

GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

HRM 9500.2C
January 3, 2024

GSA ORDER

SUBJECT: Child Care Subsidy Program

1. Purpose. This Order issues and transmits the General Services Administration's (GSA) policies and procedures for the GSA Child Care Subsidy Program to help make child care more affordable for lower income GSA employees.
2. Background. Congress authorizes Executive agencies, in accordance with regulations promulgated by the Office of Personnel Management (OPM), to use appropriated funds to provide child care services for Federal employees. See *40 U.S.C. § 590(c) and 40 U.S.C. § 590(g)*. OPM's regulations implementing this legislation, entitled *Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees*, are codified at 5 CFR Part 792, Subpart B.
3. Scope and Applicability.
 - a. The provisions of this Order apply to all full-time GSA Federal employees.
 - b. The provisions of this Order do not apply to GSA Federal employees in part-time and temporary positions as they are ineligible for the Child Care Subsidy Program benefits.
 - c. The provisions of this Order do not apply to GSA contractors.
 - d. The Office of Inspector General (OIG) has independent personnel authority. See Section 6 of the Inspector General Act of 1978, (5 USC. App. 3), as amended. Also see, GSA Order, ADM 5450.39D CHGE 1, GSA Delegations of Authority

Manual, Chapter 2, Part 1, the “Inspector General has independent authority to formulate policies and make determinations concerning human capital issues within the [OIG].” The provisions of this Order shall not be construed to interfere with or impede the legal authorities or independence of the OIG.

- e. This Order applies to the Civilian Board of Contract Appeals (CBCA) to the extent that the CBCA determines it is consistent with the CBCA’s independent authority under the Contract Disputes Act and it does not conflict with other CBCA policies or the CBCA mission. Presently, the provisions of this Order apply to CBCA.

4. Cancellation. This Order cancels and supersedes GSA Order CPO 9500.2B, Child Care Subsidy Program, dated June 26, 2022.

5. Summary of Changes

- a. The GSA Child Care Calculator has been revised to a variation of OPM Model D, per the [OPM Guide for Implementing Child Care Legislation](#). Text referring to the previous benefit calculation method has been replaced to reflect the new model.
- b. Appendix A. Definitions have been updated, per the [OPM Guide for Implementing Child Care Legislation](#).

6. Signature.

/s/ _____
JEFFREY LAU
Acting Chief Human Capital Officer (C)
Office of Human Resources Management

HRM 9500.2B Child Care Subsidy Program

Table of Contents

<u>Section</u>	<u>Page</u>
Introduction.....	4
Purpose.....	4
References.....	4
Forms.....	4
Roles and Responsibilities.....	5-6
General Provisions.....	6
Application.....	7
Payment Procedures.....	9
Benefits.....	9
Potential Tax Implications.....	11
Funding.....	11
Amendment and Termination of the Program.....	11
Appendix A. Definitions.....	12

Child Care Subsidy Program

1. Introduction. The Child Care Subsidy Program (Program) was implemented to improve the affordability of child care for lower income Federal employees. Quality child care that is safe and affordable can be extremely difficult to find for lower income families, which may present an undue hardship for parents / guardians that can hinder their effectiveness at work or at home. The law permits Federal agencies, at their own discretion, to use appropriated funds to assist lower-income agency employees with the costs of child care.

2. Purpose. The purpose of the Program is to improve the affordability of child care for lower-income GSA employees. Potential supplemental benefits to GSA through implementation of this Program include better recruitment and retention of qualified employees, lower absenteeism, and improved morale. Improved retention may result in significant recruitment and training cost savings. Providing subsidies through the Program allows GSA to sustain a family-friendly culture and promote work-life balance to agency employees.

3. References.

- a. 5 CFR 792 (Subpart B) - Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees (§§ 792.201 - 792.206)
- b. 40 USC 590(c)
- c. 40 USC 590(g) - Appropriated Amounts for Affordable Child Care
- d. [OPM Guide for Implementing Child Care Legislation](#)

4. Forms. This Order provides for the use of the following form(s):

- a. OPM 1643, Child Care Subsidy Application Form;

- b. OPM 1644, Child Care Provider Information for Child Care Subsidy Program for Federal Employees;
- c. GSA Child Care Subsidy Program Application Package.

5. Roles and Responsibilities.

a. The Office of Human Resources Management (OHRM) Business and Acquisition Management Division (C0B) will:

1. Develop appropriate policies and procedures and maintain responsibility for agency wide implementation of the Program;
2. Email the letter of notification regarding eligibility for benefits to the employee;
3. Make Program information available to agency employees via the agency intranet and email communications;
4. Make monthly subsidy payments on behalf of the participant to the qualifying child care provider via Electronic Funds Transfer (EFT) within 15 business days upon receipt of the completed monthly Program attendance record and invoice (Invoice) form;
5. Provide GSA Payroll Services Branch with a Dependent Care Assistance Plan (DCAP) report on a monthly basis;
6. Notify enrolled participants of annual recertification 30 calendar days prior to the required program recertification.
7. The GSA Child Care Subsidy income ceiling is determined by the annual cost of living adjustment and is approved by the Office of the Chief Financial Officer (OCFO).

b. The GSA Payroll Services Branch will:

1. Administer the DCAP according to its terms and subject to applicable law, for the exclusive benefit of persons qualified to participate in the DCAP;
2. Exercise, whenever any discretionary action is required, its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.
3. In addition to all other powers provided by the DCAP, GSA Payroll Services Branch has authority to:
 - a. Make and enforce rules and regulations as it deems necessary or proper to efficiently administer the DCAP;
 - b. Interpret the DCAP in good faith. All interpretations will be final and conclusive on all persons requesting benefits under the DCAP;
 - c. Address questions concerning the DCAP and the eligibility of any person to participate in the DCAP;
 - d. Staff as needed to help administer the DCAP;

6. General Provisions & Eligibility.

- a. Agency employees are eligible to apply if:
 1. The employee is employed on a full time basis by GSA;
 2. The employee's Total Family Income (TFI) does not exceed the annually determined ceiling.
 - i. Employees will not be eligible if their Total Family Income (TFI) exceeds the annually determined income ceiling using the annual cost of living adjustment and approved by the Office of the Chief Financial Officer (OCFO). Once the annual income ceiling is determined, it will

be published on the Child Care for GSA Employees inSite page.

- b. If the GSA employee has a spouse, then the employee's spouse must be working, attending an Educational Institution, or actively seeking employment.
- c. GSA employees may apply for the Program effective on the first day they enter pay and duty status. Benefits under the Program will cease immediately if the participant's employment with GSA terminates.

7. Application.

- a. GSA employees eligible to apply must submit to childcare@gsa.gov, a signed and dated GSA Child Care Subsidy Application Package consisting of the following completed forms:
 - 1. OPM 1643, Child Care Subsidy Application Form;
 - 2. OPM 1644, Child Care Provider Information for Child Care Subsidy Program for Federal Employees;
 - 3. Current Employee Pay & Leave Statement;
 - 4. Current Employee Federal Tax Return Form-1040;
 - 5. A copy of the Qualifying Provider's License, Letter of Registration or Accreditation Certificate;
 - 6. GSA Child Care Subsidy Program Application Addendum;
 - 7. GSA Child Care Subsidy Program Employee Handbook Statement of Understanding.
- b. If the applying GSA employee has a spouse, the GSA Child Care Subsidy Application Package must include the following additional completed forms:
 - 1. Federal Tax Return Form-1040 for Spouse;

2. GSA Child Care Subsidy Program Certification for Spouse Seeking Employment and/or Enrollment in an Educational Institution;
 3. GSA Child Care Subsidy Program Certification of Spouse Enrolled in an Educational Institution.
- c. OHRM will review the initial pending application to determine qualification to receive benefits. This includes, but is not limited to, determining that:
1. The employee is employed on a full time basis by GSA;
 2. The employee's spouse, if applicable, is working, attending an Educational Institution, or actively seeking employment;
 3. The employee's TFI does not exceed the annually determined qualification ceiling;
 4. The status of the Qualifying Child or Qualifying Dependent of the employee;
 5. The status of the Qualifying Provider to provide Qualifying Services.
- d. If an incomplete application package is submitted, OHRM will notify the agency employee that their incomplete submission has been declined and that they must submit a new, complete application package to childcare@gsa.gov. Applicants must submit a complete application package to move forward in the application review process.
- e. After OHRM's review of the application package, a letter of notification will be sent via email notifying the employee whether they are eligible to receive a benefit under the Program, the amount of any benefit to be received, and the effective date for receipt of the benefit.
1. Participants will receive a benefit under the Program only for eligible child care expenses incurred after the effective date listed

on the letter of notification issued by OHRM.

- f. Participants will be required to recertify annually for the Program to determine continued eligibility and level of benefits. OHRM notifies enrolled participants of annual recertification thirty calendar days prior to the required program recertification. The Program's annual recertification dates may vary and are subject to change.
- g. Participants are required to notify childcare@gsa.gov via GSA email, within fourteen calendar days, of any change in the following:
 - 1. Spouse's work, training, or education schedule;
 - 2. Family's address or telephone number (work and home);
 - 3. Marital status;
 - 4. Qualifying Provider information;
 - 5. Qualifying Child or Qualifying Dependent enrollment status.

8. Benefit Calculation.

- a. The Program uses a modified Flat Fee Model, based on a low income eligibility threshold with a specified graduated maximum amount the agency pays to directly reimburse child care costs.
- b. Employees will not be eligible if their Total Family Income (TFI) exceeds the annually determined income ceiling using the annual cost of living adjustment and approved by GSA, Office of the Chief Financial Officer (OCFO). Once the annual income ceiling is determined, it will be published on the Child Care for GSA Employees inSite page.
- c. If child care costs are less than the amount of subsidy for which the participant is eligible, the subsidy will be the cost of the child care.

- d. The benefit amounts may be adjusted according to any Congressionally authorized increases in General Schedule wages or salaries.
- e. The benefit amounts are subject to GSA OCFO review and adjustment.
- f. Approval for and payment of benefits will be subject to the availability of funds.
- g. The Participant will receive, on or before January 31 of each year, a written statement showing the amounts paid by GSA for providing benefits to the participant during the previous calendar year. GSA will also send IRS Form 1099 to the Qualified Provider and a matching form to the IRS.

9. Payment Procedures.

- a. The GSA Child Care Subsidy Application Package includes the OPM Form 1644, Child Care Provider Information for Child Care Subsidy Program for Federal Employees information is used by GSA to enroll the Qualified Provider in GSA's EFT process.
- b. The Qualified Provider or Participant will provide the properly completed and signed GSA Child Care Subsidy Program Invoice and Attendance form, via email, to childcare@gsa.gov certifying that services have been performed or are expected to be performed on behalf of the participant's child, on a monthly basis, or as determined by GSA.
- c. GSA will review the submitted GSA Invoice and Attendance form and pay the appropriate amount via EFT to the Qualified Provider. Electronic Funds Transfer (EFT) is the quickest way for providers to receive child care subsidy payment. EFT is a direct deposit which securely and electronically transfers the child care subsidy payment directly into the provider's financial account, associated with the provider's Tax Identification Number (TIN).

d. GSA will make a one-time subsidy payment, subject to the availability of fiscal year funds, for the month immediately preceding an Agency Evacuation Order.

10. Potential Tax Implications. Agency employees need to research their individual tax situation or consult a tax advisor to determine how their taxes will be affected by their receipt of a subsidy.

11. Funding. This Program is not mandated by statute. GSA is voluntarily implementing the Program to benefit its employees. GSA will pay for the program pursuant to 5 CFR 792 (Subpart B).

12. Amendment and Termination of the Program. GSA may amend or terminate this Program at any time. Benefits are not guaranteed and may be reduced by amendment to the policy.

Appendix A. Definitions

1. "Benefits" means the amount of eligible child care expenses paid by GSA to a qualified child care provider on behalf of a Participant to subsidize Eligible Child Care Expenses paid or incurred by the Participant.
2. "Child" means a member of a household maintained by an Employee who bears the following relationship to the Employee:
 - a. a biological child who lives with the Employee;
 - b. an adopted child;
 - c. a stepchild;
 - d. a foster child;
 - e. a child for whom a judicial determination of support has been obtained; or
 - f. a child to whose support the Employee who is a parent or legal guardian makes regular and substantial contributions.
3. "Code" means the Internal Revenue Service (IRS) Code of 1986, as amended.
4. "Dependent" means any individual who is a dependent of a Participant within the meaning of IRS Code Section 152(c).
5. "Earned Income" means all income, as defined under IRS Code Section 32(c)(2), including income from wages, salaries, tips and other employee compensation, and net earnings from self-employment, but does not include any amounts received:
 - a. as pre-tax benefits under IRS Code Section 129 on behalf of a Qualifying Dependent under the Program;
 - b. as a pension or annuity; or

- c. as unemployment or workers' compensation.
6. "Educational Institution" means any college or university, the primary function of which is the presentation of formal instruction and that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance at the place where its educational activities are regularly carried on.
 7. "Effective Date" means the date selected for the start of the Program.
 8. "Eligible Child Care Expenses" means expenses incurred by a Participant for Qualifying Services which are paid to a Qualifying Provider who is not:
 - a. a Dependent of a Participant or a Dependent of the Spouse of a Participant;
 - b. a child of a Participant under the age of 19, and which are incurred to enable the Participant or the Participant's Spouse to be gainfully employed.
 9. "Employee" means an agency employee.
 10. "Agency" means GSA.
 11. "Participant" means an agency employee who has satisfied the eligibility requirements, who has made an application and been accepted by GSA for benefit under this Program.
 12. "Program" and/or "Plan" means the GSA Child Care Subsidy Program.
 13. "Qualifying Child" or "Qualifying Dependent" means a Child of a Participant or Dependent of a Participant" who is:
 - a. under the age of 13; or
 - b. under age 18 and is physically or mentally incapable of caring for himself or herself.

14. "Qualifying Child Care Center" means a child care center that:

- a. complies with all applicable laws and regulations of the State and town, city or village in which it is located;
- b. is licensed to provide child care services in the state or location in which the day care center operates; and
- c. receives a fee, payment or grant for services for any of the individuals to whom it provides services (regardless of whether the facility is operated for a profit).

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

16. "Qualifying Services" means services performed:

- a. Outside the home of the Participant at a Qualifying Child Care Center.
- b. For the care of a Qualifying Child or Qualifying Dependent of the Participant;
- c. To enable the Participant or the Participant's Spouse to remain gainfully employed; and
- d. For the primary purpose of assuring the Qualifying Child or Qualifying Dependent's wellbeing and protection.
- e. Qualifying Services do not include services provided at a camp where the Qualifying Child or Qualifying Dependent stays overnight.

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

18. "Total Family Income (TFI)" is the combined income of both parents /guardians and

is listed on their IRS tax forms as their adjusted gross income (AGI); and may also include business income, rental income, and/or any other recurring income, as listed on their most recent IRS tax forms. It refers to line 22 on Internal Revenue Service (IRS) Tax Return Form 1040 or line 15 on IRS Tax Return Form 1040A.