

DOD CHILD DEVELOPMENT PROGRAM FEES FOR SCHOOL YEAR 2023-2024 FREQUENTLY ASKED QUESTIONS

1. How have child care fees been adjusted?

- After conducting a holistic assessment of its child care fees, the Department has begun to take steps to rebalance the way fees are structured in order to better meet the needs of military families. These changes represent a major change to the way the Department's child care fees have been structured for the past 30 years.
- For school year (SY) 2023-2024, child care fees are adjusted to make fees more equitable and more affordable for families with the greatest economic need by reducing the percentage of income that lower income families devote to their child care needs. These adjustments align with Executive Order 14095, "Increasing Access to High-Quality Care and Supporting Caregivers," which directs the DoD to improve the affordability of child care on military installations.
- The fee policy also decreases the number of fee categories from 14 to 11, modifies each total family income (TFI) range, and increases the highest TFI category to \$160,001 and above. Additionally, the fee policy increases the fee assistance provider rate cap for both community-based providers and military-certified family child care providers to \$1,800 per child per month.

2. What services will families receive for the SY 2023-2024 child development program (CDP) fees?

- SY 2023-2024 CDP fees for regularly scheduled child development center (CDC) and school-age care (SAC) patrons are based on 50 hours of care per week per child. In the event that mission requirements dictate the need for care beyond 10 hours per day, the program will assume the additional costs using appropriated fund dollars. If program operating hours extend to 14 hours a day, no child may remain in care for more than 12 hours per day, except in cases of an emergency.
- SAC full-day CDP fees (summer and holidays) are based on full-day CDC fees and include the number of SAC operating hours. SAC rates include all meals and snacks when provided. For families with children enrolled full-time in SAC full-day winter break, spring break, or summer programs, wherein meals are not provided and a family provides all meals for their child, as a pilot initiative, child care fees for full-time full-day care will be reduced by \$100 per month (or prorated to \$23/week).
- For families participating in community-based fee assistance, a pilot initiative will support meals when not provided by a family's community-based provider, as follows:
 - For families participating in community-based fee assistance, wherein meals are not provided by their provider and a family provides all meals for their child, child care fees for full-time, full-day care will be reduced by \$100 per month.

- For families participating in community-based fee assistance, wherein meals are not provided by their provider and a family contracts with an outside entity to provide all meals for their child, child care fees for full-time, full-day care will be reduced by the cost of meals, not to exceed \$100 per month.
- For families participating in community-based fee assistance for full-time, full-day care, wherein provider's fees including meal costs remain within the \$1,800 monthly provider rate cap, fee assistance will be calculated including the meal costs.
- For families participating in community-based fee assistance for full-time, full-day care, wherein meals are provided and their provider's fees are above the \$1,800 per monthly rate cap, fee assistance will reimburse the provider up to \$100 per month above the monthly rate cap with documentation of meal costs within the provider's fee structure.

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

- TFI must be verified on an annual basis. TFI for all families enrolled in CDPs must be verified no later than December 29, 2023.
- Each family, regardless of income category, must provide income documentation for verification using the most recent Form W-2, current Leave and Earnings Statement, or other authorized proof of income. DD Form 2652, "Application for Department of Defense Child Care Fees," in paper or electronic form, is used to verify TFI.
- 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 and will result in denial of child care services.

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

- Failure to provide the required information will delay the processing and approval of child care services and will result in denial of child care services.

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

- Installation commanders have the authority to grant case-by-case exceptions to the fee policy. Child care fees for individual families may be adjusted on a case-by-case basis if warranted due to special financial hardship. Employees of DoD contractors and specified space-available patrons are not eligible for the individual hardship exception. Individual family fees, excluding CDP staff, may not be adjusted below the Category 1 fee except when discounts for multiple children of Category 1 families are authorized and when fees are reduced to cover meal costs. Individual family fees, excluding CDP staff, may not be

adjusted below the Category 1 fee except when discounts for multiple children of Category 1 families are authorized and when fees are reduced to cover meal costs.

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

- Installation commanders may authorize up to a 20 percent reduction of child care fees for additional children of the same family. If a multiple child discount is offered, the discount shall apply to all TFI categories.
- Employees of DoD contractors and specified space-available patrons are not eligible to receive the multiple child discount.

7. Will DoD civilian employees be taxed on the value of the child care space?

- The Internal Revenue Code requires that child care subsidies generally be treated as part of gross income for tax purposes. Child care subsidies for dependents of DoD civilian employees that exceed the \$5,000 exclusion (\$2,500 for married individuals filing separately) are taxable and reportable.
- The cost of each space in DoD installation-based CDPs is equally subsidized for both active duty Service members and DoD civilian employees 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 active duty Service members and DoD civilian employees would be significantly higher.

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

- Installation commanders may request, through their Service headquarters, to charge child care fees using the low- or high-market adjustment rate. The Military Services and DLA must carefully examine and consider the impacts of approving requests for market adjustment rates.
 - The optional high-market rate may be considered 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 Allowance, post differential, or locality pay.
 - The optional low-market adjustment rate may be used in areas where costs for comparable care within the installation catchment area are significantly lower. Programs may also apply the low- or high-market adjustment rates solely to DoD SAC programs to remain competitive with off-installation SAC programs.

- The use of low- and high-market adjustment rate options must be reported to the Office of Military Family Readiness Policy, Children, Youth, and Families by January 1, 2024, and will be validated during the annual certification process.