



The NIH
Child Care Board

Annual Report on NIH Child Care



2006-2007

August 2007

2006-2007
Annual Report on NIH Child Care

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

FROM: NIH Child Care Board

SUBJECT: 2007 Annual Report on NIH Child Care

As Chair of the NIH Child Care Board, I am pleased to share with you the Annual Report on NIH Child Care. This report is a record of the many ways in which the NIH Child Care Board worked to improve child care options for NIH employees and our plans to continue these efforts in 2007-2008.

As in past reports, we have shared our activities and accomplishments and included several specific recommendations for your review. Our recommendations are made with the understanding that there are competing priorities for your attention and your budgets. Yet, priorities and budgets are meaningless without qualified and dedicated agency staff.

We know from talking with NIH employees that child care is a critical issue, and will increase in importance as the NIH workforce changes. We will continue to work to identify alternative child care solutions and resources for NIH and we offer our interest and expertise on issues related to employee morale, recruitment and retention to the leadership of NIH.

We appreciate your attention to this document and would be honored to have an opportunity to discuss this report, including recommendations, accomplishments and challenges, with you directly.

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

cc:
Dr. Alfred Johnson

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Section I

Child Care Board Accomplishments

Evaluated the child care subsidy pilot and recommended establishing an ongoing subsidy program

In February 2007, the Board submitted the NIH Child Care Subsidy Pilot Program Report (Attachment A-1) to the Director and Deputy Director of NIH that documents the evaluation of the program and clearly demonstrates the value of the Child Care Subsidy Program to NIH and its employees.

Based on the pilot program evaluation, the report included recommendations to continue and expand the subsidy program and to modify program guidelines to make it most effective for lower income NIH employees.

In September 2005, the NIH Director requested that the Child Care Board monitor and participate in the evaluation of the NIH Child Care Subsidy Pilot Program. The evaluation of the Child Care Subsidy Pilot to determine its impact and effectiveness began in September 2006. Board members interviewed the Director of the current subsidy management agency, solicited input from subsidy participants, and collected and analyzed data on the NIH Subsidy pilot compared to similar programs in other federal agencies.

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

Supported the development of additional NIH child care facilities

The Child Care Board receives regular updates on the status of the NIH Child Care Waiting List. The list continues to grow. In July 2007 there were over 1100 children on the list for space in NIH Child Care Centers. The number of children on the waiting list has remained between 950 and 1200 since 2003

In March 2007, the Board submitted a letter to Dr. Alfred Johnson, Director of ORS, requesting that the design and construction of the NIH Northwest Child Care Center, as called for in the NIH Master Plan, become a priority for Office of Research Services (ORS) (A copy of the letter is included as Attachment 3). The facility, in planning since 2002, will be an important resource for employees and a tangible indicator of the NIH commitment to our working parents/guardians. In so doing, we join with other interest groups at NIH, most

notably the Working Group on Women in Biomedical Careers, calling for the expansion of NIH child care facilities to support NIH employees and the scientific mission of the NIH.

Pursued options to expand child care services through appropriate legislative channels and information meetings

During 2006-2007, the Child Care Board worked with a representative of the NIH Office of General Counsel and the Office of Legislative Policy and Analysis (OLPA) to review options available to NIH to expand child care services to meet employee demand. Several other Federal agencies have the ability to more flexibly seek capacity solutions; however, given the current DHHS interpretation of Federal Child Care Regulations, NIH cannot benefit from similar remedies. The Board has been working with OLPA to draft language for a legislative amendment that would permit more options and flexibility in providing child care solutions for NIH employees.

The Child Care Board has been working with the Office of Legislative Policy and Analysis since 2004 to support a legislative change that would empower NIH to initiate creative partnerships with community-based child care that would include options such as community based child care, back-up child care, and additional networking with other Federal agencies.

The Board continues to explore back-up child care systems--the provision of care when regular arrangements are not open or not available--and their possible use by NIH. The results of the 2005 NIH-wide Survey of Child Care, conducted by ORS, indicates that "back-up" child care is in the top three services desired by NIH employees.

Recommended revisions to the child care wait list policy and procedure

A subcommittee of the Child Care Board that meets regularly to review the waiting list policies and procedures recommended several policy changes that were successfully implemented in January 2006. During 2007 the Committee reviewed data and customer evaluations since the changes were implemented to determine if additional policy changes were warranted. The Committee found that the implemented changes had a positive impact and suggested further modifications to the waiting list application process and also suggested the need for web-based instructions to add further clarity to the application process. The Board accepted the Committee's recommendations and requested that ORS implement those recommendations. The recommended changes were made in spring 2007 and the subcommittee will continue to meet to evaluate the impact of these changes.

Developed Annual Evaluation and Review of Board Participation

Child Care Board members are appointed to three year terms which require supervisor approval for participation as a work-related activity. The Board developed an annual report to supervisors that will be used by the ORS Child Care Programs Office to document the participation and activities of each Board member. This supports the Board goal of accountability and may be appropriately used in annual performance reviews.

Received NIH Plain Language award for 2005-2006 Annual Report on Child Care

The 2005-2006 Annual Report on NIH Child Care authored by the NIH Child Care Board received an Award for Excellence in the Annual NIH Plain Language Awards process.






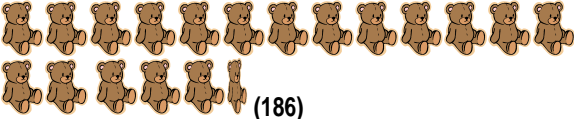


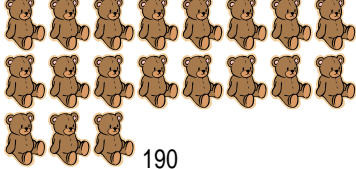


Section II Challenges

Demand for space in NIH child care centers exceeds supply and continues to grow

There are currently 450 combined spaces within the three local NIH-sponsored child care centers. As of July 1, 2007, there were **1105** children Ages 5 and under waiting for a space. The number of children on the waiting list has remained between 950 and 1200 since 2003.

NIH has modified each existing child care facility to provide maximum usage of all available space. Since 2002, over 100 spaces have been added, nearly half of these additional spaces serve children ages two and under.

The chart below of demand vs. supply demonstrates this challenge.

	Demand and Supply of NIH Child Care Facilities	
Ages of Children	1105 Children on Waiting List July 1, 2007  = 10 children	Maximum Capacity of NIH Child Care Programs
Birth to 18 Months	 (520)	 (36)
18 - 24 Months	 (129)	 (33)
24 - 36 Months	 (186)	 (48)
36 - 48 Months	 (159)	 190
48+ Months	 (111)	 (70)

Current federal legislation limits creative solutions for child care issues

NIH would benefit from the use of innovative solutions for child care. NIH-sponsored child care centers, even with another campus center, will not be able to meet all of the employee child care needs.

The needs of NIH employees and work sites are varied according to individual situations and conditions such as:

- **Affordability-** Many NIH employees cannot afford an NIH-sponsored child care center.
- **Residence-** Some NIH employees need or prefer to use child care resources located in their home communities due to work schedules, transportation issues, cultural preferences, and family support systems.
- **Location-** Some NIH work sites (Montana, Baltimore) with low employee populations cannot sustain a stand-alone child care center.

Corporate organizations use innovative solutions to meet a variety of child care situations. One solution is the “reservation” of spaces in licensed child care centers and homes. Given the fiscal reality of the NIH, a cost effective and flexible means to alleviate the demand for care could be the use of reserved spaces at child care programs in employees’ home communities. Additionally, the use of contracted back-up child care – care when an employee has an unexpected need, when regular child care is not available, and during holidays and weather emergencies – has also proven valuable to businesses and other Federal agencies.

The interpretation of current Federal legislation regarding child care for Federal employees, as written, does not appear to permit NIH and some other Federal agencies to contract for reserved or priority placement with non-Federally sponsored child care providers.

The Board feels that addressing problems of affordability and accessibility of child care requires multiple strategies, including the use of both traditional and non-traditional methods. Changes in legislation could permit innovation in creating new partnerships, sharing resources and ideas, and designing and implementing new methods of meeting current challenges.

High quality child care near NIH has been recognized as a critical factor in the support of women in biomedical careers at NIH

Recent reports and initiatives within NIH and throughout academia emphasize the importance of child care and family friendly work policies to support and maximize the potential of women scientists. The National Academies released *Beyond Bias and Barriers: Fulfilling the Potential of Women in Academic Science and*

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Engineering, a report that outlines several critical action areas necessary to support career development of women scientists. Dr. Zerhouni created the NIH Working Group on Women in Biomedical Careers to examine the issues raised in the National Academies report and to respond to the challenges issued to government funding agencies to maximize the potential of women scientists and engineers. The report from the Working Group on Women in Biomedical Careers and the NIH Office of Intramural Research Second Task Force on the Status of NIH Intramural Women Scientists

(<http://womeninscience.nih.gov/pdf/AllRecommendations.pdf>) identifies the need for more child care facilities as critical to the mission of NIH and the support of women scientists.

Section III

Child Care Board Recommendations

Build the new Northwest Child Care Center on campus as soon as possible

- As of July 2007, there were over 1,100 children actively waiting for NIH Child Care Centers
- The President's Management Agenda projects that 71% of current Federal employees will be eligible for retirement in 2010 and that the government needs to hire new employees with skills for the future. This means that Federal agencies will need to recruit a younger workforce and this means a group likely to have continued need for child care.
- Child care as a recruitment tool is recognized nationally, and internationally, as a very important variable for individuals with young children who are considering changes or relocation for job positions. This is particularly true for workers at the early stages of a career who may be starting families and have more limited resources than older, more experienced staff.
- NIH is especially interested in increased recruitment and retention of woman scientists. Recent surveys of NIH employees and fellows indicate that lack of child care resources is a major concern and barrier for this population.

Build or lease additional space for NIH child care facilities off campus

The National Institutes of Health has experienced an expansion of programs and space due to increased responsibility and resources from Congress and the Department of Health and Human Services. Many of the employees associated with these new and relocated programs are housed in office buildings in various areas of Montgomery County. It is anticipated that administrative functions associated with more than seven NIH institutes will occupy more than 2.5 million square feet of leased space in Montgomery County.

Space for child care should be leased as additional off-campus space is acquired for NIH scientific and administrative purposes. Parents/guardians who work off-campus should have access to child care arrangements near to their worksite, similar to that offered to on-campus employees.

Approve and implement the Board Child Care Subsidy recommendations

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

The NIH Subsidy Program should be modified to provide proportionately more assistance to those NIH employees with the greatest need. The Board recommends the NIH Child Care Subsidy Program be restructured to a three-tiered reimbursement structure with an income cap of \$60K in FY 08.

Actively explore alternative ways to solve the NIH child care problem, such as legislative changes and innovative policies

GSA, OPM, other government agencies, and private sector experts agree that affordability and accessibility of child care facilities concern the public and private sector alike, and tackling these problems requires multiple strategies. We believe we must be innovative in creating new partnerships, sharing resources and ideas, and designing and trying new methods of meeting this challenge. The Presidents' Management Agenda states the principle of "removing statutory impediments" and utilizing services that are available in the private sector, rather than creating additional governmental programs.

There is clearly a need for more child care slots on and off campus, as well as emergency and back-up child care and other supports for working parents/guardians. However, Federal legislation, such as the Tribble Amendment, which is the current statute governing the specifics of Federal child care, limits NIH and other Federal agencies to spending appropriated funds only on capital expenses. The limitation on the use of appropriated funds makes NIH unable to contract with private sector community-based providers for child care slots and expand the range of services offered to NIH employees.

The Child Care Board recommends that NIH leadership request changes in Federal Legislation specific to child care that would provide opportunities for flexible solutions to agency need.

The NIH should request modifications to the existing Federal legislation, which limits use of agency funds to facility-specific expenditures (building, leasing and maintaining space). This would permit NIH to explore ways to increase child care capacity and serve employees with a variety of child care options. The Board

recognizes that new ideas and solutions may result in requests for additional funds, but these requests may prove to be more economical than the current limited options.

Request that NIH Institute and Center leaders give attention to workforce changes on issues of work place flexibility, especially related to child care and use the expertise of the Child Care Board as NIH discusses and plans for solutions related to child care, workforce development, recruitment, retention and morale

Child care centers and the child care subsidy are cornerstones of NIH's efforts to help employees with their child care needs. However, not all child care needs can be met by these programs, particularly with the growing needs of employees with school-aged children and those who cannot be served by the limited slots available at the current NIH centers and the limited subsidy program. Flexible workplace programs such as alternative work schedules and telework help employees with these needs, by giving them more control over their schedules and reducing commute times. NIH policies allow employees to access these programs.

Board outreach efforts and a recent NIH-wide child care survey indicate, however, that NIH employees have a growing need to find a balance between work and the "real life" issues of home and family. Employees say they are working harder and longer, while they feel pressured to meet the demands of work and the needs of their children and families. In an increasingly competitive and demanding work environment, finding this balance is very difficult.

Despite the policies and programs offered at NIH, not all employees feel they have access to needed flexibility. NIH leadership can help improve morale and staff satisfaction by demonstrating commitment to these issues, and by working with Institute and Center leadership to ensure that all NIH employees have access to the flexibility they need.

Section IV NIH Child Care Board Priorities for 2007-2008

The Board will address these priorities in the upcoming year:

- Implementation of the NIH Child Care Subsidy Program
- Explore programs of other Federal agencies and identify possible Federal partners
- Explore NIH Work Force Projections and identify future trends which impact child care and which child care impacts
- Identify partnerships with other interest group within NIH
- Support expansion of NIH Child Care Facilities
- Explore Board role in Emergency Preparedness issues at NIH and the community
- Revise and reactivate the Board Communication Plan
- Research current studies on the economics of child care and sponsor/co-sponsor information sessions on these issues
- Explore innovations with existing NIH child care related programs (e.g., improvements to the wait list policies and implementation strategies)

-Approved June 7, 2007

Attachment 1
NIH Child Care Board Membership 2006-2007

Voting Members

Ms. Christie Baxter-Espinoza, NIDA
Dr. Valerie Durrant, CSR/DCPS (Chairperson)
Ms. Monica Ellerbe-Scott, OD/ORS
Ms. Hillary Fitis, OD/CC
Ms. Jayne Lura-Brown, NIDCR/CIBID (Vice-Chair)
Ms. Angela Magliozzi, DEA/NIAID
Dr. Richard Morris, DEA and OMO/NIAID
Ms. Susan Persons, OD
Ms. Kim Plascjak, NIAID
Mr. Henry Primas, CC/HFCD
Ms. Lisa Strauss, OD/OSP/OSE
Dr. Tracy Waldeck, DEA/NIMH

Ex-Officio Members

Ms. Valerie Bonham, HHS/OGC
Dr. Lynn Hudson, NINDS- WSA
Dr. Matthew Kohn, NIMH- FELCOM
Ms. Dona McNeill, NIEHS
Mr. Charles O'Hanlon OD/ORF
Ms. Mary Ellen Savarese, ORS/DoES
Mr. Thomas Hayden, ORS

Non-Voting Center Liaisons

ChildKind, Inc. - Ms. Jaydah Wilson, Director
Parents of Preschoolers, Inc. - Ms. Paulina Alvarado, Director
Executive Child Development Center, Inc. -Ms. Anne Schmitz, Director

Attachment 2 Child Care Subsidy Pilot Evaluation and Recommendation

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

FROM: NIH Child Care Board

SUBJECT: NIH Child Care Subsidy Pilot Program Report

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

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

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

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

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

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

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

Executive Summary

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

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

Key findings

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

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

Recommendations

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

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

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

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

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

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

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

Introduction

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

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

The NIH Child Care Board evaluated the costs and feasibility of the Child Care Subsidy Program, the effectiveness of the Pilot Program to support the NIH mission and employee recipients, and the demand for the Program. To complete the evaluation, the Board reviewed ORS information on employee participation and expenditure, compared NIH data with other Federal agency subsidy programs, met with the Federal Employees

Education and Assistance Fund (FEEA) administrator to discuss the NIH pilot program, talked to subsidy program administrators in other Federal agencies, and reviewed feedback collected in July 2006 from NIH subsidy program participants on the impact of the program. In addition, the Board reviewed NIH child care wait list information and findings from the 2005 NIH Child Care Survey and NIH census data.

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

Subsidy Pilot Program Overview

History of the Pilot

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

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

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

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

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

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

Program eligibility and subsidy allocations

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

Table 1. NIH Program Subsidy Program Structure

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

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

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

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

Pilot program administration

NIH contracted with the Federal Employees Education and Assistance Fund (FEEA), a non-profit agency that provides scholarships and emergency assistance to Federal employees, to administer the NIH child care subsidy program. NIH determined that FEEA, which has operated child care subsidy programs for approximately 25 Federal agencies since 2002, was the most experienced and responsive to NIH plans for a pilot program. The FEEA administers the NIH program for an annual fee of \$1000 in addition

to 8 percent of total subsidy funds expended, a cost much lower than using dedicated agency staff. In addition, by having FEEA administer the subsidy program, NIH protects the confidentiality of employee applicants, who are required to submit detailed financial records and other personal information to qualify for the program.

Application requirements

To apply for the subsidy, employees must submit an application form, detailed information on the child care provider(s), two recent pay statements from each parent or guardian, a copy of the most recent Federal income tax returns for each parent or guardian, and a copy of the child care provider's current license or compliance statement (detailed instructions and forms are available at

http://does.ors.od.nih.gov/childcare/cc_subsidy.htm and are included in Appendix 2).

The completed applications are sent to FEEA directly, who makes the subsidy determination based on eligibility and funding, and then notifies the applicant and the child care provider of the decision. All applications are processed in the order received. Employees are required to apply for the subsidy on an annual basis in order to document eligibility.

Subsidy Pilot Evaluation

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

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

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

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

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

The Board requested voluntary feedback about the program from the NIH subsidy program participants in July 2006. The Director of Child Care Programs sent a general e-mail to all Subsidy Program participants informing them that the Child Care Subsidy

Pilot was being evaluated and asking them to voluntarily provide any comments about the Pilot Program, to which 15 employees responded. The full text of all comments is provided in Appendix 3. Due to confidentiality protections in place, the Board and ORS have limited access to personal and financial information of the participants, making it difficult to conduct a more formal survey or analysis of participants.

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

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

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

Evaluation Findings

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

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

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

- The characteristics of Program participants and their child care expenses demonstrate that the Program is effectively reaching intended employees.
 - The majority of eligible NIH employees and subsidy recipients were Grades GS 7 and below.
 - The average annual total adjusted gross household income of participants was \$34,471.
 - The average monthly cost of licensed child care was \$750. The costs vary significantly by the type of care provider (center care versus other licensed care), age of child, amount of care required (full-day versus after-school care), and month (costs for school-aged children are higher in the summer months and during school breaks).

- The total costs of the Pilot Program of FY 2006 were \$180,730.
 - The average weekly subsidy amount was \$65, with a range from \$12 - \$173. The average monthly subsidy was \$282.
 - The total amount of funds disbursed was \$166,417.
 - The total cost to administer the Program was \$14,313.

- The program exceeded enrollment projections and budget during the first full year. Factors that contributed to overspending included:
 - No attrition of NIH employees enrolled in the program during the first year. Other Federal agencies reported routine turnover of employees using the subsidy program during the course of a year, which the NIH did not experience.
 - The NIH Pilot Program served a large number of Agency employees with incomes in the lowest bracket; 30 percent of employees participating were eligible for the highest level of tuition subsidy of 50 percent.
 - NIH Pilot Program participants use child care centers, as opposed to family child care, at a high rate. Tuition rates are higher in centers so subsidy payments are higher. Of the 75 children served, 78 percent were enrolled in child care centers.
 - Children served were younger and used more expensive child care: 22 percent of the 75 children were age two and under and using the most costly type of care in centers and homes. Child care for children under two is usually more expensive than care for older children because of the low child to staff ratios required.

- ORS instituted a waiting list with a one-out/one-in policy in November 2006 and closely monitors monthly spending and annual projections to assure adherence to the Program budget. Estimated subsidy costs per child have been recalculated using data from NIH Pilot Program participants.

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

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

Benefits to employee recipients and their children

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

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

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

* Recipient participated in the program for only 9 months.

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

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

Employee from NIAID, GS 7 (emphasis added)

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

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

Employee of the Office of the Director, GS 8

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

Benefits to NIH

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

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

“I am a single mother with three small children. I have worked here at NIH for the past two years and been a recipient of the NIH Child Care Subsidy Program for the past year. I am also one of the individuals now on the waiting list to add my third child to the program. The NIH Child Care Subsidy Program has been like an answer to my prayers. With the financial burden of trying to pay child care costs for three small children, the program has helped me be able to afford good child care for my kids. The peace of mind that having good child care provides is not able to be measured in

words or money. This program is an essential part of why I would never consider leaving NIH. The assistance it provides cannot be matched anywhere, which is something that I know first hand. The more that you help your employees to thrive and be successful, the more they will do the same for you.”

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

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

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

Administrative Assistant NIAID, GS 5 (emphasis added)

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

Demand for the Program

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

- Interest and participation in the Pilot Program is high.
 - The program was fully enrolled within five months of the announcement of the Program and currently has a waitlist of ten employees (eleven children).
 - NIH is the only Federal Agency with a subsidy program that was fully enrolled within the first six months and the only Federal Agency with a program waitlist.
 - Potential participants continue to apply for the subsidy, albeit in small numbers, despite the fact that the Subsidy Program has not been actively advertised since it was fully subscribed in October of 2005.

- NIH has a large number of Federal employees with low income household levels.
 - Although it is impossible to estimate the numbers of employees that qualify for the Subsidy Program, the characteristics of Pilot Program participants indicates that a considerable number of employees have qualifying income levels.
 - The average annual total adjusted gross household income of participants was \$34,471.
 - 30 percent of participants in the Pilot Program have total adjusted gross household income levels under \$30,000.

- FEEA estimates a demand for the Subsidy Program at NIH to be 50 percent higher than the number of participants in the Pilot Program during FY2006.
 - Based on data from child care subsidy programs in 25 Federal agencies, FEEA uses a formula of total Federal employee population x .005 percent to estimate the number of eligible participants an agency can expect to have, given sufficient funding and advertising of the program. Based on an employee population of 18,500 and this formula, NIH can expect approximately 92 eligible participants.

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

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

Recommendations

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

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

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

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

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

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

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

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

² *Ibid.*

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

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

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

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

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

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

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

Attachment 3
NIH Child Care Board Correspondence to ORS Director

To: Dr. Alfred Johnson, Director
Office of Research Services, NIH

From: NIH Child Care Board

Subject: NIH Child Care Facilities

The NIH Child Care Board requests your support in obtaining two additional child care center facilities to serve the NIH employee population. The three existing centers are at maximum capacity (serving 450 children) and there are no funded plans to provide additional facilities within the next several years. There are very long waiting lists and an extremely high demand for NIH sponsored child care. As of January 1, 2007, there were 1,060 children on the waiting list.

The approved NIH Master Plan includes the construction of a new Northwest Child Care Center on the NIH Bethesda Campus. The Board would like to see this new facility included in the NIH Strategic Facilities Plan for the FY2009 budget cycle. A Program of Requirements (POR) for this facility was developed in 2004, thus preliminary requirements have already been completed. The NIH Child Care Board requests that ORS take the necessary steps to bring this new center to fruition, and work with the Office of Research Facilities to ensure that it is reviewed and approved by the Facilities Working Group for inclusion in the next budget submission.

In addition, the Board also requests that a new leased space child care facility be initiated to serve the approximately 9,000 NIH employees who work off-campus in leased facilities. The Board has done extensive research that demonstrates a child care center for approximately 150-200 children could be easily sustained with the current employee census in the Rock Springs Cluster area. A space justification and Program of Requirements was completed for this type of facility in 2005.

These two facilities will greatly expand the ability of NIH to support working parents and guardians. They will provide incentives to attract new employees to NIH and retain those who may consider leaving due to child care needs. These facilities will demonstrate the commitment of ORS and NIH to programs and services that support the needs of employees. The availability of reliable and high quality child care improves the ability of all NIH employees to advance the NIH scientific mission.

The NIH Child Care Board appreciates your attention to the important issue of additional facilities for child care and looks forward to your response.

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

cc: Dan Wheeland, Director, ORF
Dr. Thomas Insel, Director, NIMH

Attachment 4
NIH Child Care Board Charter 2006

CHARTER
NATIONAL INSTITUTES OF HEALTH
CHILD CARE BOARD

VISION

The NIH Child Care Board recognizes that the quality of scientific research at the National Institutes of Health (NIH) is a direct result of the quality of the workforce.

Employer-sponsored child care and related support systems are critical to organizations that wish to attract and maintain a highly efficient and increasingly diverse workforce. The productivity and performance of parents and guardians in the workforce is enhanced when their children are in quality care, and children thrive when they are nurtured in a safe and appropriate learning environment.

The entire NIH workforce benefits from the stable child care arrangements of working parents/guardians.

MISSION

The NIH Child Care Board hereinafter referred to as the Board, will promote affordable, accessible, and quality child care and related services for all NIH employees. The Board will advise the NIH Director regarding child care programs and issues.

OBJECTIVES

The Board aims to contribute actively and substantively to making and keeping NIH a highly desirable place to work when compared to any public or private workplace.

The success of the Board in supporting a quality workforce and accomplishing its mission depends on its ability to effectively communicate and collaborate with various communities.

The Board will:

1. Serve as an advocate for affordable, accessible, and quality child care and related services for the NIH community.
2. Serve as a forum for NIH child care issues and policies.

3. Advise the NIH Director with regard to child care issues and policies, e.g., status of existing programs, quality of care, need for modification of existing services and/or development of new services.
4. Support programs and initiatives that support the role of parents and legal guardians as the first and primary care givers for children.
5. Foster collaborations to achieve its vision.
6. Develop an annual action plan to direct Board efforts to meet these objectives.

APPOINTMENT

Members will span the interests of NIH employees and their dependents and represent the diverse population of the NIH community.

Applicants shall have a strong interest in issues related to child care and programs for children and families. Employees interested in participating on the Board shall submit a nomination letter to the Director, Division of Employee Services (DOES), who shall forward a copy to the Board's voting members for review and consideration.

The Board shall provide its recommendations in writing to the DOES Director. The DOES Director will forward the nomination packet to the Deputy Director of Management, NIH for appointment consideration. The Deputy Director of Management shall notify applicants in writing of their appointment to the Board.

VOTING MEMBERS

The Board shall consist of at least 7 Federal employees, including the Chairperson and Vice Chair. Elections by a simple majority of voting members for the positions of Chair and Vice Chair shall be held annually.

No voting member may be an officer, member of the board, trustee, employee or partner of any NIH-supported Child Care Center. Voting members may not have any financial interest in such a program, either themselves or through their spouse or minor child, except that they may have a dependent in such a program, provided that they receive approval to participate from the appropriate ethics official.

TERMS AND VACANCIES

Voting members shall serve on the Board for a term of 3 years. The Terms for voting members are staggered. No more than one-third of the Board members should be replaced in any given year in order to preserve continuity and effectiveness of operation. If a member is unable to fulfill a term, a successor shall be appointed to complete the term, subject to the approval and appointment by the Deputy Director of Management, NIH.

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EX-OFFICIO, NON-VOTING MEMBERS and LIAISONS

Ex-officio, non-voting members shall include the NIH Child Care Program Specialist, who shall serve as the permanent Executive Secretary of the Board, the Director of the Division of Employee Services, the Director of the Office of Research Facilities, the Director of the NIH WorkLife Center, the NIH Legal Advisor, or their respective designee. Additional non-voting members may include representatives from any other NIH organization that has an interest in child care issues. Ex-officio members will serve indefinite terms.

Non-voting liaisons may include the Director and the President of each Center's Board of Directors or their designees.

MEETINGS and ATTENDANCE

Regular meetings shall be held at least 6 times a year. The Chair may call additional meetings as necessary and may also call closed sessions of voting members only. The Board may request a member's resignation if the member fails to attend three consecutive meetings.

A majority of the voting members shall continue a quorum for the transaction of the Board's official business. Meetings may be held in the absence of a quorum but official votes may not be taken unless a quorum is present.

RECORDS and REPORTS

The Board shall be provided with such information as it may require for purposes of carrying out its functions. The Board shall report at least annually in writing and/or in person to the NIH Director on the status of child care programs at NIH, identify areas of concern, and recommend actions where necessary.

The ORS Division of Employee Services shall provide the services of a corresponding and recording secretary to handle the business of the Board, prepare correspondence and minutes, record attendance at meetings, maintain membership lists, obtain conference room space, notify members of meetings, and maintain the permanent files of the Board.

TERMINATION DATE

The Board will terminate 5 years from the date this Charter is approved unless renewed by the NIH Director and re-commissioned prior to its expiration.

APPROVED

Elias A. Zerhouni
Director, National Institutes of Health

August 23, 2006
Date