

TO: Dr. Elias A. Zerhouni, Director, NIH
Dr. Raynard S. Kington, Deputy Director, NIH

FROM: NIH Child Care Board

SUBJECT: NIH Child Care Subsidy Pilot Program Report

Please accept this comprehensive Evaluation Report of the NIH Child Care Subsidy Pilot Program. The NIH Child Care Board members are proud to have played a role in the initiation of the Child Care Subsidy Pilot Program at NIH and pleased to present you with detailed information documenting the success of this Program and its benefits for low income federal employees, their children, and the NIH.

The attached Evaluation Report represents a thorough and thoughtful review of extensive data on the Pilot Program and includes specific recommendations for establishing an ongoing Child Care Subsidy Program at NIH with modifications to best support the mission of NIH and serve the NIH's neediest employees. We appreciate that there are many competing demands for limited resources at NIH and we feel confident that, after reviewing this Evaluation Report, you will agree that the returns to NIH related to the Child Care Subsidy Program greatly exceed its costs.

The NIH Child Care Subsidy Pilot Program will end on September 30, 2007. Your decisions and action regarding the establishment and funding of an ongoing NIH Child Care Subsidy Program are needed now to assure that eligible low income NIH employees have access to reliable and high quality child care.

Please feel free to contact us if you would like any additional information. Child Care Board members would be happy to meet with you to discuss this report and answer any questions.

/s/
Valerie L. Durrant, Ph.D.
Chair, NIH Child Care Board

Attachment

cc:
Dr. Alfred Johnson, OD/ORS
Ms. Colleen Barros, OD

**NIH Child Care Board
NIH Child Care Subsidy Pilot Program
Evaluation and Recommendations**

Executive Summary

NIH launched the Child Care Subsidy Pilot Program in May 2005 to increase the stability and productivity of parents and guardians in work environments, the quality of care that children of parents and guardians with low-income receive, and employee morale by demonstrating commitment to employees. The Child Care Subsidy Pilot Program reimburses up to 50 percent of child care tuition for eligible NIH Federal employees with a total gross household income below \$60,000.

This Report summarizes the evaluation of the Child Care Subsidy Pilot Program conducted in the fall of 2006 by the NIH Child Care Board and the Office of Research Services (ORS) Child Care Office and recommends establishing the NIH Child Care Subsidy as an ongoing program with specific modifications to the Program's design. The evaluation includes data and anecdotal information gathered by the Board and the ORS Child Care Office from a variety of sources.

Key findings

This evaluation conclusively demonstrates the need for the NIH Child Care Subsidy Program. Findings show this program supports Federal efforts of recruitment and retention in meaningful ways and has a positive impact on the morale of the workforce. Specifically, the report highlights the following findings:

- Response to the NIH Child Care Subsidy Pilot Program has exceeded expectations, which were based on the experience of DHHS and other Federal agencies.
- The NIH Child Care Subsidy Pilot Program FY2006 served 60 NIH Federal employees with an average annual total adjusted gross household income of \$34, 371 and covered partial child care costs of 75 children.
- The NIH Child Care Subsidy Program clearly benefits the employee recipients and improves the quality of care that their children receive.
- The NIH Child Care Subsidy Program benefits the NIH and supports its mission by increasing the retention and productivity of parents and guardians in work environments and employee morale by demonstrating commitment to employees.
- Demand for the NIH Child Care Subsidy Program is high. NIH has a large and growing population of working parents and guardians who need child care.

Recommendations

Based on the key findings in this evaluation, the NIH Child Care Board supports three recommendations.

1) The Child Care Subsidy Pilot should be established as an ongoing Program at the NIH.

The Child Care Board recommends that NIH approve the Child Care Subsidy Pilot as an NIH Program, funded with an annual allocation of \$300,000 per fiscal year. The Board recommends these funds be used to satisfy the existing need, by subsidizing child care for 60-80 NIH Federal employees.

2) The NIH Subsidy Program should be modified to provide proportionately more assistance to those NIH employees with the greatest need.

The Board recommends the NIH Child Care Subsidy Program be restructured to a three-tiered reimbursement structure with an income cap of \$60K in FY 08.

3) The NIH Subsidy Program should be regularly adjusted to accommodate annual increases in the costs of the living and the cost of child care.

The Board recommends an increase in the maximum total adjusted gross household income limit for FY 09, as well as an annual increase in accordance with cost of living. Eligibility income tiers should be modified accordingly.

Introduction

NIH launched the Child Care Subsidy Pilot Program in May 2005 to increase the stability and productivity of parents and guardians in work environments, the quality of care children of parents and guardians with low-income receive, and employee morale by demonstrating commitment to employees. The Child Care Subsidy Pilot Program reimburses up to 50 percent of child care tuition for eligible NIH Federal employees with a total gross household income below \$60,000.

This report summarizes the evaluation of the Child Care Subsidy Pilot Program conducted in the fall of 2006 by the NIH Child Care Board and the Office of Research Services (ORS) Child Care Office and recommends establishing the NIH Child Care Subsidy as an ongoing program with specific modifications to the Program's design.

The NIH Child Care Board evaluated the costs and feasibility of the Child Care Subsidy Program, the effectiveness of the Pilot Program to support the NIH mission and employee recipients, and the demand for the Program. To complete the evaluation, the Board reviewed ORS information on employee participation and expenditure, compared NIH data with other Federal agency subsidy programs, met with the Federal Employees Education and Assistance Fund (FEEA) administrator to discuss the NIH pilot program, talked to subsidy program administrators in other Federal agencies, and reviewed feedback collected in July 2006 from NIH subsidy program participants on the impact of the program. In addition, the Board reviewed NIH child care wait list information and findings from the 2005 NIH Child Care Survey and NIH census data.

The remainder of this Report is organized into five major sections, plus appendices. The second section presents an overview of the Child Care Subsidy Pilot Program. The third section describes the data and methods used in the evaluation of the Pilot Program. The fourth section summarizes the findings from the evaluation of the Subsidy Program recipients and payments, documents the need for a Child Care Subsidy Program at NIH, and demonstrates the impact of the Pilot Program on the NIH and subsidy recipients. Finally, recommendations for the establishment of an ongoing Child Care Subsidy Program at NIH and for specific modifications to the design of the Program are presented.

Subsidy Pilot Program Overview

History of the Pilot

Section 643 of Public Law 106-58, the Treasury and General Government Appropriations Acts of 2000, allows Federal agencies to use appropriated funds that are otherwise available for salaries to assist employees with low incomes in paying for child care provided by licensed providers. The NIH leadership approved participation in the Subsidy Program in January 2005 with the goal of making high quality child care affordable to employees with low income in order to meet the following objectives:

- Increase stability and productivity of parents and guardians in work environments
- Increase the quality of care children of parents and guardians with low income receive (and reduce socioeconomic disparities in child well-being)
- Increase employee morale by demonstrating commitment to employees

By global e-mail announcement from the NIH Deputy Director in May 2005, NIH launched the two and a half year Pilot Program. NIH earmarked \$250,000 for the Pilot Program (\$50,000 for FY 2005 and \$100,000 each for FY 2006 and 2007). This Program is available to all NIH Federal employees in any geographic location and was widely advertised at NIH sites. A copy of the flyer distributed to advertise the Pilot Program is included in Appendix 1. The ORS Child Care Office was charged with the responsibility of administering the program; the NIH Child Care Board committed to conducting an evaluation of the Pilot after the first full year of operation.

The first applications were accepted in June 2005, and the Program was fully subscribed by October 2005. It included the first 55 employees enrolled in the program. The Child Care Subsidy Pilot Program was “frozen” on November 1, 2005, and additional applications were maintained on a waiting list.

During the first full year of the pilot (October 1, 2005, to September 31, 2006) the Program was fully subscribed by November 1, 2005, and would have expended all allocated funds (\$100,000) by April 1, 2006. ORS provided an additional \$98,000 for the remainder of FY 06, in order to avoid terminating the child care subsidy for the 50+ participating employees. In anticipation of a continuing shortfall in funds, ORS allocated an additional \$100,000 to the FY 2007 budget of \$100,000 for the Subsidy Program, a total of \$200,000, in order to maintain program enrollment for the entire final year of the Pilot.

As of December 2006, ten NIH employees (and eleven children) remain on the waiting list for the subsidy program. ORS anticipates that four to five of these children can be added to the program in FY 07 due to changes in Program enrollment, separation from the Agency, or children outgrow the need for child care.

Program eligibility and subsidy allocations

The Subsidy Pilot Program provides up to 50 percent child care tuition reimbursement for Federal employees with the lowest income at NIH (total adjusted gross household income at or below \$30,000) and subsidies in the 10 percent to 40 percent range for employees with household incomes of \$30,000 to \$60,000. Table 1 below shows the percentage of the eligible child care expenses covered by the Subsidy Pilot Program for eligible employees with different total household income levels.

Table 1. NIH Program Subsidy Program Structure

Eligible Employee’s Total Family Household Income *	Percentage of the Eligible Child Care Expenses Plan will pay**
More than \$60,000	0%
\$52,501 - \$60,000	10%
\$45,001 - \$52,500	20%
\$37,501 - \$45,000	30%
\$30,001 - \$37,500	40%
\$30,000 or less	50%

*Total Family Income refers to total adjusted gross income on IRS Tax Return Form 1040.

**The program includes a benefit cap of \$5,000 per family per year

The NIH Pilot Program followed other DHHS operating Divisions and based the subsidy amount on employee family income and the actual cost of child care. The subsidy is provided in the form of vouchers that are payable directly to the licensed child care provider for services rendered. The child care subsidy benefits are limited to \$5,000.00 per year per family.

Pilot program administration

NIH contracted with the Federal Employees Education and Assistance Fund (FEEA), a non-profit agency that provides scholarships and emergency assistance to Federal employees, to administer the NIH child care subsidy program. NIH determined that FEEA, which has operated child care subsidy programs for approximately 25 Federal agencies since 2002, was the most experienced and responsive to NIH plans for a pilot program. The FEEA administers the NIH program for an annual fee of \$1000 in addition to 8 percent of total subsidy funds expended, a cost much lower than using dedicated agency staff. In addition, by having FEEA administer the subsidy program, NIH protects the confidentiality of employee applicants, who are required to submit detailed financial records and other personal information to qualify for the program.

Application requirements

To apply for the subsidy, employees must submit an application form, detailed information on the child care provider(s), two recent pay statements from each parent or guardian, a copy of the most recent Federal income tax returns for each parent or guardian, and a copy of the child care provider's current license or compliance statement (detailed instructions and forms are available at http://does.ors.od.nih.gov/childcare/cc_subsidy.htm and are included in Appendix 2). The completed applications are sent to FEEA directly, who makes the subsidy determination based on eligibility and funding, and then notifies the applicant and the child care provider of the decision. All applications are processed in the order received. Employees are required to apply for the subsidy on an annual basis in order to document eligibility.

Subsidy Pilot Evaluation

The Child Care Board evaluated the use, costs, and feasibility of the child care subsidy program; the effectiveness of the pilot program to support the NIH mission and employee recipients; and the demand for the Program. The Board collected and reviewed data from a variety of sources.

To assess participation in the child care subsidy program, its costs, and its feasibility, the Board examined the following information:

- Office of Research Services (ORS) information on employee participation and expenditures
- Data from other Federal agency subsidy programs provided by FEEA
- Discussions with Steve Bauer, the FEEA administrator, about the NIH Pilot Program and his assessment of the strengths and weaknesses of the Program

To examine the effectiveness of the Pilot Program to support the NIH mission and employee recipients, the evaluation included the following data:

- Qualitative reports from NIH Subsidy Program participants
- Discussions with subsidy program administrators from other Federal agencies
- Preliminary results from the Office of Personnel Management Federal Employees Dependent Care Survey in April-June 2006

The Board requested voluntary feedback about the program from the NIH subsidy program participants in July 2006. The Director of Child Care Programs sent a general e-mail to all Subsidy Program participants informing them that the Child Care Subsidy Pilot was being evaluated and asking them to voluntarily provide any comments about the Pilot Program, to which 15 employees responded. The full text of all comments is provided in Appendix 3. Due to confidentiality protections in place, the Board and ORS have limited access to personal and financial information of the participants, making it difficult to conduct a more formal survey or analysis of participants.

The Board supplemented the qualitative data from participants with discussions with subsidy program administrators from other Federal agencies, including preliminary findings from the Federal Employees Dependent Care Survey conducted by OPM in April through June of 2006.

To estimate the demand for a Child Care Subsidy Program at NIH, the Board reviewed data from several sources:

- NIH child care center wait list
- Findings from the 2005 NIH Child Care Survey
- NIH census data from the NIH Master Plan.
- Maryland Child Care Resource Network information on local child care costs

Evaluation Findings

In this section, we present the findings on participation in the Child Care Subsidy Program and its associated costs and feasibility; the effectiveness of the pilot program to support the NIH mission and employee recipients; and the demand for the Program.

Participation in, and costs and feasibility of the Child Care Subsidy Program

- Response to the NIH Child Care Subsidy Pilot Program has exceeded expectations, which were based on the experience of DHHS and other Federal agencies.
 - The Program was fully enrolled within five months of the announcement of the program.
 - The Program was frozen on November 1, 2005 and currently has a waitlist of ten employees (eleven children) as of December 2006.
 - NIH is the only Federal agency with a subsidy program that was fully enrolled within the first six months.
 - NIH is the only Federal Agency with a Child Care Subsidy Program that has a waitlist for that program.
- During FY 2006, the NIH Child Care Subsidy Pilot Program served 60 NIH Federal employees and covered partial child care costs of 75 children.
 - 14 employees had two or more children enrolled.
 - Two employees left the Program during FY 2006.
 - No employees moved from the wait list into the Program during FY 2006.

- The characteristics of Program participants and their child care expenses demonstrate that the Program is effectively reaching intended employees.
 - The majority of eligible NIH employees and subsidy recipients were Grades GS 7 and below.
 - The average annual total adjusted gross household income of participants was \$34,471.
 - The average monthly cost of licensed child care was \$750. The costs vary significantly by the type of care provider (center care versus other licensed care), age of child, amount of care required (full-day versus after-school care), and month (costs for school-aged children are higher in the summer months and during school breaks).
- The total costs of the Pilot Program of FY 2006 were \$180,730.
 - The average weekly subsidy amount was \$65, with a range from \$12 - \$173. The average monthly subsidy was \$282.
 - The total amount of funds disbursed was \$166,417.
 - The total cost to administer the Program was \$14,313.
- The program exceeded enrollment projections and budget during the first full year. Factors that contributed to overspending included:
 - No attrition of NIH employees enrolled in the program during the first year. Other Federal agencies reported routine turnover of employees using the subsidy program during the course of a year, which the NIH did not experience.
 - The NIH Pilot Program served a large number of Agency employees with incomes in the lowest bracket; 30 percent of employees participating were eligible for the highest level of tuition subsidy of 50 percent.
 - NIH Pilot Program participants use child care centers, as opposed to family child care, at a high rate. Tuition rates are higher in centers so subsidy payments are higher. Of the 75 children served, 78 percent were enrolled in child care centers.
 - Children served were younger and used more expensive child care: 22 percent of the 75 children were age two and under and using the most costly type of care in centers and homes. Child care for children under two is usually more expensive than care for older children because of the low child to staff ratios required.
- ORS instituted a waiting list with a one-out/one-in policy in November 2006 and closely monitors monthly spending and annual projections to assure adherence to the Program budget. Estimated subsidy costs per child have been recalculated using data from NIH Pilot Program participants.

The effectiveness of the Pilot Program to support the NIH mission and employee recipients.

The NIH Child Care Subsidy Program clearly benefits the employee recipients and improves the quality of care that their children receive.

Benefits to employee recipients and their children

- The child care subsidy provides critical financial support to families of employees with low-income.
 - The subsidy allocation per employee enrolled in the Program during FY 2006 ranged from \$362 to the cap of \$5000.
 - The subsidy greatly reduced the percent of total household income spent on child care. Table 2 uses data from a sample of NIH subsidy recipients to demonstrate the contribution of the subsidy program.

Table 2. Household income, child care costs, and subsidy information from a sample of NIH Subsidy Pilot Program participants

Eligible Employee's Total Household Income	Eligible Employee's Claimed Child Care Expenses (Number of children in parentheses)	Amount of Child Care Subsidy	% of Total Household Income allocated to child care without subsidy	% of Total Household Income allocated to child care with subsidy
28,598	\$6003.50 (1)	3001.75 (50%)	21%	10.5%
47,775	\$18,159.50 (2)	3631.90 (20%)	38%	30%
30,389	\$11782.5 (2)	4713.00 (40%)	39%	23%
51,746	\$4925 (1)	492.5 (10%)	*	*

* Recipient participated in the program for only 9 months.

- The financial support provided by the subsidy provides needed assistance to low income families, as demonstrated by comments from recipients.

*“I am a single parent with two children in daycare. Child care is expensive, especially in Montgomery County where I reside. Raising two children, paying rent, child care, utilities, student loans, gas, groceries, and other expenses on one income is very stressful. Can you imagine having to pay \$1,096 per month in child care expenses while only making \$36,671 yearly. Well, that was my situation last year. I fell behind in my utilities and student loan payments, because I had to pay \$1,096 monthly for child care. At one point, I was behind in child care and had to face the threat of having my children removed from their daycare because I couldn’t pay the bill. Which turn, would mean that I wouldn’t have child care and that would threaten my job situation....**Since being a recipient of the NIH Child Care Subsidy, I have been able to alleviate some of my financial stress. Both of my children are now on this program, and it truly has been a tremendous blessing for my family. I am now able to pay my student loan and utilities in addition to my child care obligations and not have to worry about daycare being terminated and possibly my job.**”*
Employee from NIAID, GS 7 (emphasis added)

- The child care subsidy results in higher quality of care for children.
 - All children in the Pilot Program have licensed child care.
 - The Subsidy Pilot Program enables eligible employees to enroll children in high quality child care facilities. A comment from a current subsidy employee demonstrates the value of the subsidy program.

“I am a single mother with 2 children, ages 8 and 13. I have been able to put my children in a safe daycare without going broke. My younger son has bipolar and ADHD and daycare has been a challenge for me since he started school. Not all daycares are equipped to deal with children who have these problems and the ones that are have been too expensive for me. I now have my son in a before and after care program and summer program that he is succeeding in. It is such a relief to have a daycare that I feel comfortable leaving my son in. NIH childcare subsidy has made this more possible for me than it was in the past.”

Employee of the Office of the Director, GS 8

- Preliminary results from OPM’s Federal Employees Dependent Care Survey in April-June 2006 indicate that Federal employees with lower income (below 60K) have more difficulty paying for and keeping developmentally appropriate and dependable care for their children. Child Care Subsidy users reported child care problems less frequently than employees who do not participate.

Benefits to NIH

In addition to supporting low income employees, the Child Care Subsidy Program benefits the NIH and supports its mission. Findings support that the subsidy increases the stability and productivity of parents and guardians in work environments and employee morale by demonstrating commitment to employees.

- The Child Care Subsidy Program increases allegiance to NIH and aids in the retention of high quality employees.
 - Only 2 of the Federal employees who have participated in the NIH Child Care Subsidy Program have left the Agency since the Program began.
 - Statements from employee recipients support that the child care subsidy enhances employee commitment to NIH.

*“I am a single mother with three small children. I have worked here at NIH for the past two years and been a recipient of the NIH Child Care Subsidy Program for the past year. I am also one of the individuals now on the waiting list to add my third child to the program. The NIH Child Care Subsidy Program has been like an answer to my prayers. With the financial burden of trying to pay child care costs for three small children, the program has helped me be able to afford good child care for my kids. The peace of mind that having good child care provides is not able to be measured in words or money. **This program is an essential part of why I would never consider leaving NIH. The assistance it provides cannot be matched anywhere, which is something that I know first hand. The more that you help your employees to thrive and be successful, the more they will do the same for you.**”*

Employee from the Office of the Director, GS 6 (emphasis added)

- Preliminary results from OPM’s Federal Employees Dependent Care Survey in April-June 2006 show that child care was an attraction to Federal employment and retention rates were higher with employees using the Program.
- The child care subsidy enhances the efficiency and productivity of employees.

- Comments from employee recipients demonstrate that the subsidy reduces absenteeism and distractions from work associated with child care.

*“The Child Care Subsidy Program has had a tremendous affect on my family. As a single parent, it has been very difficult for me to pay for quality daycare because of the high tuition costs in Montgomery County, Maryland. However, the subsidy program has afforded me the opportunity to place my four-year-old daughter in a daycare center that has an outstanding curriculum and nurturing environment. **Since I am able to place my daughter in a daycare center, my absenteeism has decreased and I am able to focus on my workload knowing that my daughter is being well taken care of.** I hope the Child Care Subsidy Program will continue, so other families can benefit from this program.”*

Administrative Assistant NIAID, GS 5 (emphasis added)

- Preliminary results from OPM’s Federal Employees Dependent Care Survey in April-June 2006 indicate that Child Care Subsidy users reported child care problems less frequently than employees who do not participate.

Demand for the Program

Evidence clearly supports the need for a Child Care Subsidy Program at NIH.

- Interest and participation in the Pilot Program is high.
 - The program was fully enrolled within five months of the announcement of the Program and currently has a waitlist of ten employees (eleven children).
 - NIH is the only Federal Agency with a subsidy program that was fully enrolled within the first six months and the only Federal Agency with a program waitlist.
 - Potential participants continue to apply for the subsidy, albeit in small numbers, despite the fact that the Subsidy Program has not been actively advertised since it was fully subscribed in October of 2005.
- NIH has a large number of Federal employees with low income household levels.
 - Although it is impossible to estimate the numbers of employees that qualify for the Subsidy Program, the characteristics of Pilot Program participants indicates that a considerable number of employees have qualifying income levels.
 - The average annual total adjusted gross household income of participants was \$34,471.
 - 30 percent of participants in the Pilot Program have total adjusted grow household income levels under \$30,000.
- FEEA estimates a demand for the Subsidy Program at NIH to be 50 percent higher than the number of participants in the Pilot Program during FY2006.
 - Based on data from child care subsidy programs in 25 Federal agencies, FEEA uses a formula of total Federal employee population x .005 percent to estimate the number of eligible participants an agency can expect to have, given sufficient

funding and advertising of the program. Based on an employee population of 18,500 and this formula, NIH can expect approximately 92 eligible participants.

- NIH has a large and growing population of working parents and guardians who need child care.
 - Currently, 1002 children of NIH employees are on the wait list to get into an NIH child care center. Most probably, many of the employees currently on the waitlist have household incomes that disqualify them for a child care subsidy. However, the numbers indicate the high demand for child care by NIH employees.
 - Based on the current NIH Master Plan, it is anticipated that the NIH Federal employee population on the Bethesda campus will increase from 17,900 to 22,000 by the year 2020. Some of these employees will fall into lower income.
 - Studies conducted recently under the President's Management Agenda, both at the Department and NIH levels predict that as much as 50 percent of NIH employees will retire in the next five years. This creates two circumstances that are addressed by this Subsidy Program. First, there will be a continuing need for this subsidy because a larger portion of NIH's future workforce will likely be relatively younger men and women of childbearing age. Second, the loss of institutionalized knowledge due to retirement will create organizational stressors that impact the remaining workforce as they strive to adapt to change, acquire new skills, or bear a greater workload burden (either temporarily or for longer periods of time) as skilled staff move on. By reducing the burden of non-job related stressors, the Subsidy Program will increase NIH's capacity to retain the talented people that it does attract.

- Child care is expensive.
 - Child care costs a family more than \$15,000 per year for fulltime care of one infant in an NIH-sponsored child care center in Montgomery County. Even in the more affordable family-based child care centers in the community, the average annual cost of fulltime care for an infant is over \$9000¹. For a preschool child, the average annual cost of care in Montgomery County is over \$8,000².

¹ Source: Maryland Child Care Resource Network. Child Care Demographics 2005. Montgomery County Child Care Resource and Referral Center. MD: Maryland Committee for Children.

² *Ibid.*

Recommendations

Based on the findings from the evaluation of the NIH Child Care Subsidy Pilot Program, the Board recommends that the Subsidy Program be established as an ongoing NIH Program with some modifications in the Program design. Specific recommendations and justification include the following:

1) The Child Care Subsidy Pilot should be established as an ongoing NIH Program.

The Child Care Board recommends that NIH approve the Child Care Subsidy Pilot as an NIH Program, funded with an annual allocation of \$300,000 per fiscal year for a two year Implementation Phase. The Board recommends these funds be used to satisfy the existing need, by subsidizing child care for 60-80 NIH Federal employees.

Based on current enrollment, the waiting list, and the experience of other Federal agencies, the Board estimates that an allocation of \$300,000 per fiscal year will cover subsidy costs of current pilot enrollees, eligible employees on the waitlist, and demand that is unknown due to the existence of a waiting list for the past two years. This amount will also cover recommended changes to the Program design specified below.

After the two year Implementation Phase, the Board will reevaluate the adequacy of the budget to meet the demand for the Child Care Subsidy Program among Agency employees.

2) The NIH Subsidy Program should be modified to provide proportionately more assistance to those NIH employees with the greatest need.

The Board recommends the NIH Child Care Subsidy Program be restructured to a three-tiered reimbursement structure with an income cap of \$60K in FY 08. Table 3 shows the total adjusted gross income level and the percentage of eligible child care expenses covered by the Subsidy Program.

Table 3. Recommended NIH Program Subsidy Program Structure for FY2008.

Eligible Employee's Total Adjusted Gross Household Income	Percentage of the Eligible Child Care Expenses Plan will pay
More than \$60,000	0%
\$45,001 - \$60,000	20%
\$30,001 - \$45,000	35%
\$30,000 or less	50%

These recommended changes maximize the amount of allocated funds that assist eligible employees relative to administrative charges. At the present time, the total adjusted gross household income cap of \$60,000 is comparable with other Federal agencies in the region.

The program should retain the annual family cap of \$5,000 to maximize the number of eligible employees who can receive the Subsidy and to avoid the additional administrative burden on the NIH associated with distributions greater than \$5,000.

3) The NIH Subsidy Program should accommodate annual increases in the costs of living and the cost of child care.

Specifically, the Board recommends that the maximum total adjusted gross household income limit for eligibility increase annually in accordance with cost of living adjustments. Income tiers will be modified accordingly. Child care costs continue to increase at a rate greater than general increases to the cost of living. In addition, increasing the total income amount associated with eligibility ensures that needy employees are not disqualified from the Subsidy Program simply due to an annual increase in salary associated with the cost of living adjustment.

During the two-year Implementation Phase, cost of living adjustments to the total adjusted gross income levels for eligibility will be implemented on a funds available basis. Data from the Implementation Phase will be used to recommend adjustments to the total budget, eligibility income levels, and annual cost of living increases for following years.

Appendices

1. Flyer advertising program
2. Child Care Subsidy Pilot Program application instructions
3. Comments from Program recipients

Appendix I: Announcement of NIH Pilot Child Care Subsidy Program

Do You Need Help Paying for Child Care?

**If your total annual household income is less than \$60,000,
you may be eligible to participate in the
NIH Child Care Subsidy Program**

Your child must be enrolled in a licensed child care center or home.
All NIH federal employees, no matter where you live, can apply for
child care tuition subsidy and use it at your local licensed child care provider.

Subsidy Benefits in the NIH Program:

Eligible Employee's Total Family Household Income *	Percentage of the Participant's Eligible Child Care Expenses Plan will Pay**
More than \$60,000	0%
\$52,501 - \$60,000	10%
\$45,001 - \$52,500	20%
\$37,501 - \$45,000	30%
\$30,001 - \$37,500	40%
\$30,000 or less	50%

*Total Family Income refers to total adjusted gross income on IRS Tax Return Form 1040.

**This program includes a benefit cap of \$5,000 per family per year, and participant's benefits under this plan will be reduced by the amount received by other State or local child care subsidies received.

The NIH has chosen the Federal Employee Education and Assistance Fund (FEEA) to administer the NIH Child Care Subsidy Program. The FEEA will receive the completed applications, make the subsidy determinations based on eligibility and funding, and notify the applicants and the child care provider of the decision. Applications will be effective the beginning of the month in which they are filed. The subsidy will be paid directly to the child care provider.

**For more information about this program, please contact the
ORS Division of Employee Services at 301-402-8180
or visit this helpful website
<http://does.ors.od.nih.gov/childcare>**

Appendix II: NIH Child Care Subsidy Program Application Instructions

Eligibility for Subsidy Program

To qualify for a subsidy you must:

- Be an NIH civil service employee or member of the Commissioned Officers Corps with dependent children 12 and under, and/or disabled children 18 and under.
- Work a full or part-time schedule.
- Use care that is licensed and/or regulated by state and/or local authorities.
- Have a **total family income** of \$60,000 per year or less.

NIH Contractors, Visiting Fellows and Title 42 Visiting Scientists **are not eligible** for this program.

Child care subsidy benefits are limited to \$5,000.00 per year, per family. Applications will be accepted in the order they are received and will be effective at the beginning of the month in which they are received.

Employee's Total Family Income *	Percentage the Participant's Child Care Expenses Plan will Pay**
More than \$60,000	0%
\$52,501 - \$60,000	10%
\$45,001 - \$52,500	20%
\$37,501 - \$45,000	30%
\$30,001 - \$37,500	40%
\$30,000 or less	50%

* Total Family Income refers to total adjusted gross income on IRS Tax Return Form 1040.

** This program includes a benefit cap of \$5,000 per family per year, and participant's benefits under this plan will be reduced by the amount of other state or local child care subsidies received by the participant.

Oversight and Administration

The NIH has chosen the Federal Employee Education and Assistance Fund (FEEA) to administer the agency's Child Care Subsidy Program. The FEEA will receive the completed applications, make the subsidy determinations based on eligibility and funding, and notify the applicants and the child care provider of the decision.

Questions about the application process should be addressed to FEEA at the following telephone numbers: **1-800-323-4140, 1-800-338-0755, or (303) 933-7580.**

How to Apply

This program is an NIH three year pilot with a spending cap of \$50,000 in Fiscal Year 2005 (FY05) and \$200,000 in Fiscal Years 2006 & 2007.

There is no designated application period, thereby allowing employees to apply at any time.

Employees are required to apply for the subsidy on an annual basis.

NIH employees interested in participating in this program should carefully review all of the information and requirements and follow these procedures:

- If the employee's child(ren) is/are not yet enrolled in child care, employees should identify a licensed and/or regulated center-based or family child care provider, and ensure there is a space for their child before applying for the subsidy. Once space is verified, employees can complete the subsidy application forms.
- If employees already have their child(ren) enrolled in licensed and/or regulated child care (center-based or family child care), and they wish to receive a subsidy, they should fill out the subsidy application forms.

The complete subsidy application package consists of:

- HHS Form 698 - Child Care Subsidy Application
Click here to obtain a copy of this form: www.psc.gov/forms/HHS/HHS-698.pdf
- OPM Form 1644 - Child Care Provider Information
Click here to obtain a copy of this form: www.opm.gov/forms/pdf_fill/opm1644.pdf

NOTE - If care is provided by more than one child care provider, a completed OPM Form 1644 and accompanying documentation **must** be submitted for each provider.

These required supporting documents:

- Two most recent pay statements for each parent or guardian.
- A copy of the most recent Federal income tax returns for each parent or guardian.
- A copy of the child care provider's current license or statement of compliance with State and/or local child care regulations.

Request Subsidy Application Forms

If you are unable to open the links above and would like to have copies of the subsidy application forms mailed/faxed to you, please contact the NIH Child Care Coordination Team on (301) 402-8180.

The completed application package **must be MAILED** to:

**Federal Employee Education and Assistance Fund (FEEA)
NIH Child Care Program
8441 West Bowles Avenue
Suite 200
Littleton, Colorado 80123-9501**

Electronic or fax applications will NOT be accepted.

The FEEA will review applications, make subsidy decisions, and notify the applicant and child care provider of approval or disapproval within 10 business days upon receipt complete application and supporting documents. Tuition assistance reimbursements will be made to the provider, not to the NIH employee. The employee will receive the subsidy in the form of reduced fees from the provider.

Applications will be processed in the order they are received.

Questions about the application process should be addressed to FEEA at the following telephone numbers: **1-800-323-4140, 1-800-338-0755, or (303) 933-7580.**

Appendix III- Comments from NIH Child Care Subsidy Program Recipients

I will like to start out by thanking all those who have made the NIH Child Care Subsidy possible. This program has truly been a blessing for me; I am a single mother of five children. Not only does this program help me financially but it has made it possible for me to be able to afford quality license child care. In the past I was forced to use unlicensed child care. Also because of the Child Care Subsidy I have decided to continue my career here at NIH because I feel that NIH cares about their employees and supports them by offering these great programs. I hope that in the future this program will be a permanent program here at NIH. Thank you.

-OD, GS 5

I personally think this program is great for NIH employees for several reasons. This initiative is a great way to attract other federal agency employees to become members of the NIH workforce. Also, daycare is very expensive and almost unaffordable for some of us. This benefit takes a lot of the stress off the money issue when it comes to paying for daycare. Because of the high cost of daycare many of us can not affordable to register our children in reliable, registered daycare facilities. Because of this program I have been able to register my child in an excellent daycare where my daughter has learned so much and my accountability at work has increased because I count on a very responsible daycare who is open even when the public/private schools are closed.

- NCI, GS 8

I want to write and express my thanks for the NIH Child Subsidy program. I am a single Mom and have a son that is 8 years old that requires before and after care so that I am able to work full time here at NIH. I would like to say that this program has helped me out tremendously to be able to pay for my child care fees and it also has helped me during the summer for my child to go to summer camp. I am so delighted for being able to send him there with help from the child subsidy program and it was such an easy and convenient process for this to happen. Child care can be very expensive especially for single moms and single dads. I am hoping that this program will be able to continue because I am one parent that appreciates it and I believe there other employees that need to know that there is help here at NIH if they qualify. Again thank you so, so much for the help you have given my family.

- OD, GS 7

I have been blessed by knowing that I have the opportunity to be able to come to work everyday and not worry about my 2 year old because the subsidy has really helped me out financially. Childcare is really expensive and for some of us who have to pay this expense alone as well as maintain everything else in your everyday life it means a lot. So I hope that this program will become permanent because NIH is a large Institute and I know that there are more families that could benefit from this. So I feel this program has had a very good impact on my family and work situation.

- NICHHD, GS 5

I am a single parent with two children in daycare. My oldest is going to third grade in the fall and my youngest is three, leaving her with two more years before she can attend kindergarten. Child care is expensive, especially in Montgomery County where I reside. Raising two children, paying rent, child care, utilities, student loan, gas, groceries, and other expenses on one income is very stressful. Can you imagine having to pay \$1,096 per month in child care expenses while only making \$36, 671 yearly? Well, that was my situation last year. I fell behind in my utilities and student loan payments, because I had to pay \$1,096 monthly for child care.

At one point, I was behind in child care and had to face the threat of having my children removed from their daycare because I couldn't pay the bill. Which in turn, would mean that I wouldn't have child care and that would threaten my job situation, which at the time I had just received a permanent position after being a Stay in School Student at NIH for 5 years. Since being a recipient of the NIH Child Care Subsidy, I have been able to alleviate some of my financial stress. Both of my children are now on this program, and it truly has been a tremendous blessing for my family. I am now able to pay my student loan and utilities in addition to my child care obligations and not have to worry about daycare being terminated and possibly my job. Without this subsidy, things would really be hard for my family. This program is a valuable asset to the parents of the NIH community that are able to utilize it. Not having this program would have an adverse reaction, and possibly lead to termination of child care and in worse cases employment. I feel that setting aside a permanent budget for this program is a worth wild investment that would greatly impact a lot of people in the NIH community, take my situation for example. Yes I am just one person, but there are tons of parents who may be in the same situation or even worse. Please take into consideration how much of a positive aspect this program is, and invest to make it permanent. - NIAID, GS 7

My name is xxxxxx and I have been working at NIH for 11 ½ yrs. I am a grade 6 and a single parent of 2 kids: a 2 yr old son and an 8 yr old daughter. For years, I struggled with commuting back and forth to work, paying my bills including daycare. My daycare used to cost me close to \$1000 a month with only a salary of \$30,000. But, with the help of the NIH Childcare subsidy program that I have been on since it first launched my daycare now cost me \$400 a month and I'm able to pay that and still able to maintain my other bills and take care of my kids. I am asking that NIH please consider making this a permanent program because this would be a great benefit to all the single parents and all the other parents who are struggling just as much as I am. Thank you so much for your time and effort. - NIDA, GS 6

The Child Care Subsidy Program has had a tremendous affect on my family. As a single parent, it has been very difficult for me to pay for quality daycare because of the high tuition costs in Montgomery County, Maryland. However, the subsidy program has afforded me the opportunity to place my four year old daughter in a daycare center that has an outstanding curriculum and nurturing environment. Since I am able to place my daughter in a daycare center, my absenteeism has decreased and I am able to focus on my workload knowing that my daughter is being well taken care of. I hope the Child Care Subsidy Program will continue, so other families can benefit from this program. -NIAID, GS 6

I receive the NIH childcare subsidy since the beginning of the program. I am a single mother with 2 children, ages 8 and 13. I have been able to put my children in a safe daycare without going broke. My younger son has bipolar and ADHD and daycare has been a challenge for me since he started school. Not all daycares are equipped to deal with children who have these problems and the ones that are have been too expensive for me. I now have my son in a before and after care program and summer program that he is succeeding in. It is such a relief to have a daycare that I feel comfortable leaving my son in. NIH childcare subsidy has made this more possible for me than it was in the past. -OD, GS 8

I am a single mother with three small children. I have worked here at NIH for the past two years and been a recipient of the NIH Child Care Subsidy Program for the past year. I am also one of the six individuals now on the waiting list to add my third child to the program. The NIH Child Care Subsidy Program has been like an answer to my prayers. With the financial burden of trying to pay child care costs for three small children, the program has helped me be able to afford good child care for my kids. The peace of mind that having good child care provides is not able to be measured in words or money. This program is an essential part of why I would never consider leaving NIH. The assistance it provides can not be matched anywhere, which is something that I know first hand.

As I am sure you are aware child care costs, especially in this area, are astronomical. So therefore, parents would be forced to find unlicensed providers, who charge less, to care for their children in order to be able to afford child care. I would worry constantly about the efficiency of the childcare that my children were receiving. In order to get good service, you have to pay for it and child care is definitely an area where you can not cut corners. In addition to the difficulty I had in finding suitable child care while on the state assistance, I was also penalized when I had an additional child.

Without the NIH Child Care Subsidy Program I do not know how I would continue to work. With the cost of living and the cost of childcare rising daily, it would come down to a choice between rent or childcare.

The more that you help you employees to thrive and be successful, the more they will do the same for you. -NIAAA, GS 5

As you can imagine, it is quite a struggle to support a family of four on one income. The program has made life a little more comfortable and I don't have to choose between paying child care or buying food. The program has also increased my desire to remain at NIH. I feel like a valued employee, in spite of the fact that I am not a scientist. This means a great deal to me and I have not pursued other employment outside of the Institute for this reason. -NIAAA, GS 9

I am currently a grade 5, and without the child care subsidy I would not be able to send my daughter to day care. I am a single mother of two children ages 3 and 12, and it would be impossible for me to pay over \$500 a month in day care expenses.

Before the subsidy program began, I had to wake my children at 4:30am in the morning to drive more than 30 miles to drop my daughters at my parents. When this became too much of a burden on myself, and my family (not to mention the gas prices) I was forced to give up my apartment and move in with my parents. After I received the subsidy I was able to become more self sufficient and get my own place again, and my daughter is happy to be at day care learning and playing with children her age.

Even though my daughter will be school age when the subsidy program is expected to end, I will still need help with before and after care. I love my job and am proud to be an NIH employee. The subsidy program encourages me to stay focused on my work and not have to worry with child care bills, and where is the money going to come from.

Thank you for allowing me to express my feelings. I hope that the program continues, not only for me but for other families in need.

- NCI, GS 5

The Childcare Subsidy Program has been a Godsend for me. Even though I only receive a small subsidy each month, it has made a huge difference. I have been living from paycheck to paycheck, with crazy housing prices, extracurricular activity and outrageous childcare expenses, but the subsidy program has allowed me to put aside a small portion of my paycheck for my daughter's college fund over the last academic year.

I imagine that the only reason more people don't participate in the subsidy program is that they don't know about it! Making it a permanent program with increased funding would allow more people to be able to plan for their futures rather than just scraping by. This is an incredibly helpful program that allows me specifically to spend less energy worrying about whether my child is safe, and to focus better on my duties at work. Thank you!

-NHGRI, GS 10

Because of the subsidy, my daughter is at a licensed learning center. I never worry about the care she is receiving and this allows me to accomplish my work tasks without interruption. Others I know who have in home providers often miss work due to provider vacations, illness, or unreliability. My daughter's daycare center is always open on my work days. Others I know also question the care their child receives and call the providers throughout the work day to check on their children or are otherwise distracted from work tasks. I sometimes visit my daughter on my lunch break, but because I love seeing her, not because I worry about her care. Because of the NIH Childcare Subsidy, I am a fully productive employee and a single mother. I don't know where I would be without it.

- NHLBI, GS 5

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