

Department of Defense (DoD)
Child Development Program Fees
School Year (SY) 2021-2022
Additional Information and Reporting Requirements

Section 1793 of Title 10, United States Code, requires the Department to prescribe regulations establishing fees for Military Child Development Center (CDC) and School-Age Care (SAC) programs. In addition, pursuant to DoD Instruction 6060.02, “*Child Development Programs*,” September 1, 2020, the Assistant Secretary of Defense for Manpower and Reserve Affairs shall annually review and issue a child care fee policy based on total family income (TFI) for use by programs in the DoD child development system of care.

Child Development Program Fees:

The fee policy increases the number of family income categories from 9 to 13 and establishes total family income ranges with \$10,000 increments between each income category (Attachment 1). In addition, the fee policy includes an hourly child care rate increase from \$5.00 to \$7.00 per hour. Parent fees, total family income ranges, and the hourly child care rate have not been adjusted since the 2018-2019 School Year. Parent fees have been adjusted to compensate for increases in direct care staff hourly wages necessary to compete with local labor markets. The Military Departments and the Defense Logistics Agency will issue the fee schedule no later than June 1, 2021.

Fee guidelines for regularly scheduled CDC and SAC programs are based on 50 hours of care per week. 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. No child may remain in care for more than 12 hours per day, except in cases of emergency.

Installation SAC full-day child development program 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. SAC fees must be reduced by 20 percent when meals and snacks are not provided during the full-day summer program.

All DoD contractors and specified space-available patrons pay the unsubsidized child development program fee. This does not apply to surviving spouses, Service members, and DoD civilian employees with nonworking spouses.

Determining Total Family Income:

TFI must be verified on an annual basis. Each family must provide income documentation for verification using the most recent Form W-2 or current Leave Earning Statement (LES) of the military Service member or DoD civilian employee. If applicable, a military spouse’s income and all adults who financially contribute to the welfare of the child must provide proof of income as well.

Each family, regardless of 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 and could result in denial of child care services.

DD Form 2652, Application for Department of Defense Child Care Fees, in paper or electronic form, is used to verify TFI (Attachment 3). 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 bases.

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.

Because the BAH RC/T chart is based on the calendar year, programs will use the current BAH RC/T chart. More information can be obtained on BAH at <http://www.defensetravel.dod.mil/perdiem/> and at <http://www.defenselink.mil/militarypay>.

Fee Adjustments:

A program may choose to charge weekly fees using the low-market adjustment rate if costs for comparable care within the installation catchment area are significantly lower. Programs may also apply the low- or high-market adjustment rates to school-age programs only to remain competitive with off-installation school-age care programs. The low- and high-market adjustment rate options are approved by the Service headquarters and reported to the Office of Military Family Readiness Policy, Children, Youth, and Families, by October 4, 2021 (Attachment 4). The use of low- and high-market adjustment rate options at approved installations will be validated during the annual certification process.

Each Military Department and the Defense Logistics Agency will establish criteria that authorizes installation commanders to grant case-by-case exceptions to the fee policy. Fees for

individual families may be adjusted on a case-by-case basis if warranted due to special financial hardship (DoD contractors and specified space-available patrons are ineligible for the individual financial hardship exception). In addition, commanders may authorize up to a 20 percent reduction of fees for each additional child of the same family.

Income Tax Considerations:

DoD civilian employees with children enrolled in DoD-subsidized child care programs are subject to the requirements of Section 61 of Title 26, United States Code (also referred to as the Internal Revenue Code). As a result, the Internal Revenue Code requires that child care subsidies generally be treated as part of gross income for tax purposes (see Notification to Civilian Sponsors Tax Year 2020 at Attachment 5). 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 24, United States Code, Sec.134(b).

Community-Based Child Care Fee Assistance:

The Military Departments will utilize this fee policy in establishing community-based child care direct subsidies. These accounts are centrally managed by each Service. For SY 2021-2022, the annual average direct subsidy, calculated at the Service level, may not exceed \$5,000 per child.

Reporting Requirements:

The DoD Office of Military Family Readiness Policy will conduct an annual fee review, using the Annual Fee Report templates for child development programs (Attachment #7). The date of record for the annual report is November 1, 2021; the report must be submitted to the Office of Military Family Readiness Policy by December 17, 2021.

The point of contact for this policy is Ms. Nichele LeGrand-Murphy, Office of Military Family Readiness Policy, Children, Youth, and Families. She may be reached by e-mail at nichele.d.legrand-murphy.civ@mail.mil.