



Child Care Program Improvements

Report to Congress
November 19, 2025



Foreword

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I am pleased to present the following report, “Child Care Program Improvements,” prepared by the U.S. Coast Guard.

The Don Young Coast Guard Authorization Act of 2022 directs the submission of a report outlining the expansion of the Coast Guard’s Child Care program.

Pursuant to Congressional requirements, this report is provided to the following members of Congress:



The Honorable Ted Cruz
Chairman, Senate Committee on Commerce, Science, and Transportation

The Honorable Maria Cantwell
Ranking Member, Senate Committee on Commerce, Science, and Transportation

The Honorable Sam Graves
Chairman, House Committee on Transportation and Infrastructure

The Honorable Rick Larsen
Ranking Member, House Committee on Transportation and Infrastructure

Please direct report inquiries to my Senate Liaison Office at (202) 224-2913 or House Liaison Office at (202) 225-4775.

Sincerely,

A handwritten signature in blue ink, which appears to read "K. E. Lunday".

Kevin E. Lunday
Admiral, U.S. Coast Guard
Acting Commandant



Child Care Program Improvements

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I. Legislative Language

This report responds to the language set forth in Section 11401(c)(2)(E) of the Don Young Coast Guard Authorization Act of 2022 (Pub. L. No. 117-263), which reads:

SEC. 11401. COAST GUARD CHILD CARE IMPROVEMENTS.

(c) CHILD CARE SUBSIDY PROGRAM.—

(2) EXPANSION OF CHILD CARE SUBSIDY PROGRAM.—

(A) IN GENERAL.—The Commandant shall—

- (i) evaluate potential eligible uses for the child care subsidy program established under section 2927 of title 14, United States Code (referred to in this paragraph as the “program”);
- (ii) expand the eligible uses of funds for the program to accommodate the child care needs of members of the Coast Guard (including such members with nonstandard work hours and surge or other deployment cycles), including in-home care as described in section 2927(a)(3) of title 14, United States Code, and including by providing funds directly to such members instead of care providers; and
- (iii) streamline enrollment policies, practices, paperwork, and requirements for eligible child care providers to reduce barriers for members to enroll in such providers.

(B) CONSIDERATIONS.—In evaluating potential eligible uses under subparagraph (A), the Commandant shall consider in-home child care services, care services such as supplemental care for children with disabilities, and any other child care delivery method the Commandant considers appropriate.

(C) REQUIREMENTS.—In establishing expanded eligible uses of funds for the program, the Commandant shall ensure that such uses—

- (i) are in the best interests of the Coast Guard;
- (ii) provide flexibility for members of the Coast Guard, including such members and employees with nonstandard work hours; and
- (iii) ensure a safe environment for dependents of such members and employees.

(D) PUBLICATION.—Not later than 18 months after the date of the enactment of this Act, the Commandant shall publish an updated Commandant Instruction Manual (referred to in this paragraph as the “manual”) that describes the expanded eligible uses of the program.

(E) REPORT.—

- (i) IN GENERAL.—Not later than 18 months after the date of the enactment of this Act, the Commandant shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report outlining the expansion of the program.

- (ii) ELEMENTS.—The report required by clause (i) shall include the following:
- (I) An analysis of the considerations described in subparagraph (B).
 - (II) A description of the analysis used to identify eligible uses that were evaluated and incorporated into the manual under subparagraph (D).
 - (III) A full analysis and justification with respect to the forms of care that were ultimately not included in the manual.
 - (IV) Any recommendation with respect to funding or additional authorities necessary, including proposals for legislative change, to meet the current and anticipated future child care subsidy demands of the Coast Guard.
 - (V) A description of the steps taken to streamline enrollment policies, practices, and requirements for eligible child care providers in accordance with paragraph (2)(A)(iii).

II. Background

The Coast Guard Child Care Subsidy Program began as a pilot initiative in Fiscal Year (FY) 2005 with initial funding of \$160,000. In FY 2006, the program funding doubled to \$329,000, officially establishing the program. Over the years, the program has expanded significantly. In FY 2018, funding had grown to \$6 million, supporting 800 children in community-based childcare. In FY 2021, additional funding was allocated to address increased demand and rising childcare costs caused by COVID-19. In FY 2024, program funding reached \$21 million, with 2,902 children enrolled.

Historically, the Child Care Subsidy Program was managed by other federal agencies, including the General Services Administration and United States Department of Agriculture, which served as third-party administrators. In April 2019, the Department of the Navy's Child and Youth Programs assumed the role of the Coast Guard's third-party administrator through a Memorandum of Agreement. This transition allowed the Coast Guard to enhance oversight, ensure financial accountability, streamline administrative services, and to improve service delivery to our members.

To better align with Department of War fee assistance programs, the Coast Guard Child Care Subsidy Program was renamed Military Child Care in Your Neighborhood Fee Assistance. This change supports the Coast Guard Child Development Services transition to the Military Child Care Portal which is managed through a Memorandum of Agreement with the Office of the Secretary of War.¹

Eligibility and Enrollment

The Military Child Care in Your Neighborhood Fee Assistance program is currently available to:

- Active-duty personnel who are single parents
- Dual member active-duty families
- Active-duty members with a spouse who is working or is a student
- Active-duty members with spouses seeking employment, who may enroll for up to 90-days during relocations or when reentering the workforce

Since December 2021, active-duty families have been able to request community-based childcare and access Military Child Care in Your Neighborhood Fee Assistance information through the Department of War portal. Families are responsible for their portion of the monthly parent fee, which is determined based on their rank and location.

Provider Rate Caps and Program Costs

The monthly provider rate cap represents the maximum amount of fee assistance that the Coast Guard will pay towards a member's childcare cost per child. If a provider charges more than the rate cap, the member is responsible for any amount above the provider rate cap.

- High-cost locations: \$1,200 per month (accounts for 89 percent of total enrollment)
- Basic-cost locations: \$900 per month (accounts for 11 percent of total enrollment)
- Department of War provider rate cap: \$1,800 per month

¹ Home Page: <https://public.militarychildcare.csd.disa.mil/mcc-central/mcchome/coast-guard-child-care>

In the first quarter of FY 2025, the Coast Guard Military Child Care in Your Neighborhood Fee Assistance program had 2,131 sponsors registered, with 2,846 children enrolled

The average utilization of the child care subsidy program for FYs 2022 through year-to-date 2025 is 1,562 sponsors. During the same period, utilization of the child care subsidy program varied across ranks enrolled in the Coast Guard Military Child Care in Your Neighborhood Fee Assistance program as follows:

- E1–E5: 31 percent utilization
- E6–E9: 44 percent utilization
- O1–O4: 20 percent utilization
- O5–O6: 3 percent utilization
- W2–W4: 2 percent utilization

As demand for affordable, high-quality childcare continues to grow, the Coast Guard remains committed to improving the Military Child Care in Your Neighborhood Fee Assistance program and will continue to explore opportunities to align with Department of War standards while meeting the unique needs of Coast Guard families.

III. Report

The Military Child Care in Your Neighborhood Fee Assistance program provides affordable, quality childcare to support our members and their families. Through collaboration with Navy Child and Youth Programs and the Department of War Military Community and Family Policy for Child and Youth Programs we aim to expand and enhance this program to better serve our workforce.

Legislative Authority and Program Framework

Under Section 630 of the *Treasury and General Government Appropriations Act, 2002*, federal agencies are authorized to provide childcare subsidies for lower-income federal employees using licensed and regulated child care providers. In accordance with 5 CFR §§ 792.202 and 792.203, the Coast Guard established a child care subsidy reimbursement program for Coast Guard families using federal childcare centers, non-federal childcare centers, and family childcare homes. Additionally, 14 U.S.C. § 2928 grants the Coast Guard the authority to extend fee assistance benefits to service members and civilian employees.

The Coast Guard and Navy Child and Youth Programs maintain a Memorandum of Agreement designating the Navy as the third-party administrator of Coast Guard fee assistance programs. The updated Memorandum of Agreement, incorporated several key enhancements pending funding for implementation:

- **Expanded Access:** The program will be available to all eligible users, including civilians, through a phased implementation plan contingent on funding availability.
- **Direct Payments:** Members enrolled in the Military Child Care in Your Neighborhood Fee Assistance program will have a choice to pay the provider or receive direct payments for childcare subsidies.
- **Child Care in Your Home Fee Assistance Program:** A phased implementation plan, subject to funding, will support families with children requiring in-home care.
- **[MilitaryChildCare.com](https://militarychildcare.com):** Implemented in calendar year 2022, this website streamlines provider enrollment by reducing barriers. The application process takes an average of two weeks, and is supported by a dedicated assistance team.

Policy Updates and Program Enhancements

The *Coast Guard Child Development Services Program*, Commandant Instruction (COMDTINST) 1754.15 (series) is being revised to reflect expanded program eligibility and services, as outlined in the updated Memorandum of Agreement. Key additions in the updated Memorandum of Agreement include:

- **Back-up Care Program:** Designed to assist Reserve members needing short-term childcare for training and mission surges.
- **Comprehensive Fee Assistance:** Programs now incorporate in-home care, supplemental care for children with disabilities, and backup care services.
- **Direct Payment Options:** Providing financial flexibility for families with non-traditional schedules.

- **Standardized Safety Measures:** The Child Care in Your Home program establishes uniform provider qualifications, requiring non-licensed providers (nannies, kinship, adults 18 years and older) to meet Coast Guard Family Child Care Providers standards. Au Pairs must comply with Department of State's Bridge USA² regulations and work with vetted sponsoring agencies for training and oversight of Au Pairs they sponsor in the United States.

Financial Considerations and Cost Projections

Expanding the Coast Guard Child Development Services Program requires additional funding to ensure access for all eligible users. The program intends to align with the Department of War family income-based formula for determining fee assistance and implement a standardized \$1,800 provider cap per child. This transition will replace the previous \$900 basic-area provider cap, reducing confusion among users.

Estimated costs for expansion include:

- \$13.5 million annually to include both service members and civilians while aligning fee calculations with Department of War standards.
- \$9 million annually to initiate the Child Care in Your Home program, accommodating approximately 1,000 eligible users while ensuring compliance with safety requirements.
- \$9 million annually for the Back-Up Care program, covering an estimated 40 days of care for Reserve duty and 8 days for emergency care for active-duty members.
- \$6 million annually to increase the base funding to implement a standardized fee policy, including income-based rates, staff and multi-child discounts, and hardship reductions. Funding would also support access to Department of War child care platforms and training resources.

Lessons Learned and Future Improvements

Insights from the Department of War Child Care in Your Home pilot program indicate in-home care costs may be a barrier for families. Average monthly provider costs range from \$4,400 to \$5,000, making participation challenging despite fee assistance. Notably, 62 percent of enrolled families had an annual income exceeding \$143,000..

² **BridgeUSA Home Page:** <https://j1visa.state.gov/>

IV. Conclusion

The Coast Guard remains dedicated to enhancing and expanding childcare support for service members and civilian employees. By aligning with Department of War policies, improving financial accessibility, and strengthening safety measures, we are committed to developing a sustainable, high-quality childcare subsidy program that meets the evolving needs of our workforce and their families.

The Military Child Care in Your Neighborhood Fee Assistance program continues to be one of the most effective strategies for addressing the diverse childcare needs of Coast Guard families. With additional funding, we can extend the program to include all eligible users and implement the authorized initiatives designed to support childcare needs during traditional and non-traditional work hours. Unlike agency-owned childcare centers, fee assistance programs offer a cost-effective solution, as expenses are only incurred when a family is using the program. This flexibility is especially beneficial for Coast Guard personnel assigned to geographically dispersed units, allowing them to secure childcare that best suits their unique living and working arrangements.

The Coast Guard remains committed to easing the burden on military parents by enabling them to fulfill their missions, support spouse employment, and pursue educational opportunities. We recognize that when a member serves, so does their family.