



MANUAL TRANSMITTAL

Department of the Treasury
Internal Revenue Service

6.792.1

MAY 20, 2025

EFFECTIVE DATE

(05-20-2025)

PURPOSE

- (1) This transmits new IRM 6.792.1, Federal Employees' Health, Counseling, and Work/Life Programs, Child Care Subsidy Program.

MATERIAL CHANGES

- (1) IRM 6.792.1.1.6, Terms:
 - a. Paragraph (4): Added the definition of External Child Care Subsidy Program (CCSP) Service Provider.
 - b. Paragraph (5): Clarified that total family income (TFI) is income based on the most recent federal income tax return, the adjusted gross income (AGI), and the filing status of the employee.
- (2) IRM 6.792.1.2.3, Child Care Subsidy, Paragraph (5): Clarified benefits received will not exceed child care expenses.
- (3) IRM 6.792.1.2.5, Application and Recertification:
 - a. Paragraph (1)d: Added employees may apply or recertify their participation in the CCSP within 60 calendar days of returning to work status (seasonal employees) or from extended leave.
 - b. Paragraph (2) Note: Clarified employees will continue receiving their CCSP payments while the application is undergoing annual recertification. Also clarified participants approved during the most recent open enrollment period who leave and return to work status prior to the next open enrollment period do not need to recertify. However, participants who return to work status after the open enrollment period must apply or recertify their participation in the CCSP within 60 calendar days of returning to work status or from extended leave.
 - c. Paragraph (3)e Note: Clarified applicants who file for a tax extension must submit the current year return or transcript within five business days of filing to validate subsidy eligibility.
 - d. Paragraph (7): Clarified applications may also be submitted by mail if they are postmarked by the last date of the open enrollment period or by fax if received by the external CCSP service provider by the last date of the open enrollment period.
 - e. Paragraph (7) Note: If personally identifiable information (PII) is lost, stolen or inadvertently disclosed, refer to the reporting requirements in IRM 10.5.4, Privacy and Information Protection, Incident Management Program, or the Report Losses, Thefts or Disclosures webpage in the Disclosure and Privacy Knowledge Base.
 - f. Paragraph (9): Clarified employees and potential child care providers are notified in writing by the external CCSP service provider within 14 business days of their acceptance or ineligibility for participation in the CCSP.
- (4) IRM 6.792.1.2.6, Termination of Subsidy Payments, Paragraph (2): Clarified payments will cease the first day of the following month after notification.
- (5) IRM 6.792.1.2.7, Ongoing Education, Paragraph (4): Moved that employees may receive a questionnaire to provide voluntary feedback from the Termination of Subsidy Payments subsection to the Ongoing Education Subsection.

- (6) Editorial changes are made throughout to update division and office names, references, hyperlinks, and terminology.

EFFECT ON OTHER DOCUMENTS

This IRM incorporates Interim Guidance Memorandum HCO-06-0223-0002, Updated Interim Guidance on the Child Care Subsidy Program dated June 8, 2023.

AUDIENCE

All business units

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6.792.1

Child Care Subsidy Program

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6.792.1.1
(05-20-2025)
Program Scope and Objectives

- (1) **Purpose:** This IRM provides policy and guidance for the IRS Child Care Subsidy Program (CCSP). Read and interpret this policy in accordance with applicable laws, governmentwide regulations, Treasury Human Capital Issuance System (HCIS) Directives and other sources as appropriate.
- (2) **Audience:** Unless otherwise indicated, the policies, authorities and instructions in this IRM apply to all business units. Bargaining unit (BU) employees should review National Agreement and side letter provisions relating to subjects in this IRM. Should any of these instructions conflict with a provision in the National Agreement or side letter, the Agreement or side letter prevails.
- (3) **Policy Owner:** The IRS Human Capital Officer
- (4) **Program Owner:** The Human Capital Office (HCO), Office of Human Resources Operations (OHRO), Human Resources Shared Services (HRSS)
- (5) **Primary Stakeholders:**
 - HCO, Office of Human Resources Strategy and Transformation (OHRST), Transformation, Policy and Engagement (TPE), Policy Office (PO)
- (6) **Program Goals:** The IRS CCSP improves the affordability of child care for eligible employees and reduces the amount that eligible working parents pay for child care by providing subsidies directly to child care providers. This IRM provides Servicewide policy and guidance to all business units on the IRS CCSP.

6.792.1.1.1
(05-20-2025)
Background

- (1) The Office of Personnel Management (OPM) issued 5 CFR 792 implementing the Child Care Subsidy Program legislation. In accordance with *40 USC 590*, Child Care, executive agencies may use appropriated funds to assist eligible employees with the costs of child care. This IRM provides policy and guidance on child care subsidy eligibility, payments to providers, application and recertification, and termination of subsidy payments.

6.792.1.1.2
(05-20-2025)
Authority

- (1) **Laws:**
 - *40 USC 590*, Child Care
- (2) **Presidential Memorandums:**
 - *Enhancing Workplace Flexibilities and Work-Life Program*, dated June 23, 2014
- (3) **Regulations:**
 - 5 CFR 792, Subpart B, Agency Use of Appropriated Funds for Child Care Costs for Lower Income Employees
- (4) **OPM Memorandum:**
 - *Guidance for Agency-Specific Policies on Child Care Subsidy Programs*
- (5) **OPM Guidance:**
 - *Guide for Implementing Child Care Legislation*
 - *Dependent Care*

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(6) Treasury HCIS:

- *TN-18-003*, Enhancing Workplace Flexibilities and Work-Life Programs

6.792.1.1.3
(05-20-2025)

Roles and Responsibilities

- (1) The IRS Human Capital Officer is the executive responsible for this IRM and overall Servicewide policy for work-life and wellness programs.
- (2) The HCO, OHRST, TPE, PO is responsible for updating, maintaining and publishing content for this IRM.
- (3) The HCO, OHRO, HRSS, Benefits Services Division, Benefits and Health Services Center (program office) is responsible for the operation and administration of Servicewide work-life and wellness programs, including the CCSP. The program office develops materials to increase Servicewide understanding, and it collaborates with stakeholders to support education and outreach activities. In addition, the program office is responsible for:
 - a. Analyzing reports received from the external CCSP service provider, and
 - b. Executing the CCSP contract and collaborating with the contracting officer to ensure compliance.
- (4) The HCO, OHRO, Labor/Employee Relations and Negotiations (LERN) provides guidance and representation to managers in areas such as grievances and corrective action (e.g., discipline, performance issues) and contractual obligations with the National Treasury Employees Union (NTEU). LERN assists managers with the complex challenges of balancing employees' needs for flexibility in their work lives with the IRS's need to accomplish its mission.

6.792.1.1.4
(05-20-2025)

Program Management and Review

- (1) The program office gauges the effectiveness of the CCSP based on feedback from customers and stakeholders and considers the impact of any statutory or regulatory changes. During review and publishing, in partnership with HCO, OHRST, TPE, PO, IRM sections are revised, added or deleted based in part on this process.
- (2) **Program Reports:** Monthly reports from the external CCSP service provider are located on the program office SharePoint site.
- (3) **Program Effectiveness:** Program goals are measured using results from CCSP lunch and learn surveys.
- (4) **Annual Review:** Annual reviews are conducted on-site or virtually at the external CCSP service provider's location. These reviews are performed to determine program effectiveness. The review requirements are subject to revisions as CCSP parameters are amended periodically and as IRS procedures are changed. Refer to IRM 6.792.1.1.5, Program Controls, for more information.

6.792.1.1.5
(05-20-2025)
Program Controls

- (1) It is important to continuously assess and evaluate all work-life programs to ensure IRS programs offer the desired effects and outcomes. Assessments of these programs help leadership:
 - a. Understand how often programs are used,
 - b. Track satisfaction rates and
 - c. Make improvements where applicable.
- (2) The PO is responsible for reviewing policies to ensure conformance with applicable laws and regulations.
- (3) The program office is responsible for implementing, monitoring and improving internal controls which are programs, policies and procedures that ensure:
 - a. Program goals are established,
 - b. Performance is measured to assess efficient and effective objective accomplishment,
 - c. Programs and resources are protected against waste, fraud, abuse, mismanagement and misappropriation,
 - d. Program operations are reviewed in conformance with applicable laws and regulations,
 - e. Financial reporting is complete, current and accurate, if required, and
 - f. Reliable information is obtained and used in decision making and quality assurance.
- (4) Annual program review requirements include the program office:
 - a. Ensuring the internal controls are complete, accurate and reviewed to promote consistent program administration, and
 - b. Reviewing the usage of work-life programs to determine which programs are most widely used or least used to adjust program administration accordingly.
- (5) The following activities ensure program success:
 - a. Conducting annual policy reviews, and
 - b. Publishing educational articles and other materials.

6.792.1.1.6
(05-20-2025)
Terms

- (1) **Child** – A child who bears any of the following relationships to an employee, the employee’s spouse or the employee’s domestic partner:
 - A biological child,
 - An adopted child,
 - A stepchild,
 - A foster child,
 - A child for whom a judicial determination of support has been obtained, or
 - A child to whose support the employee, the employee’s spouse or the employee’s domestic partner makes regular and substantial contributions.
- (2) **Child with a disability** – A child who is unable to care for themselves because of a physical or mental condition as determined by a physician or licensed or certified psychologist.
- (3) **Domestic partnership** – Has the same meaning as established in 5 CFR 792.202.

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- (4) **External Child Care Subsidy Program (CCSP) Service Provider** – A company external to the IRS providing CCSP services on a contractual basis.
- (5) **Total family income (TFI)** – Income based on the most recent federal income tax return, the adjusted gross income (AGI), and the filing status of the employee.
- (6) **Qualifying Life Event (QLE)** – Has the same meaning as defined in 5 CFR 892.101.

6.792.1.1.7
(05-20-2025)

- (1) The table lists commonly used acronyms and their definitions:

Acronyms

Acronym	Definition
AGI	Adjusted Gross Income
BU	Bargaining Unit
CCSP	Child Care Subsidy Program
EAP	Employee Assistance Program
HCIS	Human Capital Issuance System
HCO	Human Capital Office
HRSS	Human Resources Shared Services
IRM	Internal Revenue Manual
LERN	Labor/Employee Relations and Negotiations
NTEU	National Treasury Employees Union
OHRO	Office of Human Resources Operations
OHRST	Office of Human Resources Strategy and Transformation
OPM	Office of Personnel Management
PII	Personally Identifiable Information
PO	Policy Office
TFI	Total Family Income
TPE	Transformation, Policy and Engagement
QLE	Qualifying Life Event

6.792.1.1.8
(05-20-2025)

Related Resources

- (1) *The IRS Source, CCSP webpage*
- (2) *Side Letter Agreement to Article 56 of the 2022 National Agreement, Childcare Subsidy Program*

- (3) The Employee Assistance Program (EAP) is available to assist employees with finding licensed childcare, adjusting to parenthood and other childcare issues. Refer to IRM 6.800.3, Employee Assistance Program and Work-Life Referral Services and the *IRS Source*.

6.792.1.2
(05-20-2025)
Child Care Subsidy Program (CCSP)

- (1) The IRS CCSP improves the affordability of child care for eligible employees and reduces the amount that eligible working parents pay for child care by providing subsidies directly to child care providers.

6.792.1.2.1
(05-20-2025)
Employee Eligibility

- (1) Employees who meet the below requirements are eligible to apply for the CCSP:
 - a. Any permanent or seasonal, full-time or part-time employee,
 - b. With one or more qualifying children enrolled in an eligible child care program,
 - c. Whose total family income (TFI) is \$150,000 or less annually.
- (2) Seasonal employees are only eligible for a subsidy of expenses that are incurred only while in work status (refer to Article 56).
- (3) Intermittent employees are not eligible to apply for the CCSP.

6.792.1.2.2
(05-20-2025)
Qualifying Children and Child Care Provider Eligibility

- (1) The IRS CCSP covers children from birth to age 12 and children with a disability through age 17.
- (2) Child care providers must be licensed or regulated by state and/or local authorities in the state or locality in which they operate.
- (3) Eligible child care includes:
 - a. Full-time or part-time child care center or home-based care,
 - b. Daytime summer programs (overnight camps are not eligible), and
 - c. Before and after school programs.

6.792.1.2.3
(05-20-2025)
Child Care Subsidy

- (1) Qualified employees may be eligible for a monthly child care subsidy up to the maximum annual benefit as indicated by the following thresholds:

Annual TFI Threshold	Maximum Annual Benefit	Maximum Monthly Benefit
\$90,000 or less	\$5,000	\$416.66
\$90,001 to \$120,000	\$4,700	\$391.66
\$120,001 to \$150,000	\$4,200	\$350.00

- (2) Part-time employees are eligible for a prorated subsidy. For example, a part-time permanent employee who works 20 hours per week (40 hours per pay period) with an annual TFI of \$90,000 or less would be eligible for a maximum monthly benefit of \$208.33.
- (3) Benefits are paid in the following order:
 1. Employees with TFI of \$90,000 or less,

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2. Employees with TFI between \$90,001 to \$120,000 (only if sufficient funds are available) and
3. Employees with TFI between \$120,001 to \$150,000 (only if sufficient funds are available).
- (4) If there are insufficient funds for any threshold, any remaining funds will be divided equally among participants until the funds are depleted.
- (5) Benefits received under the IRS CCSP will be reduced by the amount of any other state or local child care subsidies received. Benefits received will not exceed child care expenses.
- (6) The subsidy amount is not dependent on the marital status of the parent(s). If both parents are IRS employees, only one child care subsidy amount will be paid.
- (7) Generally, the child care subsidy is not taxable as income under 26 USC Section 129. The amount excluded from taxable income will be recorded in the appropriate boxes on the employee's Form W-2.
 - a. However, employees should be aware that there may be circumstances when a child care subsidy is taxable (e.g., employees who are married but file separately). In such cases, the child care subsidy may appear as taxable income on the employee's Form W-2.
 - b. In addition, there are tax implications for employees receiving a child care subsidy and enrolled in a Dependent Care Flexible Spending Account (pre-tax benefit use to pay for eligible dependent care services), if the combination of the two benefits exceeds \$5,000 per year.

Employees are expected to research and file their taxes correctly. For more information, employees should refer to Form 2441, Child and Dependent Care Expenses, and its *separate instructions*, and seek advice from a tax advisor as necessary, regarding the child care subsidy and their personal tax situation.

6.792.1.2.4 (05-20-2025) Payments to Child Care Providers

- (1) The external CCSP service provider receives and processes invoices from the child care providers, verifies services rendered and pays the subsidies directly to the child care providers.

6.792.1.2.5 (05-20-2025) Application and Recertification

- (1) Employees may apply or recertify their participation in the CCSP:
 - a. During the annual 30-day open enrollment period,
 - b. Within 60 calendar days from the first day of a qualifying life event (QLE),
 - c. Within 60 calendar days from the first day of employment for new hires, or
 - d. Within 60 calendar days of returning to work status (seasonal employees) or from extended leave.
- (2) Employees must recertify annually to remain in the program.

Note: Employees will continue receiving their CCSP payments while the application is undergoing annual recertification. Participants approved during the most recent open enrollment period who leave and return to work status prior to the next open enrollment period do not need to recertify. However, partici-

pants who return to work status after the open enrollment period must apply or recertify their participation in the CCSP within 60 calendar days of returning to work status or from extended leave.

- (3) Employees must submit the following forms and information:
- a. *OPM Form 1643*, Child Care Subsidy Application Form,
 - b. *OPM Form 1644*, Child Care Provider Information for the Child Care Subsidy Program for Federal Employees,
 - c. A copy of the employee's most recent Standard Form 50, Notification of Personnel Action, to identify whether the nature of the appointment is permanent, temporary or term,
 - d. Last two earnings and leave statements,
 - e. Most recent federal income tax return or transcript,
- Note:** Applicants who file for a tax extension must submit the current year return or transcript within five business days of filing to validate subsidy eligibility.
- f. Child care provider's current license or proof of compliance with state and/or local childcare regulations, and
 - g. A completed and signed *Form W-9*, Request for Taxpayer Identification Number and Certification, from the child care provider.

Refer to the CCSP information on the *IRS Source* for more information about required forms and documentation.

- (4) Willful falsification of qualifying criteria may constitute a criminal violation or lead to a disciplinary action and recovery of the cost of the child care subsidy payments received.
- (5) Employees must apply for the CCSP by following the external CCSP service provider's processes and procedures that are posted and distributed on the *IRS Source* and through other official communication.
- (6) The external CCSP service provider is available to help employees complete their child care subsidy applications. The external CCSP service provider maintains a dedicated help desk for potential participants and enrolled participants. The help desk contact information and hours are posted and distributed on the *IRS Source* and through other official communication.
- (7) Forms submitted electronically must be encrypted or submitted via a secure electronic system to protect personally identifiable information (PII). Refer to IRM 6.800.2.6.3, Privacy Considerations and Sensitive Data, IRM 10.5.1, Privacy Policy, and IRM 10.5.6, Privacy Act, for more information. Applications may also be submitted by mail if they are postmarked by the last date of the open enrollment period or by fax if received by the external CCSP service provider by the last date of the open enrollment period.

Note: If PII is lost, stolen or inadvertently disclosed, refer to the reporting requirements in IRM 10.5.4, Privacy and Information Protection, Incident Management Program, or the *Report Losses, Thefts or Disclosures webpage* in the *Disclosure and Privacy Knowledge Base*.

- (8) If an application submitted before the close of the open enrollment period is incomplete or contains errors, the external CCSP service provider will notify

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the employee and allow them 15 calendar days from the date the employee receives the notice to rectify the issue. If the application is not corrected within 15 calendar days of the notification, the application will be denied, and the employee may not submit a new application until the next open enrollment period or the next QLE.

- (9) Employees and potential child care providers are notified in writing by the external CCSP service provider within 14 business days of their acceptance or ineligibility for participation in the CCSP.

6.792.1.2.6
(05-20-2025)

Termination of Subsidy Payments

- (1) CCSP payment must cease if any of the following occur:
 - a. The employee is no longer employed by the IRS,
 - b. The employee is seasonal and is placed into nonwork status,
 - c. The child (or children) is no longer enrolled in a licensed child care facility or with a licensed child care provider,
 - d. The child care facility or child care provider is no longer certified to receive the payment (e.g., they lost their license), or
 - e. The child (or children) is no longer a qualifying child for the program (e.g., they are 13 years or older, or disabled and 18 or older).
- (2) Employees who have a QLE or change in status that would cause the child or children to become ineligible from the program, must notify the contractor within 60 calendar days of the QLE or change in status. Payments will cease the first day of the following month after notification.

6.792.1.2.7
(05-20-2025)

Ongoing Education

- (1) The external CCSP service provider manages and administers the CCSP. Information, guidance, process and procedures from the external CCSP service provider are posted and distributed on the *IRS Source* and through other official communication.
- (2) Information regarding the CCSP is shared with all employees on an annual basis, including application forms and CCSP agreement forms.
- (3) Employees are notified of program existence on a quarterly basis through recruitment, work-life or other channels.
- (4) Employees may receive a questionnaire to provide voluntary feedback, suggestions for improvement, and any issues or challenges experienced during program participation (refer to Article 56).