

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Federal Child Care Subsidy Program Report on Agency 2014 Programs

Fiscal Year 2014



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Introduction

The Federal Child Care Subsidy Program (FCCSP) allows agencies to use appropriated funds to help lower-income Federal employees pay for child care (40 USC 590(g)). As required by 5 CFR 792.204, agencies are responsible for tracking the utilization of their funds and reporting it to the U.S. Office of Personnel Management (OPM). This report presents child care subsidy data from Fiscal Year 2014.

The results from a 2014 data call show that while numerous agencies are offering child care subsidy programs, few Federal employees are benefiting from them. Given rising child care costs, subsidy programs present an opportunity for Federal agencies to expand their supports for employees with child care responsibilities, yielding potential benefits for employees and agencies alike.

Key findings include:

- About a third of agencies (37 percent) offered child care subsidy programs in Fiscal Year 2014, and no agencies reported eliminating their programs since last reporting to OPM.
- The percentage of employees receiving a child care subsidy ranged from zero to 1.4 percent of the agency workforce. On average, less than half of one percent of agency employees received subsidies across the Government.
- The average income ceiling of about \$70,000 was considerably higher than the average family income for program participants (about \$47,000). Most agencies with subsidy programs (79 percent) reported no change to their income ceiling since the previous fiscal year. The remaining agencies (21 percent) reported their income ceiling increased.
- In fiscal year 2014, agencies report disbursing a total of \$5,903,574 in child care subsidies. Subsidy programs covered varying amounts of participants' total child care costs, ranging from 13 percent to 76 percent depending on the agency. On average, agency subsidy disbursements covered 47 percent of pre-subsidy child care costs.
- The majority of children served (81 percent) were enrolled in center-based care rather than family-based care.
- Agencies reported an estimated \$656,815 in total administration costs for Fiscal Year 2014. Approximately one-third of agencies administered subsidy funds themselves, and the remaining agencies relied on contractors.

Background

Federal agencies are authorized by law to provide subsidies for child care to their low-income employees (40 USC 590). Agencies have the discretion as to whether or not they offer a child care subsidy. They consider various factors such as budget, mission priorities, and the demographics and needs of their employee population when deciding to offer the program. Agencies that establish a subsidy program are given broad latitude in determining key elements and parameters of their programs, including income ceilings and total amounts to be disbursed. Federal regulations (5 CFR 792) require that child care providers be licensed and/or regulated by the state and, where applicable, by

local authorities where the child care service is delivered. Agencies pay directly to the child care provider the child care subsidy for Federal employees who qualify for the program.

Each implementing agency administers its program, often through a contract with a third-party administrator. OPM provides guidance, support and resources to Federal agencies for the FCCSP. Resources include the *Guide for Implementing Child Care Legislation*,¹ informational meetings with agency subsidy coordinators to share ideas and best practices, child care subsidy workshops, and one-on-one assistance to agencies.

Why Subsidize Child Care?

Organizations should prioritize child care subsidies because they can enable mission success by optimizing the recruitment, performance, and retention of top talent. The prevalence of working parents has created a pressing need for affordable child care. In 2015, 70 percent of women and over 90 percent of men with children under 18 were in the labor force, including 57 percent of mothers of infants.² Despite these high rates of parental labor force participation, the costs of child care in the United States have grown at an alarming rate. Over the last thirty years, the average weekly cost of child care for families with working mothers who pay for care has increased more than 70 percent. These costs are especially challenging for low-income and single-parent families, who spend the largest percentage of their incomes on child care. For some families, child care costs take up more than 30 percent of their budgets.³

In 2014, average yearly costs ranged from roughly \$4,000 to \$17,000 for infants and from \$4,000 to \$13,000 for 4-year-olds. In many states, the average cost of child care exceeded the cost of major household expenses such as housing, food, and college tuition.⁴ Reflecting these trends, the majority of parents consider child care costs to be “very” or “somewhat” expensive and report passing up work opportunities, changing jobs, or quitting their jobs to tend to their children.⁵

The FCCSP can help Federal agencies compete for the talent needed to achieve their missions while promoting employee, child, and family well-being. A subsidy program provides increased access to

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http://www.opm.gov/Employment_and_Benefits/WorkLife/OfficialDocuments/HandbooksGuides/Childcare_Legislation/index.asp

² U.S. Department of Labor, Women’s Bureau. 2015. “Latest Annual Data.” dol.gov/wb/stats/recentfacts.htm

³ Laughlin, Linda. 2013. *Who’s Minding the Kids? Child Care Arrangements: Spring 2011*. U.S. Census Bureau. <https://www2.census.gov/library/publications/2013/demo/p70-135.pdf>

⁴ Child Care Aware. 2015. *Parents and the High Cost of Child Care 2015 Report*. <https://www.childcareaware.org/wp-content/uploads/2016/03/Parents-and-the-High-Cost-of-Child-Care-2015-FINAL.pdf>

⁵ Paquette, Danielle, and Peyton M. Creighill. “The Surprising Number of Parents Scaling Back at Work to Care for Kids.” *The Washington Post*. August 6, 2015. https://www.washingtonpost.com/business/economy/the-surprising-number-of-moms-and-dads-scaling-back-at-work-to-care-for-their-kids/2015/08/06/c7134c50-3ab7-11e5-b3ac-8a79bc44e5e2_story.html

employment as well as quality child care. Research shows that high-quality, affordable child care significantly increases family incomes and mothers' employment rates. In addition, quality child care is critical for child development, promoting social and economic benefits such as reduced achievement gaps, improved academic outcomes, and higher earnings later in life.⁶

Data for this Report

As required by 5 CFR 792.204, OPM issues an annual call for child care subsidy data. In previous years, participating agencies and subagencies submitted data using an online form provided by OPM specifically for the purpose of reporting information on child care subsidy programs. In 2014, the Presidential Memorandum on Enhancing Workplace Flexibilities and Work-Life Programs⁷ directed OPM to collect data on Federal agency workplace flexibility and work-life programs, including child care subsidy programs. In response to this requirement, OPM conducted a Call for Information on Workplace Flexibilities and Work-Life Programs, a broader survey that was administered to all Federal agencies, and included the child care subsidy questions in spring 2015. OPM combined the child care subsidy data call with the Call for Information to minimize the number of agency data calls.

The survey was submitted electronically by an individual point of contact selected by each Federal Executive agency. Child care subsidy items solicited information about agency disbursements, employees and children served, and programmatic details for Fiscal Year 2014. The specific child care subsidy questions included in the Call for Information are shown in Appendix A.

It is important to note that child care subsidy data from the Call for Information are not directly comparable to FCCSP data OPM has previously reported. All responses to the Call for Information were at the department/agency level. In contrast, previous FCCSP data calls were submitted by a combination of departments/agencies and subagencies.

Results

The following analysis summarizes OPM's findings on Federal child care subsidy programs for Fiscal Year 2014 (FY14). Data for individual departments/agencies are shown in Appendix B (program administration) and Appendix C (program costs).

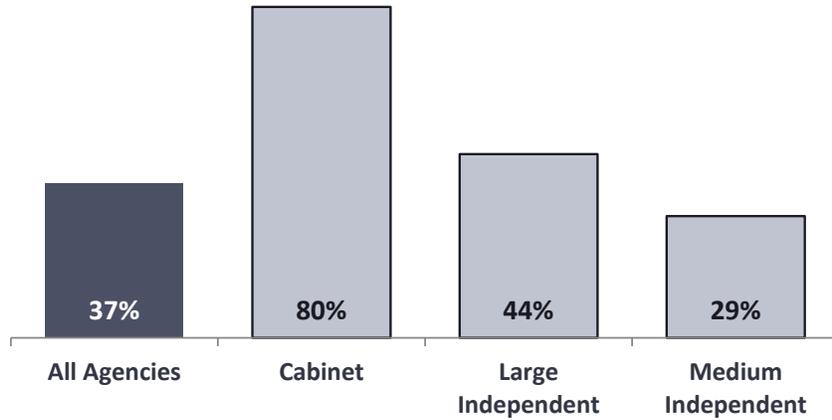
Prevalence of Child Care Subsidy Programs

No agency reported eliminating their program since last reporting to OPM, and 37 percent of agencies (n=25) reported offering child care subsidies in FY14. As shown in Figure 1, the availability of child care subsidies varies considerably by agency size.

⁶ White House Council of Economic Advisors. 2014. *The Economics of Early Childhood Investments*. whitehouse.gov/sites/default/files/docs/early_childhood_report1.pdf

⁷ <https://www.whitehouse.gov/the-press-office/2014/06/23/presidential-memorandum-enhancing-workplace-flexibilities-and-work-life->

FIGURE 1. Percent of Agencies Offering a Federal Child Care Subsidy Program in 2014



Cabinet departments are much more likely than other agencies to offer a subsidy program. Eighty percent of cabinet level departments offer subsidies, while 44 percent of large independent agencies (1,000 or more employees) and 29 percent of medium independent agencies (100 to 999 employees) offer this program. No small independent agency (less than 100 employees) reported offering child care subsidies.⁸

Program Administration

Agencies with subsidy programs were asked to provide information on program administration, including questions about income ceilings required for program participation, employees and children served, types of child care provided, and how funds are administered (i.e., internally or via contractor). Table 1 summarizes agency data on income ceiling levels and employees and children served.

Table 1. Program Administration

	Total	Mean	Minimum	Maximum
Income ceiling	n/a	\$69,872.13	\$50,000.00	\$89,900.00
Average total family income	n/a	\$46,594.07	\$35,890.69	\$60,215.00
Agency population	754,287	31,429	234	351,855
# of employees utilizing subsidy	2,472	103	0	1,362
% of employees utilizing subsidy	n/a	0.42%	0.00%	1.44%
Number of children served	9,329	406	0	7,833
Children in center-based care	6,786	308	0	5,557
Children in family-based care	1,605	73	0	1,373

Note: Data in this table include only agencies that reported having a child care subsidy program as of the survey administration and exclude the Department of Defense (see footnote below).

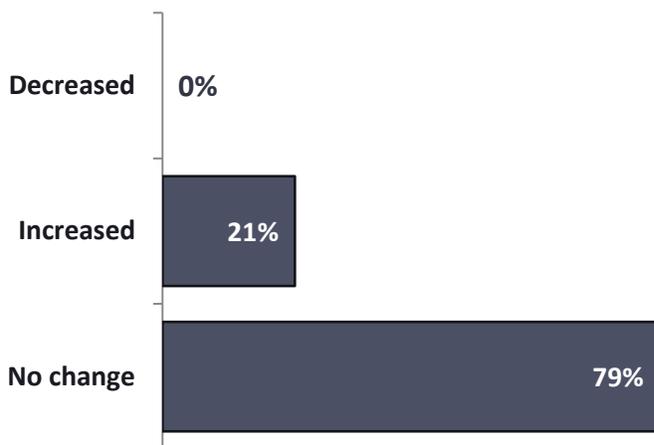
⁸ The Department of Defense, the largest agency to report a child care subsidy program, was included in the count of agencies offering a subsidy program but was excluded from analysis of program administration and costs due to an inability to accurately differentiate civilian and military child care subsidy information.

Income ceilings refer to the maximum allowable income for an employee to be eligible to receive a child care subsidy. Agencies have the discretion to determine the income ceiling for employees at their agency based on their respective budgets and available appropriated funds. As shown in Table 1, the average income ceiling was \$69,872, but income ceilings ranged from a minimum of \$50,000 (Department of Homeland Security) to a maximum of \$89,900 (U.S. Agency for International Development). Notably, the average income ceiling was considerably lower than the average total family income for subsidy participants, which was \$46,594.

The data in Table 1 also show that few Federal employees receive child care subsidies. Agencies reported a total of 2,472 employee participants. The percentage of employees receiving a child care subsidy ranged from zero to 1.4 percent of the agency workforce. On average, less than half of one percent of agency employees received subsidies. This low participation rate is consistent with OPM's previously reported findings that relatively low income ceilings may create a barrier to participation. In addition, the observed gap between average income ceiling and average total family income suggests that some eligible employees may not be aware of the benefit.

Most agencies do not make year-to-year changes in their income ceilings. As shown in Figure 2, the majority of agencies with subsidy programs (79 percent) reported no change to their income ceiling in the past fiscal year, and the remaining agencies reported that their ceiling increased.

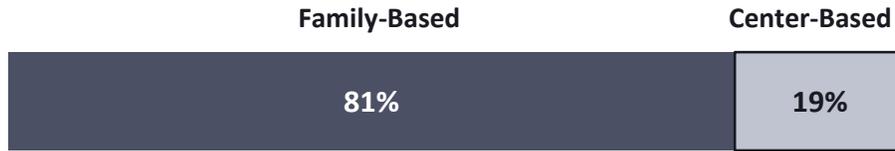
FIGURE 2. Changes to Income Ceiling in Past Fiscal Year



Agencies reported a total of 9,329 children served through the subsidy program (Table 1). Although respondents were not able to provide information on the type of child care provided for all of the children served, the available data indicate that the large majority (81 percent) of children served by the program are in center-based rather than family-based care, as shown in Figure 3. Research has found that both types of care can be beneficial for children as long as they are high in quality.⁹

⁹ Fuller, Bruce, Sharon L. Kagan, Gretchen L. Caspary, and Christiane A. Gauthier. 2002. "Welfare Reform and Child Care Options for Low-Income Families." *The Future of Children* 12, 1: 97-119.

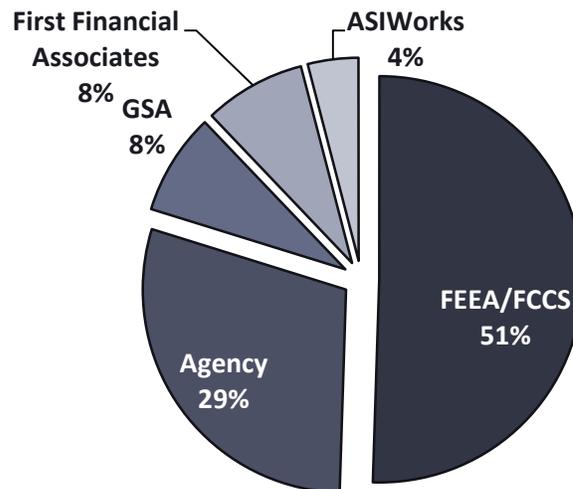
FIGURE 3. Type of Licensed Child Care Provided to Children Served



As shown in Appendix B, of the participating cabinet level departments, the Department of Veterans Affairs reported the highest number of employees participating (1,362) and children served (7,833) by child care subsidies. The General Services Administration reported the highest number of employees participating (41) of the large independent agencies and the highest number of children served (57). Among medium independent agencies, the Pension Benefit Guaranty Corporation has the highest number of employees participating (7) and number of children served (8).

Agencies have the discretion to administer funds themselves or to do so through an external contracted organization. As shown in Figure 4, only 29 percent of agencies administer funds themselves.

FIGURE 4. Organization Administering Subsidy Funds



Agencies reported that four contractors primarily support the FCCSP: Federal Employee Education Assistance Program/Federal Child Care Services (FEEA/FCCS), First Financial Associates, the General Services Administration (GSA)¹⁰ and ASI Works. FEEA/FCCS is the contractor that services most participating Federal agencies. The most commonly used organization, FEEA/FCCS, is responsible for administering 51 percent of the child care subsidy funds.

¹⁰ GSA administers funds for its own agency program as well as for some other agencies.

While agencies reported information on administering organizations at the agency level, there is also variation within agencies. Discussions with agencies and data from previous OPM reports indicate that other contractors support subagency level components as well.

Program Costs

Respondents were asked to provide data on program costs, including both funds disbursed and administration costs. Agency responses are summarized in Table 2.

Table 2. Program Costs

	Total	Mean	Minimum	Maximum
Total administration cost	\$656,815.10	\$36,489.73	\$2,309.60	\$264,183.80
Total disbursed funds in 2014	\$5,903,573.67	\$245,982.24	\$0.00	\$2,266,758.61
Total pre-subsidy child care costs	\$24,124,880.69	\$1,340,271.15	\$24,000.00	\$16,967,487.51
Disbursements as % of care costs	n/a	47%	13%	76%

Note: Data in this table include only agencies that reported having a child care subsidy program as of the survey administration and exclude the Department of Defense (n=24).

The amount of subsidy funds disbursed varied considerably by agency. While agencies reported disbursing a total of nearly \$6 million in subsidy funds in Fiscal Year 2014, disbursements ranged from a minimum of zero where there were no program participants to a maximum of over \$2 million at the Department of Veterans Affairs. Similarly, among agencies with available data, subsidy programs covered widely varying amounts of employees’ pre-subsidy child care costs. On average, disbursements covered 47 percent of pre-subsidy child care costs. However, disbursements as a percentage of child care costs ranged from 13 percent (Department of Veterans Affairs) to 76 percent (Pension Benefit Guaranty Corporation).

Agencies with available data reported spending a total of \$656,815 to administer child care subsidy programs, with an average administration cost of \$36,490. These estimated costs are based on varying methodologies and levels of accuracy. Some agencies determine administration costs using their own formulas, while others provide the costs of the contracted services.

Changes to Child Care Programs

Agencies were given an opportunity to describe any “substantial change” to their programs or to provide additional comments using an open-ended survey item. Of the five agencies that described a program change, four had increased or were in the process of increasing their income ceilings, one experienced a change in the organization administering subsidy funds, and one took steps to clarify eligibility criteria and procedures for records management.

Conclusion

The Federal Child Care Subsidy Program (FCCSP) is an important work-life program in the Federal Government. By addressing employees’ child care needs, subsidy programs can help agencies compete for talent while also promoting employee, child, and family well-being.

The results of OPM’s data collection indicate that numerous agencies offer child care subsidy programs, providing valuable benefits to their employees. Nevertheless, there is clearly room for additional support to working parents. The majority of agencies do not offer child care subsidies. In addition, income ceilings remain relatively low and tend to change little over time. As a result, relatively few employees are eligible to participate, and even fewer employees – less than one half of one percent – receive child care subsidies. Agencies provide subsidies to lower-income employees, as the law indicates; however, they set low income ceilings because of budget limitations. Focus groups conducted in 2015 also indicate there is a lack of program awareness among employees. Agencies have flexibility to set program eligibility criteria, prioritize program funding, and market their programs.

Given high rates of parental labor force participation and increases in the costs of child care, continued expansion of the FCCSP could be beneficial for Federal agencies. Agencies are encouraged to establish child care subsidy programs and, where programs exist, to do more to market benefits to create awareness among eligible employees. Program coordinators may benefit from greater collaboration across agencies as they design programs and set eligibility criteria. In addition, agencies should conduct systematic needs assessments to ensure that programs are aligned with workforce needs.

OPM, as the lead agency providing guidance and support to agencies on all aspects of this program, continues to promote implementation and utilization of the FCCSP at work-life coordinator meetings, specialized workshops, agency visits and conferences/seminars. Information about the FCCSP may be found on opm.gov/worklife.

Appendix A

Child Care Subsidy Survey Questions

Please answer the following questions if your agency has a child care subsidy program:

1. Has your agency stopped offering a child care subsidy program since the last time you reported the data in the "2012 Child Care Subsidy Data Call" administered by OPM? Yes _____ No _____
2. Income ceiling of the child care subsidy program in your agency \$ _____
3. In the past fiscal year, has the income ceiling level changed?
Yes, Increased _____ No, Decreased _____ No Change _____
4. Total agency population _____
5. Number of employees utilizing the child care subsidy program _____
6. The average total annual family income of employees in the child care subsidy program \$ _____
7. Total amount of funds disbursed in fiscal year 2014 \$ _____
8. Total child care costs of all employees participating in the child care subsidy program (pre-subsidy) \$ _____
9. Number of children served by the child care subsidy program _____
10. Number of children in licensed and/or regulated center-based child care _____
11. Number of children in licensed and/or regulated family child care homes _____
12. Did your agency contract with another organization to administer the child care subsidy funds?
Yes _____ No _____ (the agency/component administered the funds)
13. If yes, please name the organization and indicate the type (e.g., non-profit)
Organization _____ Organization type _____
14. Total cost to administer the program during fiscal year 2014 \$ _____

If there has been any substantial change in your child care subsidy program or if you have additional comments, please describe them below: _____

Appendix B

Agency Data on Program Administration

Agency	Income Ceiling	Average Total Family Income	Agency Population	Employees Utilizing Subsidy	Percent of Employees Utilizing Subsidy	Children Served	Children in Center-Based Care	Children in Family-Based Care	Organization Administering Child Care Funds
Department of Agriculture	\$59,999.00	\$41,212.00	9,514	45	0.47%	60	50	15	FEEA/FCCS
Department of Defense	-	-	-	-	-	-	-	-	-
Department of Education	\$75,000.00	\$46,000.00	4,224	2	0.05%	2	1	1	Agency
Department of Health and Human Services	\$75,000.00	\$42,266.00	88,000	332	0.38%	417	337	80	FEEA/FCCS
Department of Homeland Security	\$50,000.00	\$38,591.00	59,223	8	0.01%	8	8	0	GSA
Department of Housing and Urban Development	\$69,999.00	\$45,599.00	8,695	35	0.40%	52	32	2	First Financial
Department of Labor	\$80,000.00	\$48,783.00	16,013	190	1.19%	256	219	37	First Financial
Department of State	\$75,000.00	\$48,527.00	24,672	65	0.26%	101	86	15	FEEA/FCCS
Department of the Interior	\$60,000.00	-	81,000	15	0.02%	20	14	6	GSA
Department of the Treasury	\$60,555.00	\$46,568.00	7,119	28	0.39%	43	43	13	FEEA/FCCS
Department of Transportation	\$72,000.00	\$60,215.00	54,945	220	0.40%	306	238	35	ASI Works
Department of Veterans Affairs	\$69,999.00	\$35,890.69	351,855	1,362	0.39%	7,833	5,557	1,373	Agency
Environmental Protection Agency	\$75,000.00	\$49,631.00	15,483	35	0.23%	47	44	3	FEEA/FCCS
Farm Credit Administration	\$60,000.00	-	286	0	0.00%	-	-	-	Agency
Federal Energy Regulatory Commission	\$72,000.00	\$50,000.00	1,500	1	0.07%	3	3	0	Agency
General Services Administration	\$65,800.00	\$45,167.87	11,007	41	0.37%	57	54	3	Agency
National Science Foundation	\$75,000.00	\$44,717.00	1,337	10	0.75%	13	7	6	FEEA/FCCS
Nuclear Regulatory Commission	\$70,000.00	\$45,892.00	3,858	20	0.52%	24	22	2	FEEA/FCCS
Office of Personnel Management	\$60,000.00	\$39,167.00	5,006	29	0.58%	40	34	6	FEEA/FCCS
Overseas Private Investment Corporation	\$75,000.00	-	234	2	0.85%	2	2	0	Agency
Pension Benefit Guaranty Corporation	\$76,000.00	\$57,084.86	962	7	0.73%	8	-	-	FEEA/FCCS
Pretrial Services Agency	\$81,999.00	\$52,157.00	347	5	1.44%	6	6	6	FEEA/FCCS
Railroad Retirement Board	\$60,000.00	-	837	0	0.00%	0	0	0	Agency
Securities and Exchange Commission	\$68,680.00	\$41,777.00	4,355	9	0.21%	12	12	0	FEEA/FCCS

Agency	Income Ceiling	Average Total Family Income	Agency Population	Employees Utilizing Subsidy	Percent of Employees Utilizing Subsidy	Children Served	Children in Center-Based Care	Children in Family-Based Care	Organization Administering Child Care Funds
U.S. Agency for International Development	\$89,900.00	\$52,636.00	3,815	11	0.29%	19	17	2	FEEA/FCCS
Total	n/a	n/a	754,287	2,472	n/a	9,329	6,786	1,605	n/a

Notes: Data in this table include only agencies that reported having a child care subsidy program as of the survey administration. OPM calculated the percent of employees utilizing a subsidy based on agency responses. Hyphens indicate that no value was provided. Department of Defense data are not reported due to the inability to accurately differentiate civilian and military subsidy information.

Appendix C

Agency Data on Program Costs

Agency	Program Administration Cost Estimate	Total Disbursed Funds	Pre-subsidy Child Care Costs for Participants	Disbursements as Percent of Pre-subsidy Child Care Costs
Department of Agriculture	\$2,309.60	\$75,546.14	\$221,372.48	34%
Department of Defense	-	-	-	-
Department of Education	\$8,840.00	\$8,840.00	-	-
Department of Health and Human Services	\$44,300.00	\$989,801.00	\$1,339,717.00	74%
Department of Homeland Security	\$2,692.00	\$11,947.00	\$73,642.00	16%
Department of Housing and Urban Development	\$7,288.42	\$86,515.78	\$223,218.00	39%
Department of Labor	\$46,200.00	\$590,787.00	\$1,067,764.00	55%
Department of State	\$20,380.52	\$215,339.10	\$506,076.34	43%
Department of the Interior	\$51,623.87	\$51,623.87	-	-
Department of the Treasury	\$24,609.00	\$79,504.00	\$149,280.00	53%
Department of Transportation	\$79,851.00	\$828,908.00	\$2,173,456.00	38%
Department of Veterans Affairs	\$264,183.80	\$2,266,758.61	\$16,967,487.51	13%
Environmental Protection Agency	\$10,179.38	\$127,242.22	\$319,276.47	40%
Farm Credit Administration	-	\$0.00	-	-
Federal Energy Regulatory Commission	-	\$5,232.00	-	-
General Services Administration	\$18,640.50	\$200,768.46	\$403,130.04	50%
National Science Foundation	\$3,344.00	\$41,802.00	\$82,373.00	51%
Nuclear Regulatory Commission	-	\$54,548.00	\$126,611.00	43%
Office of Personnel Management	\$8,579.70	\$107,246.24	\$199,458.41	54%
Overseas Private Investment Corporation	-	\$1,734.00	-	-
Pension Benefit Guaranty Corporation	\$54,843.00	\$54,843.00	\$71,931.00	76%
Pretrial Services Agency	-	\$14,971.00	\$24,000.00	62%
Railroad Retirement Board	-	\$0.00	-	-
Securities and Exchange Commission	\$2,832.00	\$21,635.00	\$47,623.00	45%
U.S. Agency for International Development	\$6,118.31	\$67,981.25	\$128,464.44	53%
Total	\$656,815.10	\$5,903,573.67	\$24,124,880.69	n/a

Notes: Data in this table include only agencies that reported having a child care subsidy program as of the survey administration. OPM calculated the percentage of pre-subsidy child care costs covered by subsidies based on agency responses. Hyphens indicate that no value was provided. Department of Defense data are not reported due to the inability to accurately differentiate civilian and military subsidy information.



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