

REPORT TO CONGRESS

**CHILD CARE SUBSIDIES IN THE
FEDERAL GOVERNMENT**

U.S. Office of Personnel Management
March 2001

Table of Contents

	Page
Executive Summary.....	3
I. Introduction	3
II. The Law.....	4
III. OPM's Role.....	4
IV. Evaluation of OPM's Technical Assistance.....	5
V. Factors that Influenced Agency Implementation.....	5
A. Time Factor Related to Expiration of the Law	
B. Funding	
VI. Time Factors that Affected Employees' Decisions to Take Advantage of the Program.....	6
VII. Results of the Implementation.....	6
A. Agencies that Implemented Child Care Subsidy Programs	
B. Funds Disbursed	
C. Number of Lower Income Federal Employees Who Received a Child Care Subsidy	
D. Number of Children in Licensed and/or Regulated Child Care Whose Federal Parents Received a Child Care Subsidy	
E. Types of Licensed and/or Regulated Child Care Centers Where Children Were Enrolled	
F. Program Administration	
G. Restrictions Agencies Placed on Eligibility	
H. Union Negotiations	
I. Eligibility Criteria	
J. Federal Employee Grade Levels	
VIII. Lessons Learned.....	9
IX. Summary.....	10

Appendices:

- 1. Regulations**
- 2. Guide for Implementing Child Care Legislation**
- 3. Compilation of Data**
- 4. Graph of Grade Levels**
- 5. Anecdotal Stories**

Executive Summary

In September 1999, Congress enacted legislation (P.L. 106-58, sec. 643) to allow Federal agencies to assist their lower income employees with their child care costs. In December 2000, the legislation was extended for a second pilot year. The authority will expire on September 30, 2001. This report represents the first 11 months of implementation, March 14, 2000, to February 15, 2001.

During the pilot phase, 15 agencies implemented child care subsidy programs. As of February 15, 2001, these agencies collectively disbursed \$568,596 to subsidize child care for 815 Federal employees and their 1,046 children. Agencies plan to disburse an additional \$4,233,298 during the remainder of the fiscal year. At the time the reports were filed in February, agencies reported that several hundred additional applications were being processed. The program is expanding since more agencies have recently decided to implement programs and others are in the process of considering implementation plans.

The regulations gave agencies the option of choosing their own eligibility criteria. OPM provided guidance and suggested models. Agencies used a variety of different eligibility criteria. All agencies used total family income (TFI) as the major criterion. The average TFI threshold was \$50,000. Employees who used either licensed and/or regulated child care or family child care homes applied for subsidies.

As a result of this legislation, lower income employees are receiving financial assistance for one of the most costly family expenses they incur, and agencies recognize the tremendous financial burden that child care represents and are supporting their employees through this program. This legislation is consistent with what employers are doing across the country to help their employees with the costs of child care. Agencies believe the benefits of providing subsidies appear to far outweigh the costs to recruit and train new employees. As a tool to improve recruitment, retention, morale and productivity, child care subsidies have proven to be one of several work/life programs in an arsenal of family-friendly initiatives that are good for employees and employers alike.

I. Introduction

On September 29, 1999, Public Law 106-58 was enacted to allow Federal agencies to use appropriated funds to subsidize the costs of child care for their lower income employees. The legislation was passed as a pilot project and was due to expire on September 30, 2000. On December 21, 2000, President Clinton extended the child care subsidy authority to September 30, 2001, by signing the Treasury and General Government Appropriations Act, 2001, as incorporated into Public Law 106-554 by section 101(a)(3) of that Public Law. The language in the new provision is almost identical to the original language of P.L. 106-58. The new legislation provides that agencies may use appropriated funds otherwise available for salaries and expenses (the original language was limited to "salaries").

II. The Law

Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees

Sec. 633. (a) IN GENERAL.- 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) 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.

(d) 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.

Congress directed OPM to prepare a report on the results of the implementation of the child care subsidy program. Data was collected to reflect program implementation from March 14, 2000 to February 15, 2001.

III. OPM's Role

Congress charged OPM with responsibility for preparing the regulations to implement the child care subsidy program. Prior to developing the regulations, OPM held meetings and had discussions with agency representatives, unions, and child care providers. The overwhelming consensus was that the regulations should give agencies maximum flexibility in implementing their child care subsidy programs and OPM should provide guidance and materials to implement their plans. The final regulations were published in the Federal Register on March 14, 2000 (Appendix 1). After Public Law 106-554 was enacted, amendments to the regulations were published in the Federal Register on January 4, 2001 (Appendix 1).

OPM's Office of Work/Life Programs also prepared a "Guide for Implementing Child Care Subsidy Programs" (Appendix 2). The Guide contains step-by-step instructions, sample forms including tuition assistance applications, marketing materials, and a sample statement of work for administering the program. In addition, there were tax issues

related to the implementation of the legislation, and OPM worked with the IRS to provide agencies with appropriate guidance. OPM made the guide and other materials available to agencies in hard copy and on OPM's website. OPM established a secure website where detailed information about each agency's implementation plan was available to agency Work/Life Coordinators and other agency employees responsible for implementing programs within their agencies.

In addition to written guidance, OPM held three briefings to explain the legislation and implementation procedures for agency Work/Life Coordinators, human resource personnel, and union representatives. At the conclusion of the first pilot year, OPM held a "Lessons Learned" forum and over 80 agency representatives attended the session. Agencies that implemented programs shared their experiences and provided suggestions and lessons learned for successful implementation.

Agency officials, Federal employees and union representatives contacted the Office of Work/Life Programs for information about the law and regulations. Consultations were provided to over 500 of these customers during the initial five month period. OPM also met with agencies to provide more extensive consultation. Calls for assistance continue and OPM has provided answers to over 700 callers since the legislation was passed on September 29, 1999.

IV. Evaluation of OPM's Technical Assistance and Guidance

OPM's Office of Work/Life Programs has received high marks for the assistance it has provided to the agencies. In a survey of agencies that have implemented child care subsidy programs and of those planning to implement such programs, questions were asked about the assistance OPM provided. One respondent commented that it would have taken the agency much more time to develop their programs had OPM not provided the technical assistance and sample materials. Another responded that they doubted the agency would have implemented the program in the short timeframe had it not been for OPM's guidance and materials. When the eleven agencies planning to implement the legislation were asked about their satisfaction with the assistance they received from OPM, they rated technical assistance an average score of 5.0 out of a possible 5.0. During the second pilot year, the rating was 4.75. When asked about the utility of the written material and documents, the agencies rated OPM 4.7 out of a possible score of 5.0. In two cases, agency representatives remarked that they would give OPM a "10" if it were possible. It was clear that the quick development of useful materials was a significant factor in agencies' ability to implement their plans quickly and efficiently.

V. Factors that Influenced Agency Implementation

A. Time Factor Related to Expiration of the Law

The legislation was enacted as a one-year pilot program, beginning October 1, 1999. OPM published final regulations on March 14, 2000. This resulted in agencies having

only five and a half months to implement the program. For some agencies, without the assurance that Congress would grant an extension, five months to develop and implement a program was inadequate.

For FY 2001, the one year time factor continued to be a barrier to implementation, although the experiences and lessons learned of agencies that implemented programs in the first year helped other agencies with their implementation plans. Many agencies and employees have asked about the possibility of permanent enactment.

B. Funding

Agencies have also identified availability of funding for this program as a potential barrier to implementation.

VI. Time Factors that Affected Employees' Decisions to Take Advantage of the Program

To be eligible for subsidies, the regulations require that employees utilize licensed and/or regulated child care. For lower income employees who use non-regulated care, March through May is a difficult time to change child care arrangements because spaces are oftentimes not available at that time. In addition, with no assurance the law would be extended, families might have been reluctant to change arrangements to receive the subsidies since they could run the risk of not being able to afford the licensed child care centers and/or family child care homes once the legislation expired.

In general, agencies reported that fewer employees applied for the subsidy than expected. This could be attributed, in part, to the amount of time it took to market the program and educate employees about its features. Most agencies reported that it took repeated and consistent efforts to let employees know about the program. Agencies marketed the program through fliers, bulletin board announcements, letters, and websites.

VII. Results of the Implementation (Data by Agency in Appendix 3)

A. Agencies that Implemented Child Care Subsidy Programs

FY 2000

Eight agencies and two components of one agency implemented child care subsidy plans and disbursed funds. They were:

Central Intelligence Agency*

Department of Education

Department of Energy

Department of Health and Human Services: The following components of HHS:

Administration on Aging and Office of the Secretary*

Substance Abuse and Mental Health Administration

Department of Labor

General Services Administration

Office of Personnel Management

Overseas Private Investment Corporation*

*Overseas Private Investment Corporation, the Central Intelligence Agency and the Administration on Aging/Office of the Secretary component at the Department of Health and Human Services are considering whether to continue their programs during FY 2001.

FY 2001

With the exception of the agencies noted above that are in the process of considering whether to continue their child care subsidy programs, the remaining agencies continued programs in FY 2001. In addition, the following agencies or components of agencies implemented programs during FY 2001:

Department of Health and Human Services: The following components:

Food and Drug Administration

Personnel Services Center

Department of Housing and Urban Development

Department of the Interior

Department of Veterans Affairs

Farm Credit Administration

Internal Revenue Service

Pension Benefit Guaranty Corporation

U.S. Mint

B. Funds Disbursed and Projected

Total amount of funds disbursed from March 14, 2000 to February 15, 2001:
\$568,596.00

Since three agencies (Farm Credit Administration, Department of the Interior and Department of Housing and Urban Development) announced plans for implementation just prior to the cut-off for collecting data, they had not yet made disbursements.

The projected amount of funds that will be disbursed from February 16, 2001 – September 30, 2001: \$4,233,298.00. Agencies made their predictions based on the number of applicants and their levels of financial need.

C. Number of Lower Income Federal Employees Who Received a Child Care Subsidy

FY 2000 & FY 2001 815

D. Number of Children in Licensed and/or Regulated Child Care Whose Federal Parents Received a Subsidy

FY 2000 & FY 2001 1,046

E. Types of Licensed and/or Regulated Child Care Where Children Were Enrolled:

Child care centers - 698 Family child care homes - 200

F. Program Administration

The administration of the program requires a significant amount of work including verifying child care attendance, provider licensure, family income and other data. Most agencies decided to contract out the administration of their programs. The process was subjected to full and open competition. In each of the 10 agencies that the program was contracted out, the Federal Employees Assistance Fund (FEEA) was chosen as the contractor. The FEEA is a non-profit organization that administers scholarships for Federal employees and their children.

G. Restrictions Agencies Placed on Eligibility

The regulations gave agencies the option of placing certain restrictions on eligibility. The most frequently used was restricting program eligibility to full time, permanent employees. One agency, the Department of Energy, restricted eligibility to users of their headquarters child care center. Another agency restricted eligibility to Federally-sponsored child care centers that were accredited and to only one child per family. During the second pilot year, some agencies are lifting the restrictions in order to increase their eligibility pools.

H. Union Negotiations

Twelve agencies and/or their components negotiated the child care subsidy programs with their unions. In some cases, plans were discussed with the unions; the unions actively participated in the development of the plans; and they supported the plans. (Appendix 3).

I. Eligibility Criteria

The regulations gave agencies the option of setting their eligibility criteria. OPM provided guidance that contained five different eligibility models. Each model represented a different philosophical approach to how agencies could determine eligibility. In every case, agencies chose to consider total family income as the primary criterion for eligibility. Whether an employee was eligible and the extent of the subsidy depended on the particular model chosen by the agency. The use of a variety of models, particularly during the first pilot year, provided valuable experiences for either refining models or choosing new models. Most agencies agreed that eligibility models that were

simple and easy to understand worked best. Most agencies used Model A in OPM's guidance (Attachment 2). The model determined eligibility and the amount of the subsidy on a sliding scale. The lower the total family income, the greater the percentage of the subsidy the agency provided.

During the second pilot year, several agencies increased the amount of the total family income eligibility threshold in order to increase the pool of eligible employees. The average total family income threshold was \$50,000 and the range was \$25,000 to \$75,000.

J. Federal Employee Grade Levels

The OPM reporting form required agencies to report the grade levels of their employees who were the recipients of subsidies. Most employees who received subsidies were between grades 1 and 10 and 74% were GS4 to GS7. Six percent of the employees receiving subsidies were at the GS11 to GS13 grade levels (Appendix 4).

VIII. Lessons Learned

As a result of the discussions during the "Lessons Learned" seminar and conversations with employees and agency representatives, the following lessons emerged:

- Programs and initiatives that deal with child care are complex. For employees, they involve both economical and emotional decisions. Even though an employer might offer a child care subsidy, parents become attached to their caregivers, even if the providers are not licensed. Parents need assurance that, to change their child care arrangements to a licensed situation, they will be able to continue with the new arrangements without the loss of funding.
- While the costs of licensed and/or regulated child care are out of reach for many families, they are particularly prohibitive for lower income Federal employees. In Washington, DC, for example, the average cost of infant care in a Federally sponsored child care center is \$10,000 a year. One challenge for the agencies is to develop plans that provide adequate funding for their lower income employees. In some cases, employees will not apply for a subsidy because the amount of the subsidy is simply not enough to help them purchase the care they need.
- The agencies experienced positive results from implementing their plans. They have anecdotal evidence that illustrates that the subsidies they provided were very much appreciated by their employees (Appendix 5). These subsidies, most likely, added to improved morale. Whether or not this program can affect retention and recruitment could not be determined because of the brief duration of the pilot. Future Governmentwide studies should explore this potential benefit.

IX. Summary

Recent studies show that child care and subsidies for child care are an important benefit provided today to employees in the private sector. For some companies, child care services or financial assistance for child care costs are considered part of the cost of doing business. Employees are choosing more and more to work for companies that provide family-friendly programs, including child care. Agencies are aware of the challenges for employees in finding suitable and affordable child care. They understand that peace of mind about child care arrangements, while difficult to measure, plays a big role in worker productivity.

Agencies showed great interest in this program as evidenced by the number of agencies that implemented child care subsidy programs and those that are currently requesting technical assistance from OPM in anticipation of implementing programs.

We believe that Federal agencies have a good understanding of the importance of employer-provided child care subsidies for their employees. Throughout this process, OPM was never told that subsidies were not a good idea.

The intention of the legislation was to assist lower income Federal employees with their child care costs. The FEEA, which administered 10 of the programs, reported that 75% of the applicants were low income single mothers. One agency reported that all applications were from single parents. In one case a single parent was paying 49% of her adjusted gross income for child care prior to the subsidy. Agencies sent us anecdotal stories illustrating how important the subsidies were to their employees (Appendix 5). The need for employees to receive assistance has been reaffirmed by this pilot study. Besides the agencies that chose to implement programs, other agencies made it clear they would implement programs if the legislation was extended or made permanent. Agencies consistently expressed their concerns that specifically designated appropriated funds are needed for this benefit. Besides the financial benefits for the eligible employees, this legislation has heightened awareness of the issues around safe, affordable, and quality child care.

Appendix 1

Regulations

Rules and Regulations

Federal Register

Vol. 65, No. 50

Tuesday, March 14, 2000

This section of the FEDERAL REGISTER contains regulatory documents having general applicability and legal effect, most of which are keyed to and codified in the Code of Federal Regulations, which is published under 50 titles pursuant to 44 U.S.C. 1510.

The Code of Federal Regulations is sold by the Superintendent of Documents. Prices of new books are listed in the first FEDERAL REGISTER issue of each week.

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 792

RIN 3206-A193

Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees

AGENCY: Office of Personnel
Management.

ACTION: Final rule.

SUMMARY: The Office of Personnel Management (OPM) is issuing final regulations implementing legislation which was enacted September 29, 1999. The legislation permits agencies in the Executive branch to use appropriated funds to reduce child care costs for their lower income Federal employees. The intended effect of the law is to make child care more affordable for lower income Federal employees.

DATES: Effective March 14, 2000.

FOR FURTHER INFORMATION CONTACT: Patricia Kinney, Office of Personnel Management, 1900 E St., NW., Room 7315, Washington, DC 20415-1300; Phone: (202) 606-1313; Fax: (202) 606-2091.

SUPPLEMENTARY INFORMATION: Section 643 of Public Law 106-58, September 29, 1999, requires the Office of Personnel Management to regulate Federal agency use of appropriated funds for child care costs for lower income employees. The Act allows Federal agencies in the Executive branch to assist their lower income employees with their costs of child care. The Act addresses the need for affordable child care for Federal employees. Child care is a labor-intensive service that requires adequate, trained staff to provide child care services that are safe and appropriate for children and their families. An increasing number of Federal families

are finding that affordable child care is getting more difficult to find even when their own agencies sponsor on or near-site child care centers. Vacancy rates in Federally sponsored child care centers have steadily grown due to the affordability problem. Despite efforts of non-profit organizations to raise funds through charitable contributions, the affordability of child care for lower income Federal employees remains out-of-reach since child care costs can translate to up to 50 percent of a Federal family's total family income.

Reduced child care tuition, as a result of agency contributions permitted by this law, can have significant impact on employees' ability to utilize safe and reliable child care. Benefits to the agencies include better recruitment and retention of qualified personnel, lower absenteeism, and improved morale. Improved retention can result in significant recruitment and training cost savings to agencies. An added benefit for agencies that sponsor on-site child care centers at some of their locations is that they can expect to see improved Federal employee participation in their centers. For small agencies that have been unable to provide agency-sponsored on-site child care centers, this law permits them to assist their employees with a variety of other child care choices.

Sec. 643 of Public Law 106-58 authorizes the use of appropriated funds, otherwise available for salaries, to improve the affordability of child care for lower income Federal employees. This law, enacted by Congress, became effective on September 29, 1999, and remains in effect for one year. Funds can be obligated upon the promulgation of the regulations.

In summary, the rule authorizes Federal agencies to use appropriated funds, including revolving funds, that are otherwise available to the agencies for salaries, to assist their lower income Federal employees with the costs of child care in child care centers and family child care homes that are licensed. Agencies can choose from a number of models for determining employee eligibility and the amount of the tuition assistance subsidy. In light of the fact that agencies have differing needs from one location to another, the proposed rule allows for maximum flexibility so that agencies can take different approaches for making those

determinations. OPM guidance materials provide agencies with a variety of models and approaches for determining tuition assistance eligibility and other components of their tuition assistance programs.

On December 23, 1999, OPM published proposed regulations (64 FR 72037) to establish the child care subsidy program. Under the proposed regulations, OPM would be responsible for providing agencies with guidance toward implementation of the law. OPM is responsible for providing Congress with a report on the results of the implementation no later than September 1, 2000.

OPM received comments from 12 agencies, 2 labor organizations, 1 child care provider, and 2 individuals. Following is summary of the comments:

Flexibility for Agency Implementation

Many agencies and 2 labor organizations supported the flexibility to choose their own model in defining "lower income employee." Two agencies felt that there should be a uniform definition of "lower income employee" because of concerns that there would be inequities across agencies and that some employees would not receive the benefit. We did not choose to provide a specific definition in the regulation because many agencies expressed the view that flexibility would enable them to tailor a program that best suits their needs and they pointed out that their needs could be different from one situation to another.

Definition of Child

One agency suggested that we modify the definition of "child" because our definition seemed to imply that an adopted, step or foster child did not have a "regular parent-child relationship," as did a natural child. We changed the definition to incorporate the suggestion. Based on other comments, we expanded the definition of "child" to include children who are supported by legal guardians as well as disabled children through age 18.

Time Frame

Many of the respondents were concerned about the short time frame for implementation and urged OPM to seek immediate legislative relief from the expiration date of the law. After the proposed regulations were published,

the President, in his FY2001 budget proposal, has requested a continuation of authorization from Congress.

Agencies Without Appropriations

Two agencies asked for clarification on whether the law applied to them. We have clarified the issue by stating that agencies may use appropriated funds, including revolving funds, that are otherwise available to the agency for salaries.

Effective Date and Notice to Congress and OPM

A few respondents requested that the agencies be able to provide tuition subsidies retroactively to the date of passage of the law. It was the intent of Congress that funds could be obligated only after final regulations were published by OPM in the *Federal Register* and after notification to Congress has occurred. One agency asked for clarification about notification and suggested a change that would specify that Congress be notified of intention to initiate a program. That change has been made.

Types of Programs to Which the Law Applies

Two agencies asked for clarification about program eligibility and whether school-type programs were included. Programs that are licensed and/or regulated are eligible regardless of where they are housed. This has been clarified in the regulation.

Using OPM's Models

One agency suggested the regulations be clear that agencies are not required to use one of the models suggested by OPM and that suggestion has been incorporated.

Pooling Funds in Multi-Tenant Buildings

Two agencies made comments about pooling funds in a multi-tenant building. One agency provided revised language which would result in more flexibility and the language has been adopted in the final rule.

Restricting Funds

A few agencies made suggestions about restricting funds to one group or another. For example, one agency suggested limiting the eligibility to full-time employees. The proposed rule was written to permit maximum flexibility by the agencies and, therefore, the language was not changed. The same principle applied to suggestions there be a statutory cap on the amount of subsidies awarded. Agencies have the

flexibility to restrict funds and to choose eligibility models that meet their needs.

Child Care Boards of Directors

One agency suggested a section be added which would advise Government employees who sit on the board of directors of Federally sponsored child care centers. That guidance will appear, as suggested, in our guidance related to the law.

Executive Order 12866, Regulatory Review

The final rule has been reviewed by the Office of Management and Budget in accordance with Executive Order 12866.

Regulatory Flexibility Act

I certify that these regulations would not have a significant economic impact on a substantial number of small entities because they would only apply to Federal agencies and employees.

List of Subjects in 5 CFR Part 792

Alcohol abuse, Alcoholism, Day care, Drug abuse, Government employees, U.S. Office of Personnel Management

Janice R. Lachance,
Director.

Accordingly, OPM is amending part 792 of title 5 of the Code of Federal Regulations as follows:

PART 792—FEDERAL EMPLOYEES' HEALTH AND COUNSELING PROGRAMS

1. The authority citation for part 792 is revised to read as follows:

Authority: Sec. 201 of Pub. L. 91-616, 84 Stat. 1849, as amended and transferred to sec. 520 of the Public Health Services Act by sec. 2 (b)(13) of Pub. L. 98-24 (42 U.S.C. 290dd-1) and sec. 413 of Pub. L. 92-255, 86 Stat. 84, as amended and transferred to sec. 525 of the Public Health Service Act by sec. 2(b)(16)(A) of Pub. L. 98-24 (42 U.S.C. 290ee-1); Sec. 643, Pub. L. 106-58, 113 Stat. 477.

2. Subpart B is added to read as follows:

Subpart B—Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees—What Is the New Child Care Legislation and to Whom Does It Apply?

Sec.

- 792.200 To whom do "we", "you", and their variants apply?
- 792.201 What does the new law permit?
- 792.202 What is the purpose of the new law?
- 792.203 Should we notify anyone of our intention to initiate a program and when can the obligation be made?
- 792.204 Are there sample memoranda and other documents available to assist us with this process?
- 792.205 Are there additional materials necessary for the implementation of this

process and are there any special reporting and oversight requirements related to this law?

- 792.206 What are the benefits to an agency of providing such assistance to its lower income employees?
- 792.207 Which agency funds can be used for the purpose of this law?
- 792.208 Are agencies required to participate in this program?
- 792.209 How can agencies take advantage of this new law and when does this law become effective?
- 792.210 What is the definition of Executive agency?
- 792.211 What is the definition of tuition assistance program?
- 792.212 What is the definition of civilian employee?
- 792.213 What is the definition of a Federally sponsored child care center?
- 792.214 What is the definition of contractor?
- 792.215 What is the definition of a child?
- 792.216 What children are eligible for this subsidy?
- 792.217 What is a disabled child?
- 792.218 Are children enrolled in summer programs and part-time programs eligible?
- 792.219 Are part-time Federal employees eligible?
- 792.220 Does the law apply only to on-site Federal child care centers that are utilized by Federal families?
- 792.221 What is the process for helping lower income employees with child care tuition?
- 792.222 Are agencies required to negotiate with their Federal labor organizations about the provisions of this law?
- 792.223 Are there any conditions which the child care provider must meet in order to participate in this program?
- 792.224 Is there a statutory cap on the amount or the percentage of child care tuition that will be subsidized?
- 792.225 What is the definition of a lower income Federal employee and how is the amount of the tuition assistance subsidy determined?
- 792.226 Who determines if a Federal employee qualifies as a lower income employee and how is the program administered?
- 792.227 Are child care subsidies paid to the Federal employee using the child care?
- 792.228 May we disburse funds to a child care provider or to an organization that administers our program prior to the time the employee receiving tuition assistance has enrolled his or her child in the child care center or family child care home?
- 792.229 How will the disbursement covered by § 792.227 work where there is a Federally sponsored child care center in a multi-tenant building?
- 792.230 For how long will the tuition assistance be in effect for a Federal employee?
- 792.231 Can these funds be used for children of Federal employees who are already enrolled in child care?

792.232 Can we place special restrictions or requirements on the use of these funds, and can we restrict the disbursement of such funds to only one type of child care or to one location?

792.233 May we use the funds to improve the physical space of the family child care homes or child care centers?

792.234 For how long is the law effective?

792.235 Who will oversee the disbursement and use of these funds?

Subpart B—Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees—What Is the New Child Care Legislation and to Whom Does It Apply?

§ 792.200 To whom do “we”, “you”, and their variants apply?

Use of pronouns, “we,” “you,” and their variants throughout this part refers to the agency. OPM is always referred to as “OPM”.

§ 792.201 What does the new law permit?

Public Law 106–58 (113 Stat. 477) permits agencies to use appropriated funds, including revolving funds, that are otherwise available to the agency for salaries, to improve the affordability of child care for lower income Federal employees. Employees can benefit from reduced tuition rates at Federal child care centers, non-Federal child care centers, and in family child care homes.

§ 792.202 What is the purpose of the new law?

The law is intended to make child care more affordable for lower income Federal employees through the use of agency appropriated funds.

§ 792.203 Should we notify anyone of our intention to initiate a program and when can the obligation be made?

Yes, you must provide notice to the House Subcommittee on Treasury, Postal Service and General Government and to the Senate Subcommittee on Treasury and General Government and to your appropriations subcommittees prior to the obligation of funds. This is a Congressional notification requirement. You must also notify OPM of your intention. Funds can be obligated immediately after notifications have occurred.

§ 792.204 Are there sample memoranda and other documents available to assist us with this process?

Yes, OPM will provide you with guidance that contains sample memoranda of understanding, sample marketing tools, sample tuition assistance applications, and models for determining tuition assistance eligibility. These materials can be found in “Guide for Implementing Child Care Legislation—Pub. L. 106–58, Sec. 643.”

The Guide is available on OPM’s website, <http://www.opm.gov/wrkfam>. You may also obtain a copy by writing to OPM at: U.S. Office of Personnel Management, Family-Friendly Workplace Advocacy Office, 1900 E Street, NW., Room 7315, Washington, DC 20415.

§ 792.205 Are there additional materials necessary for the implementation of this process and are there any special reporting and oversight requirements related to this law?

Yes, you are responsible for tracking the utilization of your funds and reporting the results to OPM. OPM will provide you with a mandatory reporting form. OPM is required to provide a report to the appropriations committees no later than September 1, 2000. Therefore, you are required to report your results to OPM no later than August 1, 2000. OPM will provide you with guidance on this subpart.

§ 792.206 What are the benefits to an agency of providing such assistance to its lower income employees?

There are several benefits for the agencies beginning with improved recruitment and retention. Cost savings in recruitment and training can be significant. In addition, absenteeism rates related to child care problems can be reduced. Providing such subsidies can also increase morale, particularly among families who cannot afford the child care located at or near a child care center that is sponsored by their agency. The use of funds for lower income families who are enrolled or wish to enroll in Federal child care centers may help to increase the Federal participation rates where there is a regulatory requirement that at least 50 percent of the children enrolled have parents or guardians who are Federal employees.

§ 792.207 Which agency funds can be used for the purpose of this law?

You are permitted to use appropriated funds, including revolving funds, that are otherwise available to the agency for salaries.

§ 792.208 Are agencies required to participate in this program?

Agencies are not required to participate in this program. The decision to participate is left to the discretion of the agency. If an agency chooses to participate, it may not use funds other than those specified in § 792.207.

§ 792.209 How can agencies take advantage of this new law and when does this law become effective?

The law became effective as of September 29, 1999. Agencies are permitted to obligate funds beginning on March 14, 2000. Agencies can take advantage of this new law by notifying Congress and OPM of their intent.

§ 792.210 What is the definition of Executive agency?

The term *Executive agency* is defined by section 105 of title 5, United States Code, but does not include the General Accounting Office.

§ 792.211 What is the definition of tuition assistance program?

The term *tuition assistance program*, for the purposes of this subpart, means the program that results from the expenditure of agency funds to assist lower income Federal employees with child care costs, including, but not limited to, such activities as: determining which employees receive a subsidy, and the size of the subsidy each employee receives; distributing agency funds to participating providers; and tracking and reporting to OPM information such as total cost and employee utilization of the program.

§ 792.212 What is the definition of civilian employee?

The term *civilian employee*, for the purposes of this subpart, means all appointive positions in an Executive agency.

§ 792.213 What is the definition of a Federally sponsored child care center?

The term *Federally sponsored child care center*, for the purposes of this subpart, is a child care center that is located in a building or space that is owned or leased by the Federal government.

§ 792.214 What is the definition of contractor?

Sec. 643 of Public Law 106–58 says that child care services provided by contract are covered by this provision. The term *contractor* applies to an organization or individual who provides child care services for which Federal families are eligible. Child care *providers* that may provide services under contract include center-based child care and family child care homes. The term *provider* is typically used to denote contractor in the child care industry. For the purposes of this subpart, the term *provider* is used to denote both center-based child care and family child care homes.

§ 792.215 What is the definition of a child?

For the purposes of this subpart, a *child* is considered to be:

- (a) A biological child who lives with the Federal 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 Federal employee who is a parent or legal guardian makes regular and substantial contributions.

§ 792.216 What children are eligible for this subsidy?

The law covers the children of Federal employees, excluding contract employees, from birth through age 13 and disabled children through age 18.

§ 792.217 What is a disabled child?

For the purposes of this subpart a disabled child is defined as one who is unable to care for himself or herself based on a physical or mental incapacity as determined by a physician or licensed or certified psychologist.

§ 792.218 Are children enrolled in summer programs and part-time programs eligible?

Yes, Federal employees with children (birth through age 13 and disabled children through age 18) who are enrolled in summer care programs and part-time programs are eligible.

§ 792.219 Are part-time Federal employees eligible?

Yes, Federal employees who work part-time are eligible.

§ 792.220 Does the law apply only to on-site Federal child care centers that are utilized by Federal families?

No, the bill is broad in scope and includes non-Federal center-based child care as well as care in family child care homes, as long as they are licensed and/or regulated by the State and/or local regulating authorities.

§ 792.221 What is the process for helping lower income employees with child care tuition?

OPM guidance includes further explanation, but the process for the tuition assistance program can be summarized in 8 steps:

- (a) After completing your collective bargaining obligations, where applicable, notify the Congressional committees (see § 792.203) and OPM of your decision to use a specific amount of appropriated funds for this purpose;
- (b) Determine how you will structure the program and which tuition assistance model you will use;

(c) Determine how you will administer the program;

- (d) Advertise the program;
- (e) Conduct the application process;
- (f) Make the tuition assistance determinations and notify the employees (parents are then charged a reduced tuition rate by the provider);
- (g) Provide the funds to the provider or to an organization that will administer the program for you; and
- (h) Report the results to OPM on the mandatory reporting form.

§ 792.222 Are agencies required to negotiate with their Federal labor organizations about the provisions of this law?

You are reminded of your obligation to negotiate or consult, as appropriate, with the exclusive representatives of your employees on the implementation of the regulations in this subpart under 5 U.S.C. 7117.

§ 792.223 Are there any conditions which the child care provider must meet in order to participate in this program?

Yes, the provider, whether center-based or family child care, must be licensed and/or regulated by the State and/or local authorities where the child care service is delivered.

§ 792.224 Is there a statutory cap on the amount or the percentage of child care tuition that will be subsidized?

No, the law does not specify a cap.

§ 792.225 What is the definition of a lower income Federal employee and how is the amount of tuition assistance subsidy determined?

Each agency makes the determination of the definition of *lower income* Federal employee. *Lower income* Federal employee can be defined by an agency in a number of ways. The process for determining both eligibility and the amount of tuition assistance subsidy for each family will usually involve consideration of total family income along with other factors such as total child care costs, depending on the tuition assistance model(s) you use. Agencies are not required to use one of the models that OPM suggests. If an agency uses a model OPM has suggested in its guidance, you may wish to change the threshold amounts, or percentages of total family income or other factors. In their guidance to this subpart, OPM will provide examples of models with detailed explanations. OPM's guidance on this subpart is a supplement to this subpart.

(a) If the model or models you select includes a total family income threshold, you can use criteria such as those from:

- (1) The Child Care Development Block Grant as defined (42 U.S.C. 9858);
- (2) A formula based on a percentage of the State poverty level (as many States do for certain programs); or
- (3) A set amount of total family income the agency chooses depending on the agency demographics and need to assist lower income Federal employees.

(b) Some models do not require a threshold amount, since eligibility is determined as a function of the relationship between total family income, actual child care tuition costs, and an amount or percentage the agency is willing to pay.

(c) In order to determine the amount of tuition assistance subsidy by which tuition will be reduced for a Federal employee, a number of approaches can be taken. The size of the subsidy is dependent on different income levels. It can be based on a tuition sliding scale such as that used in the military formula (10 U.S.C. 1791-1798); a formula based on a specific percentage of total family income the family is expected to pay with the agency paying the remaining amount; or a formula based on a specific percentage of child care tuition the family is expected to pay with the agency paying the remaining amount. Each of these approaches is based on different philosophical assumptions and it will be up to the agency to determine which model or models best fits its needs. The models are described in detail in OPM's guidance.

(d) Besides total family income, you may consider extraordinary financial situations to determine eligibility and the subsidy amount.

§ 792.226 Who determines if a Federal employee qualifies as a lower income employee and how is the program administered?

The agency or another appropriately identified organization determines eligibility using certain income and/or tuition criteria chosen by the agency. If the agency itself does not administer the program, it must select another organization to do so, using procedures that are in accordance with the Federal Acquisition Regulations. Regardless of what organization administers the program, the model for determining both the tuition assistance eligibility and the amount of the subsidy is always determined by the Federal agency.

§ 792.227 Are child care subsidies paid to the Federal employee using the child care?

No, the child care subsidy is paid to the child care provider. If you choose to have an organization administer your program (see § 792.226), the subsidy is

paid to the organization and they, in turn, pay the provider. In any case, the provider will invoice the organization that administers the program.

§ 792.228 May we disburse funds to a child care provider or to an organization that administers our program prior to the time the employee receiving tuition assistance has enrolled his or her child in the child care center or family child care home?

Yes, you may wish to disburse one lump sum to the organization administering the tuition assistance program and they will be responsible for tracking the utilization and providing you with regular reports. An agency contract should specify that any unexpended funds shall be returned to the agency after contract completion.

§ 792.229 How will the disbursement covered by § 792.227 work where there is a Federally sponsored child care center in a multi-tenant building?

In a multi-tenant building, funds from the agencies could be pooled together for the benefit of the employees qualified for tuition assistance.

§ 792.230 For how long will the tuition assistance be in effect for a Federal employee?

The tuition assistance, in the form of a reduced tuition rate, will be in effect from the time the decision for a particular Federal employee is made and the child is enrolled in the program, until the child is no longer enrolled, but not later than September 30, 2000. These funds are not available to pay for services performed after September 30, 2000.

§ 792.231 Can these funds be used for children of Federal employees who are already enrolled in child care?

Yes, the funds can be used for children currently enrolled in child care as long as their families meet the tuition assistance eligibility requirements established by your agency.

§ 792.232 Can we place special restrictions or requirements on the use of these funds, and can we restrict the disbursement of such funds to only one type of child care or to one location?

(a) Yes, depending on your staffing needs and your employees' situations, including the local availability of child care, you may choose to place restrictions on the use of your funds in a number of ways including, but not limited to:

- (1) Fund Federal employees using family child care homes;
- (2) Fund Federal employees using your on-site child care center;
- (3) Fund Federal families using community, non-Federal child care centers; or

(4) Restrict the use of such funds to one or more locations.

(b) It is up to you to determine whether there will be any restrictions on the use of your appropriated funds for child care tuition costs.

§ 792.233 May we use the funds to improve the physical space of the family child care homes or child care centers?

No, the legislation specifically addresses making the child care more affordable for lower income Federal employees.

§ 792.234 For how long is the law effective?

The law is effective for one year, ending September 30, 2000.

§ 792.235 Who will oversee the disbursement and use of these funds?

You will be responsible for tracking the utilization of these funds. OPM's guidance which was issued on December 23, 1999, and which was reissued with updates on March 14, 2000, contains details about the oversight of this program and the mandatory reporting requirements. The guidance contains sample marketing materials, sample tuition assistance documents, the OPM reporting form, as well as suggestions for determining eligibility.

[FR Doc. 00-6192 Filed 3-9-00; 3:45 pm]

BILLING CODE 6325-01-P

FEDERAL HOUSING FINANCE BOARD

12 CFR Chapter IX

[No. 2000-09]

RIN 3069-AA-96

Devolution of Corporate Governance Responsibilities

AGENCY: Federal Housing Finance Board.

ACTION: Final rule.

SUMMARY: The Federal Housing Finance Board (Finance Board) is adopting as final, with several changes, the Interim Final Rule amending its regulations to devolve certain corporate governance responsibilities from the Finance Board to the Federal Home Loan Banks (Banks), pursuant to the requirements of the Federal Home Loan Bank System Modernization Act of 1999.

EFFECTIVE DATE: This final rule shall be effective on March 14, 2000.

FOR FURTHER INFORMATION CONTACT: James L. Bothwell, Director, (202) 408-2821, or Scott L. Smith, Deputy Director, (202) 408-2991, Office of Policy, Research and Analysis; or

Sharon B. Like, Senior Attorney-Advisor, (202) 408-2930, Office of General Counsel, Federal Housing Finance Board, 1777 F Street, NW, Washington, DC 20006.

SUPPLEMENTARY INFORMATION:

I. Bank System and Finance Board Roles and Responsibilities; Regulatory Background

Under the Federal Home Loan Bank Act (Bank Act), the Finance Board is responsible for the supervision and regulation of the 12 Banks. See 12 U.S.C. 1422a(a)(3), 1422b(a)(1) (1994). Specifically, the Finance Board's primary duty is to ensure that the Banks operate in a financially safe and sound manner. Consistent with that primary duty, the Finance Board also is responsible for ensuring that the Banks carry out their housing finance and community lending mission, and that they remain adequately capitalized and able to raise funds in the capital markets. See *id.* § 1422a(a)(3).

Historically, the Bank Act has required the Finance Board to be involved in varying degrees in the corporate governance of the Banks, typically by requiring Finance Board approval for a host of Bank practices. However, the recently enacted Federal Home Loan Bank System Modernization Act of 1999 (Modernization Act)¹ repealed most of those requirements, thereby removing most of the last vestiges of governance responsibilities from the Finance Board. See Pub. L. No. 106-102, §§ 604(a)(6); 606(d), (f), (g) (1999). Accordingly, the Finance Board adopted the Interim Final Rule, which amended its regulations to remove the corresponding Finance Board approval requirements for such corporate governance functions, consistent with the Modernization Act. See 64 FR 71275 (Dec. 21, 1999). The Interim Final Rule maintained or imposed standards or requirements on the Banks where deemed necessary for reasons of safety and soundness and sound corporate governance practice. See *id.*

The Interim Final Rule provided for a 30-day comment period, which closed on January 20, 2000. The Finance Board received a total of 8 comment letters on the Interim Final Rule. Commenters included six Banks, a trade association representing 10 of the 12 Banks, and a banking institutions trade association. The provisions of the Interim Final Rule on which significant comments were received are discussed below.

¹ The Modernization Act is Title VI of the Gramm-Leach-Bliley Act, Pub. L. No. 106-102, 113 Stat. 1338, enacted into law on November 12, 1999.

[Federal Register: January 4, 2001 (Volume 66, Number 3)]
[Rules and Regulations]
[Page 705]
From the Federal Register Online via GPO Access [wais.access.gpo.gov]
[DOCID:fr04ja01-1]

=====

OFFICE OF PERSONNEL MANAGEMENT

5 CFR Part 792

RIN 3206-A193

Agency Use of Appropriated Funds for Child Care Costs for Lower
Income Employees

AGENCY: Office of Personnel Management.

ACTION: Technical amendment.

SUMMARY: This document contains three technical amendments to the final regulations that were originally published in the Federal Register on Tuesday, March 14, 2000. The first technical amendment expands the type of funds that can be used for assisting lower income Federal employees with their costs of child care to include appropriated funds used for expenses in addition to salaries. The second and third amendments extend the legislation through the end of FY 2001. These changes were enacted by Public Law 106-554, sec. 633 of the Treasury and General Government Appropriations Act, 2001, and the effective date is October 1, 2000.

EFFECTIVE DATE: October 1, 2000.

FOR FURTHER INFORMATION CONTACT: Pat Kinney, (202) 606-1313; FAX (202) 606-2091; or e-mail to pfkinney@opm.gov.

SUPPLEMENTARY INFORMATION: Public Law 106-58, sec. 643, enacted on September 29, 1999, allows Executive agencies to assist their lower income Federal employees with the costs of child care. Agencies could use ``appropriated funds (otherwise available to such agency for salaries) to provide child care, in a Federal or leased facility, or through contract, for civilian employees of such agency.'' The Office of Personnel Management issued regulations to implement the new authority, which were published in the Federal Register on March 14, 2000. The law was effective until September 30, 2000.

The current legislation expands the authority by authorizing the use of appropriated funds for expenses, in addition to appropriated funds available for salaries. It also extends the legislation until September 30, 2001.

Regulatory Flexibility Act

I certify that these changes will not have a significant economic impact on a substantial number of small entities because the regulations pertain only to Federal employees and agencies.

Lists of Subjects in 5 CFR Part 792

Alcohol abuse, Alcoholism, Day care, Drug abuse, Government employees.

Office of Personnel Management.
Janice R. Lachance,
Director.

Accordingly, OPM is amending 5 CFR part 792 as follows:

PART 792--AGENCY USE OF APPROPRIATED FUNDS FOR CHILD CARE COSTS FOR LOWER INCOME EMPLOYEES

1. The authority citation for part 792 continues to read as follows:

Authority: Sec. 201 of Pub. L. 91-616, 84 Stat. 1849, as amended and transferred to sec. 520 of the Public Health Services Act by sec. 2(b)(13) of Pub. L. 98-24 (42 U.S.C. 290dd-1) and sec. 413 of Pub. L. 92-255, 86 Stat. 84, as amended and transferred to sec. 525 of the Public Health Services Act by sec. 2(b)(16)(A) of Pub. L. 98-24 (42 U.S.C. 290ee-1); Sec. 643, Pub. L. 106-58, 113 Stat. 477; Sec. 633, Pub. L. 106-554.

2. Amend Sec. 792.207 by revising it to read as follows:

Sec. 792.207 Which agency funds can be used for the purpose of this law?

You are permitted to use appropriated funds, including revolving funds, that are otherwise available to the agency for salaries and expenses.

3. Amend Sec. 792.230 by revising it to read as follows:

Sec. 792.230 For how long will the tuition assistance be in effect for a Federal employee?

The tuition assistance, in the form of a reduced tuition rate, will be in effect from the time the decision for a particular Federal employee is made and the child is enrolled in the program, until the child is no longer enrolled, but not later than September 30, 2001. These funds are not available to pay for services performed after September 30, 2001.

4. Amend Sec. 792.234 by revising it to read as follows:

Sec. 792.234 For how long is the law effective?

The law is effective for one year, ending September 30, 2001.

[FR Doc. 01-173 Filed 1-3-01; 8:45 am]
BILLING CODE 6325-01-P

Appendix 2

Guide for Implementing Child Care Legislation

The Guide is available on our website, <http://www.opm.gov/wrkfam>

Our revised Guide will be available in April.

Appendix G
OPM Reporting Form – Form 1645

Agencies are required to submit their tuition assistance data on this form.

**Report to OPM on
Agency Results of Tuition Assistance Program for
Lower Income Federal Employees**

Please Type or Print Clearly

Agency _____

Official Preparing Report _____

Title _____

Address _____

Telephone _____ Fax _____

1. Results of funds disbursement:

a. Total amount of funds disbursed from March 14-August 1, 2000 \$ _____

b. Projected amount of funds that will be disbursed from August 2-September 30, 2000
\$ _____

c. Number of your employees who received tuition assistance _____
(If both parents work for your agency, count both parents.)

d. Number of children who benefited _____

e. On the Attachment, list the amount each employee received each week; the total amount of funding received by each employee; the total family income; and the employee's grade level.

2. Types of child care used:

Child care centers. Total number of centers where children were enrolled _____

Family child care homes. Total number of family child care homes where children were enrolled _____

3. Application:

a. What was the total number of applicants? _____

b. How many employees made application but were not eligible? _____

c. How many applicants were denied assistance due to lack of funds? _____

d. How many applications are in process? _____

OPM Form 1645
March 2000

4. Did you use any of the models or a variation of a model from OPM's guide?

Yes _____ No _____ If yes, which model(s) did you use?

_____ Model A

_____ Model B

_____ Model C

_____ Model D

_____ Model E

5. What was your agency's definition of "lower income employees"? _____

6. Did your agency place any restrictions on the funds? _____ If so, indicate how they were restricted (e.g. restricted for only Federally sponsored centers or restricted for full-time employees only). _____

7. Program Administration:

a. Did your agency administer the program? Yes _____ No _____

b. Did your agency contract with another organization to administer the funds?

Yes _____ No _____

If so, which organization(s) were they? _____

8. Did your agency bargain with the unions? Yes _____ No _____ If yes, which unions? _____

9. How helpful were the OPM materials contained in their Guide for Implementing Child Care Legislation?

- Not relevant
- Not at all
- Somewhat helpful
- Helpful
- Very helpful

10. How helpful were OPM staff in assisting you or answering your questions about this program?

- Not relevant
- Not at all
- Somewhat helpful
- Helpful
- Very helpful

Comments:

Signature of Official completing this form: _____

Date: _____

Mail or fax completed form to:

U.S. Office of Personnel Management
Family-Friendly Workplace Advocacy Office
1900 E St. NW Room 7315
Washington, DC 20415
Fax: (202) 606-2091

THIS FORM MUST BE RECEIVED BY OPM NO LATER THAN AUGUST 1, 2000.

**Attachment to Report to OPM on Agency Results of Tuition Assistance Program for Lower
Income Federal Employees**

Agency _____

For each Federal employee, list the following:

Note: Do not identify employees by name.

Weekly Tuition	Total Amount Awarded	Total Family	Employee's
-----------------------	-----------------------------	---------------------	-------------------

	Assistance Awarded	Through August 1, 2000	Income	Grade Level
Case 1	_____	_____	_____	_____
Case 2	_____	_____	_____	_____
Case 3	_____	_____	_____	_____
Case 4	_____	_____	_____	_____
Case 5	_____	_____	_____	_____
Case 6	_____	_____	_____	_____
Case 7	_____	_____	_____	_____
Case 8	_____	_____	_____	_____
Case 9	_____	_____	_____	_____
Case 10	_____	_____	_____	_____
Case 11	_____	_____	_____	_____
Case 12	_____	_____	_____	_____
Case 13	_____	_____	_____	_____
Case 14	_____	_____	_____	_____
Case 15	_____	_____	_____	_____
Case 16	_____	_____	_____	_____
Case 17	_____	_____	_____	_____
Case 18	_____	_____	_____	_____
Case 19	_____	_____	_____	_____
Case 20	_____	_____	_____	_____

Appendix H

Sample Statement of Work

Sample Statement of Work

I. BACKGROUND

The Agency is soliciting proposals from qualified organizations to administer the Agency's child care tuition assistance program. Congress passed Public Law 106-58, Sec. 643, on September 29, 1999. This legislation permits Federal agencies to assist their lower income Federal employees with the costs of child care. The contractor will provide these services for the period from the date of award through September 30, 2000 at which time this program expires. Tuition assistance can reduce the amount of tuition 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/or local authorities where the service is provided.

II. REQUIREMENTS OVERVIEW

(Agency) requires a contractor to demonstrate it has the ability to effectively manage (Agency) child care tuition assistance program. In responding to this RFP offerors must submit a technical proposal which demonstrates their ability to perform the following services:

- A. Handle all administrative tasks associated with the tuition assistance program appropriately and efficiently.
- B. Make (Agency) employees aware of these services and provide employees with tuition assistance applications.
- C. Maintain confidentiality of all the information contained in the tuition assistance applications.
- D. Notify the parents and the child care provider of the amount of the tuition assistance that each family will receive and the effective dates.
- E. Determine the eligibility of child care providers to receive Federal funds (all must be licensed and/or regulated by State and/or local authorities) by:
 - (1) Requiring child care providers to submit a copy of their latest license and/or statement of compliance from their State and/or local authorities;
 - (2) Requiring child care providers to submit their taxpayer identification numbers;
 - (3) Insuring that licensed child care providers understand that if, for whatever reason, the provider is no longer licensed and/or regulated by the State and/or local authorities,

(3) Insuring that licensed child care providers understand that if, for whatever reason, the provider is no longer licensed and/or regulated by the State and/or local authorities, 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 tuition subsidy; and

(4) Requiring that child care providers receiving Federal funds under the program maintain an "open door" policy for parents to visit the child care program.

F. Receive monthly invoices for the tuition assistance amounts from the child care providers and provide payment based on the invoiced amount no later than 30 calendar days after the date of the invoice. The contractor will pay the tuition assistance directly to the child care provider, and not to the Federal employee.

(1) Insure that the child care provider submits a written invoice, on a monthly basis, to the contractor.

(2) Tuition assistance 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.

III. TUITION ASSISTANCE ELIGIBILITY AND DETERMINATION OF TUITION ASSISTANCE SUBSIDY AMOUNT

The contractor will issue monthly reports to the Agency on the status of the Agency's tuition assistance program. Monthly reports will contain the following information and will be due on the first business day of each month.

- A. The amount of tuition assistance disbursed in a given month;
- B. The number of children enrolled whose parents receive the tuition assistance subsidy;
- C. The number of Federal employees from the agency who qualified for a subsidy and who are receiving the subsidy;
- D. The total family income of each family that receives a tuition subsidy;
- E. The amount of the tuition subsidy for each recipient;
- F. The name and address of each child care provider that provides services for the tuition assistance recipients;
- G. The number of total applicants for the month;
- H. The number of applications in process;

- I. The number of new tuition assistance subsidies and the number of applicants who were ineligible;
- J. The number of applicants who were denied assistance due to lack of agency funds; and
- K. 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 stated in this statement of work. Additionally, offerors should include in their technical proposals information demonstrating they have experience in administering similar programs, in addition to 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, cost will be secondary to the technical excellence in making the award decision.

Appendix 3

Compilation of Data

**Reports to OPM
on
Results of Tuition Assistance Program
for
Lower Income Federal Employees**

1. Results of funds disbursement:

a. Total amount of funds disbursed from March 14-February 15, 2001.

DoE	\$ 14,876.00
DOI	\$ 0.00
DOL	\$151,242.00
ED	\$ 13,065.00
FCA	\$ 0.00
GSA	\$159,264.00
HHS/AoA	\$ 5,824.19
HHS/FDA	\$ 5,396.00
HHS/PSC	\$ 1,407.06 (to be disbursed when funds are transferred)
HHS/SAMHSA	\$ 4,695.00
HUD	\$ 0.00
IRS	\$147,316.59
MINT	\$ 922.00 (awarded but not disbursed)
OPIC	\$ 8,160.00
OPM	\$ 11,040.78
PBGC	\$ 3,077.41
VA	\$ 42,309.72 (amount reflects one month of the VA pilot program which began January 1, 2001)
TOTAL:	\$568,596.00

**b. Projected amount of funds that will be disbursed from February 16, 2001-
September 30, 2001:**

DoE	\$ 0.00
DOI	\$ 100,000.00 (setting aside)
DOL	\$ 120,000.00
ED	\$ 19,040.00
FCA	\$ 0.00
GSA	\$ 750,000.00
HHS/AoA	\$ 0.00
HHS/FDA	\$ 35,000.00 (estimates at this time)
HHS/PSC	\$ 9,125.89
HHS/SAMHSA	\$ 0.00 (undetermined)
HUD	\$ 125,000.00
IRS	\$1,000,000.00
MINT	\$ 36,000.00 (based on applications to date)
OPIC	\$ 5,000.00
OPM	\$ 27,000.00
PBGC	\$ 7,132.23
VA	\$2,000,000.00
TOTAL:	\$4,233,298.00

c. Number of employees who received tuition assistance:

DoE	9
DOI	0
DOL	184
ED	8
FCA	0
GSA	78
HHS/AoA	11
HHS/FDA	20
HHS/PSC	3
HHS/SAMHSA	3
HUD	0
IRS	71
MINT	9
OPIC	3
OPM	21
PBGC	7
VA	388
TOTAL	815

d. Number of children who benefited

DoE	13
DOI	0
DOL	242
ED	8
FCA	0
GSA	98
HHS/AoA	16
HHS/FDA	26
HHS/PSC	4
HHS/SAMHSA	5
HUD	0
IRS	81
MINT	12
OPIC	6
OPM	28
PBGC	9
VA	498
TOTAL	1,046

e. Income/Award Parameters as of 2/15/01(see attached for each agency)

	Weekly Low/High	Total Award Low/High	Total Family Inc. Low/High	GS Grade Low/High
DoE	\$88.00/149.00	\$596.00/2,880.00	\$28,866.00/66,564.00	5/12
DOI	Not yet implemented			
DOL	\$10.50/125.00	\$71.00/3,750	\$6,151.00/53,053.00	1/12
ED	\$75.00/95.00	\$1,800.00/2,280.00	\$26,000/50,000	5/11
FCA	N/A			
GSA	\$8.00/284.00	\$414.00/14,773.00	\$8,322.00/41,630.0	1/12
HHS/AoA	\$13.00/142.20	\$56.63/1,506.26	\$16,829.00/45,415.00	3/10
HHS/FDA	\$11.25/90.00	\$67.50/540.00	\$14,184.00/41,027.00	4/11
HHS/PSC	\$46.35/68.00	\$278.10/408.00	\$18,662.00/30,787.00	4/ 8
HHS/ SAMHSA	\$100.00/200.00	\$800.00/2,895.00	\$12,391.00/37,007.00	5/9
HUD	Not yet implemented			
IRS	\$33.00/210.00	\$90.00/6,600.00	\$6,802.00/63,915.00	1/ 7
MINT	\$23.86/144.95	\$0.00	\$23,271.00/50,246.00	3/12
OPIC	\$50.00/60.00	\$1,600.00/1,920.00	\$37,877.00/45,205.00	8/9
OPM	\$6.98/67.50	\$100.00/1,434.74	\$2,634.00/49,845.00	1/12
PBGC	\$13.06/26.13	\$219.81/439.63	\$15,265.00/35,774	5/11
VA	\$3.38/77.00	\$20.28/462.00	\$3,053.00/50,855.00	1/11

2. Types of child care used

- **Child care centers (total number of centers where children were enrolled)**

DoE	13
DOI	0
DOL	135
ED	8
FCA	0
GSA	70
HHS/AoA	10
HHS/FDA	15
HHS/PSC	2
HHS/SAMHSA	3
HUD	0
IRS	24
MINT	5
OPIC	2
OPM	21
PBGC	7
VA	383
TOTAL	698

- **Family child care homes (total number of homes where children were enrolled)**

DoE	0
DOI	0
DOL	40
ED	0
FCA	0
GSA	14
HHS/AoA	6
HHS/FDA	6
HHS/PSC	2
HHS/SAMHSA	0
HUD	0
IRS	0
MINT	7
OPIC	1
OPM	7
PBGC	2
VA	115
TOTAL	200

3. Application

a. Total number of applicants

DoE	11
DOI	0
DOL	192
ED	30
FCA	0
GSA	115
HHS/AoA	12
HHS/FDA	20
HHS/PSC	3
HHS/SAMHSA	9
HUD	0
IRS	293
MINT	9
OPIC	3
OPM	35
PBGC	10
VA	800
TOTAL	1542

b. Ineligible employees who made application

DoE	2
DOI	0
DOL	8
ED	16
FCA	0
GSA	17
HHS/AoA	1
HHS/FDA	0
HHS/PSC	0
HHS/SAMHSA	2
HUD	0
IRS	202
MINT	0
OPIC	0
OPM	1
PBGC	3
VA	6
TOTAL	258

c. Applicants denied assistance due to lack of funds

DoE	0
DOI	0
DOL	0
ED	0
FCA	0
GSA	0
HHS/AoA	0
HHS/FDA	0
HHS/PSC	0
HHS/SAMHSA	0
HUD	0
IRS	0
MINT	0
OPIC	0
OPM	0
PBGC	0
VA	0
TOTAL	0

d. Applications in process

DoE	0
DOI	0
DOL	10
ED	6
FCA	0
GSA	5
HHS/AoA	0
HHS/FDA	2 (that are not included in the totals with 2 more in the mail)
HHS/PSC	2
HHS/SAMHSA	4
HUD	0
IRS	0
MINT	0
OPIC	0
OPM	6
PBGC	0
VA	296
TOTAL	330

4. Use of any of the models or a variation of a model from OPM's guide

DoE	YES	E
DOI	YES	D
DOL	YES	A
ED	NO	
FCA	YES	
GSA	YES	D
HHS/AoA	YES	A
HHS/FDA	YES	A
HHS/PSC	YES	A
HHS/SAMHSA	YES	D
HUD	YES	D
IRS	NO	
MINT	YES	D
OPIC	YES	A
OPM	YES	A
PBGC	YES	C
VA	YES	A

5. Agency's definition of "lower income employees"

DoE	65,000.00 and below
DOI	42,000.00
DOL	40,000.00 (Employees in Local 12 Bargaining Unit)
DOL	60,000.00 (Employees in National Field Council of Labor Bargaining Unit & non-bargaining)
ED	50,000.00
FCA	47,000.00
GSA	51,500.00
HHS/AoA	50,000.00
HHS/FDA	45,000.00
HHS/PSC	40,000.00
HHS/SAMHSA	40,000.00
HUD	25,000.00
IRS	65,000.00
MINT	55,000.00
OPIC	75,000.00
OPM	52,000.00
PBGC	50,000.00
VA	52,000.00

6. Agency restrictions on funds (e.g. restricted for only Federally sponsored centers or restricted for full-time employees only)

DoE	Yes	Funds had to be used in the HQs child development centers
DOI	Yes	Permanent employees only.
DOL	Yes	Permanent employees only.
ED	Yes	One child per family age 0 – 5 yr/ Federally-sponsored or accredited center
FCA	Yes	Full-time, permanent employees only.
GSA	No	
HHS/AoA	No	
HHS/FDA	No	
HHS/PSC	No	
HHS/SAMHSA	No	
HUD	No	
IRS	Yes	Federal government child care facility only.
MINT	No	
OPIC	No	
OPM	Yes	Full time employees only.
PBGC	Yes	Full time employees only.
VA	No	

7. Program Administration:

	Agency administered	Contract administrator/contractor
DoE	Yes	Management and Administration
DOI	No	FEEA
DOL	Yes	
ED	Yes	
FCA	Yes	
GSA	Yes	
HHS/AoA	No	FEEA
HHS/FDA	No	FEEA
HHS/PSC	No	FEEA
HHS/SAMHSA	No	FEEA
HUD	No	Not identified
IRS	No	FEEA
MINT	No	FEEA
OPIC	Yes	
OPM	No	FEEA
PBGC	No	FEEA
VA	No	FEEA

8. Bargaining with unions

DoE	No	Program was discussed with NTEU (local and National officials/NTEU supported)
DOI	No	
DOL	Yes	AFGE Local 12/ National Council of Field Labor Locals
ED	Yes	
FCA	No	
GSA	Yes	AFGE
HHS/AoA	Yes	NTEU
HHS/FDA	Yes	NTEU
HHS/PSC	Yes	NTEU
HHS/SAMHSA	Yes	NTEU
HUD	Yes	AFGE Local 465
IRS	Yes	National Treasury Employees Union
MINT	No	National Partnership Council
OPIC	Yes	AFGE
OPM	Yes	AFGE Local 32 and 2450
PBGC	Yes	NAGE
VA	No	Developed with the support of the VA National Partnership Council. All five unions (AFGE, NFFE, NAGE, SEIU, and ANA) participated on Committees: Steering, Implementation, and Communications.

9. Helpfulness of OPM materials contained in The Guide for Implementing Child Care Legislation

DoE	Very Helpful/5
DOI	Somewhat helpful/3
DOL	Helpful/4
ED	Very Helpful/5
FCA	Very Helpful/5
GSA	Very Helpful/5
HHS/AoA	Helpful/4
HHS/FDA	Very Helpful/5
HHS/PSC	Very Helpful/5
HHS/SAMHSA	Very Helpful/5
HUD	Very Helpful/5
IRS	Very Helpful/5
MINT	Very Helpful/5
OPIC	Helpful/4
OPM	Very Helpful/5
PBGC	Very Helpful/5
VA	Helpful/4

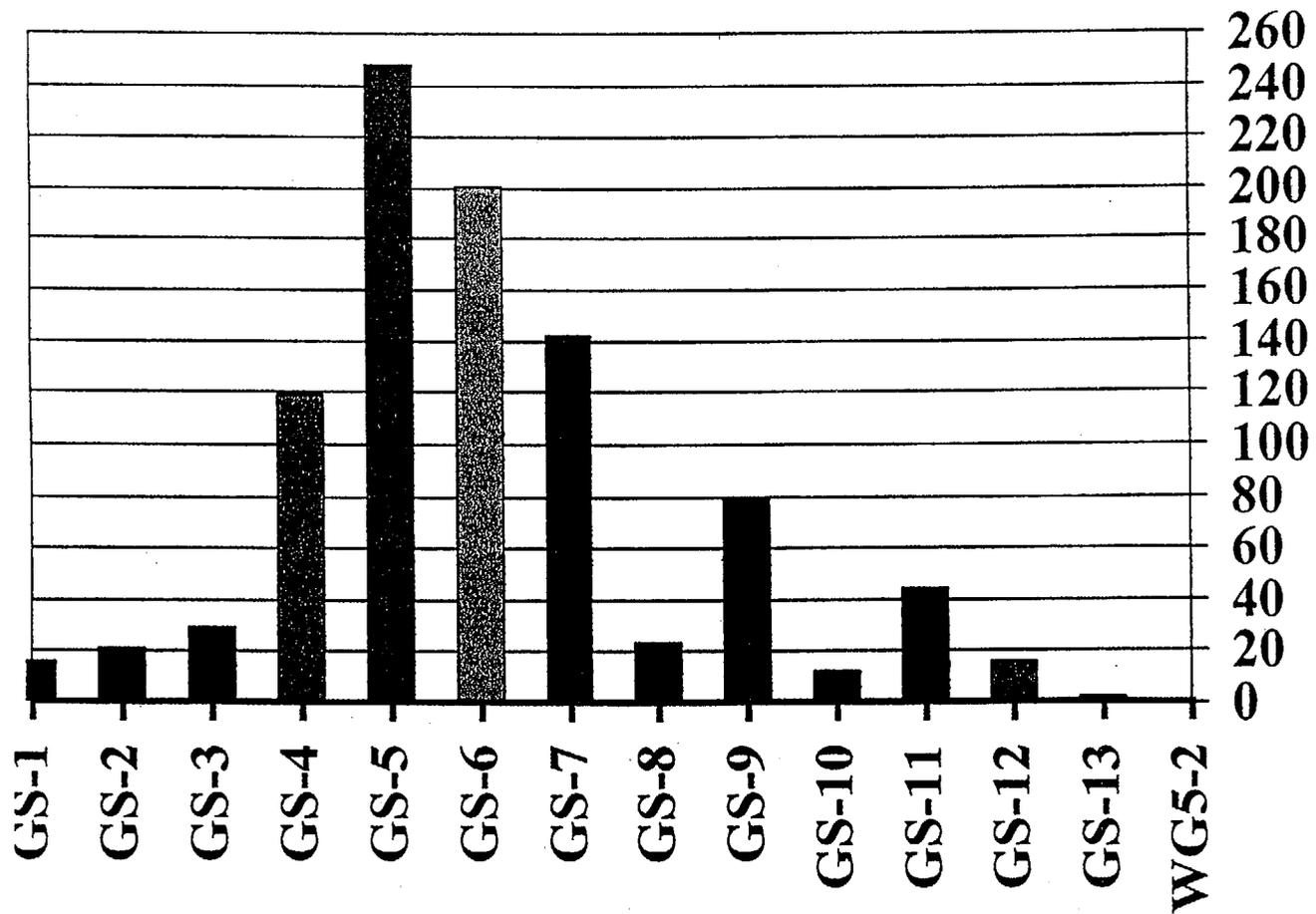
10. How helpful were OPM staff in assisting you or answering your questions about this program?

DoE	Very Helpful/5
DOI	Somewhat helpful/3
DOL	Very Helpful/5
ED	Very Helpful/5
FCA	Helpful/4
GSA	Very Helpful/5 with comments
HHS/AoA	Very Helpful/5
HHS/FDA	Very Helpful/5
HHS/PSC	Not Relevant/1
HHS/SAMHSA	Very Helpful/5
HUD	Very Helpful/5
IRS	Very Helpful/5
MINT	Very Helpful/5
OPIC	Helpful/4
OPM	Very Helpful/5
PBGC	Very Helpful/5
VA	Very Helpful/5

Appendix 4

Graph of Grade Levels

Breakdown of Employees by Grade Levels



Appendix 5

Anecdotal Stories

U.S. Department of Labor:

Comments from Parents:

“This program – Child Care Subsidy – has tremendously and most appreciatively helped me, as well as my son. As everyone so well knows, your paycheck only goes so far. When this program was introduced to the agency, I thought O.K., I will apply. The program is still in effect. It really helps when assistance is given from your employer to help the financial burden of paying for child care. Hopefully, this subsidy program will be around for some time. Not only has the program helped me during school time, but in the summer as well, which costs more because your child is there all day. Department of Labor, I commend and thank you!!!

“I would like to let you know that this child care subsidy is really a great thing. I can’t tell you how happy it makes me to have this type of benefit become available. I have only been on it for a month, but the assistance will greatly help with the rising cost of child care. It can be very difficult for families with two working parents to afford care for their children. I think this is a wonderful benefit being offered for lower income families and I hope to see it last a very long time.”

“Because of this program, I don’t have to place my children in a daycare facility that is cheaper, but I would worry because of the location. My children can stay where they are and I feel safe and happy knowing that they are getting the best of care. I was also considering quitting my job because I can’t afford, but now I don’t have to.”

“As a single father of 4 daughters, of which my twin 5 year olds are in day care, this pilot program is a true blessing. Though I have only been with DOL since July 2000, I believe that DOL really cares for the needs and concerns of its’ employees. This pilot program has allowed me and my children to achieve a higher standard of living without sacrificing quality day care for my 5-year-olds. It is my belief that this program will not only increase the morale of DOL employees that qualify, but will also increase productivity. I can not overstate the positive effect that I believe this program will produce DOL wide.”

Comments from GSA:

In the first year, most of GSA's child care subsidy recipients were single parents who are particularly challenged with balancing work and child care responsibilities. The child care subsidy assists families with the financial challenges of child care, and additionally provides an incentive for families to choose licensed, quality care. As we expanded and raised the income threshold to \$51,500, more dual-income families applied.

The child care subsidy program is extremely important to GSA lower income employees. Some employees who benefited this year had been struggling with meeting their work and family obligations and had some prior difficulty with their child care arrangements. As an example, one recipient had an 8-week old infant she was taking to a local child care center. She was concerned about the quality of care he was receiving and suspected he had been crying most of the day while she was at work. This interfered with her ability to concentrate at work, and she was unable to sleep at night due to worry. When she was approved for a subsidy, she was able to enroll her son in a GSA center at her workplace, where she was able to visit him on her lunch hour. She became much more secure about the care her child was receiving. She reports that she is able to focus on her work in a better way than when she was worrying about her child.

Another recipient was newly hired as a welfare-to-work employee (GS-1/1) at an \$11,000 salary. She was unable to afford licensed child care so she was taking her young infant to a neighbor who was alleged to have left the baby alone at times. She came to the neighbor's house one afternoon and found the baby locked in a closet. With the GSA subsidy, she was able to find an accredited program in her building, which costs her no more, (because GSA is paying the difference) than the neighbor's inferior care cost.

One subsidy beneficiary has guardianship for two grandchildren. The child care expenses for her grandchildren were prohibitive. The subsidy allows her to take both to a licensed provider, and allows her to have ease of mind about their care.

Federal Employee Education and Assistance Fund:

A single mother with multiple children working 17 hours a day, 7 days a week was able to quit one of her part time jobs and spend more time with her family thanks to her employer's subsidy program.

The only day care option for one family was with the unlicensed neighbor who "sat" for 11 children Monday through Saturday and 14 children on Sunday. The neighbor was unable to afford food so the parent either had to provide meals during the day or her children went hungry. The subsidy enabled the mother to place her children in licensed care with the "luxury" of knowing they were well cared for and fed.

In another example a father with a disabled wife was able to place his son in licensed care. Prior to this placement he worried constantly about the welfare of the child being watched by his severely disabled spouse all day.

In addition, FEEA heard numerous stories about the subsidies making the difference between nutritious meals and frequent meals of cereal or worse. One mother is placing her subsidy savings in a special account so her children will have their first "real" Christmas ever in 2001.