



Office of the
Director

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

June 24, 2005

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: DAN G. BLAIR,
ACTING DIRECTOR

SUBJECT: Programs to Assist Federal Employees with Child and Dependent Care Expenses

Section 630 of the Affordable Child Care for Lower Income Federal Employees Law, (Public Law 107-67, November 12, 2001), allows agencies to use appropriated and revolving funds to directly subsidize licensed child care for lower income Federal employees. This legislation, called the Federal Child Care Subsidy Program (FCCSP), was implemented in 23 agencies and departments in 2003. Last year, 29 agencies and departments participated; assisting over 2,800 employees pay for licensed child care for over 3,500 children nationwide. The FCCSP is a useful program which agencies can utilize to recruit and retain employees.

Additionally, most employees in the Executive branch and employees of non-Executive branch agencies that have adopted the Federal Flexible Spending Account (FSAFEDS) Program (or their own FSA program) can elect a Dependent Care Flexible Spending Account (DCFSA). Employees can contribute up to \$5,000 annually per household (\$2,500 if married filing separately) in pre-tax dollars from their salary into a DCFSA. The \$5,000 limit applies to DCFSA and any FCCSP benefit taken together. A DCFSA is especially attractive because it helps pay for eligible dependent care expenses, including childcare and eldercare, so that an employee - and his/her spouse, if married - can work, look for work, or attend school full-time.

I commend those agencies currently participating in the FCCSP. However, there is still more to be done to expand participation in this program across the government. I urge you to explore the applicability of the FCC SP to your agency, and wherever possible, to implement it as part of your plan to further your agency's human capital goals.

I also encourage you to re-evaluate your agency's efforts to educate Federal employees about the FCCSP and DCFSA under the FSAFEDS program or your agency's own FSA program. Many more employees are eligible to benefit from these programs than are currently doing so. I enlist your support in providing encouragement and education about these programs to your employees.

More details about the FCCSP and the DCFSA can be found on the OPM website at <http://www.opm.gov/wrkfam/html/cldguide.asp> and fsafeds.gov, respectively.

CON 131-64-4
September 2001

For additional information, agency Chief Human Capital Officers and/or Human Resources Directors should contact their assigned OPM Human Capital Officer. Employees should contact their agency human resources office for assistance.