



*UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT*

**GUIDE FOR
IMPLEMENTING
CHILD CARE LEGISLATION**

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

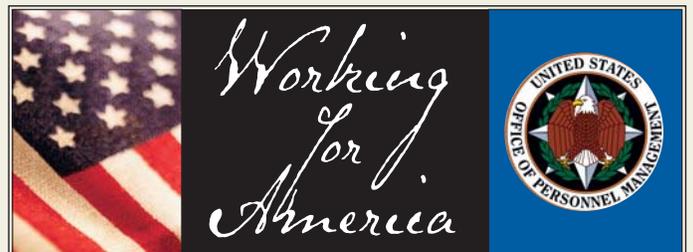


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Affordable Child Care for Lower Income Federal Employees

AGENCY USE OF APPROPRIATED FUNDS FOR CHILD CARE COSTS FOR LOWER INCOME EMPLOYEES

Sec. 630.

(a) IN GENERAL. - Hereafter, in accordance with regulations promulgated by the Office of Personnel Management, an Executive agency which provides or proposes to provide child care services for Federal employees may use appropriated funds (otherwise available to such agency for salaries and expenses) to provide child care, in a Federal or leased facility, or through contract, for civilian employees of such agency.

(b) AFFORDABILITY. - Amounts so provided with respect to any such facility or contractor shall be applied to improve the affordability of child care for lower income Federal employees using or seeking to use the child care services offered by such facility or contractor.

(c) ADVANCES. - Notwithstanding 31 U.S.C. 3324, amounts paid to licensed or regulated child care providers may be in advance of services rendered, covering agreed upon periods, as appropriate.

(d) REGULATIONS. - The Office of Personnel Management shall, within 180 days after the date of enactment of this Act, issue regulations necessary to carry out this section.

(e) DEFINITION. - For purposes of this section, the term "Executive agency" has the meaning given such term by section 105 of title 5, United States Code, but does not include the General Accounting Office.

(f) NOTIFICATION. - None of the funds made available in this or any other Act may be used to implement the provisions of this section absent advance notification to the Committees on Appropriations.

Use of the Guide

Purpose of the Guide:

The purpose of this Guide is to provide Federal agencies, Federal employees, child care providers, and child care governing boards with useful information related to the child care legislation that permits agencies to spend appropriated funds (including revolving funds available for salaries and expenses) to assist their lower income employees with the costs of child care.

How to Use the Guide:

The information contained in this guide is a supplement to the child care regulation, published in March, 2003. (5 CFR Part 792). The guide focuses on procedural matters related to the law. The information in the guide can be used as is or can be changed to suit the needs of each agency. The agency form for reporting annual child care subsidy results to OPM, Form 1645, is mandatory and cannot be altered.

This legislation is permanent. The materials and information in this guide are intended to assist agencies in expediting the process of distributing funds for child care costs of lower income Federal employees.

The law and regulations allow maximum flexibility in interpreting the definition of “lower income Federal employee” provided the intent of the law specifying “lower income” is respected. The guide contains various models for child care subsidy programs that can help agencies decide on a model that suits their needs. An agency may choose to use one of the models or create their own program criteria.

Which agencies have this authority?

Executive agencies, with the exception of the General Accountability Office (GAO), have this authority. The authority includes the Department of Defense. Agencies may use any appropriated funds, including revolving funds that are ordinarily used for salaries and expenses for this purpose.

For how long is this authority in effect?

The law is permanent and was enacted on November 12, 2001.

Benefits to the Agencies

What are the benefits to the agencies?

By helping Federal employees with their child care costs,

- Agencies can improve recruitment and retention---they can recruit more skilled employees and they can retain valuable employees;
- Agencies can save costly training expenses for new employees and save on lost productivity due to the need to replace employees;
- Agencies can improve human capital practices;
- Employees who previously could not afford licensed or regulated child care may be able to do so as a result of this authority;
- They should feel more comfortable with their new child care arrangements and have fewer distractions at work;
- Agencies are supporting good job performance and good attendance;
- Agencies that have on-site child care centers with vacancies can use this authority to help fill the vacancies at their own centers; and
- Agencies can contribute to improved employee morale.

Implementation Process

How should agencies proceed?

Agencies should determine the amount of funds they are willing to allocate for this purpose. They must annually notify their Congressional committees and OPM of their intent to spend funds from their salaries and expense accounts for this purpose each year.

Agencies must report to OPM annually, on [OPM Form 1645](#)  [83 KB], disclosing program costs and numbers. Agencies need to decide on how their programs will be structured and how they will be administered. The following questions should be helpful to agencies in establishing their programs:

1. Does your agency need to bargain with your unions? If so, this process should begin as soon as possible.
2. Will your agency put a ceiling on the funds your agency makes available for this purpose? If so, are the funds on a first-come, first-served basis?
3. Will your agency restrict the use of these funds to certain employees, e.g., full-time or permanent employees?
4. How will your agency ensure that its program is marketed effectively to its employees?
5. Has your agency considered whether to use a contractor as the most effective means of administering this program?
6. Does your agency need to issue a statement of work in order to obtain the services of a contractor who will administer the program?
7. Who at your agency will provide oversight of the program and be responsible for annually reporting the results to OPM?
8. Which subsidy model or formula will your agency use to determine the amount of subsidy an employee will receive?
9. Is the child care provider state licensed and/or regulated? (The agency may not restrict the use of funds to apply to accredited child care providers only. See 5 CFR 792.220)

Marketing the Program to Your Employees

What are some ideas for marketing the child care subsidy program to employees?

- Place announcements on pay slips. Example: "Interested in financial assistance with your child care costs? If you qualify, your agency can help you with licensed and/or regulated family child care costs or center-based child care costs. If you qualify, call..." (insert the name and phone number of the administrator of your program) for more information.
- Post flyers and posters in your agency. Example: "Child Care is Costly—you may be able to receive financial help with your child care costs for licensed and/or regulated center-based child care or family child care providers. Call ... for more information."
- Use electronic bulletin boards and/or the agency intranet. Example: "Your agency may be able to help you with your child care costs. Public Law 107-67, sec. 630, permits Federal agencies to provide financial assistance to lower income Federal employees for child care in licensed and/or regulated center-based or family child care homes. If you believe you might qualify for such assistance, please call or email... to learn more about our program."
- Use agency-wide email and closed circuit television services.
- Let employees who use your on-site child care center know about this legislation. Send fliers home with parents of children enrolled in your child care center. Give prospective parents written information about the child care subsidy program.
- Set up an information telephone line that has a recorded message about the program. Include information about who should be contacted if an employee is interested in application materials.
- If your agency plans to make the program a first-come, first-served program or set a deadline for applying for the subsidy, make that point clear in the marketing materials and periodically send out reminders.
- Make it absolutely clear to your employees that this program is not an entitlement program and only applies to licensed and/or regulated child care.

See [Appendix A: Sample Marketing Flyer](#)

Information for Interested Employees

What should the Federal employee interested in this program do to obtain information and apply for assistance?

Federal employees interested in participating in this program should contact the individual or organization named on their agency's announcements to get more information about the subsidy program. Employees should also obtain a copy of the final regulations and applicable tax issue information via the agency's dependent care assistance plan (DCAP) (Appendix I). After reviewing the available materials, if employees are still interested and their child is not yet enrolled in child care, employees should identify a licensed and/or regulated child care provider of either center-based or family child care, and assure there is a space for their child before applying for the subsidy.

If Federal 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 the subsidy, they should fill out the child care subsidy program application forms, submit them to the person or organization named on the agency's form, and wait for a decision. Once they receive the decision, they must sign the agreement form and return it to the organization administering the program. See [Appendices B, C, D and E](#) for sample forms.

Employees interested in participating will be required to apply for the child subsidy program on an annual basis.

How can Federal employees obtain a copy of the regulations and identify child care services that are licensed and/or regulated?

Information about identifying child care services is included in OPM's publication, [Child Care Resources Handbook](#).

Employees may also wish to contact their local and/or State agencies that regulate center-based child care or family child care facilities.

The regulations are also available at <http://a257.g.akamaitech.net/7/257/2422/14mar20010800/edocket.access.gpo.gov/2004/pdf/04-3953.pdf> .

What is involved in obtaining a child care subsidy?

Employees must submit an application form and be prepared to provide copies of their recent pay stubs and/or latest IRS tax submissions. If a family receives local and/or State child care subsidies, they must indicate the source and the amount on their application. Generally, those amounts are deducted from the subsidy award.

Information for Child Care Providers and Child Care Governing Boards

How can family child care home providers and center-based child care providers participate in the program?

- They can let Federal families currently enrolled in their child care facility know about this program.
- They can contact Federal employees who were interested in their child care program and let them know about the program.
- They can contact agency representatives and let them know whether or not there are spaces available for additional children.
- They can make fliers and written information about the child care program available to the Federal community.
- They can let families know how to apply for the subsidy.
- Federal child care centers can advertise the program to their parents and prospective parents and let the agencies know when they have available spaces in their programs. They can work with the agency Human Resources departments to advertise the program to employees.

How can child care governing boards at Federally sponsored child care centers participate in this program?

- They should market the program in ways similar to those mentioned above.
- They should provide information (a flier or brochure) to the child care center provider for dissemination to families.
- If the governing board is going to administer the program for the agency's Federally-sponsored child care center, it should provide parents with information about how they can apply for the subsidy.

Are there any special restrictions for governing board members who are Federal employees related to administering these programs?

Federal employees are prohibited by 18 U.S.C. § 205 from engaging in certain representational activities before the Government. An exception in this law allows employees to represent a non-profit organization, if a majority of the organization's members are current Federal employees or the spouses or dependent children of Federal employees. The representation permitted must be without compensation, must be consistent with the faithful performance of the employee's official duties, and must not be for the purpose of seeking Federal funds for the organization. This means, for example, that an employee who is on a child care center's board may not contact an agency on behalf of the center to seek subsidy funds for the center. Such a contact would have to be made by a person who is not a Federal employee.

A Federal employee is prohibited by 18 U.S.C. § 208 from participating personally and substantially in an official capacity in particular matters in which an organization he or she serves as director or trustee has a financial interest. This means, for example, that an employee who is on a child care center's board may not be involved in his/her agency's decision of whether to provide a subsidy for children at the center.

See [Appendix F: Child Care Provider Information Form - OPM Reporting Form 1644](#)

Information Related to Child Care Programs Overseas

In the case of an overseas location, how can an agency ensure a child care center or family child care home is safe and appropriate for children in its care whose parents have applied for the child care subsidy?

Since child care licensing or its equivalent is not a requirement in all foreign countries, agencies can use a number of alternatives for ensuring the child care program where their employee subsidy recipients enroll their children is safe and appropriate. The following list is not all inclusive. Agencies may devise other strategies for this purpose:

1. Centers located near military installations: Agencies may choose to request that a child care specialist at a local military installation do an on-site evaluation of the child care center or family child care home using the same evaluation instruments that are used for military child care.
2. Local licensing: Some foreign countries and localities have their own set of regulations for child care. If a locality requires that child care be regulated, the agency can accept local licensure or proxy for licensure if appropriate.
3. Contract for services: Private organizations with international networks conduct evaluation visits on a contractual basis.

Administration of the Child Care Subsidy Program

Federal agencies have a number of options for administering the program. Regardless of which option they choose, administration includes the following activities:

- Marketing the program to their employees;
- Making available subsidy application forms;
- Making subsidy determinations;
- Notifying employees of the determination decisions;
- Notifying employees of the agency's dependent care assistance plan (DCAP);
- Assuring that all of the agreement documents are signed by the parents/guardians;
- Assuring that the employees are using licensed and/or regulated child care, whether center-based care or family child care; and
- Documenting and submitting the required reports to OPM. See [Appendix G: OPM Reporting Form](#)

Agencies can choose to administer the program themselves or contract with an organization that provides subsidy services. Typically, contractors charge a percentage of the disbursements as their fee for services. Agencies should work with their acquisition offices to determine the appropriate contracting method for establishing an agreement to contract with an appropriate organization. A sample Statement of Work is provided in the [Appendix H](#) of this document that may be helpful for agencies that choose to contract for services. Most agencies have chosen to contract for these services.

Payments

Who is paid the child care subsidy?

The regulation requires that agencies pay the child care provider the child care subsidy for Federal employees who qualify for the program. Child care providers should invoice the agency or the organization that has responsibility for administering the child care subsidy program. In overseas situations where child care costs are paid in foreign currency, the agency may choose to pay the employee the subsidy. There may be other rare situations in which an agency feels it is prudent to pay the employee the subsidy. This is permissible if the agency first obtains permission from OPM. Agencies are cautioned, however, that they will be responsible for verifying the child's attendance in the child care arrangement named in the employee's application during the period covered by the subsidy award.

Advance Payments

May agencies make advance payments to child care providers?

An agency may choose to make advance payments to the child care provider in certain situations. Advance payments may be paid to the child care provider when the provider requires child care payments one month in advance of rendering services. Advance payments may not be made for more than one month in advance of receiving child care services.

May agencies continue to make payments for employees called to active duty with the National Guard or Reserves?

Yes, the legislation permits the agency to continue payments. Moreover, OPM encourages agencies to continue child care subsidies for eligible full-time employees who are called up to active duty during times of national emergency as members of the National Guard or Reserves.

Notification to Congress

Who must be notified when an agency decides to implement the child care subsidy program?

An agency must notify its Congressional Appropriations sub-committee of its intent to implement a child care subsidy program. It must also notify OPM. Notifications must occur annually.

The following is a sample notification to Congress:

Dear Chairman/Representative/Senator...

The (Federal agency) has decided to use the authority provided by Section 630 of Public Law 107-67 to spend appropriated funds to assist our lower income employees with child care expenses. As required by the conference report accompanying Public Law 107-67, we hereby notify the Subcommittee that (Federal agency) will obligate \$x for this purpose.

Agency Oversight of the Child Care Subsidy Program

What information should an agency collect for its annual report to OPM?

The required reporting form for OPM can be found at [Appendix G](#) of this guide. Below is a summary of the information the agencies should collect on a fiscal year basis:

- Total amount of funds disbursed;
- The highest weekly amount awarded;
- The lowest weekly amount awarded;
- The average weekly amount awarded;
- Number of employees who received child care subsidy;
- Number of employees who received child care subsidy by grade level;
- Number of children who benefited from child care subsidy;
- Types of child care used and the total number of centers;
- Description of how "lower income employee" was defined;
- Statement of whether the agency placed restrictions on the use of the funds. Please note, agencies may not restrict the child care subsidy program to only accredited child care providers;
- Information on how the subsidy program was administered.

Regardless of who administers the program, the decision about which model to use for determining eligibility and the amount of the subsidy is the responsibility of the agency.

Regardless of who administers the program, the confidentiality of this information must be guaranteed.

"Lower Income Federal Employee" Determination

How should agencies determine whether a Federal employee qualifies as a "lower income Federal employee" for the purposes of this legislation?

Each agency has the discretion to determine who qualifies as a "lower income Federal employee" in a way that makes sense for its agency. Agencies may choose a particular definition for one location or mission and a different definition at another location or mission.

There are several methods for determining eligibility under this law. This guide provides agencies with a variety of **suggested** models. Keep in mind that the **regulations allow for maximum flexibility but the intent of the law specifying "lower income" must be respected**. The intention is to allow agencies to determine what works best for them.

All of the suggested models in this document are based on the assumptions that:

1. A Federal employee's eligibility for this program considers **total family income (TFI)**. TFI is the combined income of both of the child's parents/guardians and is listed on their IRS tax forms as their Adjusted Gross Income; and
2. The amount of subsidy will be reduced by any current State and/or local subsidy the parents/guardians currently receive; and
3. Employees must have submitted their earnings statements, verification of employment, and latest IRS 1040 or other relevant IRS tax forms to the administrators of the program for the purpose of verifying income.

Choosing an eligibility model involves:

1. Deciding whether to set a total family income (TFI) threshold amount, which establishes the highest amount of total family income that can be earned in a given year in order for a Federal employee to be eligible for the program. Obviously, setting that amount at a level that is very high or very low will greatly affect the population of employees who can benefit from this law. With some models, a threshold amount need not be set since the formula automatically disqualifies some employees because of the relationship between their TFI and their actual, expected child care costs.
2. Determining what amount of subsidy the agency will provide to a Federal employee. As you will see from the different models presented, the approach can vary from prescribing a set amount of subsidy, using a sliding scale model, to prescribing a sum that is based on a percentage of TFI or a percentage of child care costs. You should also decide whether your formula addresses all child care costs for a given family or whether assistance will be made on a per child basis. One model is based on the cost of care for each child on an individual basis, while the others are based on the total child care costs a family pays.

These decisions will have an impact, sometimes dramatic, on the amount of subsidy your employees will receive.

Not knowing the amount of spousal income a family has can make it difficult initially to predict how many employees will be eligible and, of those, how many will actually apply for subsidy. Most agencies have reported, thus far, that they initially overestimated both the number of eligible employees and the amount of funds the agencies would disburse.

In several cases, agencies raised their TFI thresholds in order to provide assistance to a greater number of lower income employees.

Step 1: Choose a model that makes sense for your agency. Four of the five models presented here have a set TFI threshold, the upper limit that defines eligibility.

If a threshold is set, families with TFI above a certain threshold would not be eligible for subsidy. Setting a threshold generally makes it easier to understand eligibility. Families with income at or below the TFI threshold amount would be eligible for subsidy. Choose a model that is easy for your employees to understand, while at the same time, accomplishing your goals for the program.

Step 2: Decide on whether you want a model that factors in total child care costs.

Some models consider the total child care costs of the family in determining the amount of subsidy that will be awarded.

Others simply provide a flat fee that employees with more than one child can apply to whichever child's care they wish. If an agency decides it wishes to consider a family's total child care costs, it is easier to take that approach rather than use a model that provides a certain amount of subsidy based on the number of children in care.

Step 3: Determine the amount of subsidy employees can receive.

An important consideration is whether the model you choose results in an amount of subsidy that is adequate for an employee to use toward child care costs. For example, for lower income employees whose child care costs might be \$6,000 annually, providing them with a reduction in child care costs of only \$600 a year might not be adequate for them to utilize licensed child care. Some models provide the employee with a certain percentage of his or her child care costs (Model A) or expect the employee to pay a specified percent of TFI, with the agency paying the remainder (Model B and E).

Agencies may wish to change the numerical factors in a given model to increase or decrease the amount of subsidy an employee might receive.

Note: Although the guide discusses subsidy an employee might receive, **the actual disbursement is generally made directly to the child care provider**, thereby reducing the child care costs for the employee. Refer to the discussion under "Payments" in this Guide.

Tax Implications

What are the tax implications of child care subsidies under this program?

The child care subsidies are generally taxable as income to the employee who benefits from them (26 U.S.C. § 61 and 26 CFR § 1.61-1). Employees are encouraged to seek advice related to tax liability from their financial advisors.

Are the subsidies eligible for any type of tax exemption?

Yes, under certain conditions. The IRS has advised us that if an agency implements the child care subsidy program as a dependent care assistance program, described in section 129 of the Internal Revenue Code (Code), amounts of up to either \$2,500 or \$5,000 may be excluded from gross income.

To qualify for the exclusion, an employee must claim the child as a dependent on the employee's Federal income tax return. A disabled child must meet the definition located in 26 CFR 1.44A-1(b)(4) to qualify for the exemption.

Are agencies required to develop a Dependent Care Assistance Plan (DCAP)?

OPM strongly recommends all agencies to develop a DCAP. To obtain further guidance on the tax implications of DCAP, agencies may call the IRS, Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations), at (202) 622-6080 or on the IRS website, <http://www.irs.gov>.

Where can agencies obtain more information about setting up the child care subsidy as a dependent care assistance program?

The requirements of a DCAP are outlined in section 129 of the Code. There are also several reporting requirements that are imposed under this section. IRS Publication 503 describes those requirements and can be found at <http://www.irs.gov/pub/irs-pdf/p503.pdf> . Agencies may obtain further guidance by calling the IRS, Office of the Associate Chief Counsel (Employee Benefits and Exempt Organizations), at (202) 622-6080 or on the IRS website, <http://www.irs.gov>. A sample DCAP is also included in this guide under [Appendix I](#).

How can employees ensure that they are calculating their exemptions correctly?

Please refer to Publication 503 "Child and Dependent Care Expenses." You should also consult your tax advisor to be sure that you calculated the child care credits and exemptions correctly.

Subsidy Models

Each model includes an example. The same family situation is used for each model for comparison purposes.

Model A – Based on a variable percentage of a family’s total child care costs that the agency pays, linked to total family income. This is the most popular model currently being used by the agencies.

In this model, the agency establishes an upper limit or threshold for TFI eligibility. In this example, it is \$60,000. This is an arbitrary amount used to illustrate how the subsidy calculations would be made. Agencies may choose to set higher or lower threshold amounts.

The subsidy for all of the children in child care, including before and after school care, in a particular family is determined as a set percentage of the family’s total child care costs. The agency prorates the percentage amounts based on total family income (TFI). The lower the TFI, the greater is the subsidy provided by the agency.

Total Family Income	% of Total Child Care Costs Paid by the Agency
60,001 and above	0
45,001-60,000	30
26,001-45,000	40
26,000 and under	70

Example: If a family’s TFI is \$50,000 and its total annual cost of child care is \$6,000, the agency will pay 30% (\$2,000) and the family pays the rest (\$4,000).

Model B – Based on a specific percentage of total family income that the family is expected to pay for their total child care costs. The agency pays the remainder. The concept is similar to Model C.

According to this model, a family is eligible for a subsidy only when actual child care costs exceed the specified percentage set by the agency. The specified percentage is the same for all income brackets. No TFI threshold amount is set in this model. This model is particularly helpful to families that have extraordinary child care expenses such as families that have multiple births.

Example: In this example, the agency sets 15% as the percentage of total family income the family is expected to pay for child care, regardless of their income level. Again, the percentage might be set higher or lower than 15%; 15% is used here to illustrate the effects of the model.

If the family’s total family income is \$50,000 and its annual costs of child care are \$6,000, the family is expected to pay up to \$7,500 (15% of TFI) for child care costs.

Since its actual costs are \$6,000, it would **not** receive subsidy because this is less than the amount it is expected to pay. However, if the same family had annual child care costs of child care are \$9,000 (more typical for a family with more than one child), the family is still expected to pay \$7,500. In this case, the agency pays \$1,500.

Model C – Based on a specific percentage of total family income that the family is expected to pay for their total child care costs. The agency pays the remainder.

This model sets a threshold amount of total family income. In this case, it is \$50,000, meaning that no family earning over \$50,000 a year is eligible for subsidy. The model uses a percentage of total child care costs the family is expected to pay and the agency pays the difference. This model is similar to Model B except that the percentage of total family income the family is expected to pay is based on a graduated scale. An agency interested in this model may wish to change the income bracket amounts and/or change the percentage amounts.

Total Family Income	% of TFI a Family is Expected to Pay for Child Care
40,001-50,000	15
25,001-40,000	10
25,000 and under	5

Example: If a family’s total family income is \$50,000, it is expected to pay 15% of TFI or \$7,500 for child care costs. Since their costs are \$6,000, the agency does not provide subsidy. However, if the total child care costs are \$9,000, the agency pays \$1,500.

Model D – Based on a low income eligibility threshold with a specified graduated amount the agency pays regardless of the family’s actual child care costs. This is a flat fee model.

The income eligibility TFI threshold is set at a specified total family income amount; in this case it is \$50,000 to illustrate the effects of the model. Agencies may choose to set the threshold higher or lower. They may also wish to set the subsidy amount higher or lower than the example shown here. Only those families earning less than the threshold amount (\$55,001) are eligible for a subsidy. The subsidy amount is on a sliding scale and determined by the family’s total family income bracket. This model does not take into consideration a family’s actual child care costs for all of the children in care in a family. If child care costs are less than the amount of subsidy for which the employee is eligible, the subsidy will be the cost of the child care. For example, if an employee’s family earns \$50,000, and its annual child care costs are \$3,000, the employee will be eligible to receive \$2,000. If its costs are \$7,000 per year, it will receive subsidy of \$2,000.

Total Family Income	Subsidy Amount per Family
Over 55,001	-0-
40,001-55,000	2,000

25,001-40,00	3,000
25,000 and under	4,000

Model E – Based on a child care cost sliding scale per child that is paid by the family. The agency pays the remainder.

This model specifies a sliding scale of child care rates a family is expected to pay **per child** and the agency pays the difference. Therefore, the amount the agency pays is calculated for each child in care. This chart is from the Military model. The Military model does not set a threshold amount.

Category	Total Family Income	Range of Weekly Fees Per Child Paid by Employees
I	0 - 23,000	40-53
II	23,001 - 34,000	50-64
III	34,001 - 44,000	61-76
IV	44,001 - 55,000	74-86
V	55,001 - 69,999	88-100
VI	70,000+	103-114

Example: If a family’s total family income is \$50,000 and it has one child in care, the family will pay \$4,160 a year (based on the midpoint fee of \$80 per week). The weekly rates are considerably below the market rates for similar child care.

Appendix A
Sample Marketing Flyer

Department X
Child Care Subsidy Program

P. L. 107-67, Sec. 630, permits Federal agencies to assist lower income Federal employees with child care costs through a subsidy program.

If you meet the Department's eligibility criteria, your child care costs might be **REDUCED!**

The Child Care Subsidy Program applies to employees whose children are age 13 or under, or disabled through age 18, and are enrolled, or will be enrolled, in family child care homes or center-based child care. The child care provider must be licensed and/or regulated by State and/or local authorities.

The deadline for applying for child care subsidy is _____.

Call: (insert name, phone number and address of organization administering the program for the Department or insert name and phone number of the Department's contact) or visit our website at:

Appendix B Sample Child Care Subsidy Program Description

General Information

Public Law 107-67, Sec. 630, permits Federal agencies, at their discretion, to use appropriated funds normally available for salaries to assist their lower income employees with child care costs. Department X has chosen to establish this program for its lower income employees.

The Department X Child Care Subsidy Program is operated on a first-come, first-served basis. Applications postmarked by (insert date) will be effective with the beginning date of the program. Applications received after (insert date) will be effective the Monday following the week of postmark. If all agency funds have been committed, new applications will be placed on a waiting list.

Eligibility

Department X has established the following formula for determining both eligibility and the amount of the child care subsidy: (insert model and give an example)

Administration of the Program

Department X has chosen (insert name of organization administering the program) to administer the Department's Child Care Subsidy Program. The Organization will receive the child care subsidy applications, make the subsidy decisions, and notify the applicants and the child care provider of the decision. The subsidy will be paid to the child care provider by the organization administering the program unless special permission has been obtained from OPM to pay the employee directly due to unusual circumstances.

How to Apply

Complete the child care subsidy program application, have your child care provider complete the Child Care Provider Information Form and mail with all necessary attachments to: (insert name of organization and address). You will receive a letter of notification about the decision on your application.

If you have questions about the program or your application, please call (insert name of organization administering the program and their phone number).

All information is kept strictly confidential. Identification of the applicant is known only to the (insert name of organization). Once the subsidy award is made, only the amount of the subsidy award and name of the applicant are provided to the child care provider and to your employer for tax purposes only.

Appendix C
Employee Application Form - OPM Form 1643

OPM Form 1643

Appendix D
Sample Child Care Subsidy Award Letter for Parents

Dear _____

We are pleased to inform you of our decision to award you \$ _____ per week toward your child care costs at the (insert name and address of child care provider). The child care subsidy will be paid directly to your child care provider and your subsidy bill will be credited for this amount.

The award will take effect beginning on (insert date) and will expire on (insert date) or when your child leaves the center, or when you leave your agency, whichever comes first.

You must notify, in writing, (insert name of organization) if and when your child is no longer enrolled in the child care program you listed on your application. You must reapply for a child care subsidy should you change your child care arrangements.

By accepting this subsidy, you assure that all information you presented in your application was accurate. Fraudulent statements will result in loss of the award and/or repayment of the amount of the award. To accept the award, please sign the attached agreement immediately and return it to (insert name and address of organization that administers the tuition assistance program).

You will be required to submit a new tax return by April 15th each year. You will receive a new award letter effective May 1st based on the income on your tax return.

If you have any questions about the child care subsidy program, or your award in particular, please do not hesitate to call (insert name and phone number).

Sincerely,

Appendix E

Sample Child Care Subsidy Agreement Between Employee and Agency or Organization That Administers Funds

From: (Names of parents or guardians)

Address:

To: (Organization that administers the child care subsidy program)

Address:

Subject: Child Care Subsidy Award Weekly Amount of \$_____ for (insert name of child) to attend the (insert name and address of child care program).

I/We agree to accept the child care subsidy award of \$_____ per week. I/we understand that the award becomes effective (insert date) and remains in effect until (insert date) or the date when the child is no longer enrolled in the child care program named in this agreement, or the date I/we leave the agency, whichever occurs first. I/we agree to notify (name of Organization) if and when our child is no longer enrolled at (insert name of child care program).

I/we agree to submit a new tax return by April 15th. I/we understand any changes to my award based on my/our tax return will be effective May 1st.

I/we understand I/we will be billed by the (insert name of child care provider) for the prevailing child care rate. If the child care rate is increased during the award period, we understand the amount of the award may not change.

Parent Signature: _____ Date: _____

Parent Signature: _____ Date: _____

To activate your award, return this form to:

(Insert name and address of organization administering the program)

Your child care subsidy will not become effective unless this form is returned to the organization named above. It verifies your child will be enrolled in the program you indicated on your application form and you agree to report the events listed above.

Appendix F

Child Care Provider Information Form - OPM Form 1644

This form is optional.

Agencies may develop their own form, if they wish.

If agencies develop their own form, it will require OMB clearance.

[OPM 1644](#)  [198 KB]

Appendix G
OPM Reporting Form – Form 1645

Agencies are required to submit their Child Care Subsidy data on this form.

USE OPM FORM 1645 TO COMPLETE YOUR REPORT

[OPM 1645 !\[\]\(c7774dea93eb10ead3ed0542c77a8534_img.jpg\) \[84 KB\]](#)

Appendix H Sample Statement of Work

SAMPLE

I. BACKGROUND

The Agency is soliciting proposals from qualified organizations to administer the Agency's child care subsidy program. Congress enacted Public Law 107-67, Sec. 630, on November 12, 2001. This legislation permits Federal agencies to administer a program to assist their lower income Federal employees with the costs of child care. The contractor will administer the program on behalf of the agency for the period from the date of award through the time this program expires or the agency chooses another administrator. Child care subsidy can reduce the amount of costs parents pay for child care by providing subsidies directly to the child care provider. To be eligible to participate, a child care provider must be a family child care home or child care center licensed and/or regulated by the State and, where applicable, local authorities (i.e. the provider must meet all requirements of its particular jurisdiction) where the service is provided.

II. REQUIREMENTS OVERVIEW

(Agency) requires a contractor to demonstrate it has the ability to effectively manage (Agency) child care subsidy program. In responding to this RFP each entity must submit a technical proposal that demonstrates its ability to perform the following services:

- A. Handle all administrative tasks associated with the child care subsidy program appropriately and efficiently.
- B. Help the (Agency) design publicity material and help design the agency's child care subsidy program applications.
- C. Maintain confidentiality of all the information contained in the child care subsidy program applications.
- D. Notify the parents and the child care provider of the amount of the subsidy that each family will receive and the effective dates.
- E. Determine the eligibility of child care providers to receive Federal funds (all must comply with all applicable licensing and other regulatory requirements) by:
 - 1. Requiring each child care provider to submit a copy of any current license and any statement of compliance from any body charged with regulating that provider;
 - 2. Requiring child care providers to submit their taxpayer identification numbers; and
 - 3. Insuring that licensed child care providers understand that if, for whatever reason, the provider is no longer licensed or subject to regulatory oversight or is not in compliance with applicable regulations, the provider will immediately notify the contractor and the Federal employee whose child is enrolled in the child care program. In such cases, the provider will no longer be permitted to receive the child care subsidy; and

- F. Review monthly invoices for the child care subsidy amounts from the child care providers, and provide payment if appropriate, based on the invoiced amount no later than 30 calendar days after the date of the invoice. The contractor will pay the child care subsidy tuition assistance directly to the child care provider, and not to the Federal employee, unless OPM has approved payment directly to the employee.
 - 1. Insure that the child care provider submits a written invoice, on a monthly basis, to the contractor.
 - 2. Child care subsidy will be quoted as weekly amounts and the invoices must be prepared using full week amounts unless the child leaves the program during a particular week.

- G. **Provide the agency with monthly reports for tax purposes if payments do not qualify for the Dependent Care Assistance Plan (DCAP) exclusion.**

III. CHILD CARE SUBSIDY PROGRAM ELIGIBILITY AND DETERMINATION OF SUBSIDY AMOUNT

The contractor will issue quarterly reports to the Agency on the status of the Agency's child care subsidy program. Reports will contain the following information and will be due on the fifteenth day following the end of the quarter.

- A. The amount of child care subsidy disbursed in a given month;
- B. The number of children enrolled whose parents receive the child care subsidy;
- C. The number of Federal employees from the agency who qualified for and received the subsidy;
- D. The total family income of each family that receives a child care subsidy;
- E. The amount of the weekly child care subsidy for each recipient;
- F. The name and address of each child care provider that provides services for the child care subsidy recipients;
- G. The number of total applicants for the month;
- H. The number of applications in process;
- I. The number of new child care subsidies approved;
- J. The number of applicants who were ineligible;
- K. The number of applicants who were denied assistance due to lack of agency funds; and
- L. The remaining balance of the agency's funds.

IV. PROPOSAL SUBMISSION REQUIREMENTS

A. Technical Proposal

Offerors must submit an original and two copies of a technical proposal which demonstrates the approach they will use to provide all the services described in this statement of work. Additionally, offerors should include in their technical proposals information demonstrating they have experience in administering similar programs, and references to contact to determine their past performance in administering similar programs.

B. Price Proposal

Offerors must submit an original and one copy of a pricing proposal that indicates the total, firm, fixed price for providing these services. The total price should be broken down to show the individual pricing elements that go into the total price proposed.

V. PROPOSAL EVALUATION

Offeror's technical proposals will be evaluated against the following criteria. They are stated in descending order of importance:

- A. Offeror's proposed approach to administering this program.
- B. Offeror's corporate experience in administering similar programs.
- C. Offeror's past performance in performing similar programs.

VI. AWARD DETERMINATION

The successful offeror will be chosen primarily on the basis of their ability to successfully perform these services as demonstrated in their technical proposal. The (Agency) will also consider the total cost to perform these services in making its award decision. However, in making the award decision, technical excellence will be more important than cost and the government reserves the right to make award to the offeror whose proposal provides the best value to the government, even if that offeror did not offer the lowest cost bid.

APPENDIX I
SAMPLE DEPENDENT CARE ASSISTANCE PLAN DOCUMENT
UNDER SEC. 129 of INTERNAL REVENUE CODE

ARTICLE 1 - PURPOSE OF THE PLAN

1.1. (AGENCY) establishes this Plan under Public Law 107-67, Section 630, to subsidize a portion of the cost of child care incurred by (AGENCY)'s employees.

1.2. (AGENCY) also intends that the Plan qualify as a plan providing dependent care assistance under Internal Revenue Code (Code) Section 129. Only the subsidies provided under the Plan for Eligible Child Care Expenses on behalf of a Qualifying Child who is also a Qualifying Dependent will be eligible for exclusion from the Participant's gross income under Code Section 129(a). Subsidies disbursed on behalf of a Qualifying Child who is not also a Qualifying Dependent must be included in the Participant's gross income.

ARTICLE 2 - DEFINITIONS

2.1. "Benefits" means the amounts paid to Participants under the Plan to subsidize Eligible Child Care Expenses paid or incurred by the Participant.

2.2. "Child" means a member of a household maintained by an Employee who bears the following relationship to the Employee:

- a. a biological child who lives with the Employee;
- b. an adopted child;
- c. a stepchild;
- d. a foster child;
- e. a child for whom a judicial determination of support has been obtained; or
- f. a child to whose support the Employee who is a parent or legal guardian makes regular and substantial contributions.

2.3. "Code" means the Internal Revenue Code of 1986, as amended.

2.4. "Dependent" means any individual who is a dependent of a Participant within the meaning of Code Section 152(a).

2.5. "Earned Income" means all income, as defined under Code Section 32(c)(2), including income from wages, salaries, tips and other employee compensation, and net earnings from self-employment, but does not include any amounts received: (i) as pre-tax benefits under Code Section 129 on behalf of a Qualifying Dependent under the Plan or any other dependent care assistance program; (ii) as a pension or annuity; or (iii) as unemployment or workers' compensation.

2.6. "Educational Institution" means any college or university, the primary function of which is the presentation of formal instruction and that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on.

2.7. "**Effective Date**" means *(date selected for start of program)*.

2.8. "**Eligible Child Care Expenses**" means expenses incurred by a Participant for Qualifying Services which are paid to a Qualifying Provider who is not: (i) a Dependent of a Participant or a Dependent of the Spouse of a Participant, (ii) a child of a Participant under the age of 19, and which are incurred to enable the Participant or the Participant's Spouse to be gainfully employed.

2.9. "**Eligible Employee**" means an individual employed on a full time basis by (AGENCY).

2.10. "**Employee**" means an employee of (AGENCY).

2.11. "**Highly Compensated Employee**" means any person who is a highly compensated employee as defined in Code Section 414(q).

2.12. "**Maintaining a Household**" means that an Employee or, if married, an Employee and Spouse together furnish over one half the cost of maintaining a household.

2.13. "**(AGENCY)**" means *(full name of agency if acronym/abbreviation used throughout document)*.

2.14. "**Participant**" means any Employee who has satisfied the eligibility requirements of Section 3.1, who has made application and been accepted by (AGENCY) for benefits under this Plan.

2.15. "**Plan**" means the (AGENCY) Child Care Subsidy Plan.

2.16. "**Plan Administrator**" means (AGENCY).

2.17. "**Plan Year**" means the 12-month period commencing on January 1 and ending on December 31.

2.18. "**Qualifying Child**" means a Child of a Participant who is: (a) under the age of 13; or (b) under age 18 and is physically or mentally incapable of caring for himself or herself.

2.19. "**Qualifying Day Care Center**" means a day care center, as described in Code Section 21 and regulations there under, that (i) complies with all applicable laws and regulations of the State and town, city or village in which it is located, (ii) is licensed to provide day care services in the state or location in which the day care center operates, (iii) provides care for more than six individuals (other than individuals who reside at the day care center) and (iv) receives a fee, payment or grant for services for any of the individuals to whom it provides services (regardless of whether the facility is operated for a profit).

2.20. **"Qualifying Dependent"** means: (i) a Dependent of a Participant who is under the age of 13; or (ii) a Dependent of a Participant who is under the age of 18 and who is physically or mentally incapable of caring for himself or herself.

2.21. **"Qualifying Provider"** means an individual or a Qualifying Day Care Center licensed to provide child care services in the state or location in which they operate.

2.22. **"Qualifying Services"** means services performed:

- a. in the home of the Participant, or outside the home of the Participant, or at a Qualifying Day Care Center, or licensed Family Day Care Home
- b. for the care of a Qualifying Child or Qualifying Dependent of the Participant;
- c. to enable the Participant or the Participant's Spouse to remain gainfully employed; and
- d. for the primary purpose of assuring the Qualifying Child's or Qualifying Dependent's well being and protection

Qualifying Services do not include services provided at a camp where the Qualifying Child or Qualifying Dependent stays overnight.

2.23. **"Spouse"** means the husband or wife of a Participant but does not include an individual legally separated from a Participant under a decree of legal separation.

2.24. **"Student"** means an individual who during each of five calendar months during a Plan Year is a full time student at an Educational Institution.

ARTICLE 3 - ELIGIBILITY AND PARTICIPATION

3.1. An Employee is eligible for this Plan immediately upon becoming an Eligible Employee.

3.2. An Eligible Employee will become a Participant in the Plan upon application for Benefits to and approval by (AGENCY).

3.3. If a Participant ceases to be an Eligible Employee, he or she will no longer be eligible to receive Benefits under the Plan. If the Employee again becomes an Eligible Employee, he or she may again become a Participant in the Plan.

ARTICLE 4 - BENEFITS

4.1. A Participant in the Plan will be eligible to receive Benefits under the Plan for all Eligible Child Care Expenses incurred by the Participant or his or her Spouse subject to the limitations of Article 6.

4.2. Benefit Amounts.

- a. Benefits will be provided as a percentage of the Eligible Child Care Expenses according to a schedule based on the Participant's total family income.
- b. The current schedule of benefits is shown as Attachment A to this Plan (agency should include...)
- c. (AGENCY) may adjust the schedule in Attachment A from time to time based on the availability of funding for the program and to maintain an equitable distribution of benefits for all Eligible Employees.
- d. (AGENCY) will sign a new Attachment A noting the effective date and provisions of the adjusted Benefits under the Plan and the new Attachment A will become a part of this Plan.

4.3. A Participant will be entitled to Benefits under this Plan only for Eligible Child Care Expenses incurred after the later of: (a) the date he or she becomes a Participant in the Plan; or (b) the Effective Date of the Plan.

4.4. Each Participant who desires to receive a Benefit under the Plan for Eligible Child Care Expenses incurred by the Employee for Qualifying Services must submit to the Plan Administrator, on a form to be provided by (AGENCY), a statement containing the following information:

- a. Name, home address and employment information for each of the child's parents;
- b. Name, date of birth, child care enrollment information and weekly cost for each Child to be covered;
- c. Gross annual salaries of the father, mother and/or guardian, as appropriate, and total gross family income as reported on the most recent Federal income tax return;
- d. Amount and source of any other state, county or local child care subsidies;
- e. Completed and signed child care provider information form, along with proof of the Provider's licensure and the Provider's Federal tax identification number; and
- f. Such other information or documents as (AGENCY) may require to administer the Plan.

4.5. Following receipt of the information required in Section 4.4, the Plan Administrator will notify the Participant whether he or she is eligible to receive Benefits under the Plan.

4.6. Approval for and payment of Benefits will be subject to the availability of appropriated funds.

4.7. If a Participant ceases to be an Eligible Employee:

- a. no Benefits will be paid for Eligible Child Care Expenses incurred after the date the Participant ceases to be an Eligible Employee; and
- b. unless the Participant was discharged from employment for cause, requests for Benefits may be made after the date of termination for Eligible Child Care Expenses incurred prior to the date of termination.

4.8. The Participant is responsible for notifying (AGENCY) immediately of any change to information submitted for the purpose of qualifying for Benefits under this Plan.

ARTICLE 5 - AUTHORIZATION AND PAYMENT OF BENEFITS

5.1. At the end of each calendar month, the Plan Administrator will send an invoice approval form to the Qualifying Provider named by the Participant on his or her Benefits application.

5.2. The Qualifying Provider will certify on the invoice approval form that the Qualifying Services for that billing period were actually performed on behalf of the Participant's Qualifying Child.

5.3. The Participant will certify on the invoice approval form that the Qualifying Services for that billing period were in fact received by the Participant's Qualifying Child.

5.4. The Qualifying Provider will then submit the completed invoice approval form to the Plan Administrator for review and payment.

5.5. The Plan Administrator will review the submitted invoice approval form and pay the Benefit amount directly to the Qualifying Provider.

ARTICLE 6 - LIMITATIONS ON BENEFITS

6.1. The following amounts will not be subject to exclusion from the Participant's gross income:

- a. benefits payable for Eligible Child Care Expenses on behalf of a Qualifying Child who is not a Qualifying Dependent; or
- b. benefits payable for Eligible Child Care Expenses that exceed the following maximum amounts for the calendar year:
 - i. For a Participant who is not married at the close of the calendar year, the lesser of the Participant's Earned Income for the Plan Year (after all reductions in compensation), or \$5,000;
 - ii. For a Participant who is married at the close of the calendar year, the least amount of the following:
 - A. the Participant's Earned Income for the calendar year;
 - B. the Earned Income of the Participant's Spouse for the calendar year;
 - C. \$5,000, if the Participant and his or her Spouse file a joint Federal income tax return; or
 - D. \$2,500, if the Participant and his or her Spouse file separate Federal income tax returns.

If the foregoing amounts are changed by an amendment to Code Section 129, the amounts set forth automatically shall be adjusted to reflect the new amounts.

6.2. For purposes of Section 6.1, a Spouse of a Participant who is not employed during any month in which the Participant incurs Eligible Child Care Expenses, and which Spouse is either physically or mentally incapable of caring for himself or herself or is a Student, will be deemed to have Earned Income for such month of:

- a. \$200, if there is one Qualifying Dependent for whom the Participant incurs Eligible Child Care Expenses; or

- b. \$400, if there is more than one Qualifying Dependent for whom the Participant incurs Eligible Child Care Expenses.

6.3. In accordance with Code Section 129(d), the average Benefits provided to Participants who are not Highly Compensated Employees will be at least 55% of the average Benefits provided to Highly Compensated Employees. (AGENCY) may adjust the Benefits payable to Highly Compensated Employees to assure that the Plan remains in compliance with this provision.

ARTICLE 7 - FUNDING

7.1. (AGENCY) will contribute the amounts required to pay Benefits under this Plan out of appropriated funds. There will be no special fund out of which Benefits are paid, nor will Participants be required to make a contribution as a condition of receiving Benefits.

ARTICLE 8 - PLAN ADMINISTRATION

8.1. (AGENCY) will administer the Plan according to its terms and subject to applicable law, for the exclusive benefit of persons entitled to participate in the Plan, without discrimination among them. In addition to all other powers provided by this Plan, (AGENCY) has authority to:

- a. Make and enforce rules and regulations as it deems necessary or proper to efficiently administer the Plan;
- b. Interpret the Plan in good faith, and its interpretations will be final and conclusive on all persons claiming benefits under the Plan;
- c. Decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- d. Appoint agents, counsel, accountants, consultants and other persons as needed to help administer the Plan; and
- e. Allocate and delegate, in writing, its responsibilities under the Plan and to designate other persons to carry out any of its responsibilities under the Plan.

8.2. (AGENCY) will make available to each Eligible Employee such records under the Plan as pertain to the Eligible Employee, by request under the Privacy Act.

8.3. In administering the Plan, (AGENCY) will be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports that are furnished by accountants, counsel or other experts employed or engaged by (AGENCY).

8.4. Whenever, in the administration of the Plan, any discretionary action by (AGENCY) is required, (AGENCY) will exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

8.5. The Plan Administrator will provide to each Participant receiving Benefits under the Plan during the Plan Year a statement of the amount of Benefits received by the Participant during that Plan Year. This statement will be furnished to the Participant by January 31st following the end of the Plan Year. The amount of dependent care subsidies provided to the Employee will be reported on the Employee's Form W-2.

ARTICLE 9 - CLAIMS PROCEDURE

9.1. A Participant may make a claim for Benefits by completing the invoice approval form in conjunction with the Qualified Provider, as described in Article 5.

9.2. If a claim is wholly or partially denied, notice of the decision will be furnished to the Participant and to the Qualifying Provider within a reasonable period of time, not to exceed 90 days after receipt of the claim by the Plan Administrator, unless special circumstances require an extension of time for processing the claim. If an extension of time is required to make a decision, the Plan Administrator will notify the Participant prior to the end of the initial 90-day period. The extension may not exceed 90 days from the end of the initial period. The notification will include:

- a. the specific reason(s) for the denial;
- b. a description of any additional information necessary to make a decision; and
- c. an explanation of the Plan's claims review procedure, as described in Section 9.3.

9.3. If a claim is denied, the Participant may request in writing that the Plan Administrator review the claim. Upon receipt of a request for review, the Plan Administrator will review the decision and respond to the Participant within 60 days of receipt of the written request. If the Plan Administrator affirms the original denial of the claim, the Participant may invoke the applicable grievance procedure, either:

- a. the negotiated grievance procedure outlined in the collective bargaining agreement between (AGENCY) and the union; or
- b. the administrative grievance procedure contained in the (AGENCY) Human Resource Handbook, as currently in effect.

9.4. If a dispute arises on any matter under this Plan, the Plan Administrator may refrain from taking any other or further action in connection with the matter involved in the controversy until the dispute has been resolved.

ARTICLE 10 - AMENDMENT AND TERMINATION OF PLAN

10.1. (AGENCY) may amend or terminate this Plan at any time. The benefits hereunder are not guaranteed and may be reduced by plan amendment.

10.2. This Plan will not terminate unless appropriated funds are no longer available.

ARTICLE 11 - MISCELLANEOUS PROVISIONS

11.1. This Plan and the benefits it offers do not provide any additional rights to Participants or Employees other than those expressly set forth herein.

11.2. This Plan will be construed, administered and enforced according to the laws of the United States of America.

Adopted as of the Effective Date by:

AGENCY

By: _____ (Director) Date: _____

**(AGENCY) CHILD CARE SUBSIDY ASSISTANCE PLAN
ATTACHMENT A
BENEFIT SCHEDULE**

Effective as of the date stated below, the following Benefit schedule will be in effect under Section 4.2 of the Plan:

If Eligible Employee's Total Family Income¹ is...	Then the Plan will pay this percentage of the Participant's Eligible Child Care Expenses²
Over \$47,000	0%
\$42,000 - \$47,000	5%
\$37,000 - \$41,999	10%
\$32,000 - \$36,999	15%
\$27,000 - \$31,999	20%
\$22,000 - \$26,999	25%
\$21,999 or less	30%

¹ Total Family Income refers to line 22 on Internal Revenue Service (IRS) Tax Return Form 1040 or line 15 on IRS Tax Return Form 1040A.

A Participant's Benefits under this Plan will be reduced by the amount of other state or local child care subsidies received by the Participant.

Adopted as of the Effective Date by:

AGENCY

By: _____ **(Director)** **Date:** _____

Incremental change effective (date) approved by Director

If Eligible Employee's Total Family Income¹ is...	Then the Plan will pay this percentage of the Participant's Eligible Child Care Expenses²
Over \$52,000	0%
\$47,001 - \$52,000	20%
\$32,000 - \$47,000	30%
\$31,999 or less	50%