

**CHILD DEVELOPMENT SYSTEM FEE POLICIES
QUESTIONS AND ANSWERS
SCHOOL YEAR 2010 (SY2010)**

Q1. When will the new fee structure be implemented?

A1. The fee structure may be implemented immediately but no later than September 30, 2010.

Q2. Why are fee ranges being revised? How have the new ranges been determined?

A2. Fee ranges have been revised to account for inflation, increased incomes, and increased caregiver salaries. To account for these trends, both income ranges by category and fee ranges have increased. These revisions represent the first adjustments in fee policy since School Year 2004-2005

Q3. If you haven't raised the fees since 2004, why are you raising them now?

A3. DoD conducted an in-depth study of the child development fee policy in 2008. It was determined that the fee ranges were no longer in sync with the total family income for the majority of program users. As a result, income ranges were adjusted and several new income ranges were added to address families in higher income categories. These changes reflect families' salary growth over the past five years as well as the increased cost to provide care.

Q4. Who will be affected by these fee increases, i.e. by rank and Service?

A4. These fees apply to families who attend regularly scheduled Child Development Programs including Child Development Center (CDC) and School Age Programs (SAP) during the year. DoD anticipates that a significant number of families currently enrolled in the Child Development system will be affected, either positively or negatively, by the revised fee ranges. Fees are based on total family income rather than the service members' rank.

Q5. Has the Department of Defense considered the impact this will have on military families during this strained economy?

A5. The Department deliberated with the decision to revise the existing fee policy. Families earning \$85K and below may see minimal changes to their child care fees and some families will see lower child care fees. The Department considers child care for children of military members and DoD civilians to be a workforce issue with direct impact on the effectiveness and readiness of the force. Fees are based on Total Family Income.

Q6. How will we assist families that experience a hardship associated with the fee changes?

A6. Families experiencing financial hardships may receive assistance by the following opportunities:

- Hardship Fee Waivers – Site Directors have the authority to grant hardship waivers.

- Multiple Child Discounts – DLA has required a 15 percent reduction of fees for each additional child of the same family.

Q7. Why are federal civilian employees being taxed on the value of the child care space?

A7. 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 cash income. This cash income is generally calculated by adding the value of the subsidy to the taxable income of civilian employees who benefit from the subsidies.

Q8. How will these impact families who PCS to a Joint base where the rates may be different?

A8. The Supporting installation sets the fees within the DoD fee policy guidelines. All families would pay the fees established by the Supporting installation. Exception: Army families that are eligible for fee assistance under the Army Family Covenant may pay fees below those set by the Supporting installation. Types of care eligible for lower fees under the Covenant include respite child care as a deployment support initiative, extended hours due to longer work shifts as a deployment support initiative, and hourly care for medical appointment to support the Wounded Warrior Program. In addition, Army families whose military member is deployed receive a reduction in fees. These fee reductions are paid by Army to the Supporting installation.

Q9. Not Applicable.

Q10. What services will families receive for the new fee ranges and how is this different from what they received before the new fee ranges?

A10. Fees include 47.5 hours of care per week (for Stars and Stripes Learning Station) and United States Department of Agriculture (USDA) approved meals (breakfast, lunch and a snack). SAP fees should be based on the number of programs hours children attend SAP. The SAP rate includes all meals and snacks.

Q11. How does NOT increasing the fees negatively impact the program?

A11. At the local level, programs implemented actions 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 chose to limit the infant care they offer as it is cost prohibitive.
- 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, classrooms may be unused and facilities operate as less than full capacity.

- Not Applicable.

Q12. Will the change in fees enhance the Child Care Development program for service members or increase pay for the child care professional?

A12. Parent fees are used only to pay for the compensation of child care employees directly involved in providing child care and for consumable supplies.

Q13. How does the military's Child Development program rate compared to programs outside military installations?

A13. In the 20 years since enactment of the Military Child Care Act, military child care has undergone enormous changes. Those changes have led to recognition by a number of organizations, including the National Association of Regulatory Administration and the National Women's Law Center for the department's commitment to high-quality, accessible, affordable child care. By contrast, the private-sector child care industry, states apply different licensing standards and subsidies vary state to state.

Q14. How much money does DoD spend to subsidize service members who use Child Development programs?

A14. 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.

Q15. How has the fee policy changed from last year?

A15. The fee policy has increased in income ranges and added three additional income categories. DLA has also added a multiple child discount.

Q16. How are the fees determined?

A16. The fees are set to pay approximately half of the total cost of providing the care. The Military Child Care Acts of 1989/1996 directed that parents pay approximately half of the cost of care. The fees are set high enough only to cover the costs not paid for by the taxpayers. In the child development centers, parent fees pay for only three-fourths of the caregivers' wages and benefits, some consumable supplies, and the costs of the food program not paid for by reimbursements from the United States Department of Agriculture. In the school age program parent fees are used only for the wages and benefits of the school age staff who work directly with children.

Q17. Why are parents charged for the weeks that their children are not present because the parents are on leave?

A17. Parents must pay for the child care space they are reserving even if their child is not present because the program's costs of making that space available, whether it is used or not, do

not decrease. Having one or more children absent does not decrease the cost of providing staff for the room and that is what the fees collected from parents are used to pay.

Q18. Why do parents have to pay for child care when their child is sick?

A18. The program's costs of operating the center do not decrease when one or more children are absent in a room. Unless at least half of the children are absent, the same number of staff must be present to ensure the health and safety of the children. 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.

Q19. Why do higher income parents have to subsidize the care of lower income parents?

A19. Higher income parents do not subsidize the child care of lower income families. All parents' child care is subsidized; however the care of the lower income parents is being subsidized more than that of higher income parents.

Q20. Why are the fees based on total household income?

A20. Rather than basing the fees on military rank, the fees are based on a family's ability to pay. Total family income is a better yardstick through which to measure ability to pay since it takes into consideration all income available to pay the child care bill. 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.

Q21. It's not fair for higher income families to have to pay more for child care.

A21. Although higher income families pay more in actual dollars for their child care, they pay a lower percentage of their income for child care. Since 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, the care of lower income members is subsidized more than that of higher income families.

Q22. Why are the child care fees about the same at all DLA bases even though the cost of living is different from area to area?

A22. The fee ranges for child care are the same regardless of location because the fees pay the caregivers' wages and the wage rates for caregivers are the same at all bases (GS-02 to GS-05). Additionally, military pay is the same at all bases and the military member's pay is the primary source of income for most military families. If the rates were based on the local cost of living, military members would be paying very high child care fees in some locations, such as Washington DC, Los Angeles, Boston, etc. because local child care fees are very high in those

areas. Overall, it is better for families and for recruiting and retaining caregivers to have the wages similar and, therefore, the fees the same across the DLA.

Q23. Why are the fees at off-base centers cheaper in some areas?

A23. There are several reasons why the fees at some off-base centers may be lower than at the DLA child development center or school age program. 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 one caregiver can care for fewer children. Most DLA centers devote up to half (or more) of their spaces to these age groups, therefore, the overall cost of operating is higher. Secondly, fees in off-base centers may be lower because the off-base fees do not include meals and snacks. Thirdly, staff:child ratios (the number of children for whom one caregiver can provide care) is different. In many states, the number of children per caregiver is much higher than the DLA considers necessary to provide good care for children. Additionally, off-base centers may pay very low wages and not be concerned about high staff turnover; some off-base centers pay minimum wage and have very high staff turnover.

The DLA 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 children and can establish an emotional bond with them and be more aware of when they are coming down with a potentially life-threatening illness. Paying caregivers enough to minimize staff turnover reduces the amount the DLA has to spend recruiting, screening, and training caregivers and saves the DLA money in the long run.

Q24. If caring for an infant or toddler costs more, why doesn't the DLA charge parents who have infants and toddlers more than they charge parents who have preschoolers?

A24. Although the DLA does not prohibit bases from charging more for infants and toddlers, most don't. Parents with infants and toddlers are usually those with the lower incomes and are those less able to pay higher fees. Since all children pass through these age groups, over the enrollment of the child in the DLA 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 DLA families and reduces the center's administrative costs.

Q25. Why does child care cost so much?

A25. Child care is an expensive service to purchase because it is labor intensive, especially, when infants and toddlers are being provided care. Over 50% of the total cost of providing child care and 95% of the cost paid by parents is for caregivers. The child care fees include 10 meals and (10) snacks per week. The actual cost of the child care part of the fees (not counting the value of the meals and snacks) is less than \$1.75 per hour for most families and less than \$2.50 per hour for those paying the very highest fees. The value of the food provided exceeds \$18 per week per child.

Q26. Wouldn't it be cheaper for parents if the DLA offered custodial care instead of developmental care?

A26. The costs paid by the parents are for the caregivers' wages, benefits and training. The caregivers have to be present to provide the basic care of the children--to feed them, change diapers, take them to the toilet, evacuate them in emergencies, comfort them, guide them in their interactions with other children, etc. The same number of caregivers is required whether the DLA offers custodial or developmental care. Unless the DLA pays equivalent to GS-02/05 to caregivers it cannot recruit and retain individuals to provide child care. The difference between custodial care and developmental care is in how the caregivers interact with the children and the toys and activities that are offered to the children. It is the DLA's position that it is better for DLA families and for the DLA if the caregivers interact with the children using positive guidance techniques and read to the children and conduct other learning activities with them. The additional cost of ensuring the caregivers use positive guidance techniques and offer learning activities to the children is not paid by the parents and is less than 8% of the total cost of child care.

Q27. Why does it cost more if a parent is late picking up a child or needs more than 9.5 hours care per day?

A27. Most DLA child development centers require additional payment if a child is left longer than 10 hours or the parent arrives to pick up the child after closing time. The reason that they do so is because when parents do not pick their child up within the allotted time, additional staff have to be kept on duty and this staff may have to be paid overtime. To keep costs as low as possible, most centers staff the program with the minimum number of staff permitted by DLA policies. If children are left for more than 9.5 hours, they need to be served a third meal or snack because they are hungry (children have small stomachs and need to be fed every three hours). This adds to the cost of operating the center and increases the costs for all parents.