

May 30, 2003

MEMORANDUM TO: Chairman Diaz
Commissioner Dicus
Commissioner McGaffigan
Commissioner Merrifield

FROM: William D. Travers */RA/*
Executive Director for Operations

SUBJECT: STAFF REQUIREMENTS - SECY-01-0106 - CHILD CARE
TUITION ASSISTANCE

The subject Staff Requirements memorandum directed the staff to use the experience of the first year of the NRC's child care tuition assistance program as a guide for consulting with the Commission on options for redesigning the program in FY 2003 to ensure that costs remain within budget. The purpose of this memorandum is to report to the Commission on the agency's experience with the program and to propose minor program changes.

The NRC's child care tuition assistance program has been in effect since May 20, 2002. The program offers monthly reimbursements to lower-income NRC employees for certain child care expenses. The NRC has defined "lower-income employees" as those whose total family income (TFI), as reflected in their annual Federal income tax forms, is \$50,000 or less. For qualifying lower-income employees, reimbursement for child care expenses is provided in accordance with the following formula:

TFI	Reimbursement *
\$25,000 or under	50%
\$25,001 - \$35,000	40%
\$35,001 - \$45,000	30%
\$45,001 - \$50,000	20%

* Capped at \$4,000 per employee per year.

During the program's first year, the NRC provided subsidies to 6 employees, affecting 7 children. The cost of the program in FY 2002 (from May through September) was \$3,758 for tuition subsidies and \$1,301 for administrative costs (the contractor's \$1,000 flat fee plus 8% of reimbursements paid). In FY 2003, program costs are projected to be approximately \$13,000 for tuition subsidies and \$2,040 for administrative costs, totaling approximately \$15,000 for the full year.

The amount originally budgeted, \$50,000, is more than necessary to support the program as currently designed. The staff proposes to modify the program slightly to make it somewhat more generous and still keep costs within reasonable budget allocations. The staff proposes to increase the TFI limit from \$50,000 to \$55,000 to accommodate increases in employee salary due to annual pay adjustments and to expand the potential pool of qualified participants. Under the revised program, child care subsidies for employees with total family incomes between \$50,001 and \$55,000 would be reimbursed at the rate of 10% of their child care costs, as shown below.

TFI	Reimbursement
\$25,000 or under	50%
\$25,001 - \$35,000	40%
\$35,001 - \$45,000	30%
\$45,001 - \$50,000	20%
\$50,001 - \$55,000	10%

Although there is no accurate way to predict the effect of increasing the maximum TFI, because only employee, not family, income is known, it is anticipated that an increase of \$5,000 in TFI may result in 1 or 2 additional participants. The additional participants may add approximately \$4,000 to the total annual subsidy costs and \$300 to the administrative costs.

The staff will revise the program documents and guidance accordingly, to be effective at the beginning of Fiscal Year 2004, in October 2003, unless the Commission directs otherwise.

SECY, please track.

cc: SECY
OCA
OGC
OPA
CFO