM FEE POLICY FREQUENTLY ASKED QUESTIONS

1. Why are fee ranges being revised? How have the new ranges been determined?
 - Income Ranges based on Total Family Income (TFI) have been adjusted to reflect the 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.

2. Who will be affected by these fees?
 - These fees apply to families who attend regularly scheduled Child Development Center (CDC) and School Age Care (SAC) programs during the year.
 - Contractor employees in Category 9 do not receive child care fee assistance based on a recommendation from a DoD efficiency study conducted in 2012. Fees, to include the impact of adding additional categories for contractor employees paying child care fees without fee assistance, will be reviewed and analyzed with Services annually.

3. 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). The program will assume additional costs using appropriated fund dollars when the mission requirement dictates the need for care beyond 12 hours per day.
 - Full Day SAC program fees should be based on Full Day CDC fees and include the number of hours the program is operating 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.

4. When will the new fee structure be implemented?
 - The updated fee ranges must be implemented no later than November 1, 2016.

5. How is family income determined, and what forms are required for verification?
 - The Application for Department of Defense Child Care Fees DD Form 2652 or electronic equivalent will be used to verify total family income (TFI) as defined in DoDI 6060.02. This form will be changed to reflect this guidance on calculating TFI for dual military members who receive BAH and to update the definition of TFI.

- For the purposes of determining child care fees in the Department of Defense child development program, TFI is defined as all earned income including wages, salaries, tips, special duty pay (flight pay, demolition duty pay, sea pay), and active duty save pay, long-term disability benefits, voluntary salary deferrals, retirement or other pension income including SSI paid to the spouse/partner and VA benefits paid to the surviving spouse before deductions for taxes. 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, and 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 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 a 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/>

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

- Section 1793(a) of Title 10, United States Code 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 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) 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% 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.

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

- In households where non-related families 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.

8. How do I calculate the income for spouses/partners who work on commission and who do not have a previous tax year return?

- 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 be required to provide an estimate of annual earnings.

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

- Calculate the TFI using the business net income.

10. 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.

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

- Families will be charged the highest fee category.

12. 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 approve waivers. Approved fees must be within fee categories.

13. 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 income. This 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.

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

- Installation commanders may authorize up to a 20% reduction of fees for additional children of the same family with the exception of contractor employees in Category 9 who will no longer receive child care fee assistance.

15. What is the market adjustment rate option, and who will pay it?

- A low and high market adjustment rate option, authorized by the Office of Children and Youth through the Service headquarters, provide the opportunity to adjust fees using the designated single fee per category.
 - 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.