

February 2012

MILITARY CHILD CARE

DOD Is Taking Actions to Address Awareness and Availability Barriers



G A O

Accountability * Integrity * Reliability

Why GAO Did This Study

About a million military servicemembers serve the United States while raising a family, and many need reliable, affordable child care. Paying for high-quality child care can be challenging for these families, so the Department of Defense (DOD) offsets costs by subsidizing on-installation child care centers and offering subsidies for approved off-installation care providers. Deployments related to the wars in Iraq and Afghanistan increased the demand for child care. The extent of military families' out-of-pocket child care costs for those using subsidized care are not known, and families may face barriers to obtaining DOD-subsidized care. GAO was mandated to examine: (1) the out-of-pocket child care costs paid by military families who use DOD-subsidized care; and (2) the barriers, if any, to obtaining DOD-subsidized care, and what has DOD done in response.

To address these objectives, GAO reviewed DOD policies and guidance; interviewed officials from DOD, its contractor that administers DOD's off-installation child care subsidies, and organizations that support military families; reviewed DOD fee data for school year 2009-2010 (school year 2010) and school year 2010-2011 (school year 2011); and analyzed child care costs for a random probability sample of 338 families using off-installation care in school year 2010. GAO conducted nongeneralizable discussion groups with military parents at two large military installations.

GAO is not making recommendations in this report. DOD generally agreed with the report's findings and also provided additional information on several specific points in the report.

View [GAO-12-21](#) or key components. For more information, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

MILITARY CHILD CARE

DOD Is Taking Actions to Address Awareness and Availability Barriers

What GAO Found

Out-of-pocket costs for military families who use DOD-subsidized child care are largely driven by policies that vary by service. DOD establishes income-based fee ranges for on-installation child care, but each service sets its own fees and discounts within these parameters. As a result, in school year 2010 the per-child costs that families from the same income categories paid for on-installation care varied by service and installation. For example, the monthly per-child cost for a family with an income of \$50,000 could have ranged from \$335 to \$518. Families' costs for off-installation child care through private providers are also affected by policy differences among the services. All services offer subsidies for off-installation care that are intended to make families' costs comparable to those for on-installation care. In an effort to offer benefits to more families, some services use a fixed cap to limit the subsidy amount. In school year 2010, the Air Force and Navy capped their subsidies at \$200 per child per month, and families in these services had higher average monthly costs for off-installation care than Army and Marine Corps families, and also had higher costs than what they would have paid for on-installation care. For example, on average, Navy families using off-installation care paid \$87 more per month than they would have paid for on-installation care, while Army families paid \$63 less. Other factors, such as the number of children in care, also contributed to families' costs for off-installation care. DOD and the services' recent policy changes reduced differences among and within services in families' costs for on-installation care, and DOD plans to further reduce these differences in the next 3 to 5 years. While the effects of these policy changes on individual families' costs for off-installation care vary by family, families in services with fixed subsidy caps will likely continue to have higher average costs than families in services that do not.

Military families face two main barriers to obtaining DOD-subsidized child care: lack of awareness and insufficient availability. According to DOD officials and based on GAO's group discussions, some families remain unaware of subsidized child care, particularly off-installation care, despite DOD's efforts to provide information at pre-deployment briefings, and through other outreach efforts. Families who are geographically isolated from an installation, such as reservists and recruiters, may be less likely to be aware of subsidized care. The individual services have taken steps to increase awareness of DOD-subsidized child care, such as establishing positions for professionals who educate families about child care options. However, even families who are informed about DOD-subsidized child care may face barriers obtaining it due to a lack of available space at on-installation centers and a scarcity of eligible child care providers off installation. The shortage of on-installation child care spaces resulted, in part, from heavy deployment demands, and DOD has responded by approving construction projects that it anticipates will provide over 21,000 new child care spaces using fiscal year 2008 through 2010 funding. DOD and the services have initiatives under way to increase the availability of eligible off-installation providers. In addition, DOD is developing an agencywide system that will provide servicemembers a central place to request both on-installation and off-installation child care. DOD plans to pilot the system in the spring of 2012 and intends to market it DOD-wide to servicemembers once it is fully implemented. The agency is in the process of contracting for the development of a marketing plan.

Contents

Letter		1
	Background	4
	Military Families' Child Care Costs Are Largely Driven by Policies, Including Subsidy Caps, Which Vary by Service	8
	Limited Awareness of DOD-Subsidized Child Care Programs and Availability of Care Pose Barriers for Military Families	17
	Concluding Observations	27
	Agency Comments and Our Evaluation	29
Appendix I	Objectives, Scope, and Methodology	32
Appendix II	On-Installation Fee Ranges in School Year 2011	38
Appendix III	Supplemental Data from Sample of Families Using DOD-Subsidized Off-Installation Care	40
Appendix IV	Comments from the Department of Defense	42
Appendix V	GAO Contact and Staff Acknowledgments	44
Tables		
	Table 1: Primary DOD-Subsidized Child Care Programs	5
	Table 2: Average Monthly Costs per Family for Off-Installation Care in School Year 2010, by Service	12
	Table 3: Subsidy Caps and Minimum Subsidies for Off-Installation Care in School Year 2010, by Service	14
	Table 4: OSD Income Categories and Fee Ranges for On- Installation Care in School Year 2011	15
	Table 5: Changes to Services' Subsidy Policies for Off-Installation Care in School Year 2011	17
	Table 6: Number of Families and Children in Sample, by Service and Component	40

Table 7: Average, 10th Percentile, and 90th Percentile Annual Total Family Incomes of Families Using Off-Installation Care in Fiscal Year 2010, by Service	40
Table 8: Percent of Families Using Off-Installation Care with a Servicemember Who Was Deployed in Fiscal Year 2010, by Service	41
Table 9: Average Monthly Costs per Child for Off-Installation Care in School Year 2010, by Service	41
Table 10: Percent of Air Force and Navy Families Using Off-Installation Care Affected by Subsidy Cap in School Year 2010	41

Figures

Figure 1: OSD Allowable Monthly Fee Ranges and Ranges in the Actual Fees Charged by Services for On-Installation Care in School Year 2010, by Income Category	9
Figure 2: Common Sources of DOD Child Care Information	18
Figure 3: Determining Eligibility for DOD-Subsidized Off-Installation Child Care	26
Figure 4: Office of the Secretary of Defense (OSD) Allowable Monthly Fee Ranges and Ranges in the Actual Fees Charged by Services for On-Installation Care in School Year 2011, by Income Category	38

Abbreviations

CDC	Child Development Center
DOD	Department of Defense
NACCRRRA	National Association of Child Care Resource and Referral Agencies
OSD	Office of the Secretary of Defense

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

February 3, 2012

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

About a million members of the United States' armed services¹ are balancing the demands of serving our country and raising a family, and many need reliable, affordable child care. Deployments related to the wars in Iraq and Afghanistan have increased the demand for child care. Paying for high-quality child care can be challenging, so the Department of Defense (DOD) subsidizes some child care costs for military families. Families using DOD-subsidized care may pay less than they would pay for similar child care in the private market. Specifically, DOD subsidizes the cost of operating Child Development Centers (CDC) that provide child care on most military installations, allowing these centers to charge fees that are the same or lower than similar privately operated centers off-installation. However, if on-installation care is unavailable, DOD provides subsidies to reduce the fees that military families pay for care of comparable quality in the community (off-installation care). For example, such subsidies allow servicemembers geographically isolated from an installation, including members of the National Guard and Reserves and some active duty personnel such as recruiters or educators, to obtain DOD-subsidized child care. Although DOD subsidizes a portion of military families' child care costs, the extent of out-of-pocket costs are not known, and families may face barriers obtaining DOD-subsidized care.

¹In this report "armed services" refers to the Departments of the Army, Navy, Air Force, and Marine Corps. For the remainder of the report we refer to the armed services as "services."

The Congress, interested in learning more about DOD's financial assistance for child care, mandated in the National Defense Authorization Act for Fiscal Year 2010 that GAO report on a number of questions related to this assistance.² As agreed with your offices, we assessed out-of-pocket child care costs for military families and barriers associated with obtaining subsidized child care. In April 2011 we briefed your committees on our preliminary findings related to these questions, which are covered more fully in this report:

1. What are the out-of-pocket child care costs paid by military families who use DOD-subsidized child care?
2. What are the barriers, if any, to obtaining DOD-subsidized care, and what has DOD done in response?

To address our objectives, we reviewed the child care fee policies set by DOD and the services for school years 2009-2010 (school year 2010) and 2010-2011 (school year 2011),³ including the ranges of allowable fees charged to families for on-installation care. Some aspects of the services' fee policies, such as their methods of calculating subsidies for off-installation care, were not contained in written policies. We obtained this information through interviews with DOD and service officials. We also obtained data from the services on the actual fees charged per child using on-installation care in school years 2010 and 2011. In addition, we analyzed these costs for families using off-installation care for a random probability sample of 338 families from all four services in school year 2010 based on family files maintained by the contractor that administers DOD's off-installation child care subsidies, the National Association of Child Care Resource and Referral Agencies (NACCRRA).⁴ Because we conducted our sample data collection in the spring of 2011, school year 2010 was the most recent school year for which data for a full school year were available. This analysis allowed us to generalize our findings to all families receiving DOD subsidies for off-installation child care in school

²Pub. L. No. 111-84, § 573, 123 Stat. 2190, 2318.

³According to DOD officials, the school year may begin in August or September, depending on the local school schedule. However, DOD normally requires that child care policies for the new school year be implemented no later than September 30.

⁴Our sample included active duty servicemembers and members of the National Guard and Reserves.

year 2010.⁵ In order to present data on costs for on-installation care that covered the same time period as our off-installation care cost data, we analyzed on-installation fee data for school year 2010. We also analyzed changes to the on-installation fee ranges in school year 2011. We conducted semi-structured discussion groups with military parents, including parents who did and did not have their children enrolled in DOD-subsidized child care, during site visits to Joint Base Lewis-McChord, Wash. (Army/Air Force), and Marine Corps Base Camp Lejeune, N.C., in order to identify barriers to obtaining DOD-subsidized child care. The information obtained during these visits is illustrative and not representative of each service or of DOD programs as a whole. We selected large installations that had a Guard and/or Reserve presence and had significant deployment activity. We provided DOD with criteria that they used to select parents for our structured discussion groups. We reviewed relevant policies and guidance, studies, and surveys of military parents, and interviewed child and youth program officials with DOD and each of the four services, including officials at service headquarters and installations.⁶ We also interviewed NACCRRA officials, researchers knowledgeable about DOD child care programs, and officials from national organizations that represent military families.

We conducted this performance audit from June 2010 through February 2012 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. For more information on our scope and methodology, see appendix I.

⁵See appendix I for our sampling methodology.

⁶DOD defines an installation as a base, camp, post, station, yard, center, homeport facility for any ship, or other activity under the jurisdiction of the Department of Defense, including any leased facility. We use the term "installation" in this report to refer to any DOD locations included in this definition that have on-site child care facilities. Similar to DOD and the services, we use the terms "on-installation" and "off-installation" to distinguish between child care facilities on and off of installations, respectively.

Background

DOD has provided subsidized child care to military members and civilian military employees for decades.⁷ Today, DOD-subsidized child care is widely considered to be a high-quality model for the nation. A recent DOD report said that the Military Child Care Act of 1989,⁸ which created DOD's current child care structure and was enacted in response to concerns at the time about quality and availability of services, focused on assuring high-quality services and expanding access through subsidies.⁹ DOD-subsidized care assists military families in balancing the competing demands of family life, accomplishing the DOD mission, and improving the financial health of military families. However, DOD-subsidized child care is not guaranteed to all who need it, and the availability of such care depends on demand and the services' budgetary resources. DOD's goal is to meet 80 percent of the demand for child care.¹⁰ Table 1 shows the primary DOD-subsidized child care programs that are available to families in all four services, although a few other service-specific programs exist. Most military families who receive child care assistance do so by using CDCs or other forms of on-installation care.

⁷GAO, *Child Care: How Do Military and Civilian Center Costs Compare?*, [GAO/HEHS-00-7](#) (Washington, D.C.: Oct. 14, 1999).

⁸Pub. L. No. 101-189, Div. A, Title XV, 103 Stat. 1352, 1589, as amended.

⁹Office of the Under Secretary of Defense, Department of Defense, *Report of the Tenth Quadrennial Review of Military Compensation, Volume II: Deferred and Noncash Compensation* (Washington, D.C.: July 2008). In a 1982 report, we highlighted several problems with DOD child care, including unsafe child care facilities and other issues, which led to a new DOD child care policy prior to the enactment of the Military Child Care Act of 1989. See GAO, *Military Child Care Programs: Progress Made, More Needed*, [GAO/FPCD-82-30](#) (Washington, D.C.: June 1, 1982).

¹⁰Based on a demand formula calculation, DOD estimates the approximate number of military children that will need child care; DOD's goal is to meet 80 percent of that demand. The calculation is based on data DOD collects about military families and children such as the number of servicemembers' children who are 12 and under, and related assumptions, such as the percentage of children living in different family types (e.g., single-parent families, and families in which both parents are servicemembers).

Table 1: Primary DOD-Subsidized Child Care Programs

Program	Setting	Purpose
Child Development Center	On-installation child care centers certified, inspected, and operated by DOD and the services.	Provides high-quality full- or part-time child care.
Family Child Care	On- and off-installation care in military housing. Providers—usually military spouses—are trained and certified by the services, and the homes are inspected according to DOD and service requirements.	Provides an alternative to CDC care if CDCs are full or if families' needs are not met by CDCs. Some Family Child Care may offer overnight, emergency, or infant care, for example.
School Age Care	On- or off-installation providers including CDCs, Family Child Care, youth centers, community-based nonprofit entities, or schools. Providers must be certified or licensed, and inspected, by DOD or the state.	Provides before- and after-school care and summer/holiday care.
Operation Military Child Care Military Child Care in Your Neighborhood	Off-installation child care providers licensed and inspected by the state including child care centers and family child care homes. Military Child Care in Your Neighborhood providers are required to be accredited ⁹ to ensure quality comparable to a CDC. In practice, services may waive this requirement if no accredited provider is available.	Subsidizes the cost of off-installation care if on-installation facilities are full or there is no installation nearby. Operation Military Child Care is intended for short-term care, primarily during deployment.

Sources: Interviews with DOD officials and NACCRRRA, DOD guidance on child development programs, DOD's Military HOMEFRONT website (www.militaryhomefront.dod.mil/tf/childcare), and NACCRRRA's Military Programs website (www.naccrra.org/MilitaryPrograms) and brochures.

⁹Accreditation is designed to improve the quality of early and school-age care programs. Accreditation systems require programs to meet standards that exceed minimum state regulatory requirements. Achieving accreditation involves extensive self-study and validation by professionals outside the child care program to verify that quality standards are met. Other eligible providers include family child care homes with a Child Development Associate–credentialed provider or a family child care home provider with an Associate's degree or higher in Early Childhood Education or Child Development. The Child Development Associate credential is a widely recognized credential in early childhood education.

Several additional subsidized child care programs have been adopted DOD-wide, such as programs specifically for injured servicemembers' families,¹¹ and respite¹² and hourly care—both of which are intended to offer sporadic, rather than regularly scheduled care. In addition, services offer several

¹¹This report discusses costs for families using regularly scheduled DOD-subsidized child care programs, and therefore does not include discussion of families' costs for respite and hourly care.

¹²DOD offers 16 hours per month of free respite child care to the families of active duty and Reserve and Guard servicemembers who are deployed or meet other criteria, such as those undergoing a temporary change of station. DOD also offers care for family members with special needs as part of its Exceptional Family Member Program. We did not include this program in this review because it was not specifically child care.

service-specific subsidized child care programs. For example, Army Child Care in Your Neighborhood, available only at specified installations, aims to increase the availability of eligible community-based child care providers and Air Force's Extended Duty Care offers child care during nontraditional hours to support servicemembers working extended or additional shifts to support the military mission. The services acknowledge that some families may also use youth development programs—programs outside of School Age Care, such as recreation programs—as child care, although these are not required to meet the DOD's standards for child care¹³ and they are not intended to be used as such.

The Office of the Secretary of Defense (OSD) establishes eligibility criteria for subsidized child care and provides oversight and guidance to the services, which each administer their own child care programs. For example, OSD defines the following groups as eligible for military child care programs: active duty military personnel, DOD civilian personnel, reservists on active duty or during inactive duty personnel training, and DOD contractors.¹⁴ In fiscal year 2010, there were approximately 1 million servicemembers with 1.8 million children ages 13 and under, according to our analysis of data from the Defense Manpower Data Center.¹⁵ According to DOD, its child care system is serving about 200,000 children from birth to age 12, and NACCRRRA records indicate that in fiscal year 2010, about 25,000 of these children were served in subsidized off-installation care. OSD specifies that first priority be given to active duty military and DOD civilian personnel who are either single parents or whose spouse is employed on a full-time basis outside the home or is a military member on active duty.¹⁶ However, OSD officials told us that they are in the process of revising this policy. The revision under consideration broadens the range of those in first priority status, adding surviving spouses of servicemembers deceased while on active duty, among other groups.

¹³Youth development programs must meet a separate set of standards.

¹⁴DOD Instruction 6060.2(4.3). Reservists include members of the Reserves and the National Guard.

¹⁵These counts include members of all reserve categories, including those who were not on active duty or in personnel training. Therefore, not all of these servicemembers and their children were eligible for DOD child care programs.

¹⁶DOD Instruction 6060.2(4.2 and 4.3). Some DOD child care programs have other eligibility requirements. For example, Operation Military Child Care and Military Child Care in Your Neighborhood are primarily for servicemembers, rather than civilians.

OSD also sets standards for provider eligibility for DOD's off-installation child care subsidies. DOD requires that providers under Military Child Care in Your Neighborhood, intended for longer-term care periods, be nationally accredited, to help ensure they are comparable in quality to DOD's Child Development Programs, such as CDCs. According to DOD officials, child care can be considered accredited under a number of different national accreditation and state child care quality programs, which help ensure that child care providers meet quality standards. Operation Military Child Care is intended for families of deployed servicemembers, and DOD requires that, at a minimum, providers be licensed and inspected annually.

OSD sets allowable ranges for the fees that families pay for on-installation child care at CDCs, within which the services must set their fees. In contrast to private providers, who generally set fees based on a child's age, OSD sets fee ranges based on total family income.¹⁷ OSD sets two fee ranges—one for standard-cost areas, and one for high-cost areas, or areas with high market rates for child care. Installations in high-cost areas must pay higher salaries to retain qualified child care staff, and are allowed to charge higher fees to help cover these additional personnel costs. The services have some flexibility in how they set their fees for on-installation child care within the ranges set by OSD. For on-installation care, a family's cost is the fee that the service or installation sets minus any fee reductions, such as discounts for multiple children in care.¹⁸ Other factors affect family-level costs, such as family size and the number of hours that children are in care.

The subsidies services offer providers for off-installation child care are intended to provide benefits comparable to those that families would receive for on-installation care. As with fees for on-installation care, however, the services have the ability to determine the extent to which they subsidize the cost of off-installation care. The services contract with NACCRRRA to administer these subsidies, which NACCRRRA pays directly to DOD-approved child care providers. A family's cost for off-installation care is the portion of their provider's fee not covered by the subsidy.

¹⁷Total family income includes both the income of the servicemember and the servicemember's spouse, if applicable.

¹⁸In school year 2011, all four services offered a multiple child discount of up to 20 percent for additional children in care as well as discounts for families experiencing financial hardship. The Army also offered a 20 percent deployment discount, and both the Army and Navy offered discounts for families with injured servicemembers.

Military Families' Child Care Costs Are Largely Driven by Policies, Including Subsidy Caps, Which Vary by Service

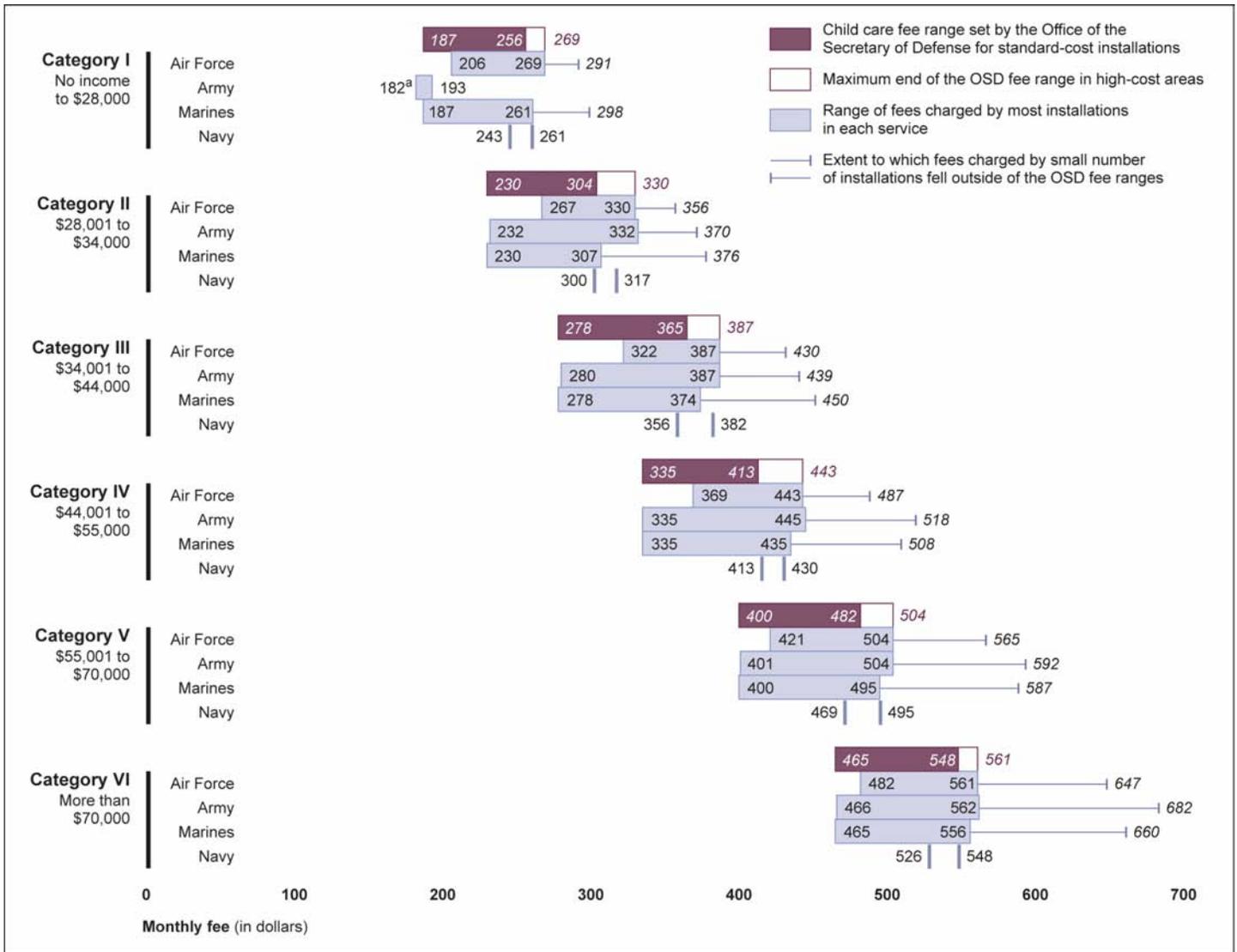
For On-Installation Care, Services' Policies Resulted in Variations in Per-Child Costs

As a result of services' policies, the per-child monthly cost of on-installation care at a CDC for families within the same income category varied by as much as \$230 in school year 2010, depending on their service and installation (see fig. 1). However, the per-child monthly costs for most families in the same income category varied within a smaller range. For example, the per-child monthly cost for on-installation care for a family with an annual income of \$50,000 could have ranged from \$335 to \$518 in school year 2010; however, for families in this income category at most military installations with CDCs,¹⁹ the per-child monthly cost was within the OSD standard fee range of \$335 and \$413.²⁰

¹⁹In school year 2010, 64 percent of military installations with CDCs charged fees within OSD's standard fee range, while over a third charged fees within OSD's high-cost range. In school year 2011, the number of military installations with CDCs that charged fees within OSD's high-cost range declined to about 11 percent.

²⁰Because these data are at the child level, they cannot be used to draw conclusions about costs at the family level for on-installation care in school year 2010, since individual families may have had more than one child in care. In addition, these fee data do not include any fee reductions offered by the services.

Figure 1: OSD Allowable Monthly Fee Ranges and Ranges in the Actual Fees Charged by Services for On-Installation Care in School Year 2010, by Income Category



Source: GAO analysis of DOD, Air Force, Army, Marine Corps, and Navy data.

Note: Fees are for full-time child care at CDCs, and do not include any fee reductions that individual families may receive. Because high-cost installations were allowed to calculate their fees by increasing the standard fee by the percentage of their cost-of-living allowance, two Air Force installations, three Army installations, and one Marine Corps installation with very high cost-of-living allowances charged fees that were above the OSD high-cost range. All other installations charged fees within the OSD ranges. OSD fee policy sets ranges for weekly fees, and all of the services except the Army set and charge fees on a weekly basis. Fee ranges for all services except the Army have been converted to monthly terms using calculations that assume a 365-day year and an equal number of days per month. Families' actual monthly costs will vary slightly depending on the length of the month. In addition, all Army installations allow families 2 weeks of vacation per year, during which they do not pay child care fees if their children are not in care. Army families' monthly fees are calculated such that families pay more during the other weeks of the year to make up for the two weeks of vacation. We recalculated Army fees without this vacation credit to make them comparable to other services' fees, which are generally not reported in this form. Due to rounding, in a few instances the services' fee ranges appear slightly lower or higher than the OSD fee ranges.

^aOne Army installation charged Category I families \$182 per month and one charged \$193. All other Army installations charged families in this income category \$188 per month.

The services have different policies for setting fees within the ranges set by OSD. In school year 2010, the Air Force, Army, and Marine Corps all allowed installation commanders to set fees for on-installation child care, based on factors such as local market rates for child care. Most installations set their fees within the OSD standard fee ranges. Installations in high-cost areas, however, could set their fees using the OSD high-cost fee range, or by increasing the standard fee by the percentage of their cost-of-living allowance, which sometimes resulted in fees that were above the OSD high-cost range.²¹ In contrast to the other services, the Navy set one fee per income category for all of their standard-cost installations and another fee per category for high-cost installations. In addition, the services have the discretion, within DOD-prescribed policy, to set their own policies regarding the fee reductions they offer to families, which generally apply only to on-installation care.²² For example, services may offer fee reductions for families with multiple children in care, families with a deployed servicemember, families with injured servicemembers, and families experiencing financial hardship.

²¹The services are allowed to charge higher fees at high-cost installations under DOD Instruction 6060.2, section E3.6.3.5. According to OSD, in addition to standard fee ranges, in school year 2010 it set high-cost fee ranges for installations in high-cost areas, but also allowed installations to adjust the standard fee by the percentage of their cost-of-living allowance, post differential, or locality pay. OSD officials said that, beginning in school year 2011, they set a single set of high-cost fees, which all high-cost installations are now required to charge.

²²The Army offers fee reductions for both on-installation and off-installation care.

For Off-Installation Care, Families in Services with Fixed Subsidy Caps Had Higher Average Costs in School Year 2010 than Families in Other Services

In school year 2010,²³ families using off-installation care²⁴ in the Air Force and Navy, which capped the monthly amount of subsidy a family could receive at \$200 per child, had higher average monthly child care costs than did families in the Army and Marine Corps, which did not have fixed subsidy caps.²⁵ Across all services, on average, military families paid about \$556 per month for DOD-subsidized off-installation care (see table 2).²⁶ However, the average monthly costs for Air Force and Navy families were \$787 and \$734, respectively, compared to \$501 and \$556, respectively, for Army and Marine Corps families. In addition to fixed subsidy caps, several other factors affected families' costs for off-installation care, including fee rates charged by private providers.

²³We drew our sample from families using off-installation care at some point from October 1, 2009, through September 30, 2010. Because we conducted our sample data collection in the spring of 2011, school year 2010 was the most recent school year for which we could collect a full school year of data.

²⁴When we refer to "off-installation care," we are referring to off-installation, private child care providers who receive DOD child care subsidies to serve military families.

²⁵Our data on these families' costs only include the fees families paid to providers (minus the subsidy amount paid by DOD on their behalf). Families may have additional child care costs such as registration fees.

²⁶GAO's sample of families receiving subsidies for off-installation care in school year 2010 provides data on their monthly child care costs at the family level. Because families may have had more than one child in care, these costs are not directly comparable to the costs per child for on-installation care.

Table 2: Average Monthly Costs per Family for Off-Installation Care in School Year 2010, by Service

Service	Average cost for off-installation care ^a	Average difference between cost for off-installation care and estimated on-installation fee ^b	Average cost for off-installation care as a percentage of estimated on-installation fee ^c	Average cost for off-installation care as percentage of family income ^d	Average cost for off-installation care as percentage of private provider fee (fee before subsidy reduction) ^e
All ^f	\$556	-\$38	93.9	8.7	69.6
Air Force	787	+48	110.9	11.4	78.1
Army	501	-63	88.9	7.7	69.2
Marine Corps	556	-59	92.2	9.3	60.3
Navy	734	+87	116.0	12.3	77.7

Source: GAO analysis of data from NACCRRRA.

Note: GAO's sample of family files included families of activated members of the National Guard and Reserves who were receiving DOD subsidies for off-installation care. These families were categorized with their respective services for the purpose of our analysis.

^aThe 95% margins of error for these estimates range from +/- \$45 to \$93.

^bThe 95% margins of error for these estimates range from +/- \$28 to \$57.

^cThe 95% margins of error for these estimates range from +/- 3.9 to 8.6 percentage points.

^dThe 95% margins of error for these estimates range from +/- 0.6 to 1.5 percentage points.

^eThe 95% margins of error for these estimates range from +/- 1.3 to 5.2 percentage points.

^fThe averages are weighted to adjust for unequal probabilities of sample selection across services. As a result, the average for all families should not equal the unweighted average across services.

Air Force and Navy families had higher average costs by other measures as well. For instance, families in these services using off-installation care paid more, on average, than the estimated amount they would have paid for on-installation care (by 11 percent and 16 percent, respectively).²⁷ In addition, on average, Navy families' costs for off-installation care were 12 percent of their family income, while the average Army family's costs were 8 percent of their family income. Air Force and Navy families also paid a higher percentage of their private providers' fees (the fee before being reduced by the subsidy), on average, than Army or Marine Corps families.²⁸

²⁷ Because we estimate the average difference for Air Force families to have ranged from -\$9 to \$104 in 95 percent of the samples we might have drawn, there is a small chance that the estimated higher amount paid for on-installation care is caused by sampling error.

²⁸ All of the differences between families in the Navy and Air Force and Army and Marine Corps discussed in this paragraph are significantly different from zero at the $\alpha = .05$ confidence level.

Families' costs for off-installation care are affected not only by subsidy caps, but also by the fees services charge for on-installation care. Generally, the subsidy amount is the fee charged by the private provider minus the estimated amount that a family would have paid for on-installation care at a CDC.²⁹ For example, if an off-installation provider charges \$1,000 per month, and a family would have paid \$600 per month on installation, the subsidy amount would be \$400 (if there is no subsidy cap), and the family would pay the same amount they would have paid on installation: \$600. However, in school year 2010, the Air Force and Navy set subsidy caps, or limits, on the per-child subsidy for off-installation care in order to offer benefits to more families. As a result, some families in these services paid more for off-installation care than they would have paid on installation. In the example above, if the family was in the Air Force or Navy, which both had fixed subsidy caps of \$200 per month in school year 2010, the family would have paid \$800 per month (the provider rate of \$1,000 minus the subsidy of \$200), which is \$200 more than they would have paid on installation. The Army also used subsidy caps in school year 2010. However, in contrast with the Air Force and Navy, the Army's intention was that a family's subsidy would only be capped if they used private providers who charged rates above what the Army considered reasonable for high-quality care in their local market. The Army caps varied from \$153 to \$2,576, depending on a number of family factors, such as total family income. The vast majority of these caps were above \$200, and over half were above \$500. Thus, Army families were likely less affected by their service's caps than were Navy and Air Force families, as suggested by the lower average costs of Army families in our sample.³⁰

In addition to fixed caps, other factors also affect families' costs for off-installation care, including minimum subsidies, family factors, and provider rates. Three of the four services offered minimum subsidies in

²⁹Beginning in July 2011, rather than calculating the subsidy amount in this manner, the Marine Corps began providing a subsidy of \$250 per month to all eligible families using full-time, off-installation child care.

³⁰Army officials said they replaced the subsidy caps with provider rate caps beginning in school year 2011 because these caps are much easier to administer and this type of cap helps ensure that funds support families who need assistance. They said that, in contrast, their subsidy caps were difficult to manage and, as a result, were not accurate or comprehensive enough to ensure fee equity for all families or to provide sufficient fee assistance for all who needed it.

school year 2010,³¹ which families received even if their off-installation providers charged less than they would have paid on installation (see table 3). Army officials said that they offered minimum subsidies to encourage families living off installation to participate in DOD-subsidized child care programs. Other factors that affect off-installation costs include family income, which is a factor in the services' subsidy calculations,³² and other family factors such as the number and ages of children in care and the amount of time that they are in care, which may affect how much a family pays in fees to a given provider. The fee rates charged by private providers, which are influenced by child care supply and demand as well as the geographic location of the local community, affect costs for some, but not all families. In the absence of subsidy caps, provider rates do not affect costs, since the family's subsidy covers the full difference between their provider rate and estimated on-base fee. For families in services with subsidy caps, however, the subsidy may not cover the full difference, in which case families with higher provider rates will have higher costs.

Table 3: Subsidy Caps and Minimum Subsidies for Off-Installation Care in School Year 2010, by Service

Service	Subsidy cap (per month)	Minimum subsidy (per month)
Air Force	\$200	\$50
Army	Variable ^a	\$50 for part-time care; \$100 for full-time care
Marine Corps	None	None
Navy	\$200	\$50

Source: GAO analysis of information provided by the Air Force, Army, Marine Corps, and Navy.

^aRanged from \$153 to \$2,576, depending on geographic location, family income, child's age, and type of care.

³¹The Marine Corps did not have an official minimum subsidy policy in school year 2010. However, a NACCRRRA official said that they offered a minimum subsidy of \$100 to Marine Corps families.

³²The subsidy calculation takes into account an estimate of what the family would have paid for on-installation care, and fees for on-installation care are based on family income. Because the Marine Corps began offering \$250 a month to all eligible families in July 2011, family income is no longer a factor in Marine Corps families' costs for off-base care.

Policy Changes Will Likely Reduce Differences among Services in Families' Costs for On-Installation Care, but Effects on Off-Installation Costs Will Vary

Recent and planned changes to OSD and the Army's fee policies will continue to reduce variation in the amount families in the same income category pay for on-installation care. In school year 2011, OSD revised the fee ranges for the first time since school year 2005 to account for inflation and increases in servicemembers' incomes and to achieve a more equitable distribution of fees for military families. Specifically, OSD divided the top income category into four categories, increased the maximum income for each category, and increased both the minimum and maximum fees for all categories except Category I (see table 4). Under the new fee structure, OSD set a single fee per income category for high-cost installations, which all high-cost installations are now required to charge.

Table 4: OSD Income Categories and Fee Ranges for On-Installation Care in School Year 2011

Category	Family income	OSD fee range (standard cost areas)	OSD fee (high-cost areas)
I	\$0 – 29,400	\$191 - 256	\$269
II	\$29,401 – 35,700	\$261 - 322	\$339
III	\$35,701 – 46,200	\$326 - 391	\$413
IV	\$46,201 – 57,750	\$395 - 456	\$478
V	\$57,751 – 73,500	\$461 - 526	\$552
VI	\$73,501 – 85,000	\$530 - 565	\$595
VII	\$85,001 – 100,000	\$569 - 578	\$608
VIII	\$100,001 – 125,000	\$582 - 591	\$621
IX	\$125,001+	\$595 - 604	\$634

Source: GAO analysis of data provided by OSD.

Note: Fee ranges have been converted to monthly terms using calculations that assume a 365-day year and an equal number of days per month. Families' actual monthly costs will vary slightly depending on the length of the month.

The impact of these revisions on military families' costs for on-installation care varied depending on families' service, installation, and income. In general, however, the new OSD fee policy reduced the variation in the per-child monthly cost for families in the same income category using on-installation care among and within services. For example, while in school year 2010 the per-child monthly cost for on-installation care for a family with an annual income of \$50,000 could have varied from \$335 to \$518

(see fig. 1), in school year 2011 the per-child monthly cost for families with the same income could have varied from \$358 to \$478³³ (see app. II, fig. 4 for the full range of fees charged by the services in school year 2011). Costs for families with this income at most installations were within the OSD standard fee range of \$395 to \$456 (see table 4).

OSD officials said that they are working with the services to transition in the next 3 to 5 years toward a DOD-wide fee policy like the one currently used by the Navy, with one fee per income category for standard-cost installations, and another fee per category for high-cost installations. According to these officials, the new fee policy implemented in school year 2011 is the first step in this transition.

OSD's changes to its fee policy and additional changes the services have made to fee policies for off-installation care affect costs for some families using off-installation care, but the extent of these effects is largely unknown. The new OSD fee ranges affect costs for families using off-installation care, as well as on-installation care, since the on-installation fee rates are used to calculate subsidies for off-installation care. In addition, all of the services have recently made changes to their off-installation fee policies that make these policies more consistent in some, but not all, respects. See table 5 for a summary of these changes. Subsidy minimums are one area where the services' subsidy policies for off-installation care are not consistent, since Navy and Air Force families receive a minimum of \$10 per child per month, all Marine Corps families eligible for full-time care receive \$250 per child per month, and Army families no longer receive a minimum subsidy. Given that the average costs for families in our sample in services with \$200 subsidy caps were higher than those for other families, the average costs of Marine Corps families using off-installation care are likely to rise with the implementation of the Marine Corps' \$250 subsidy cap. Some Marine Corps families, however, will see a decrease in their costs if they previously received a subsidy of less than \$250 per child per month. In general, the effects of these subsidy policy changes will vary by family. In particular, the effects will vary for families in services with subsidy caps,

³³The Army obtained permission from OSD to allow certain installations that had been charging rates at the lower end of the previous fee ranges to charge rates below the new fee ranges in school year 2011, to prevent families at these installations from experiencing large fee increases. Consequently, the lower end of the range of fees actually charged by the services is lower than the minimum OSD fee for this, and other, fee categories.

because costs for these families are driven partly by private provider fees, which vary considerably regardless of the services' policies.

Table 5: Changes to Services' Subsidy Policies for Off-Installation Care in School Year 2011

Type of policy	Policy change
Subsidy minimums (per month)	<p>Air Force and Navy: Reduced minimum subsidy from \$50 to \$10 per child.</p> <p>Army: Discontinued minimum subsidy.^a</p> <p>Marine Corps: Began providing all eligible families with the same subsidy amount of \$250 per child.^b</p>
Subsidy caps (per month)	<p>Air Force and Navy: Increased subsidy cap to \$225 per child.</p> <p>Army: Replaced variable subsidy caps with caps on provider rates.^c</p> <p>Marine Corps: Began providing all eligible families with the same subsidy amount of \$250 per child (i.e., cap of \$250 per child).</p>

Source: GAO analysis of information provided by the Air Force, Army, Marine Corps, and Navy.

^aUnder the new Army policy, families whose per-child subsidy amount is less than \$10 do not receive a monthly subsidy. Instead, the Army subsidizes these families' registration fees (up to \$150 per child) and pays the provider rate for up to 2 weeks a year while the family is on vacation.

^bFamilies with monthly provider rates less than \$250 per child receive the actual child care fee amount paid, and those with children in part-time care receive a prorated subsidy amount per child.

^cUnder the provider rate cap, the Army will only subsidize provider rates of up to \$1,800 per child per month. If a servicemember can justify that there is no other child care available, and his or her only option is to use a provider who charges a fee above this cap, the Army will make an exception in these cases.

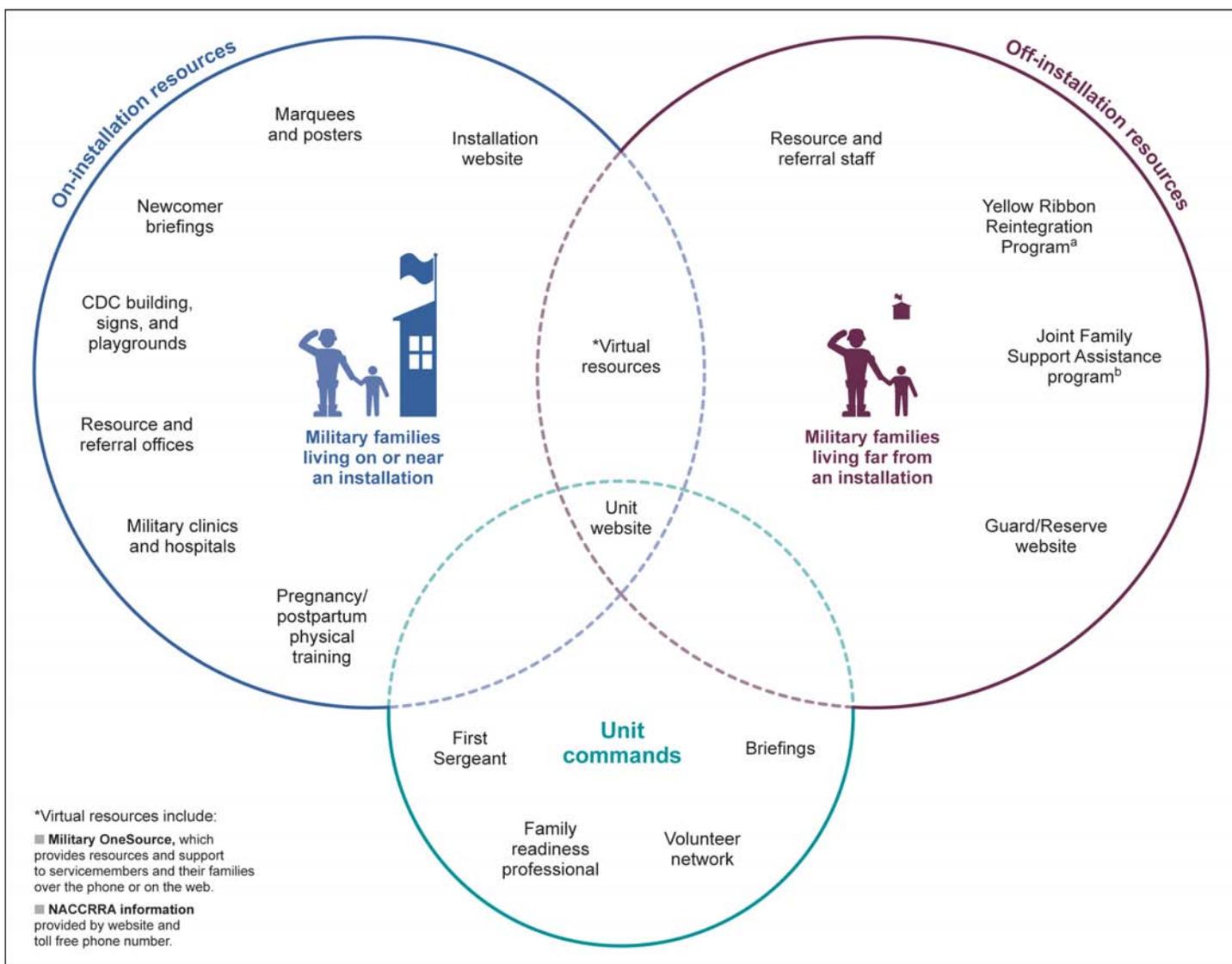
Limited Awareness of DOD-Subsidized Child Care Programs and Availability of Care Pose Barriers for Military Families

Even with Outreach Initiatives, DOD Faces Challenges Educating Military Families about Child Care Programs

Although DOD provides information about subsidized child care programs through a number of sources, DOD officials and military parents cited limited awareness of these programs as a key barrier to their use. DOD uses many outreach methods, such as deployment briefings and other events, brochures and ads, e-mails to servicemembers, staff assigned to provide child care information, and Internet avenues, including websites

and social media. Figure 2 shows common sources of DOD child care information.

Figure 2: Common Sources of DOD Child Care Information



Source: GAO analysis of DOD information.

^aThe Yellow Ribbon Reintegration Program was established by the National Defense Authorization Act for Fiscal Year 2008, Pub. L. No. 110-181, § 582, 122 Stat. 3, 122. The purpose of the program is to provide the National Guard and Reserve members and their families information and activities to facilitate access to services supporting their health and well-being during the entire deployment cycle. These services include services for children, which can include child care.

^bThe John Warner National Defense Authorization Act for Fiscal Year 2007, Pub. L. No. 109-364, § 675, 120 Stat. 2083, 2273, authorized the Joint Family Support Assistance Program. The purpose of this program is to provide various types of assistance to families of servicemembers, including financial and material assistance and mobile support services. DOD funded Joint Family Support Assistance Program teams at National Guard Joint Force Headquarters in 15 pilot states in November 2007, and expanded to all states and territories in September 2008.

DOD officials stated that while military families living on or near an installation likely know about child care available through CDCs and Family Child Care, they may not know about other on-installation child care programs, such as respite care. Furthermore, both those living on or near an installation and those living far from an installation may not know about off-installation programs. For example, many servicemembers we spoke with did not know about DOD-subsidized off-installation child care. In addition, those who knew about the DOD-subsidized off-installation programs had not always learned about them when they needed child care. For example, two servicemembers we spoke with said that they had learned about off-installation programs, but only through the community-based provider they were using without benefit of DOD subsidies. One of these servicemembers said that he had used a community-based provider for a number of months before the provider told him about the DOD subsidy program, and this was only when he notified the provider that he no longer planned to use its services because he could not afford the child care fees charged. Also, families that learn about DOD-subsidized off-installation child care programs may not be aware of the eligibility requirements of the programs. For example, officials at the National Military Families Association told us that many military families that heard about DOD off-installation subsidized child care believed that the programs are needs-based, and thus assumed that they were not eligible for them because their income was too high, even though the programs are not limited to low-income families. Similarly, two military spouses we spoke with incorrectly assumed that only those with low incomes were eligible for such subsidies.

DOD faces a number of challenges to educating military families about DOD-subsidized child care, particularly off-installation care. These challenges include the large quantity of information servicemembers receive during briefings, the timing of information provided, fewer opportunities off installation to educate servicemembers about DOD-subsidized programs for those geographically isolated from an

installation, and fragmented child care application procedures. DOD and the services have taken a number of steps to address these challenges.

- **Quantity of information received.** DOD officials and an organization representing military families told us that information on DOD-subsidized child care programs is frequently provided at pre-deployment or other briefings, but because these briefings are often lengthy and cover multiple topics, servicemembers often do not retain information about child care. In 2007, we reported that DOD had a similar concern regarding briefings provided at mobilization sites and demobilization sites, which DOD considers to be primary educational tools. DOD officials said then that these briefings are often so full of critical information that it is difficult for reservists to absorb all of the details of its health care insurance program.³⁴ In fact, several servicemembers we met with noted that they tune out or become overwhelmed by long briefings and therefore do not retain much of the information, such as on child care.

DOD officials recognize this concern and said that they try to ensure that military families learn about DOD-subsidized child care by providing them with many opportunities, beyond briefings, to learn about these programs. For example, because DOD considers command unit leadership to be key to ensuring readiness, including supporting spouses and families, DOD has taken steps to help units provide child care information to their servicemembers and families through unit contacts. Officials from all four services told us that they provide information on these programs to these contacts, including the unit commander and other unit staff designated to provide this type of information to families. Two services—the Army and Marine Corps—created professional positions³⁵ within military units that are responsible for supporting family readiness by providing assistance to families, such as child care information. These positions also support formal volunteer organizations tasked with communicating information and providing education and support to military families.³⁶ Although

³⁴GAO, *Military Health: Increased TRICARE Eligibility for Reservists Presents Educational Challenges*, [GAO-07-195](#) (Washington D.C.: Feb 12, 2007).

³⁵Within the Marines this position is the Family Readiness Officer and within the Army it is the Family Readiness Support Assistant.

³⁶These volunteer organizations typically include military members and their spouses.

the Air Force and Navy have not designated such professionals within units, they have family services professionals outside of units who are assigned to serve servicemembers in units. For example, the Air Force has community readiness consultants and family child care coordinators assigned to serve specific units and provide the same type of support to families as do Army and Marine Corps unit-based professionals. Both Air Force and Navy also support similar volunteer organizations and efforts, such as Navy's Family Ombudsman Program. Many servicemembers we spoke with stated that these family readiness professionals and volunteer organizations are helpful in learning about DOD-subsidized child care programs, while others noted that the level of assistance varies.

Each of the four services has taken additional steps to increase outreach for these programs. For example, the Marine Corps prepared a fact sheet on DOD-subsidized off-installation child care programs, which includes answers to frequently asked questions including updated information on program policy changes. The Navy hired an outreach coordinator for installation and community-based child care programs. Also, the Army and Marine Corps provided resource and referral staff a "script" to ensure that staff members provide consistent, specific information on DOD-subsidized off-installation child care programs. The Air Force developed a marketing strategy including materials such as pamphlets and an implementation guide for program staff, intended to provide information on family child care programs to servicemembers.

- **Timing of information provided.** Officials from DOD and groups representing military families told us that information on DOD-subsidized child care is more likely to be absorbed if it is provided when military families need it. Some servicemembers we spoke with mentioned that they ignored information on DOD-subsidized child care programs when they did not need child care, but were interested in such information when they later needed this service, such as when they became parents and had to return to work. One servicemember said briefings targeted to parents-to-be or those with children of similar ages would help overcome the problem of not getting information at the right time. For example, without targeted briefings about child care, not all parents-to-be learn about the need for getting on waiting lists for on-installation care. On one installation we visited, not all of the military mothers we spoke with had been advised that they needed to get on the CDC waiting list, which was about 9 months, as soon as they learned they were pregnant. Those who

were not alerted said that they had to take leave to care for their infants until they could find child care.

Services recognize the need for targeted information on child care and have implemented education programs, such as those for expectant and new military parents, and mandatory physical training for postpartum servicemembers, both of which offer the opportunity to educate participants about the need to get on CDC wait lists. Services target child care information to military families in other ways, as well. For example, the Air Force offers a sponsorship program aimed at facilitating permanent change of station moves. Under this program, Air Force servicemembers trained as sponsors welcome and assist colleagues and their families who are new to an installation by providing information on local services, which can include information on DOD-subsidized child care options. One Air Force servicemember we spoke with had a sponsor that had helped her find housing and child care when she moved to a new installation. Other examples include the Navy and Air Force's new programs to market DOD-subsidized child care programs to military families, such as to reservists who have children and have recently deployed.

- **Fewer opportunities off installation to educate servicemembers.** DOD estimates that two-thirds of those stationed in the United States do not live on an installation and many of these families live long distances from an installation. However, because DOD child care programs have traditionally been focused on installations, more information about DOD-subsidized child care, including daily exposure to sources of child care information, is available to those living on or near an installation. For example, installation outreach can include a walk-in information and referral center and ongoing child care publicity, such as on marquees on the installation promoting child care programs. Also, military families that are geographically isolated from installations are likely isolated from military peers that DOD officials and several parents we spoke with cited as a source of child care information. As a result, families of servicemembers who do not live or work on an installation, such as recruiters and Guard and Reserve members, may be less aware of DOD-subsidized child care programs, including those that become available when they deploy. For example, results from a 2010 Army Guard survey showed that many Army Guard members were unaware of DOD-subsidized child care, while most military families living on or near an installation are likely knowledgeable about the availability of on-installation care.

Limited exposure to on-installation information about DOD-subsidized child care may affect Guard and Reserve families to a greater extent than active duty families that live remote from an installation. These military families may often identify with the civilian, rather than the military world, and thus may be less likely to look to the military as a source of support. One reservist told us that reservists generally assume that if they do not live near a military installation, military services will not be available. Thus, many reservists might not even think to ask about DOD-subsidized child care when they are activated.

DOD and NACCRRA have both taken steps to address the need to provide more opportunities to educate servicemembers about DOD-subsidized off-installation child care. DOD implemented the Joint Family Support Assistance Program to supplement and coordinate family services provided by the services, including child care, target military families geographically dispersed from a military installation, and collaborate with community organizations to enhance the availability of high-quality family services.³⁷ The services have also taken such steps. For example, the Air Force implemented an Air Force Reserve web page on the Family Members programs, which includes information on child care available to reservists. Marine Corps officials stated that in light of the subsidy cap they implemented in school year 2011 that will make subsidies available to more Marine Corps families, they have taken additional steps to contact reservists to educate them about off-installation program information, including program changes and how to obtain access to programs. In addition to hiring an outreach coordinator for installation and community-based child care programs, the Navy is developing marketing and communication strategies and webinar training specific to the Navy Reserves in order to better educate reservists about DOD-subsidized child care programs. The Army makes phone calls to families of deployed reservists to ask what services they need, including child care, and provides information and contacts for DOD-offered services. Also, because Reserve and Guard members may turn to civilian sources of assistance, NACCRRA officials stated that they asked their members to inform those who identify themselves as military families about DOD off-installation child care subsidy programs.

³⁷DOD partnered with the University of Georgia to formally evaluate the Joint Family Support Assistance Program in fiscal year 2011. OSD expects the evaluation to be completed in November 2012.

In addition to learning about DOD-subsidized child care, obtaining information about applying for this care has also been a challenge families face, because servicemembers must apply for on-installation child care at different places than for off-installation child care. Also, for off-installation programs there are a number of eligibility requirements for the military family and standards for the community-based provider that differ depending upon the program. Generally, in order to apply for on-installation child care, including CDCs and Family Child Care, parents must contact the on-installation child care resource and referral office. However, if on-installation care programs have waiting lists and the family needs child care immediately, they must contact another entity, generally NACCRRRA, if they choose to pursue DOD-subsidized off-installation care. For the most part, this process is separate from the installation's resource and referral office and the installation generally does not follow up on each family's success in finding off-installation care. Although NACCRRRA assists families in finding an eligible community-based provider, if available, and applying for DOD-subsidized care, some servicemembers' spouses and Guard officials found applying for the programs difficult. For example, several servicemembers' spouses stated that the website did not provide clear steps on how to apply for DOD-subsidized child care. Further, several regional Guard officials stated that applying for off-installation DOD-subsidized child care is complex because requirements vary among programs, making it difficult to determine the programs for which a military family may be eligible. Also, they noted that providers that meet DOD's requirements, which vary by program, are often not available, especially for programs with more stringent standards and in areas far from military installations. Additionally, several military parents we spoke with said that because there is no one place to find child care options available to them, particularly for off-installation child care, they had to research these options themselves in order to find alternatives to on-installation care.

DOD is developing a central system intended to enable eligible military families worldwide, regardless of their service branch, to request military Child and Youth Program services that meet individual child and family needs. DOD officials told us that the system is aimed at helping educate military families about DOD-subsidized child care by identifying programs the family is eligible for based on information they enter into the system. Such a system may help alleviate the problem of unclear information on how to apply for programs and difficulties determining eligibility. DOD intends to market the system DOD-wide to servicemembers once it is fully implemented. The agency is in the process of contracting for the development of a marketing plan which will include assessing marketing

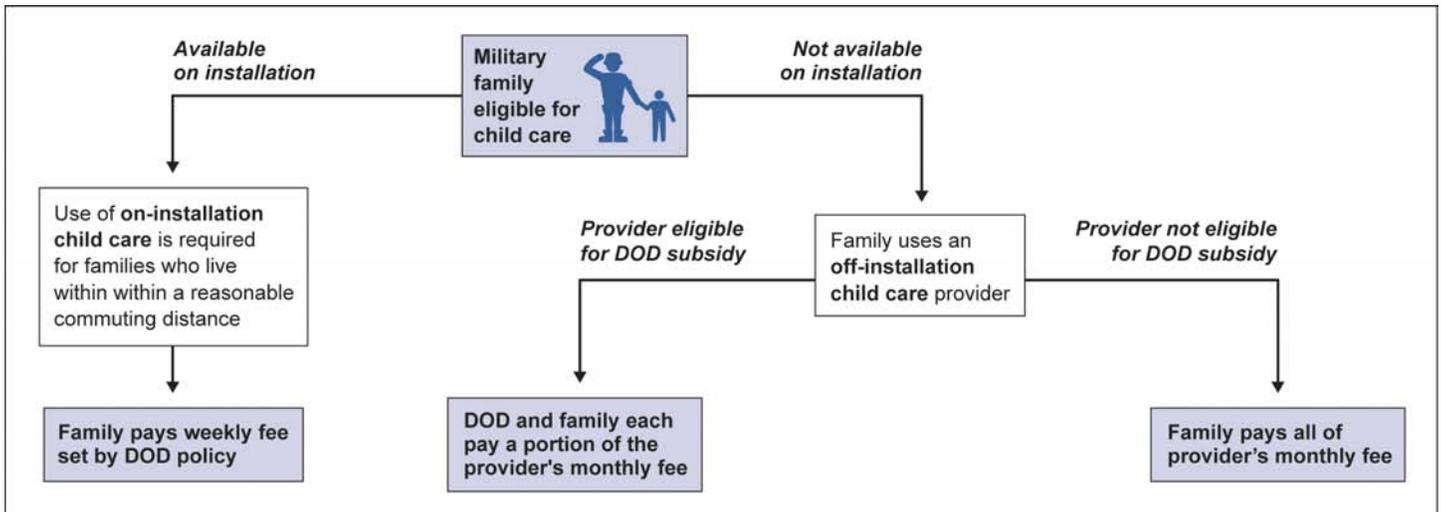
needs and a strategy to market the system to users, in coordination with the services, among other things. DOD plans to pilot the system in the spring of 2012, and to begin full implementation of the system in the late summer or fall of 2012.

Availability of On-Installation Care Is Limited but Increasing, and Eligible Off-Installation Providers Are Scarce

In response to limited availability of on-installation child care and eligible off-installation providers, DOD and the services are increasing capacity at on-installation facilities and in the community as part of their commitment to family readiness. According to DOD officials, the increased demand, due to high deployments and increased operational tempo, puts pressure on the services, the Army and Marine Corps in particular. DOD officials stated that CDC waiting lists are common and DOD officials told us that Family Child Care home capacity is not increasing. As a result, many military families may not be able to obtain on-installation care when they need it. This is particularly an issue for families with children under the age of 3, especially infants. To meet this demand, DOD is increasing on-installation child care capacity by constructing new CDCs that it expects will result in meeting 80 percent of the estimated demand for military child care by 2012. DOD anticipates that construction projects approved in fiscal years 2008 through 2010 will add over 21,000 additional child care spaces.

Military families that cannot obtain on-installation care due to wait lists and those that are geographically isolated from an installation may be eligible for DOD-subsidized off-installation care, but community-based providers who meet DOD's quality standards are in short supply. Figure 3 shows the circumstances under which servicemembers may be eligible for DOD-subsidized off-installation care.

Figure 3: Determining Eligibility for DOD-Subsidized Off-Installation Child Care



Source: GAO analysis of DOD information.

Providers under Operation Military Child Care must be, at a minimum, licensed and annually inspected by their states, but according to NACCRRA not all states have requirements to regularly inspect licensed child care providers. Standards for providers under Military Child Care in Your Neighborhood are even more stringent. Under this program DOD requires eligible providers to be nationally accredited, but relatively few child care providers in the United States are accredited. According to a NACCRRA review,³⁸ in 2008 only about 10 percent of child care centers and 1 percent of family child care homes in the United States were nationally accredited. Additionally, the percent of child care centers with national accreditation varied from 2 to 47 percent among states.

DOD is taking steps to increase the number of community-based providers eligible for DOD subsidies. In the near term, Army Child Care in Your Neighborhood and Army School-Age Programs in Your Neighborhood subsidize nonaccredited providers who are participating in an Army quality improvement program. To help increase providers

³⁸Linda K. Smith and Mousumi Sarkar, *Making Quality Child Care Possible: Lessons Learned from NACCRRA's Military Partnerships*, NACCRRA (September 2008). According to the NACCRRA review, in 2008 only about 6 percent of family child care homes had a Child Development Associate-credentialed provider.

participating in these and other off-installation programs the Army established a full-time position to coordinate and manage community-based child care at selected installations, such as Joint Base Lewis-McChord in Washington.³⁹ In addition, DOD is making more community-based providers available to military families who qualify for Military Child Care in Your Neighborhood by allowing the services to waive the accreditation requirement if it is determined that no accredited provider is available to the applicant. Further, according to NACCRRRA it obtained agreements from all but three states to inspect licensed providers annually on a case-by-case basis so that military parents using these providers can receive subsidized care. Even with these efforts, DOD officials told us that some military families potentially eligible for DOD-subsidized child care assistance, including many who pay for child care, do not use subsidized care because they are not willing to switch to an eligible provider, or because they have no providers nearby who meet DOD's standards. In the long term, DOD is piloting a 13-state initiative working with other federal agencies and state officials to increase the quality of child care programs by improving state-level child care oversight and licensing practices. The pilot's intended purpose is to increase the number of providers who meet DOD quality standards. DOD selected these states, in part, because they have large military populations.

Concluding Observations

The flexibility DOD has given the services to set their own child care fee policies, including subsidy caps for off-installation care, allows the services to adjust fees and subsidy amounts to meet their budgetary needs and respond to local cost-of-living variations. However, this flexibility has also contributed to differences in the out-of-pocket costs paid by families with similar incomes, both among and within services. DOD's efforts to reduce its on-installation fee ranges for families with similar incomes and its plan to require all services to charge one fee per income category in a few years may help provide increased financial consistency for families moving among installations. It is difficult to determine the degree to which policy changes, such as those related to subsidy caps, will affect costs for off-installation care for individual families, because these costs are driven to some extent by private provider fees, which vary considerably regardless of the services'

³⁹In the past, the Army had a contractor perform this work.

policies. However, it is likely that families in the three services with subsidy caps will, on average, have higher costs than families in the Army, which does not. Thus, DOD and the services face a policy trade-off in determining the extent to which they will shoulder child care costs for military families who cannot obtain on-installation care. For instance, differences among the services in families' costs for off-installation care could be minimized if all services offered subsidies that made up the full difference between a family's private provider rate and what they would have paid for on-installation care, with no subsidy caps. However, such a policy change would require increased spending on child care for most of the services, likely requiring them to divert budgetary resources from other family programs to provide these higher subsidy amounts. In addition, eliminating the caps could require greater oversight from the services to ensure that providers did not raise their fee rates in response to subsidy increases. On the other hand, some services use subsidy caps to avoid having to limit the number of families who can benefit from subsidies for off-installation care, so that all eligible families can have at least some of their child care costs covered. As DOD and the services move forward with their new fee policies, balancing these competing priorities will be critical to supporting military families as they serve their country, while also using resources carefully in an austere fiscal environment.

DOD has taken some important steps to make military families aware of DOD-subsidized child care programs, particularly off-installation subsidies, and to make eligible child care available. Additional steps that DOD is taking, such as waiving accreditation requirements and piloting a 13-state initiative designed to help states increase the quality of private providers are important in helping families living off installation obtain safe, reliable child care. As DOD increases the number of eligible child care providers for off-installation programs and moves toward centralizing access to DOD-subsidized child care programs through its planned agencywide system for requesting both on- and off-installation care, outreach will need to keep pace, with particular attention to families who live off installation. DOD anticipates that its proposed marketing plan will help better ensure that servicemembers are aware of this system once it is fully implemented. Such a plan also provides an opportunity for services to identify and share communication strategies with the most potential. How well DOD executes both its marketing plan and communication strategies will be crucial to ensuring that all families learn about DOD-subsidized child care, including families that are geographically isolated from installations and have few opportunities to benefit from ongoing contact with installation resources, such as walk-in

information centers, on-installation child care publicity, and contact with other military families who could tell them about military child care options. Otherwise, the barriers families face in learning about and accessing DOD-subsidized child care programs will likely persist.

Agency Comments and Our Evaluation

We provided a copy of this draft report to DOD for comment and review. DOD provided written comments, which are reproduced in appendix IV of this report, and technical comments, which we incorporated as appropriate. In its comments, DOD said that, in general, the report correctly addresses the issues of providing fee assistance to military members and assisting with access to child care. DOD also provided clarification about the following issues: variations in on-installation child care costs, fee caps, changes in policies to reduce out-of-pocket costs, and family support assistance. DOD also suggested caution in drawing conclusions based on our random sample.

Regarding variations in per-child, on-installation child care costs, DOD stated that in practice the fee variations are smaller than those we reported due to the limited number of programs utilizing the high-cost fee option. We believe that the report is very specific about not only the actual fee ranges but also the percentage of installations that are charging these fees. As stated in the report, we found that 64 percent of military installations with CDCs charged fees within OSD's standard fee range in school year 2010, which means that over a third of the installations charged fees within OSD's high-cost range. The high-cost exceptions to this were a few installations—a total of six and, again, specifically noted in the report—that had very high cost-of-living allowances and charged fees that were above OSD's high-cost range. We recognize that in school year 2011 the number of military installations with CDCs that charged fees within OSD's high-cost range declined to about 11 percent and we noted this in our final report in response to DOD's comment.

DOD commented that eliminating the caps that three of the services have placed on off-installation care fee assistance may not require increased spending on child care for those services. DOD provided an Army analysis that concludes that the average amount of child care fee assistance the Army paid per child in recent fiscal years was less than the capped rate currently paid by the other services. However, the Army's analysis does not take into consideration the effect of removing subsidy caps for those services that have such caps. Based on our analysis, over 60 percent of Air Force and Navy families receiving subsidies for off-installation care were affected by these services' subsidy caps in school

year 2010. Thus, if the Air Force and Navy were to eliminate their subsidy caps, they would incur paying higher subsidy amounts to over 60 percent of families using this type of care, which would increase their total spending on child care.

DOD stated that in addition to the recent and planned changes to DOD and the Army's fee policies that will likely reduce the differences among the services, the Air Force also implemented fee policy changes reducing out-of-pocket expenses for families. The Air Force change eliminates additional fees if a child is in care more than 10 hours per day. However, our analysis of the child care fees charged by the services did not include any additional fees they may have charged beyond the base fees for regularly scheduled care, such as fees for care beyond 10 hours per day. Thus, eliminating those additional fees would not change the fee differences among the services that we include in this report.

DOD also commented that in regard to the family support assistance provided by professional positions, it believes that the Air Force and Navy provide the same level of service as the Army and Marine Corps, but in a different manner. We did not assess the level of family support assistance provided by each service. Instead, we reported the various ways these services provide such assistance through professionals within and outside the units and through the services' support of volunteer organizations. That said, we recognize the importance of the Navy's Family Ombudsman Program and have added it as an example of a volunteer effort in the report.

In addition to these clarifications, DOD also commented that the GAO random probability sample of 338 families relative to the total number of families accessing the system of care indicates the need for caution in drawing conclusions about accessibility of information and child care options. We agree that this sample does not represent the total number of families accessing DOD's child care system. The sample's analysis, which is outlined in appendix I, provides findings related to families' off-installation child care costs at the family and child level, in conjunction with other variables such as family income, private provider fees, and the estimated fee the family would have paid for on-installation care.

We are sending copies of this report to the Secretary of Defense, appropriate congressional committees, and other interested parties. The report also is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff members who made key contributions to this report are listed in appendix V.

Kay E. Brown

Kay E. Brown
Director, Education, Workforce,
and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

Objectives

Our review focused on the following questions: (1) What are the out-of-pocket child care costs paid by military families who use Department of Defense (DOD) subsidized child care? (2) What are the barriers, if any, to obtaining DOD-subsidized care, and what has DOD done in response?

Sample of Family Files

To determine the out-of-pocket costs for families using DOD-subsidized off-installation care, we analyzed these costs for a random probability sample of 338 families from all four services in school year 2010.^{1,2} Specifically, we collected and analyzed data from family files maintained by the contractor that administers DOD's off-installation child care subsidies, the National Association of Child Care Resource and Referral Agencies (NACCRRA). Our sample included families that participated in regularly scheduled child care through Operation Military Child Care and Military Child Care in Your Neighborhood, the two DOD-wide subsidy programs for off-installation care, as well as smaller service-specific programs: Army Child Care in Your Neighborhood, Army School-Age Program in Your Neighborhood, the Army's Warriors in Transition program, and the Marine Corps' San Diego Quality Improvement Program. This analysis allowed us to generalize our findings to all families receiving DOD subsidies for off-installation child care in school year 2010.

NACCRRA maintains an electronic database with information that allowed us to identify all the military families it served in school year 2010. We used this database to generate our sampling frame of families. However, since this database does not include the information needed to calculate families' out-of-pocket costs, we collected our data variables from the information contained in paper files NACCRRA maintains for each family. To create our sampling frame, NACCRRA used the database to generate a list of all families and children who received DOD subsidies for off-installation care in school year 2010. In selecting our sample, we

¹Our sample included active duty servicemembers and members of the National Guard and Reserves.

²According to DOD officials, the school year may begin in August or September, depending on the local school schedule. However, DOD normally requires that child care policies for the new school year be implemented no later than September 30. For the purposes of our sample, we used fiscal year 2010 (October 1, 2009 through September 30, 2010) as a proxy for school year 2010. Because we conducted our sample data collection in the spring of 2011, school year 2010 was the most recent school year for which we could collect a full school year of data.

stratified families by service (Air Force, Army, Marine Corps, and Navy) and either Active Duty or National Guard and Reserves (combined group) component. No prior data existed on the out-of-pocket child care costs of military families receiving subsidies that would allow us to calculate the variance in these costs, which we needed to determine our sample size. Thus, we collected a presample of 157 files (at least 36 from each service), calculated the out-of-pocket costs for those families, and then calculated the variance in costs for each service. We used the variance to determine the number of family files we would need to collect for the final sample in order to calculate the margin of error for each stratum to be no more than plus or minus \$90.

To obtain the family files for both the presample and the final sample, we provided NACCRRRA with the family identification numbers for the files we had randomly selected. When NACCRRRA staff had pulled the paper files for these families, we went to their offices in person to verify the files they had pulled. NACCRRRA staff then scanned the documentation we needed and sent it to us in PDF form. We requested only documentation pertaining to school year 2010 (October 1, 2009 through September 30, 2010). We requested and received the following documentation from each file:

- Each child's schedule of care,
- all provider rate sheets,
- all fee calculator(s) used to calculate the subsidy rate, and
- servicemember's deployment orders, if applicable.

Using this documentation, we input data for each family and child in Excel spreadsheets. We ensured the reliability of these hand-entered data by having two analysts enter all data, then reconciling any discrepancies between the two data spreadsheets.

Data Analysis

For the first objective, to determine the out-of-pocket costs for families using on-installation care, we obtained data from DOD and the services on the range of fees charged per child at installations in school years 2010 and 2011. Family-level cost data for on-installation care were not available. Our analysis on families' out-of-pocket costs is limited to their weekly or monthly child care fees, although families may pay additional costs, such as fees for special events and activities. In addition, our

analysis of these fee data focused on school year 2010, so that we could present data on costs for on-installation care that covered the same time period as our data on off-installation care costs. We also analyzed changes to the on-installation fee ranges in school year 2011. DOD and three of the four services provided data on weekly fees, while the fourth service (Army) provided monthly fees. We converted DOD and the other services' weekly fees to monthly fees using the same calculation used by the Army to obtain monthly fees. Specifically, we multiplied the weekly fees by 365/7 (the number of weeks in a year) to get the yearly fee amount, and then divided by 12 to obtain the monthly fee amount. This calculation assumes a 365-day year, as well as an equal number of days in each month. Since months vary slightly in length, the monthly amount paid by families in services that charge fees on a weekly basis will also vary slightly. In addition, all Army installations allow families 2 weeks of vacation per year, during which they do not pay child care fees if their children are not in care. Army families' monthly fees are calculated such that families pay more during the other 50 weeks of the year to make up for the 2 weeks of vacation. We recalculated Army fees without this vacation credit to make them comparable to other services' fees, which are generally not reported in this form.

To determine families' costs for off-installation care, we collected data from a sample of 338 NACCRRRA family files, as described above. We analyzed these data to determine families' off-installation child care costs at the family and child level, in conjunction with other variables such as family income, private provider fees, and the estimated fee the family would have paid for on-installation care. We compared the averages of these variables across services. In this analysis, we weighted family and child data based on the family's probability of being selected for the sample, which varied due to differences in the population size of each stratum (e.g., families of active duty Army servicemembers). Because we followed a probability procedure based on random selections, our sample was only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as a 95 percent confidence interval (e.g., plus or minus \$100). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn.

For this objective, we also reviewed the child care fee policies set by DOD and the services for school years 2010 and 2011, including the fees charged to families for on-installation care, any discounts offered to families, and how subsidies are calculated for off-installation care. Some

aspects of the services' fee policies, such as their methods of calculating subsidies for off-installation care, were not contained in written policies. We obtained this information through interviews with DOD and service officials. We also interviewed these officials regarding the implementation of these policies.

Data Reliability

Because external data were significant to our research objectives, we assessed the reliability of the data obtained from DOD and NACCRRRA. To assess the reliability of the data on the range of fees charged by each service in school years 2010 and 2011, we interviewed officials from each service on their annual process for collecting and reviewing data on the fees charged by their installations.³ To assess the reliability of the NACCRRRA data that we used as the sampling frame for our sample of families using off-installation care, we interviewed NACCRRRA officials about their database and how they maintain it. To assess the reliability of the Defense Manpower Data Center data that we used to determine the number of servicemembers and their children who were eligible for DOD child care assistance in fiscal year 2011, we interviewed Defense Manpower Data Center officials about the reliability of the relevant data fields and also conducted electronic testing of the data. We found the data we assessed to be sufficiently reliable for the purposes of reporting the range of on-installation fees per child by service in school years 2010 and 2011, and out-of-pocket costs for families using DOD-subsidized off-installation child care in school year 2010. We found that the Defense Manpower Data Center data may not capture 100 percent of the children of servicemembers who are eligible for child care, because Guard and Reserve members are not required to report their children in the data system that populates the Defense Manpower Data Center data fields on servicemembers' children. In addition, we found that, because the Defense Manpower Data Center data we received included members of all reserve categories, these data included some servicemembers and children who were not eligible for child care. We determined that these limitations were minor enough to allow us to report the approximate number of servicemembers eligible for DOD child care in the background of the report.

³Because Navy fee policy requires that all standard cost installations charge one fee for each income category and all high-cost installations charge a different set of fees for each income category, we reported the standard- and high-cost fees set in Navy fee policy, and did not need to assess the reliability of these fee data.

Installation Site Visits and Structured Discussion Groups

To address the second objective, we reviewed relevant federal laws, policies and guidance, studies and surveys of military parents, and interviewed child and youth program officials with DOD and each of the four services, including officials at service headquarters and installations. We also interviewed representatives of NACCRRRA, nonprofit organizations that support military families, and researchers knowledgeable about DOD child care programs. In addition, we visited two large military installations (Joint Base Lewis-McChord, Wash.—Army/Air Force), and Marine Corps Base Camp Lejeune, N.C.) and conducted phone interviews with officials at two additional large military installations (Naval Station Norfolk, Va., and Nellis Air Force Base, Nev.) to learn how each implements child care programs and discuss barriers faced by families in obtaining access to these programs. To obtain examples of child care programs and barriers faced by military parents at installations with no on-installation child care facilities, we also conducted telephone interviews with officials at two small installations affiliated with two services (Army’s Yakima Training Center, Wash., and Creech Air Force Base, Nev.), for a total of four phone interviews with installations. For our site visits, we selected large installations that had a Guard and/or Reserve presence and had significant deployment activity. Visiting two large installations—one each representing the Army and Marines—provided examples of a large and a small service’s approaches to child care programs. We also selected one installation that is a joint base—having two military services on base—the Army, the lead service, and the Air Force.

During our site visits we also conducted six semi-structured discussion groups with military parents at Joint Base Lewis-McChord, and five at Marine Corps Base Camp Lejeune, including parents who did and who did not have their children enrolled in DOD-subsidized child care. We also held two additional semi-structured discussions with reserve servicemembers at Camp Lejeune. During these semi-structured discussions we inquired into how parents learned about DOD-subsidized child care and any barriers they may have encountered obtaining this care. In addition, we conducted phone interviews with child care officials and military parents at two additional large military installations—Naval Station Norfolk, Va., and Nellis Air Force Base, Nev. The information obtained during these visits and through phone calls is illustrative and not representative of each service or of DOD programs as a whole.

In order to select servicemembers for our small discussion groups at the two sites we visited, we provided DOD with selection criteria that they used to identify servicemembers to invite to these groups. Because we

held separate discussions with officers and enlisted servicemembers, we used the same criteria for each. Our criteria were officers and enlisted servicemembers with children 12 and under who were using DOD child care—including both on-installation facilities and off-installation community care subsidies—and those not using such care. In addition, at each site we visited we also met with a small group of spouses of servicemembers with children 12 and under. Many of these spouses worked for a DOD family support office or were members of military organizations that serve spouses, such as the Marine Corps L.I.N.K.S program, which is a volunteer, mentoring program, designed by Marine Corps spouses to help family members understand and adapt to the unique challenges of military life.

Review of NACCRRA Studies

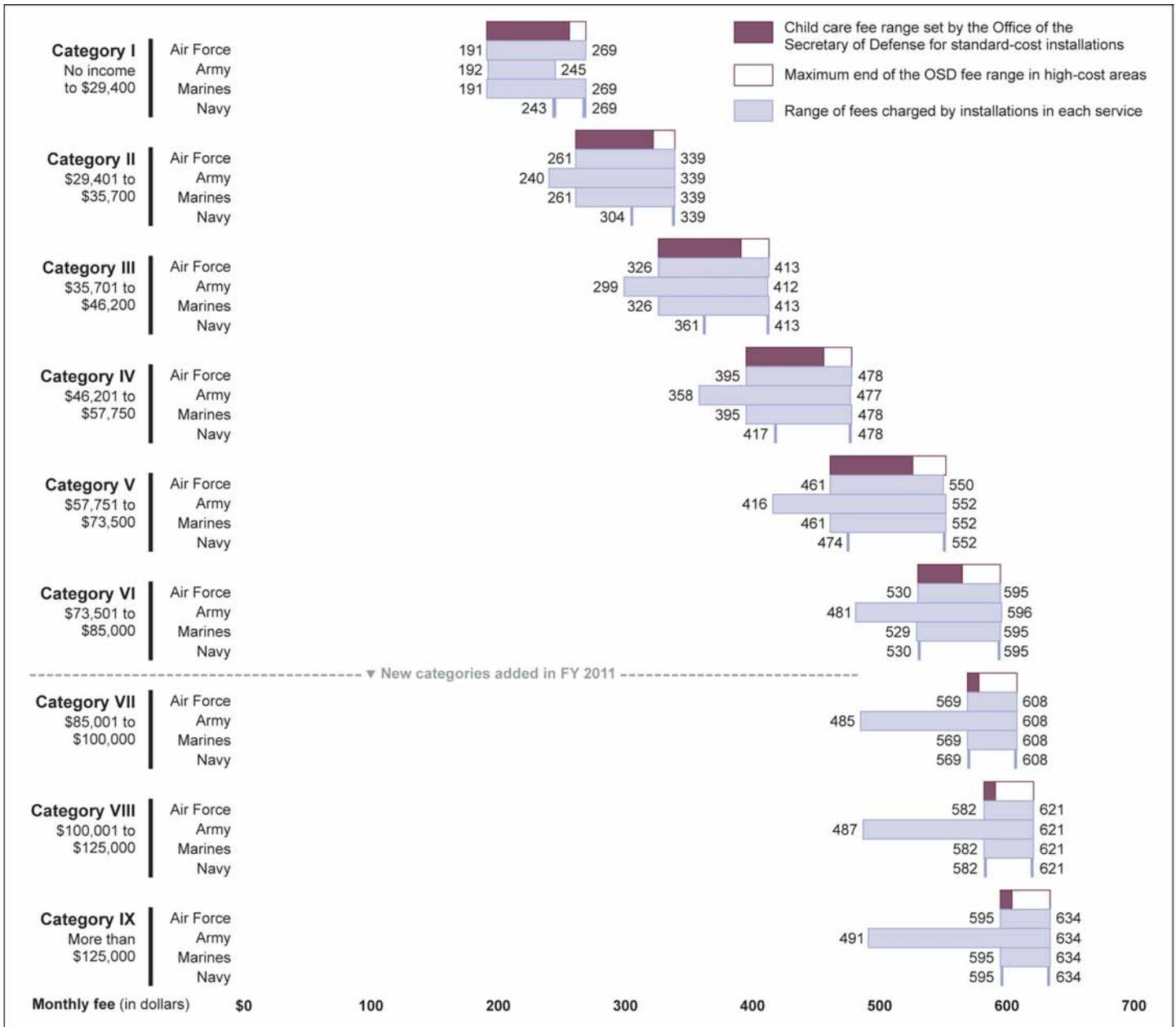
To assess the methodological quality of a NACCRRA study we used to support the scarcity of providers eligible to receive DOD child care subsidies,⁴ we reviewed the study's methodology and also obtained responses from NACCRRA to questions we had about this methodology. We used a different NACCRRA study to identify differences in how states oversee and regulate private child care providers.⁵ Since this study did not include a methodology, we obtained information from NACCRRA about the methodology it used to prepare this report. We also confirmed certain information NACCRRA included in the study for the two states where we performed site visits at installations in order to help verify the accuracy of this information and found no relevant discrepancies between the study and state-provided information. We found these reports to be sufficiently reliable for the purposes described above.

⁴Linda K. Smith and Mousumi Sarkar, *Making Quality Child Care Possible: Lessons Learned from NACCRRA's Military Partnerships*, NACCRRA (September 2008).

⁵Unpublished NACCRRA study done at the request of DOD.

Appendix II: On-Installation Fee Ranges in School Year 2011

Figure 4: Office of the Secretary of Defense (OSD) Allowable Monthly Fee Ranges and Ranges in the Actual Fees Charged by Services for On-Installation Care in School Year 2011, by Income Category



Source: GAO analysis of DOD, Air Force, Army, Marine Corps, and Navy data.

**Appendix II: On-Installation Fee Ranges in
School Year 2011**

Note: Fees are for full-time child care at Child Development Centers (CDC), and do not include any fee reductions that individual families may receive. OSD fee policy sets ranges for weekly fees, and all of the services except the Army set and charge fees on a weekly basis. Fee ranges have been converted to monthly terms using calculations that assume a 365-day year and an equal number of days per month. Families' actual monthly costs will vary slightly depending on the length of the month. In addition, all Army installations allow families 2 weeks of vacation per year, during which they do not pay child care fees if their children are not in care. Army families' monthly fees are calculated such that families pay more during the other weeks of the year to make up for the 2 weeks of vacation. We recalculated Army fees without this vacation credit to make them comparable to other services' fees, which are generally not reported in this form. The Army also obtained permission from OSD to allow some of its installations that had been charging rates at the lower end of the previous fee ranges to charge rates below the new fee ranges in school year 2011, to prevent families at these installations from experiencing large fee increases. Additionally, Army officials said that OSD officials granted permission for nearly all Army installations to charge fees below the OSD standard range for Categories VII through IX. Consequently, the lower end of the range of fees actually charged by the Army is lower than the minimum OSD fee for all but one fee category. Three Army installations—Fort Monroe, Fort Monmouth, and Fort McPherson—were in the process of closing due to Base Realignment and Closure in school year 2011, and were therefore not required to adopt the new school year 2011 fee policy. As a result, we did not include these installations in our fee range calculations. Due to rounding, in a few instances the services' fee ranges may appear slightly lower or higher than the OSD fee ranges.

Appendix III: Supplemental Data from Sample of Families Using DOD-Subsidized Off-Installation Care

Table 6: Number of Families and Children in Sample, by Service and Component

Service/component	Number of families	Number of children
Total	338	499
Air Force	95	147
Active Duty	50	66
National Guard and Reserve	45	81
Army	83	121
Active Duty	29	42
National Guard and Reserve	54	79
Marines Corps	60	88
Active Duty	35	50
Reserve	25	38
Navy	100	143
Active Duty	52	67
Reserve	48	76

Source: GAO analysis of data from NACCRRRA.

Table 7: Average, 10th Percentile, and 90th Percentile Annual Total Family Incomes of Families Using Off-Installation Care in Fiscal Year 2010, by Service

Service	Average income ^a	10th percentile income ^b	90th percentile income ^c
All services	\$84,860	\$47,539	\$130,497
Air Force	100,615	48,350	174,476
Army	85,485	48,659	130,559
Marine Corps	77,627	42,747	117,538
Navy	77,319	46,548	99,109

Source: GAO analysis of data from NACCRRRA.

^a95% margins of sampling error for these estimates range from +/- \$5,197 to +/- \$14,928.

^b95% confidence intervals for these estimates do not exceed \$33,155 to \$59,947.

^c95% confidence intervals for these estimates do not exceed \$93,432 to \$183,538.

Appendix III: Supplemental Data from Sample of Families Using DOD-Subsidized Off-Installation Care

Table 8: Percent of Families Using Off-Installation Care with a Servicemember Who Was Deployed in Fiscal Year 2010, by Service

Service	Percent deployed
All services	26
Air Force	15
Army	30
Marine Corps	16
Navy	19

Source: GAO analysis of data from NACCRRA.

Note: 95% margins of sampling error for these estimates range from +/- 6% to +/- 11%.

Table 9: Average Monthly Costs per Child for Off-Installation Care in School Year 2010, by Service

Service	Average cost for off-installation care ^a	Average difference between cost for off-installation care and estimated on-installation fee ^b	Average cost for off-installation care as a percentage of estimated on-installation fee ^c
All	\$387	-\$27	91.5%
Air Force	542	33	107.7
Army	345	-43	87.1
Marine Corps	388	-42	88.6
Navy	562	66	113.9

Source: GAO analysis of data from NACCRRA.

^a95% margins of sampling error for these estimates do not exceed +/- \$48.

^b95% margins of sampling error for these estimates do not exceed +/- \$42.

^c95% margins of sampling error for these estimates range from +/- 5.7% to +/- 10.5%.

Table 10: Percent of Air Force and Navy Families Using Off-Installation Care Affected by Subsidy Cap in School Year 2010

Service	Percent capped
Air Force	66
Navy	63

Source: GAO analysis of data from NACCRRA.

Note: 95% margins of sampling error for these estimates do not exceed +/- 12%.

Appendix IV: Comments from the Department of Defense

Note: GAO received DOD's letter on January 6, 2012.



OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

Kay E. Brown
Director, Education, Workforce, and Income Security Issues
United States Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Brown:

Thank you for the opportunity to review and provide comments on the report "Military Childcare: DoD is Taking Action to Address Awareness and Availability Barriers." The Department of Defense (DoD) is committed to helping our families access affordable, quality child care. We consider care for young children to be a workforce issue for military families with direct impact on the effectiveness and readiness of the force.

The report tackles the challenging task of sorting through a system that includes broad overarching policy while allowing for flexibility among the military Services. In general, we believe that the report correctly addresses the issues of providing fee assistance to military members and assisting with access to child care. DoD wishes to provide additional clarification for some of the content.

With regards to the Service variations for installation child care per child costs, we believe that the text does not clearly differentiate the basis for variations in the fee ranges within categories. As reported, the range of allowable fees includes the high cost fee option exercised by a limited number of installations approved by DoD. In practice, the fee variations are smaller due to the limited number of programs utilizing the high cost fee option.

The discussion of average costs per family for off-installation care notes the differences among the Services with regards to capping monthly fee assistance. The Services demonstrate a philosophical difference in choosing to cap the fee assistance versus choosing to provide greater fee assistance to families living in high cost areas. While the report concludes that a policy change that does not cap the fee assistance would require increased spending on child care for most of the Services, Army analysis concludes that the average amount of child care fee assistance paid per child is, on average, less than or equal to, the capped rate currently paid by the other Services.

In addition to the recent and planned changes to DoD and the Army's fee policies that will likely reduce the differences among the Services, Air Force also implemented fee policy changes reducing out of pocket expenses for families by eliminating the 10 hour care rule. This allows parents to utilize care beyond 10 hours a day without additional cost.

The report references actions taken to address awareness and availability barriers. With regards to the family support assistance provided by paid professional positions, we believe that

the Air Force and Navy provide the same level of service utilizing volunteers and other professional staff. The Navy's Family Ombudsman Program, created to improve communication between commands and the families of Sailors who served in them, is a key component of volunteer support.

Finally, the random probability sample of 338 families relative to the total number of families accessing the system of care indicates the need for caution in drawing conclusions about accessibility of information and child care options. It is important for policy makers to understand the limitations of the data set when making decisions about the availability and accessibility of child care for military families.

Sincerely,



Robert L. Gordon, III
Deputy Assistant Secretary of Defense
(Military Community & Family Policy)

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Kay E. Brown, (202) 512-7215 or brownke@gao.gov

Acknowledgments

Janet Mascia, Assistant Director, and Julianne Hartman Cutts, Analyst-in-Charge, managed this assignment. Caitlin Croake, Lauren Gilbertson, Hayley Landes, and Suzanne Rubins made significant contributions to all aspects of this report. Kate Van Gelder, Holly Dye, and James Bennett provided writing and graphics assistance. In addition, Kirsten Lauber, Terry Richardson, Jeff M. Tessin, and Cynthia Grant provided design and methodological assistance. James Rebbe provided legal assistance.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on [Facebook](#), [Flickr](#), [Twitter](#), and [YouTube](#). Subscribe to our [RSS Feeds](#) or [E-mail Updates](#). Listen to our [Podcasts](#). Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

