ORIGINAL

Technical and Cost Proposal

STATE OF NEBRASKA

Child Care Market Rate Survey

Submitted to:
Dianna Gilliland/Annette Walton
State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Submitted by:
ICF Incorporated, L.L.C.
9300 Lee Highway
Fairfax, VA 22031

Solicitation/RFP #
RFP 6055 Z1

ICF Proposal 2019-5044

May 16, 2019

ICF

Celebrating **50 Years** of Making Big Things Possible | 1969 – 2019

May 16, 2019

State of Nebraska State Purchasing Bureau
1526 K Street, Suite 130
Lincoln, Nebraska 68508

Subject: ICF Proposal 2019_5044

Reference: (a) State of Nebraska Request for Proposal (RFP) 6055 Z1
(b) Addendum One dated May 2, 2019

Dear Sir/Madam:

ICF Incorporated, L.L.C. (ICF) is pleased to provide this Firm Fixed Price (FFP) proposal in response to the subject RFP, to conduct a study of market rate prices for childcare in the State of Nebraska.

Our early learning services team has more than 200 early childhood subject matter experts across the nation and a robust survey research team that has more than a decade of experience in conducting child care market rate surveys in California, Maine, Massachusetts and Minnesota. Because we understand early childhood communication channels and use an integrated multimode survey platform, our team consistently achieves response rates that exceed 60% for child care market rate surveys.

We look forward to hearing from the State of Nebraska about the status of our proposal. For technical questions regarding this submission, please contact Kenley Branscome, at (857) 334.4966 or via e-mail at Kenley.branscome@icf.com. For contractual information, please contact the undersigned at (443) 718.4888 or via e-mail at marva.babin@icf.com.

Sincerely,

Ricky Pannell
Senior Manager, Contracts

Table of Contents

1. Request for Proposal Form

Appendix A includes a signed Request for Proposal form and all terms and conditions.

2. Corporate Overview

2.A Bidder Identification and Information

Overview of the Organization

ICF Incorporated, LLC (ICF) has been providing research, evaluation, and technical assistance services to government programs geared toward improving services and outcomes for children and families for more than 25 years.

Founded in 1969, as the Inner-City Children's Fund, our core mission is to collaborate with our clients to implement and evaluate solutions that protect and improve the quality of life. We work with governmental organizations at all levels, businesses, nonprofit organizations, and other institutions. ICF has more than 6,500 specialized experts, and more than 40% of our full-time consulting staff hold postgraduate degrees. ICF is headquartered at 9300 Lee Highway in Fairfax, Virginia, 22031 and is incorporated in the state of Delaware. ICF operates and maintains over 50 major offices internationally and across North America.

Our team for the 2020 Nebraska Child Care Market Rate Survey (MRS) offers an ideal combination of expertise in child care market rate survey research, early childhood subsidy policy, experience with state child care subsidy policies, and knowledge of early childhood research. Within the early childhood field, our team has provided policy support, training, and technical assistance to federal programs, including the U.S. Office of Child Care's State Capacity Building Center, the National Center on Early Childhood Quality Assurance, and the U.S. Department of Education's Early Learning Challenge Technical Assistance program.

Our team has a deep understanding of current early childhood issues, longstanding relationships with key state and national stakeholders, and access to the field's research and data needs. We emphasize working collaboratively with clients to transform research into actionable policy recommendations, and we have the capacity to introduce innovative solutions to help clients overcome persistent problems of practice.

The ICF Advantage

- For two decades, ICF has successfully provided **research, evaluation, training, and technical expertise to early education clients** in multiple states and at the federal level (e.g., U.S. Department of Health and Human Services, Office of Child Care, Office of Head Start, and U.S. Department of Education).
- Our team has **40 years of experience** supporting federal, state, and local governments and the commercial sector in survey research design, data collection and data analysis.
- We have successfully administered child care market rate surveys in **California, Maine, Massachusetts and Minnesota**.
- Our team includes **survey statisticians and methodologists** who apply proven techniques, such as multimode designs, to enhance response rates and minimize bias in the survey data.
- Because we understand early childhood communication channels and use an integrated multimode survey platform, ICF **consistently achieves high survey response rates**—60% or higher on Maine and Minnesota's market price surveys.

2.B Financial Statements

The most recent ICF financial statements are presented in Appendix B.

2.C Change of Ownership

ICF does not anticipate any change in ownership or control of the company within the 12 months following the proposal submission date of May 16, 2019. Should such change occur after an award, ICF will notify the Department of Health and Human Services (DHHS) as required by section VI-A-2 of the request for proposal (RFP).

2.D Office Location

The ICF team that will direct the MRS is primarily based in New England, in our Vermont and Massachusetts offices. ICF will conduct all data collection from our operations and call centers located in Martinsville, Virginia, and Seattle, Washington.

While we anticipate one in-person meeting at the beginning of the project and another to present the findings at the end of the project, most of the work will take place remotely and most meetings will be virtual. However, our team members are experts at both in-person and virtual collaboration.

Through our extensive work on federal and state projects across the nation, our team is skilled at facilitating collaborations that bring project teams, client staff, and stakeholders together for both in-person and virtual engagements. For example, our early education services team hosts hundreds of virtual meetings each year for the Office of Child Care that range from national webinars with hundreds of participants in all 50 states to virtual working meetings with small project teams. We use a variety of platforms and facilitation tools to support robust and highly interactive collaboration.

For the 2020 MRS, we will create a secure project space in Microsoft Teams that DHHS staff can easily access to allow the team to easily and securely share files, calendars, communications, and a project dashboard. We will use Adobe Connect for all virtual project meetings and for virtual meetings with stakeholders, such as the Market Rate Survey Steering Committee (Steering Committee). For longer planning or brainstorming meetings, we may also use RealtimeBoard to facilitate highly interactive conversations that will allow us to visually display the results of the conversation as if we were in a breakout room.

2.E Relationships With the State

ICF has not had any contracts during the past five years with DHHS or any other Nebraska state agency.

2.F Employee Relations to State

No individual named in the proposal, or to be included in the work associated with the proposal, is an employee of the state of Nebraska or has been within the past 60 months. No individual named in the proposal, or to be included in the work associated with the proposal, has a perceived or actual conflict of interest.

2.G Contract Performance

ICF has not had any contracts terminated for nonperformance within the past five years. Appendix C summarizes all contracts that have been terminated for either convenience, nonperformance, nonallocation of funding, or other reasons.

2.H Corporate Experience

Prior Experience With Similar Projects

We have more than a decade of experience conducting child care market rate surveys. Specifically, we have performed market rate surveys in California (since 2004), in Maine (since 2014), in Massachusetts (in 2008 and 2010), and in Minnesota (since 2007). Our organizational experience in conducting similar projects is detailed in Exhibit 1, followed by additional experience in early childhood research and data collection and survey research in general.

Exhibit 1. Experience with Similar Projects

Minnesota Child Care Market Survey	
Contact Name & Title	Brenda Brannick, Program Manager
Business Name	Minnesota Department of Human Services
Address:	444 Lafayette Road; St. Paul, MN 55155
E-mail:	brenda.k.brannick@state.mn.us
Phone #/Fax #:	(p) 651-431-4034; (f) 651-431-7464
Current Vendor (Yes or No):	Yes
Years Associated & Type of Work Performed:	**2007 to Present** The Minnesota Department of Human Services has contracted with ICF (as prime contractor) to conduct its annual provider survey of more than 11,000 center-based and family child care providers. Working closely with the state's Child Care Resource and Referral (CCR&R) network, we have consistently achieved a response rate in excess of 65%. The survey collects data on various program features, including curriculum used, assessment practices, staff education and experience, program operating schedules, and prices charged for care, as well as other provider business practices. We have worked closely with the Department and the CCR&R network to design flexible survey instruments to accommodate a variety of provider differences while collecting data consistently across all providers. We also designed an electronic file upload process that allows the CCR&R network to import survey data into the statewide child care database supporting family searches for early education and out-of-school time options for children. **Areas of Relevance:** Child care market rate survey, data collection, data management, data analysis, and final report development.

San Francisco Metro Fair Market Rent Survey	
Contact Name & Title	Raymond Hodges
Business Name	San Mateo County Department of Housing
Address:	264 Harbor Boulevard, Bldg A, Belmont, CA 94002
E-mail:	rhodges@smchousing.org
Phone #/Fax #:	(p) 650-802-3389; (f) 650-802-3391
Current Vendor (Yes or No):	Yes
Years Associated & Type of Work Performed:	**2016 to Present** Annually, the U.S. Department of Housing and Urban Development (HUD) uses data that multiple federal agencies collect to calculate housing subsidies for all metropolitan statistical areas and counties in the United States. For more than 15 years ago, HUD contracted with ICF to implement area and regional surveys to support their FMR data needs. However, in 2013, HUD stopped funding the FMR survey contracts, shifting the responsibility of local rent surveys to local government agencies to ensure that housing subsidies accurately track with market rates.

	As the former government vendor for these surveys, over the past six years, multiple local agencies have reached out to ICF (as prime contractor) to conduct FMR surveys, having deemed the HUD-calculated FMR for the region to not be aligned with current market trends. Our FMR response team has worked with local agencies to assess study affordability, evaluate sample needs, discuss study protocols, and review the overarching FMR appeal process with our clients. As of October 2018, we boasted a 100% success rate in administering FMR surveys that resulted in revisions to the established FMR for the contracting region. **Areas of Relevance:** Market rate survey, data collection, data management, data analysis, and final report development.

Maine Child Care Market Survey	
Contact Name & Title	Crystal Arbour, Child Care Services Team Leader
Business Name	Maine Department of Health and Human Services
Address:	2 Anthony Ave. 11 SHS; Augusta, ME 04333
E-mail:	crystal.arbour@maine.gov
Phone #/Fax #:	(p) 207-626-8683 (f) 207-287-6156
Current Vendor (Yes or No):	Yes
Years Associated & Type of Work Performed:	**2014 to Present** The Maine Child Care MRS is a survey of child care providers that ICF (as prime contractor) conducted on behalf of the Maine Department of Health and Human Services (DHHS). This multimode (web, paper, and telephone) study collected child care provider rates to establish the reimbursement ceilings for families in need of financial assistance. In 2015, ICF assisted in redesigning the mail format and updating the survey instrument to collect additional information about the services that providers offer. In 2018, we further assisted in the addition of cost-related items to assess provider costs in relation to rates. The survey is administered to all center, family, and unlicensed providers in Maine via mail and e-mail with telephone follow-up to nonresponders. Both cycles resulted in a more than 60% response rate. At the conclusion of data collection, we used the rate information collected to calculate the market rates of child care at the 50th, 75th, and 90th percentiles for all provider types. We provided the data files containing the survey results to DHHS, in addition to a full findings report. **Areas of Relevance:** Child care market rate survey, data collection, data management, data analysis, and final report development.

Prior Experience in the Field of Early Childhood Development Research

The project director, Kenley Branscome, has led multiple early childhood survey research projects and is an expert in transforming early childhood data into insights and actionable policy solutions. He and other members of the ICF Early Education Services team understand the research base and have worked in the early childhood field at the national level for decades. They currently lead and support multiple federal training and technical assistance efforts, including the Office of Child Care's State Capacity Building Center, the National Center on Early Childhood Quality Assurance, the Child and the U.S. Department of Education's Early Learning Challenge Technical Assistance (ELC TA) program. Current members of our team (including Nancy vonBargen, Char Goodreau, and Chad Dahm) have provided technical assistance to Nebraska on a range of early childhood topics.

Our team will leverage this national perspective, our familiarity with Nebraska, our network of relationships, and our awareness of the early childhood research base to support the 2020 MRS in many ways, including the integration of best practices and approaches that other states use for conducting market rate surveys, identifying ways to leverage the study to meet other data needs, and helping DHHS transform study findings into actionable policy solutions that are relevant to Nebraska's policy context. Exhibit 2 identifies additional early childhood research, evaluation, and data collection projects ICF has supported.

Exhibit 2. Summary of Our Team's Qualifications

Key to Areas of Relevance

1. Planning
2. Data Collection
3. Data Analysis
4. Report Writing
5. Child Care Research
6. Engaging Child Care Stakeholders

Project Description	1	2	3	4	5	6
MRS of California Child Care Providers (2004–Present). ICF has been involved with the California Child Care Regional MRS since 2004. In our first contract with the California Department of Education (CDE), we developed a new methodology for estimating market rates and began working with CDE to evaluate every aspect of the study design. The new methodology we designed and implemented included a redesign of the sampling plan, new survey instruments, and the introduction of a mixed-mode data collection strategy (mail and telephone). We performed the following tasks: ▪ Developed a statistically valid sampling plan for estimating the reimbursement ceilings. We created a series of market profiles, or groupings of ZIP codes that have similar socioeconomic characteristics, to which the estimates would apply. ▪ Created the sampling universe of all licensed child care centers (LCCs) and licensed family child care homes (LFCHs) using California's Community Care Licensing (CCL) database and lists the state's local resource and referral agencies provide. ▪ Developed and tested two survey instruments: one designed to meet the needs of LCCs and another for LFCHs. ▪ Conducted a comprehensive analysis of the performance of the new methodology, showing how the changes introduced to the study would likely impact estimates, provider burden, and survey administration. ▪ Prepared estimates for market profiles and at the county level, as well as an exhaustive analytical report on the new methodology, estimations, and recommendations. In 2009, we evaluated the 2007 price data and made updates that resulted in both better statistical properties—increased profile price homogeneity—and a less complex model. Specifically, we selected child care facilities on the basis of the market profile of their ZIP code. Then, we calculated reimbursement ceiling estimates by care setting, age, and time category (hourly, daily, weekly, and monthly) for each market profile. As a result, child care facilities in ZIP codes with similar characteristics would be subject to the same reimbursement ceiling, even if the facilities were in different counties or regions of California. Lastly, we calculated county estimates as a weighted average of the market profile reimbursement ceilings within that county.	●	●	●	●	●	●

Key to Areas of Relevance						
1. Planning; 2. Data Collection; 3. Data Analysis; 4. Report Writing; 5. Child Care Research; 6. Engaging Child Care Stakeholders						
Project Description	**1**	**2**	**3**	**4**	**5**	**6**
Public Use Database on Child Care Costs for the Women's Bureau (2018–Present). ICF is supporting the U.S. Department of Labor (DOL) Women's Bureau's ongoing research into factors that limit women's ability to enter and thrive in the labor market by creating a database that will encourage the study of the impact of the cost of child care on the labor market. By compiling longitudinal data from market rate surveys in all 50 states and linking the data to the America Community Survey and other relevant census and national data sets, the Women's Bureau can, at the granular level, tell a more robust story of the relationship between cost of child care and women's participation in the workforce. This research will allow policy-makers to accurately measure potential economic impacts and identify strategies for enhancing employment options and economic security for women. This data can additionally be leveraged to create a child care cost calculator or budgeting tool that parents could use to estimate the price of care in their county based on the age of the child, type of care, schedule of care, and location.	●		●	●	●	●
State Capacity Building Center (Office of Child Care, Administration for Children and Families). ICF provides a variety of technical assistance services, including individualized technical assistance designed to meet needs and conditions within a specific state/territory; technical assistance for all Child Care and Development Fund (CCDF) grantees on the basis of grantee CCDF plans; and intensive tailored technical assistance, for which we design and manage a process for soliciting, reviewing, and selecting proposals from 10 states/territories for longer term, early childhood systems-building efforts.	●			●	●	●
Family Engagement Evaluation: Progress and Lessons Learned in Family Engagement (W.K. Kellogg Foundation). ICF conducted an evaluation of the W.K. Kellogg Foundation's family engagement initiative, which included a cohort of 30 family engagement grantees, including Head Start grantees. ICF identified outcomes, achievements, and lessons learned by the foundation and its grantees to promote family engagement practices. The evaluation was designed to address key research questions. We conducted a core study of all 30 grantees and six in-depth case studies. ICF designed the evaluation plan and data collection instruments, collected and analyzed data to address evaluation questions, and reported findings to the foundation.	●	●	●	●	●	●
State-Based TTA Services to Head Start and Early Head Start Grantees (U.S. Department of Health and Human Services, Administration for Children and Families). ICF's 14 state-based training and technical assistance centers provided capacity-building coordination, targeted technical assistance, and cluster training on the basis of a needs assessment report developed for each state.	●	●	●	●	●	●
Texas Quality Rating and Improvement System (QRIS): University of Texas Health Science Center. ICF supported development of a QRIS and completed this project in three phases: we developed a draft of the Texas QRIS strategic plan, solicited input on the plan from 30 to 50 key stakeholders, and developed the final Texas QRIS strategic plan on the basis of stakeholder input. The plan was presented to the Governor's Office and used to implement the QRIS.	●	●	●	●	●	●
Regional Educational Laboratory Mid-Atlantic (U.S. Department of Education, Institute of Education Sciences). ICF provided analytic technical support and conducted applied research and evaluation studies, including needs assessments, for Delaware, Maryland, New Jersey, Pennsylvania, and the District of Columbia.	●			●	●	●

Prior Survey Research Experience

For more than four decades, we have offered clients expertise in survey design, methodology, data collection, and analysis. We have experience and capabilities to collect data using multiple modes (i.e., telephone, web, mail, in field, and combinations thereof). To execute our survey work, we have a 90,000-square-foot Survey Operations Center that houses a 500-seat call center. This facility consolidates all data collection capabilities (e.g., printing, mailing, scanning, telephone interviewing, programming). Centralizing these functions allows us to closely monitor quality metrics, rapidly adjust to any changes in project scope or schedule, and eliminate reliance on third-party vendors. Our professional staff are active contributors to the American Association of Public Opinion Research (AAPOR), the major professional association for survey research in the United States, ensuring we are current with best practices and techniques to maximize response rates and overall research quality. As shown in Exhibits 1 and 2 above, we have conducted child care market rate surveys for multiple states.

We conduct dozens of state-level survey projects each year, covering diverse topics such as health risk behaviors, transportation behaviors and attitudes, and energy use. For each project, we develop a customized approach reflecting survey research best practices that maximizes response rates, data quality, and provides actionable results that reflect research goals. For example, we are the largest contractor for the Behavioral Risk Factor Surveillance System.

2.I Proposed Personnel and Management Approach

Project Team

ICF offers independent research services to clients drawing on experienced content and policy experts and full-service survey research capabilities. The team proposed for the 2020 MRS has survey and research experience across the early childhood landscape, including market price surveys, early childhood workforce surveys, early childhood needs assessments, family surveys, and cost modeling. The team also includes nationally recognized early childhood policy experts with experience in working with states to develop finance strategies that support high-quality early childhood programs. These talented team members have collaborated on multiple child care market price projects and other national projects related to early childhood quality improvement.

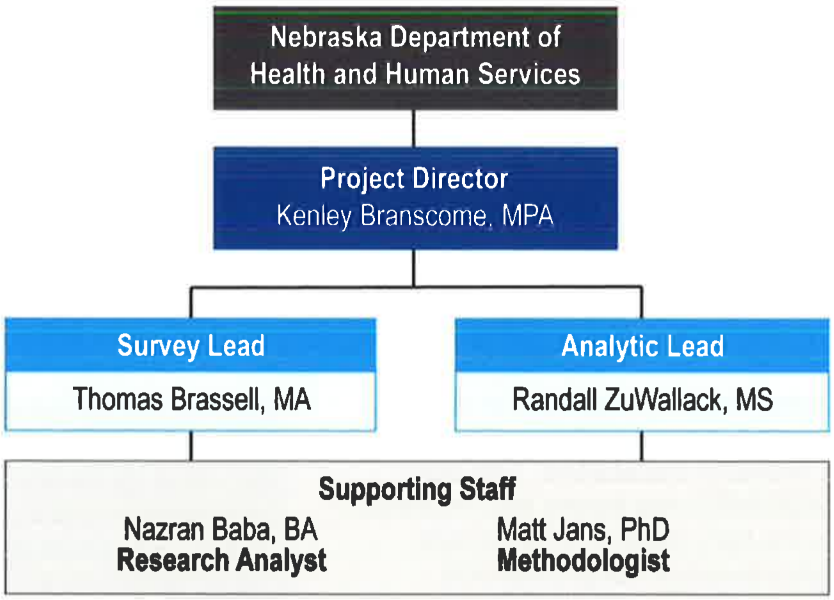
> **ICF Team Advantage**
>
> Our unique combination of subject matter expertise and functional expertise enables us to meet the technical requirements of the project and provide critical policy insights and guidance to adapt the methodology to meet future policy objectives.

The Early Education Services unit of ICF, which has nationwide scope and experience in early childhood programs, state systems, evaluation, and technical assistance, will manage the team for this project. Our prior and ongoing work in Head Start, child care, and family services at the local, state, and national levels provide valuable insights into early childhood needs, issues, research, and challenges from the perspectives of programs, children and families, and policy-makers. We will coordinate directly with our in-house, full-service survey research unit. We are committed to ensuring continuity and preserving the efficiencies and systems in which DHHS has invested to conduct the 2020 MRS. At the same time, we are also committed to ensuring the project has the thought leadership to guide future changes. The structure of the team is illustrated in Exhibit 3.

Mr. Branscome, who has directed the Minnesota Child Care Market Price Survey for eight years, will serve as project director. He has more than 25 years of public policy experience and specializes in working with stakeholders at multiple levels to transform early childhood data into insights that improve the lives of young children and the programs that serve them. Thomas

Brassell, the project manager for the California Child Care Regional Market Rate Survey and the Maine Child Care Market Rate Survey, will serve as the survey team lead. Mr. Brassell will be supported by a staff of researchers supporting project setup, survey programming, mail operations, and telephone interviewing. Randal ZuWallack—a senior statistician who supports the California, Maine, and Minnesota surveys—will serve as the project's analytic lead. Supporting Mr. ZuWallack will be a team of statisticians to calculate the market rates, as well as survey methodologist Dr. Matthew Jans, who will provide feedback during questionnaire development and input regarding data collection methods. Nazran Baba, who has supported the data collection and analysis efforts of various state and federal level early childhood projects, will support the team as a research and data analyst. Full resumes are included in Appendix D.

Exhibit 3. Project Organizational Chart



2.J Subcontractors

ICF has a deep bench of both early childhood subject matter experts and functional experts on staff. We have the capability to conduct all of the 2020 MRS work in house without relying on subcontractors.

3. Technical Approach

3.A Understanding of the Project Requirements

Since 1998, the Administration for Children and Families (ACF) has required states to conduct a study of child care market rates to evaluate the adequacy of state reimbursement rates for the purpose of demonstrating equal access to child care for low-income families. States use the results of these market rate surveys to inform rate-setting policy and to establish maximum reimbursement rates for children served through child care assistance programs. The federal policy's underlying purpose is to encourage states to establish child care reimbursement rates that are high enough to enable families receiving child care assistance to find and afford care.

Historically, ACF has encouraged states to use market rate survey findings to inform the setting of maximum reimbursement rates for child care subsidies. Federal Child Care and Development Fund (CCDF) regulations state that maximum rates "established at least at the 75th percentile would be regarded as providing equal access." At this level, a state's reimbursement rate would be equal to, or exceed, the rates charged by providers for 75% of the child care slots available in the market. However, the federal government views the 75th percentile as a benchmark rather than a requirement. For a sense of perspective, as of 2018, only one state was reported to set reimbursement rates at the 75th percentile.[1] In making state-to-state comparisons for this benchmark, however, it should be noted that each state uses different definitions and methodologies to conduct market rate surveys; states also differ significantly in their approaches to balancing priorities for quality, access, and affordability.

A 2008 report funded by ACF, *Study of Market Prices: Validating Child Care Market Rate Surveys,* provides the main source of guidance on conducting valid child care market rate surveys.[2] States have also received additional guidance on conducting market rate surveys and alternative cost-based methodologies in a recent report ACF produced in 2017.[3] Our team will work with DHHS and the Market Rate Survey Steering Committee to design and implement the 2020 MRS based on the recommended practices included in these ACF reports and CCDF program guidance.

Exhibit 4 identifies the key technical requirements found in section III.V.D of the RFP and summarizes how ICF will meet each requirement. The sections that follow the exhibit expand upon the implementation details for the survey.

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[1] Schulman, K., & Blank, H. (2018). *Overdue for investment: State child care assistance policies 2017.* Washington, DC: National Women's Law Center. Retrieved May 9, 2019, from https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2017/10/NWLC-State-Child-Care-Assistance-Policies-2017-1.pdf

[2] Grobe, D., Weber, R. B., Davis, E. E., Kreader, J. L., & Pratt, C. C. (2008). *Study of market prices: Validating child care market rate surveys.* Corvallis, OR: Oregon Child Care Research Partnership and Oregon State University, Family Policy Program.

[3] Davis, E. E., Karoly, L. A., Weber, R., Caronongan, P., Tout, K., Banghart, P., et al. (2017). *Market rate surveys and alternative methods of data collection and analysis to inform subsidy payment rates* (OPRE Report No. 2017-115). Washington, DC: U.S. Administration for Children and Families, Office of Planning, Research and Evaluation. Retrieved May 9, 2019, from https://www.acf.hhs.gov/sites/default/files/opre/cceepra_methods_for_informing_subsidy_rates_508_compliant_v2b.pdf

Exhibit 4. Summary Breakdown of Technical Requirements (From RFP Section V.D)

Requirement Number and Description	ICF Response
1 – Bidder should describe the collection methodology	As described in more detail in the "Phase 2 – Data Collection" section that follows this table, the approach proposed for the 2020 MRS rests on a robust multi-mode data collection effort and an intensive outreach strategy that our team has used successfully in multiple states to achieve high responses rates that exceed 60% across all provider types. After the planning phase of the project, ICF will implement the approved data collection plan, which will rely on a web and mail survey protocol, with follow up calls to non-responders.
2 – Bidder should describe the follow up procedure to ensure an adequate response	ICF will leverage the best practices that have led our team to achieve high response rates with other surveys (e.g., we have consistently achieved response rates in excess of 70% in Massachusetts, 65% in Minnesota and 60% in Maine). These best practices include: ▪ Pre-notification letters; ▪ Personalized correspondence that explains the survey and establishes value for completing it; ▪ Communications sent on DHHS letterhead and signed by the agency director; ▪ E-mails sent from the DHHS agency director; ▪ Coordinated outreach to DHHS staff and partner agencies to encourage participation; ▪ Use of a respondent-friendly, user-tested questionnaire; and ▪ Multiple outreach attempts and multiple survey modes (described in the "Phase 2 – Data Collection" section).
3 – Bidder should describe the schedule and ensure it aligns with DHHS and federal requirements	The ICF team will collaborate with DHHS to finalize the schedule for the 2020 MRS. A tentative schedule is provide in Section 3-B. It aligns with the estimated schedule articulated in Section V.G of the RFP. It also aligns with the requirements of the CCDF law, which indicates that the market rate survey or alternative methodology must be developed and conducted no earlier than two years before the date of CCDF plan submission. The 2022-2024 CCDF plan submission is likely to take place during the summer of 2021. Therefore, the 2020 MRS would be well within the CCDF required timeframe.
4 – Bidder should provide a sample of the survey questions	While a copy of the 2017 MRS instrument was not available for review, ICF expects that much of the survey instrument could be replicated, if desired by DHHS. ICF will collaborate with DHHS and the Steering Committee to review the survey instrument used in the 2019 MRS to identify opportunities to improve the questionnaire content and layout and to identify new research questions –e.g. those that could inform an analysis of the cost of meeting health, safety and quality standards. The questionnaire provided in Appendix E is an example of the questionnaire that ICF used to conduct the Maine Child Care Market Rate survey in 2015 and 2017. ICF will leverage the same best practices found in this survey to further strengthen the survey instrument that was used for the 2017 MRS in Nebraska.

Requirement Number and Description	ICF Response
5 – Bidder should describe how the final deliverable/report will be provided to DHHS	ICF will produce a final report that includes infographics and data visualizations that will make the results of the 2020 MRS accessible to multiple audiences. We will review previous MRS reports with DHHS and the Steering Committee and identify opportunities for improvement, expansion and clarification of content. The final report will include the following elements: ▪ A comprehensive table of contents; ▪ Acknowledgements; ▪ An executive summary; ▪ Discussion of the design and methodology (including a description of any changes from the previous iteration of the MRS); ▪ Results of the MRS; ▪ Estimated cost of care necessary to support implementation of health, safety, quality and staffing requirements, and the cost of higher quality care at different levels of quality; ▪ Response to stakeholder views and comments; and ▪ Key findings and recommendations for future MRS studies.
6 – Bidder should describe the team approach to working with the Steering Committee	The ICF team has extensive experience in working collaboratively with stakeholders across the nation to design and implement early childhood initiatives, including child care market rate surveys. We will work with DHHS to develop an approach that is appropriate for Nebraska's Steering Committee, but would expect to draw on core elements from our collaboration with market rate advisory groups in other states. Elements of the collaboration would include: ▪ An in-person meeting with the Steering Committee to obtain input on the 2020 MRS design, project calendar and communication/outreach plan; ▪ Developing a communication and outreach plan that leverages the Steering Committee's existing communication channels to promote the 2020 MRS and encourage participation; ▪ Virtual web meetings (using Adobe Connect) to provide updates a key points throughout the project; and ▪ An in person meeting with the Steering Committee and/or other stakeholder groups to review the findings in the final report.

Proposed Methodology

Our approach to the 2020 MRS rests on a robust data collection effort that will maximize response rates and representativeness across provider types and geographic regions. Our approach is informed by our prior experience fielding MRS projects for California, Maine, Massachusetts and Minnesota. Specifically, we offer the following enhancements to the current MRS design:

- **Enhanced Outreach.** We will leverage the successful outreach strategies used in California, Maine, Minnesota, and other states to boost the response rates across provider types and regions.
- **Survey Refinement.** We will also evaluate the use of additional questionnaire items for refined rate estimations and visual design improvements to increase respondent comprehension and data quality.
- **Propose Alternate Models for Analysis.** If DHHS desires, our team can also examine the existing analysis methodology and propose alternate survey designs and analysis

techniques that would simplify existing rate structures while also considering local and regional price variations. For example, in Minnesota, we use a cluster-based methodology that assigns counties to "rate zones" based on similarities in the distribution of child care prices in each county. In California, we created a model that uses socioeconomic data to assign providers to "market profiles" for which market rate data are collected.

To maximize the data quality and response rates from, and convenience to, participating child care providers, we propose a mixed-mode survey methodology consisting of mail, web, and telephone data collection strategies. Exhibit 5 provides an overview of the key project phases.

Exhibit 5. Overview of Project Approach

Phase 1: Planning

Kickoff Meeting and Ongoing Communication

Immediately following contract award, we will schedule an initial virtual kickoff meeting with DHHS to finalize the project plan and timeline. During this meeting, we also will discuss with DHHS staff the desired communication strategy, such as telephone meetings every other week with staff for the duration of the project. We also anticipate having regular informal contact between our team and the Department through a combination of telephone and e-mail communication. We will also collaborate with DHHS to develop an approach for engaging the MRS Steering Committee throughout the project.

Subsequent to the virtual kickoff meeting, the project director and survey lead will be available to attend an in-person meeting with DHHS staff and key project stakeholders to discuss the draft survey instrument, data collection plan, analysis plan, and draft outline for the final report. During this visit, we would also be available to meet in person with the Steering Committee to obtain feedback and recommendations for strengthening the existing approach to the survey.

Sample Preparation

We will provide the Department with a request for administrative data, as shown in section 3-B, between January 1 and March 30, 2020. Then, we assume that DHHS will provide the sample list of providers within 10 business days following the request. Based on our review of the previous MRS, we expect that request to include, but not be limited to:

- Provider Name
- Provider ID
- Provide Type
- Provider Mailing Address
- Provider Phone Number

- Provider Email Address (if available)
- Provider Licensed Capacity by Age Group
- Provider Accreditation Status and/or Step up to Quality Level (if available)

We will process the sample according to the following steps:

- Catalog and inspect the data for completeness: perform a count of the total number of records (state and county), as well as verify missing data;
- Clean and standardize data: put all contact information in a uniform format;
- Create a single unique record for each separate provider type: identify and remove duplicate records and verify records via web or other resources when applicable; and
- Assign a unique Master ID: create and assign a random nine-digit Master ID for each record and use this number to track completion status.

Once the sampling task is complete, sampled records will be available for data collection. Based on prior survey administrations, we anticipate the sample to be approximately 3,000 providers.

Revisions to Survey Communications

We will analyze all communications developed in the 2017 survey administration (e.g., prenotification letters, cover letters, reminders), identify areas for improvement, submit recommendations to DHS for review, and develop new communications as needed. Our guidelines for effective communications include:

- Providing detailed information about the survey purpose and benefits to respondents;
- Establishing respondent trust through survey legitimacy (e.g., DHHS logos, staff signatory) and confidentiality;
- Appealing to respondent feelings of social responsibility;
- Demonstrating our respect for respondents by referring to them by name, providing multiple ways to access the survey, and offering a toll-free number to call with questions;
- Incorporating interesting visual design elements to mail survey;
- Informing respondents that their peers have also been asked to complete the survey; and
- Saying thank you.

Each communication (e-mails, letters, and postcards) will be personalized with name, address (if applicable to mode), and a unique respondent identification (Master ID) number. To lend legitimacy to the study, encourage participation, and maximize response rates, we would typically recommend that communications such as letters be printed on Department letterhead and signed by a high-level official. If this is not possible, we will discuss alternate strategies to increase legitimacy in our communications during the kickoff meeting.

Research has found that prenotification letters can increase response rates to surveys.[4] For all periods, we will mail prenotification letters to all providers. We will include instructions on how to access the web survey in the prenotification letter. In addition to alerting providers to the survey and providing early access, including the web survey link in the prenotification letter allows respondents for whom no e-mail address is available to preempt the phone call's arrival.

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[4] Edwards, P., Roberts, I., Clarke, M., DiGuiseppi, C., Pratap, S., Wentz, R., et al. (2002). Increasing response rates to postal questionnaires: Systematic review. *BMJ, 324*(7347, 1183.

Survey Instrument Design

We will take advantage of new research and our own recent experience designing, conducting, and analyzing child care market rate data to conduct a thorough review of the existing instruments to evaluate opportunities to further refine the questionnaire and materials. During our evaluation of the survey instruments, we will focus on improvements that may make it easier for child care providers to report information to the Department. For example, we can use visual cues such as tables and shading to help providers complete the survey more quickly and accurately. In addition, we will increase provider comprehension by defining concepts clearly at the outset. Any instrument refinements suggested will ensure all key data points are collected, including types of care, number of children served, and the rates charged by age of child. We will design web, computer-assisted telephone interviewing (CATI), and paper (mailed) versions of the surveys with consistent visual layout and identical content to minimize the possible bias of mode effect. The survey will be offered in English. A sample of possible questions is included in Appendix E.

Survey Programming

Our long-term experience programming web and CATI studies makes us efficient and adaptable and allows us to develop and modify questionnaire programming quickly. The final instrument will document the automated logic conditions steering the web and CATI collection/data entry program. This documentation will guarantee a properly implemented questionnaire that restricts input to valid values and minimizes the possibility of administration or data entry errors. Key components of the CATI script will include:

- **Skips and Branches.** We will program each instrument to lead respondents and interviewers through the survey's complex skips and branching patterns. This will prevent unnecessary or inappropriate questions from being asked of respondents and will allow follow up in more detail with respondents with certain characteristics.
- **Range and Logic Checks.** The survey instrument and the CATI program will include range and logic checks to minimize contradictory responses between questions, prevent the entry of unacceptable or inconsistent responses, and ensure data is entered correctly.

After the written questionnaire is finalized, our programmers will review the survey instrument, clarifying any logic or formatting questions, and begin programming CATI and web versions. Once programmed, the script will be subjected to an extensive array of quality checks before fielding. This multistate testing process includes the generation of random data to verify skip patterns and manual testing by technical and project management staff. We will then provide an electronic test version of each programmed survey to DHHS for review; this will permit DHS to visualize how the survey appears on the interviewer's screen and includes the skip patterns. Data integrity failure at any point requires the programmer to correct and reinitialize the review.

Phase 2
Data Collection

Phase 2: Data Collection

Overview of Survey Outreach Plan

We propose an expanded design consisting of a web and mail protocol, with follow-up CATI calls to nonresponders. In Exhibit 6, we present our proposed survey outreach plan for the 2020 MRS. All sampled respondents will receive the prenotification letter, with nonresponders receiving each subsequent contact. We will only send e-mail communications to providers with a valid e-mail address in the sample file.

Exhibit 6. Survey Outreach Plan

Contact	Timing
Prenotification Letter	Upon the Department's approval of all mail materials and technical programs
E-mail Invitation	Approximately two business days after mailing the prenotification letter
E-mail Reminder 1	Approximately three business days after sending e-mail invitation
E-mail Reminder 2	Approximately four business days after sending the first e-mail reminder
Mail Survey Packet 1	Approximately four business days after sending the second e-mail reminder
Mail Postcard Reminder	Approximately one week after mailing the first survey packet
Mail Survey Packet 2	Approximately two weeks after mailing the postcard reminder
Begin Dialing Nonresponders	Approximately two weeks after mailing the second survey packet
End Data Collection	Approximately 12 weeks after mailing the prenotification letter

This approach yielded a 62% response rate in the Maine MRS, with 68% of child care family providers responding, and 63% of child care centers responding.

Web Survey Implementation

We will include a URL address for the web survey in all mail communications (prenotification letter, cover letter, reminder postcard, final letter). Providers will be required to enter their Master ID number in order to access the web survey. This security step will control access to the survey and allow us to track which providers have completed by web so they will not receive any follow-up mailings or telephone calls. The web survey will be active the day prenotification letters are sent and remain open throughout the entire data collection period.

Mail Survey Implementation

Our experience conducting large-scale mailings has informed the development of rigorous quality assurance checks for our address sample, printing, and mailing procedures. We will review printed materials prior to mailing to ensure all relevant materials are included, text is appropriately aligned in the envelope window, and envelops are sealed. We assume the mail materials will be of the same length and general design as in prior iterations of the survey, as noted below:

- The **prenotification and cover letters** will be one page in length. They will be personalized with the provider's name and address and will contain links to the web survey.
- The **survey will be four pages** in length, printed double-sided. Surveys will be printed in black ink.
- The **thank-you postcard** will be standard size and printed in black ink.
- The **outgoing envelopes** will be mailed using first-class pre-sort mail.
- The **business reply envelopes** will be printed in black ink.

All surveys will contain a printed barcode for tracking purposes. When a survey is returned, we will log it into our mail tracker, which automatically updates the sample and completion status of records. We will then scan returns for data entry. Our scanners have multiple features to deal with common readability/scanability issues. We also review scans to ensure accurate recording of data.

CATI Implementation

We will administer the 2020 MRS telephone portion to sampled providers who do not respond to the web or mail survey. Our team will conduct interviews from our call centers in Martinsville, Virginia, and Seattle, Washington. Regardless of location, all facilities use the same CATI software, operate on the same platform, and are connected by a high-speed link. At each facility, each interviewer is assigned to a station equipped with a personal computer, high-speed Internet connectivity, and a telephone headset. Workstations are set up to allow privacy for interviews and data entry of responses. Each of our call center facilities, and all equipment they operate, is designed to reduce noise.

CATI Project-Specific Trainings

We will select interviewers from our pool of skilled call center personnel. We prepare project-specific trainings that include a discussion of the survey's purpose and scope, a detailed review of the questionnaire, and a list of frequently asked questions (FAQs). This training ensures our interviewers are able to effectively administer the survey and respond to any respondent questions or concerns that may arise.

Schedule of Call Attempts

Interviewing will take place over approximately four weeks. This timeframe allows us to maximize response rates while respecting providers' schedules. We will attempt to reach each provider up to seven times, including calls to family child care providers during evenings and weekends to increase the likelihood of a successful survey completion.

IVR/E-mail Help Desk

Interactive voice response (IVR) is a telephone technology with intelligent routing and automated responses to satisfy respondents' needs and general information requests. We will program and host an IVR tailored to the 2020 MRS project. The IVR will allow respondents to select options from a menu, including speaking to an agent to complete the survey, learning more about the study, or leaving a voicemail. Voicemail messages will be returned within one business day.

In addition to the IVR, we will also set up and staff an e-mail help desk during normal business hours. This help desk will be available to respondents who wish to e-mail questions or have any technical issues accessing the web survey.

Phase 3
Data Analysis

Phase 3: Data Analysis

Using the rate data collected from the providers, we will analyze market rates for the state, urban and rural clusters, and each county for family child care homes (homes I and II), and child care centers (accredited and non-accredited). We will calculate hourly, daily and weekly part-time and full-time rates for each age group: infant, toddler, preschool, and school-age.

For the state, we will calculate the 25th, 50th, and 75th through 100th percentiles. At the county level, we will calculate the 50th and 75th percentiles. We will also discuss with the Department opportunities for further analysis of market rate data that can adjust for geographic limitations in the number of providers and sub-economies within regions. For example, in both Minnesota and California, we combine data from similar geographic areas to stabilize estimates for small geographic areas.

Estimation Strategy

Our estimation scheme involves the following steps:

- Provider weighting
- Rate conversions
- Rate trimming
- Percentile estimates

We have used this estimation strategy to estimate child care rate percentiles for California, Minnesota, Maine, and Massachusetts. We recommend following this same approach for the Nebraska Child Care MRS. The steps are described below.

Provider Weighting

We will weight the data based on desired capacity. In addition, due to the collection of data from a census—rather than a sample—of providers, sampling weights will not be required for the 2020 MRS data. However, it will be necessary to develop weights that adjust for nonresponse so responding providers represent nonresponding providers. The nonresponse adjustment will be applied within separate classes so that responding providers represent similar nonresponding providers with respect to geography and potentially other key dimensions (such as capacity). We will then weight data used to compute population estimates by the provider's desired enrollment.

Rate Conversions

In completing the 2020 MRS, child care providers will have the option of reporting their current rates in hours (full or part time), days (full or part time), weeks (full or part time), or months (full or part time), or in any combination. Some providers will report rates for all possible time units, while others only report a subset. For those who do not report rates for hourly and daily time categories, we will convert the reported rates (e.g., monthly and weekly) to hourly and daily. The conversion will be based on hours and days of operation. The conversion process does not cross among age categories and does not impute provider rates when a provider does not respond to any time category.

In our work with California child care rates, we have found that rates for longer periods (i.e., monthly and weekly) tend to offer a discount over shorter time periods (i.e., hourly and daily). For instance, a provider in operation during weekday business hours might charge $50 per day and $225 per week. This represents a slight discount for families who are committing to a longer period. Conversion rates based on days and hours of operation will not account for these discounts. If awarded, we will discuss an alternative conversion strategy that measures the rate relationships using data for providers that provide multiple rates. We will use the 2017 MRS data to evaluate the two conversion strategies.

Rate Trimming

In our experience, we occasionally find outlier child care rates, such as when a provider reported a rate in the incorrect location (e.g., reporting hourly in the weekly location). To guard against outliers having an impact on the rate estimation, we establish a range of plausible values for each age group and time period. Any reported rate falling outside the range is either substituted with an alternative converted rate (when available) or set equal to an upper- or lower-bound of the range (typically established as the 2.5th percentile reported rate and the 97.5th percentile reported rate for each age group and time period).

Percentile Estimates

Finally, we will compute percentile estimates for the state, urban and rural clusters, and each county. The percentile estimates will be based on the desired capacity such that the percentiles reflect child care availability. Therefore, the *p*th percentile rate reflects the point where *p*% of the desired capacity is located in child care facilities with rates less than the *p*th percentile, and 100-*p*% of the desired capacity is located in child care facilities with rates greater than or equal to the *p*th percentile.

Phase 4
Final Report

Phase 4: Report Writing and Revisions

We will produce a report that will improve on the 2017 Nebraska Child Care Market Rate Survey Report. We will discuss with DHHS and the Steering Committee opportunities for improvement and clarification. The report will include the following elements:

- A comprehensive table of contents;
- Acknowledgements;
- An executive summary;
- Discussion of the design and methodology (including a description of any changes from the previous iteration of the MRS);
- Results of the MRS;
- Estimated cost of care necessary to support implementation of health, safety, quality and staffing requirements, and the cost of higher quality care at different levels of quality;
- Response to stakeholder views and comments; and
- Key findings and recommendations for future MRS studies.

3.B Deliverables and Due Dates

The ICF team will collaborate with DHHS staff during the virtual project kickoff to finalize the project plan for the 2020 MRS. Based on the RFP, Exhibit 7, highlights the estimated timeframes and key tasks associated with each of the four project phases.

Exhibit 7. Breakdown of Phases and Key Tasks for the 2020 Market Rate Survey

Phase	Estimated Date Range	Key Tasks
Phase 1: Planning	01/01/2020–03/30/2020	▪ Conduct in-person planning meeting with DHHS ▪ Meet with Steering Committee in person ▪ Identify administrative data sources ▪ Review and revise past MRS script ▪ Create electronic version of MRS script ▪ Obtain provider contact information
Phase 2: Data Collection	04/01/2020–06/30/2020	▪ Develop databases for data to be collected ▪ Contact providers to seek participation ▪ Distribute survey to providers via their preferred means (i.e., electronic, phone) ▪ Follow up with providers based on the outreach plan in "Phase 2 – Data Collection" to maximize response rates

Phase	Estimated Date Range	Key Tasks
Phase 3: Data Analysis	07/01/2020–07/31/2020	▪ Prepare data for analysis ▪ Conduct analyses
Phase 4: Report Writing, Revision, and Project Follow-up	08/01/2020–10/31/2020	▪ Write and deliver comprehensive report of study process and results ▪ Present report results to select group within DHHS ▪ Revise report, as necessary, per DHHS personnel suggestions after initial review has been completed ▪ Provide ongoing support, including presentation of study process and findings in person to stakeholder groups

4. Cost Proposal

4.A General Information

Period of Performance

The proposed period of performance is January 1, 2020 – October 31, 2020.

Contract Type

ICF has prepared this submission on a Firm Fixed Price (FFP) basis.

Validity Period

ICF's proposal shall remain valid through January 1, 2020. ICF reserves the right to review its submission, and to extend or revise its offer based on the facts known at the end of the validity period.

4.B Basis of Estimate

ICF's cost estimate is based on ICF's experience performing similar work for a variety of similar clients and reflects the results of the detailed analysis of the different activities to be performed under each of the proposed tasks and the total estimated number of deliverables required. ICF's estimate of direct labor, other direct costs, and travel costs reflects the estimated mix that ICF believes will be most efficient and cost-effective in completing this work.

4.C Direct Labor Rates

ICF used actual salary data dated April 1, 2019 in the development of this price proposal. All fully burdened labor costs are inclusive of salary, anticipated wage escalation and indirect costs. ICF used the 2019 indirect rates for the development of this proposal. ICF's indirect rates for 2019 were submitted to the National Institutes of Health (NIH), ICF's Cognizant Federal Agency/Cognizant Federal Administrative office on January 31, 2019.

Certain requirements of this contract shall be fulfilled by ICF-internal professionals associated with the company's **Consolidated Business Operations Support Services (CBOSS) group**. CBOSS will be utilized for CATI and Web programming, mailing, telephone data collection, reminders to respondents, scanning, data processing and help desk.

The costs for the CBOSS services are not burdened with any indirect costs.

Other Direct Costs (ODCs)

It is ICF's disclosed accounting practice to recover ODCs as a direct charge to the contract. ODCs include, but are not limited to, courier/messenger, computer related, material/supplies, postage/express mail, printing, reproduction and telephone. For this engagement, ICF has accounted for ODCs in the firm-fixed price offered.

Travel Costs

It is ICF's disclosed accounting practice to recover travel costs as a direct charge to the contract. Such travel costs include, but are not limited to, airfare, lodging, meals & incidentals per diem, rental car/local transit, mileage, parking, internet connection charges, and booking fees. For this engagement, ICF has accounted for Travel costs in the firm-fixed price offered.

Price Related Assumptions

ICF's proposal will be included in any resultant contract award. Any mutually agreed upon deviations to these cost assumptions may require a modification to the resultant contract. ICF assumes that DHHS will review a draft version and a revised draft version for key written deliverables before they are approved as the final deliverable, including the project management plan, survey outreach materials, survey instrument and final report. For all written deliverables, ICF assumes that DHHS will provide written edits to ICF within 5 business days of the receipt of the deliverable, except for the final report. ICF assumes that DHHS will provide written edits within 15 business days upon receipt of each version of the final report.

Phase 1 – Planning

- ICF will conduct a virtual kickoff call with 10 days of contract inception and will provide a copy of the project management plan for review, discussion and finalization.
- ICF will conduct bi-weekly calls with the DHS project team during all phases of the project.
- The project director will attend an in-person meeting with DHHS to review plans for the project, and during the same trip, will be available to conduct a facilitated discussion with the Steering Committee.
- Responsibility for the Institutional Review Board (IRB) review of the project will rest with ICF. Initial IRB review will be conducted in Year 1. The project will be We assume that we will receive listed sample containing all provider types
- We assume a sample size not to exceed 3,100 unique records.
- We assume the sample will contain the following information, at a minimum (each in its own respective variable):
  - Provider Name
  - Provide Type
  - Provider Mailing Address
  - Provider Phone Number
  - Email Address (if available for some or all providers)
  - Geographic region
- We will clean and standardize the sample file, producing for each provider type: a mailer file for each mailing, a web file for the web portion, and a CATI file
- We will refine prior survey-related communication outreach materials. Communications will be tailored for each provider type. All communications will be approved by the DHHS prior to deployment.
- We will provide instrument revisions to the DHHS for consideration.
- We will program the instruments in our web and CATI software, as well as design a paper survey for the mail mode.
- We will develop a project-specific training guide for phone interviewers.
- We will host an Interactive Voice Response (IVR) phone line and an e-mail help desk.

Phase 2 – Data Collection

- We assume 12 weeks of data collection.
- The table below displays the data collection protocol, with approximate timing of events.

Contact	Timing
Pre-notification Letter	Upon the Department's approval of all mail materials and technical programs
E-mail Invitation	Approximately two business days after mailing the pre-notification letter
E-mail Reminder 1	Approximately three business days after sending e-mail invitation
E-mail Reminder 2	Approximately four business days after sending the first e-mail reminder
Mail Postcard Reminder	Approximately one week after mailing the prenotification letter
Mail Survey Packet 1	Approximately one week after mailing the postcard reminder
Mail Survey Packet 2	Approximately two-three weeks after mailing the first survey packet
Begin Dialing Non-responders	Approximately two weeks after mailing the second survey packet
End Data Collection	Approximately 12 weeks after mailing the pre-notification letter

- We will mail all sampled respondents pre-notification letters.
- Follow-up contact attempts will only be sent to non-responders.
- During data collection, we will provide weekly updates to the Department.
- For CATI, each record will receive up to seven call attempts.

Phase 3 – Data Analysis

- Using the data collected, we will calculate market rates at the state, urban and rural cluster, and county levels for each provider type, each age group, and required pricing modes (e.g., hourly, daily, weekly, monthly), including for part-day and full-day rates.
- We will calculate the 25th, and 50th thru 100th percentile rankings at five percent intervals.

Phase 4 – Final Report

We will produce a final report inclusive of the following:

- A comprehensive table of contents.
- Acknowledgements.
- An executive summary.
- A brief description of the study's history, background, and purpose;
- Discussion of the design and methodology (including a description of any changes from the previous iteration of the MRS).
- Ceiling rates for required rate and schedule of care category for the state and counties.
- Discussion of survey administration challenges, finding limitations, and recommendations for future iterations.

The project director will deliver the final report and findings to DHHS and the Steering Committee.

4.D Business Information

Invoicing/Payment

ICF has prepared this proposal on a Firm Fixed Price basis. Invoices will be submitted at the end of each project phase based on completion of the deliverables for each phase (see schedule below). Payment is due within 30 days of the invoice date.

Appendix A: Request for Proposal Form

Form A
Bidder Contact Sheet
Request for Proposal Number 6055 Z1

Form A should be completed and submitted with each response to this RFP. This is intended to provide the State with information on the bidder's name and address, and the specific person(s) who are responsible for preparation of the bidder's response.

Preparation of Response Contact Information	
Bidder Name:	ICF Inforporated, LLC
Bidder Address:	9300 Lee Highway Fairfax, Virginia 22031
Contact Person & Title	Kenley Branscome, Consultant:
E-mail Address:	kenley.branscome@icf.com
Telephone Number (Office):	857.334.4966
Telephone Number (Cellular):	857.334.4966
Fax Number	703.934.3740:

Each bidder should also designate a specific contact person who will be responsible for responding to the State if any clarifications of the bidder's response should become necessary. This will also be the person who the State contacts to set up a presentation/demonstration, if required.

Communication with the State Contact Information	
Bidder Name:	ICF Incorporated, LLC
Bidder Address:	9300 Lee Highway Fairfax, Virginia 22031
Contact Person & Title:	Kenley Branscome, Consultant
E-mail Address:	kenley.branscome@icf.com
Telephone Number (Office):	857.334.4966
Telephone Number (Cellular):	857.334.4966
Fax Number:	703.934.3740

II. TERMS AND CONDITIONS

Bidders should complete Sections II through VII as part of their proposal. Bidder is expected to read the Terms and Conditions and should initial either accept, reject, or reject and provide alternative language for each clause. The bidder should also provide an explanation of why the bidder rejected the clause or rejected the clause and provided alternate language. By signing the RFP, bidder is agreeing to be legally bound by all the accepted terms and conditions, and any proposed alternative terms and conditions submitted with the proposal. The State reserves the right to negotiate rejected or proposed alternative language. If the State and bidder fail to agree on the final Terms and Conditions, the State reserves the right to reject the proposal. The State of Nebraska is soliciting proposals in response to this RFP. The State of Nebraska reserves the right to reject proposals that attempt to substitute the bidder's commercial contracts and/or documents for this RFP.

The bidders should submit with their proposal any license, user agreement, service level agreement, or similar documents that the bidder wants incorporated in the Contract. The State will not consider incorporation of any document not submitted with the bidder's proposal as the document will not have been included in the evaluation process. These documents shall be subject to negotiation and will be incorporated as addendums if agreed to by the Parties.

If a conflict or ambiguity arises after the Addendum to Contract Award have been negotiated and agreed to, the Addendum to Contract Award shall be interpreted as follows:

1. If only one Party has a particular clause then that clause shall control;
2. If both Parties have a similar clause, but the clauses do not conflict, the clauses shall be read together;
3. If both Parties have a similar clause, but the clauses conflict, the State's clause shall control.

A. GENERAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The contract resulting from this RFP shall incorporate the following documents:

1. Request for Proposal and Addenda;
2. Amendments to the RFP;
3. Questions and Answers;
4. Contractor's proposal (RFP and properly submitted documents);
5. The executed Contract and Addendum One to Contract, if applicable ; and,
6. Amendments/Addendums to the Contract.

These documents constitute the entirety of the contract.

Unless otherwise specifically stated in a future contract amendment, in case of any conflict between the incorporated documents, the documents shall govern in the following order of preference with number one (1) receiving preference over all other documents and with each lower numbered document having preference over any higher numbered document: 1) Amendment to the executed Contract with the most recent dated amendment having the highest priority, 2) executed Contract and any attached Addenda, 3) Amendments to RFP and any Questions and Answers, 4) the original RFP document and any Addenda, and 5) the Contractor's submitted Proposal.

Any ambiguity or conflict in the contract discovered after its execution, not otherwise addressed herein, shall be resolved in accordance with the rules of contract interpretation as established in the State of Nebraska.

B. NOTIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Contractor and State shall identify the contract manager who shall serve as the point of contact for the executed contract.

Communications regarding the executed contract shall be in writing and shall be deemed to have been given if delivered personally or mailed, by U.S. Mail, postage prepaid, return receipt requested, to the parties at their respective addresses set forth below, or at such other addresses as may be specified in writing by either of the parties. All notices, requests, or communications shall be deemed effective upon personal delivery or three (3) calendar days following deposit in the mail.

Child Care and Development Fund Grant Specialist
DHHS – Division of Children and Family Services
5220 South 16th Street
Lincoln, NE 68512

C. NOTICE POINT OF CONTACT (POC)
The State reserves the right to appoint a Buyer's Representative to manage [or assist the Buyer in managing] the contract on behalf of the State. The Buyer's Representative will be appointed in writing, and the appointment document will specify the extent of the Buyer's Representative authority and responsibilities. If a Buyer's Representative is appointed, the Contractor will be provided a copy of the appointment document, and is expected to cooperate accordingly with the Buyer's Representative. The Buyer's Representative has no authority to bind the State to a contract, amendment, addendum, or other change or addition to the contract.

D. GOVERNING LAW (Statutory)
Notwithstanding any other provision of this contract, or any amendment or addendum(s) entered into contemporaneously or at a later time, the parties understand and agree that, (1) the State of Nebraska is a sovereign state and its authority to contract is therefore subject to limitation by the State's Constitution, statutes, common law, and regulation; (2) this contract will be interpreted and enforced under the laws of the State of Nebraska; (3) any action to enforce the provisions of this agreement must be brought in the State of Nebraska per state law; (4) the person signing this contract on behalf of the State of Nebraska does not have the authority to waive the State's sovereign immunity, statutes, common law, or regulations; (5) the indemnity, limitation of liability, remedy, and other similar provisions of the final contract, if any, are entered into subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity; and, (6) all terms and conditions of the final contract, including but not limited to the clauses concerning third party use, licenses, warranties, limitations of liability, governing law and venue, usage verification, indemnity, liability, remedy or other similar provisions of the final contract are entered into specifically subject to the State's Constitution, statutes, common law, regulations, and sovereign immunity.

The Parties must comply with all applicable local, state and federal laws, ordinances, rules, orders, and regulations.

E. BEGINNING OF WORK

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The bidder shall not commence any billable work until a valid contract has been fully executed by the State and the successful Contractor. The Contractor will be notified in writing when work may begin.

F. CHANGE ORDERS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The State and the Contractor, upon the written agreement, may make changes to the contract within the general scope of the RFP. Changes may involve specifications, the quantity of work, or such other items as the State may find necessary or desirable. Corrections of any deliverable, service, or work required pursuant to the contract shall not be deemed a change. The Contractor may not claim forfeiture of the contract by reasons of such changes.

The Contractor shall prepare a written description of the work required due to the change and an itemized cost sheet for the change. Changes in work and the amount of compensation to be paid to the Contractor shall be determined in accordance with applicable unit prices if any, a pro-rated value, or through negotiations. The State shall not incur a price increase for changes that should have been included in the Contractor's proposal, were foreseeable, or result from difficulties with or failure of the Contractor's proposal or performance.

No change shall be implemented by the Contractor until approved by the State, and the Contract is amended to reflect the change and associated costs, if any. If there is a dispute regarding the cost, but both parties agree that immediate implementation is necessary, the change may be implemented, and cost negotiations may continue with both Parties retaining all remedies under the contract and law.

G. NOTICE OF POTENTIAL CONTRACTOR BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

If Contractor breaches the contract or anticipates breaching the contract, the Contractor shall immediately give written notice to the State. The notice shall explain the breach or potential breach, a proposed cure, and may include a request for a waiver of the breach if so desired. The State may, in its discretion, temporarily or permanently waive the breach. By granting a waiver, the State does not forfeit any rights or remedies to which the State is entitled by law or equity, or pursuant to the provisions of the contract. Failure to give immediate notice, however, may be grounds for denial of any request for a waiver of a breach.

H. BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		ICF	**Contractor should be responsible for its work only and not responsible for another Contractor who could perform the services at a higher costs, as company costs are based on the infrastructure of the individual company.**

Either Party may terminate the contract, in whole or in part, if the other Party breaches its duty to perform its obligations under the contract in a timely and proper manner. Termination requires written notice of default and a thirty (30) calendar day (or longer at the non-breaching Party's discretion considering the gravity and nature of the default) cure period. Said notice shall be delivered by Certified Mail, Return Receipt Requested, or in person with proof of delivery. Allowing time to cure a failure or breach of contract does not waive the right to immediately terminate the contract for the same or different contract breach which may occur at a different time. In case of default of the Contractor, the State may contract the service from other sources and hold the Contractor responsible for any cost for which funds have been awardeds.

The State's failure to make payment shall not be a breach, and the Contractor shall retain all available statutory remedies and protections.

I. NON-WAIVER OF BREACH

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The acceptance of late performance with or without objection or reservation by a Party shall not waive any rights of the Party nor constitute a waiver of the requirement of timely performance of any obligations remaining to be performed.

J. SEVERABILITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

If any term or condition of the contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and conditions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the provision held to be invalid or illegal.

K. INDEMNIFICATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		ICF	**ICF accepts the general language, along with the inclusion of the Limitation of Liability language.**

1. GENERAL

The Contractor agrees to defend, indemnify, and hold harmless the State and its employees, volunteers, agents, and its elected and appointed officials ("the indemnified parties") from and against any and all third party claims, liens, demands, damages, liability, actions, causes of action, losses, judgments, costs, and expenses of every nature, including investigation costs and expenses, settlement costs, and attorney fees and expenses ("the claims"), sustained or asserted against the State for personal injury, death, or property loss or damage, arising out of, resulting from, or attributable to the willful misconduct, negligence, error, or omission of the Contractor, its employees, Subcontractors, consultants, representatives, and agents, resulting from this contract, except to the extent such Contractor liability is attenuated by any action of the State which directly and proximately contributed to the claims.

Each Party's liability under this contract in sum and in aggregate for indemnification, shall be limited to the total value of the Contract. In no event shall the Contractor be liable for any special, indirect, incidential or consequential damages, regardless of the legal theory under which such damages were sought, and even if it has been advised of the possibility of such damages.

2. INTELLECTUAL PROPERTY

The Contractor agrees it will, at its sole cost and expense, defend, indemnify, and hold harmless the indemnified parties from and against any and all claims, to the extent such claims arise out of, result from, or are attributable to, the actual or alleged infringement or misappropriation of any patent, copyright, trade secret, trademark, or confidential information of any third party by the Contractor or its employees, Subcontractors, consultants, representatives, and agents; provided, however, the State gives the Contractor prompt notice in writing of the claim. The Contractor may not settle any infringement claim that will affect the State's use of the Licensed Software without the State's prior written consent, which consent may be withheld for any reason.

If a judgment or settlement is obtained or reasonably anticipated against the State's use of any intellectual property for which the Contractor has indemnified the State, the Contractor shall, at the Contractor's sole cost and expense, promptly modify the item or items which were determined to be infringing, acquire a license or licenses on the State's behalf to provide the necessary rights to the State to eliminate the infringement, or provide the State with a non-infringing substitute that provides the State the same functionality. At the State's election, the actual or anticipated judgment may be treated as a breach of warranty by the Contractor, and the State may receive the remedies provided under this RFP.

3. **PERSONNEL**
The Contractor shall, at its expense, indemnify and hold harmless the indemnified parties from and against any claim with respect to withholding taxes, worker's compensation, employee benefits, or any other claim, demand, liability, damage, or loss of any nature relating to any of the personnel, including subcontractor's and their employees, provided by the Contractor.

4. **SELF-INSURANCE**
The State of Nebraska is self-insured for any loss and purchases excess insurance coverage pursuant to Neb. Rev. Stat. § 81-8,239.01 (Reissue 2008). If there is a presumed loss under the provisions of this agreement, Contractor may file a claim with the Office of Risk Management pursuant to Neb. Rev. Stat. §§ 81-8,829 – 81-8,306 for review by the State Claims Board. The State retains all rights and immunities under the State Miscellaneous (Section 81-8,294), Tort (Section 81-8,209), and Contract Claim Acts (Section 81-8,302), as outlined in Neb. Rev. Stat. § 81-8,209 et seq. and under any other provisions of law and accepts liability under this agreement to the extent provided by law.

5. **ALL REMEDIES AT LAW**
Nothing in this agreement shall be construed as an indemnification by one Party of the other for liabilities of a Party or third parties for property loss or damage or death or personal injury arising out of and during the performance of this lease. Any liabilities or claims for property loss or damages or for death or personal injury by a Party or its agents, employees, contractors or assigns or by third persons shall be determined according to applicable law.

6. The Parties acknowledge that Attorney General for the State of Nebraska is required by statute to represent the legal interests of the State, and that any provision of this indemnity clause is subject to the statutory authority of the Attorney General.

L. ATTORNEY'S FEES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

In the event of any litigation, appeal, or other legal action to enforce any provision of the contract, the Parties agree to pay all expenses of such action, as permitted by law and if order by the court, including attorney's fees and costs, if the other Party prevails.

M. RETAINAGE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Any Data Phase cost provided by the bidder over 25% of the total cost will be held as retainage by the State until all four (4) phases have been completed and approved by the State. The entire retainage amount will be payable upon successful completion of the project. Upon completion of the project, the Contractor will invoice the State for any outstanding work and for the retainage. The State may reject the final invoice by identifying the specific reasons for such rejection in writing to the Contractor within forty-five (45) calendar days of receipt of the final invoice. Otherwise, the project will be deemed accepted and the State will release the final payment and retainage in accordance with the contract payment terms.

N. PERFORMANCE BOND

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		ICF	**ICF request the incorporation of its Good Standing Bank Letter from the PNC Bank National Association (Attached at end of this Appendix), as ICF represents and warrants that it is a corporation duly organized, validly existing and in good standing under the laws of it state of formation.**

O. ASSIGNMENT, SALE, OR MERGER

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Either Party may assign the contract upon mutual written agreement of the other Party. Such agreement shall not be unreasonably withheld.

The Contractor retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving Contractor's business. Contractor agrees to cooperate with the State in executing amendments to the contract to allow for the transaction. If a third party or entity is involved in the transaction, the Contractor will remain responsible for performance of the contract until such time as the person or entity involved in the transaction agrees in writing to be contractually bound by this contract and perform all obligations of the contract.

P. CONTRACTING WITH OTHER NEBRASKA POLITICAL SUB-DIVISIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor may, but shall not be required to, allow agencies, as defined in Neb. Rev. Stat. §81-145, to use this contract. The terms and conditions, including price, of the contract may not be amended. The State shall not be contractually obligated or liable for any contract entered into pursuant to this clause. A listing of Nebraska political subdivisions may be found at the website of the Nebraska Auditor of Public Accounts.

Q. FORCE MAJEURE

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:

ICF			

Neither Party shall be liable for any costs or damages, or for default resulting from its inability to perform any of its obligations under the contract due to a natural or manmade event outside the control and not the fault of the affected Party ("Force Majeure Event"). The Party so affected shall immediately make a written request for relief to the other Party, and shall have the burden of proof to justify the request. The other Party may grant the relief requested; relief may not be unreasonably withheld. Labor disputes with the impacted Party's own employees will not be considered a Force Majeure Event.

R. CONFIDENTIALITY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

All materials and information provided by the Parties or acquired by a Party on behalf of the other Party shall be regarded as confidential information. All materials and information provided or acquired shall be handled in accordance with federal and state law, and ethical standards. Should said confidentiality be breached by a Party, the Party shall notify the other Party immediately of said breach and take immediate corrective action.

It is incumbent upon the Parties to inform their officers and employees of the penalties for improper disclosure imposed by the Privacy Act of 1974, 5 U.S.C. 552a. Specifically, 5 U.S.C. 552a (i)(1), which is made applicable by 5 U.S.C. 552a (m)(1), provides that any officer or employee, who by virtue of his/her employment or official position has possession of or access to agency records which contain individually identifiable information, the disclosure of which is prohibited by the Privacy Act or regulations established thereunder, and who knowing that disclosure of the specific material is prohibited, willfully discloses the material in any manner to any person or agency not entitled to receive it, shall be guilty of a misdemeanor and fined not more than $5,000.

S. OFFICE OF PUBLIC COUNSEL (Statutory)

If it provides, under the terms of this contract and on behalf of the State of Nebraska, health and human services to individuals; service delivery; service coordination; or case management, Contractor shall submit to the jurisdiction of the Office of Public Counsel, pursuant to Neb. Rev. Stat. §§ 81-8,240 et seq. This section shall survive the termination of this contract.

T. LONG-TERM CARE OMBUDSMAN (Statutory)

Contractor must comply with the Long-Term Care Ombudsman Act, Neb. Rev. Stat. §§ 81-2237 et seq. This section shall survive the termination of this contract.

U. EARLY TERMINATION

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The contract may be terminated as follows:

1. The State and the Contractor, by mutual written agreement, may terminate the contract at any time.
2. The State, in its sole discretion, may terminate the contract for any reason upon thirty (30) calendar day's written notice to the Contractor. Such termination shall not relieve the Contractor of warranty or other service obligations incurred under the terms of the contract. In the event of termination the Contractor shall be entitled to payment, determined on a pro rata basis, for products or services satisfactorily performed or provided.

3. The State may terminate the contract immediately for the following reasons:

   a. if directed to do so by statute;
   b. Contractor has made an assignment for the benefit of creditors, has admitted in writing its inability to pay debts as they mature, or has ceased operating in the normal course of business;
   c. a trustee or receiver of the Contractor or of any substantial part of the Contractor's assets has been appointed by a court;
   d. fraud, misappropriation, embezzlement, malfeasance, misfeasance, or illegal conduct pertaining to performance under the contract by its Contractor, its employees, officers, directors, or shareholders;
   e. an involuntary proceeding has been commenced by any Party against the Contractor under any one of the chapters of Title 11 of the United States Code and (i) the proceeding has been pending for at least sixty (60) calendar days; or (ii) the Contractor has consented, either expressly or by operation of law, to the entry of an order for relief; or (iii) the Contractor has been decreed or adjudged a debtor;
   f. a voluntary petition has been filed by the Contractor under any of the chapters of Title 11 of the United States Code;
   g. Contractor intentionally discloses confidential information;
   h. Contractor has or announces it will discontinue support of the deliverable; and,
   i. In the event funding is no longer available.

V. CONTRACT CLOSEOUT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Upon contract closeout for any reason the Contractor shall within 30 days, unless stated otherwise herein:

1. Transfer all completed or partially completed deliverables to the State;
2. Transfer ownership and title to all completed or partially completed deliverables to the State;
3. Return to the State all information and data, unless the Contractor is permitted to keep the information or data by contract or rule of law. Contractor may retain one copy of any information or data as required to comply with applicable work product documentation standards or as are automatically retained in the course of Contractor's routine back up procedures;
4. Cooperate with any successor Contactor, person or entity in the assumption of any or all of the obligations of this contract;
5. Cooperate with any successor Contactor, person or entity with the transfer of information or data related to this contract;
6. Return or vacate any state owned real or personal property; and,
7. Return all data in a mutually acceptable format and manner.

Nothing in this Section should be construed to require the Contractor to surrender intellectual property, real or personal property, or information or data owned by the Contractor for which the State has no legal claim.

III. CONTRACTOR DUTIES

A. INDEPENDENT CONTRACTOR / OBLIGATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

It is agreed that the Contractor is an independent contractor and that nothing contained herein is intended or should be construed as creating or establishing a relationship of employment, agency, or a partnership.

The Contractor is solely responsible for fulfilling the contract. The Contractor or the Contractor's representative shall be the sole point of contact regarding all contractual matters.

The Contractor shall secure, at its own expense, all personnel required to perform the services under the contract. The personnel the Contractor uses to fulfill the contract shall have no contractual or other legal relationship with the State; they shall not be considered employees of the State and shall not be entitled to any compensation, rights or benefits from the State, including but not limited to, tenure rights, medical and hospital care, sick and vacation leave, severance pay, or retirement benefits.

By-name personnel commitments made in the Contractor's proposal shall not be changed without the prior written approval of the State. Replacement of these personnel, if approved by the State, shall be with personnel of equal or greater ability and qualifications.

All personnel assigned by the Contractor to the contract shall be employees of the Contractor or a subcontractor, and shall be fully qualified to perform the work required herein. Personnel employed by the Contractor or a subcontractor to fulfill the terms of the contract shall remain under the sole direction and control of the Contractor or the subcontractor respectively.

With respect to its employees, the Contractor agrees to be solely responsible for the following:

1. Any and all pay, benefits, and employment taxes and/or other payroll withholding;
2. Any and all vehicles used by the Contractor's employees, including all insurance required by state law;
3. Damages incurred by Contractor's employees within the scope of their duties under the contract;
4. Maintaining Workers' Compensation and health insurance that complies with state and federal law and submitting any reports on such insurance to the extent required by governing law; and
5. Determining the hours to be worked and the duties to be performed by the Contractor's employees.
6. All claims on behalf of any person arising out of employment or alleged employment (including without limit claims of discrimination alleged against the Contractor, its officers, agents, or subcontractors or subcontractor's employees)

If the Contractor intends to utilize any subcontractor, the subcontractor's level of effort, tasks, and time allocation should be clearly defined in the bidder's proposal. The Contractor shall agree that it will not utilize any subcontractors not specifically included in its proposal in the performance of the contract without the prior written authorization of the State.

The State reserves the right to require the Contractor to reassign or remove from the project any Contractor or subcontractor employee.

Contractor shall insure that the terms and conditions contained in any contract with a subcontractor does not conflict with the terms and conditions of this contract.

The Contractor shall include a similar provision, for the protection of the State, in the contract with any Subcontractor engaged to perform work on this contract.

B. EMPLOYEE WORK ELIGIBILITY STATUS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of employees physically performing services within the State of Nebraska. A federal immigration verification system means the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of an employee.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at http://das.nebraska.gov/materiel/purchasing.html

   The completed United States Attestation Form should be submitted with the RFP response.

2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation required to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.

3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

C. COMPLIANCE WITH CIVIL RIGHTS LAWS AND EQUAL OPPORTUNITY EMPLOYMENT / NONDISCRIMINATION (Statutory)

The Contractor shall comply with all applicable local, state, and federal statutes and regulations regarding civil rights laws and equal opportunity employment. The Nebraska Fair Employment Practice Act prohibits Contractors of the State of Nebraska, and their Subcontractors, from discriminating against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, compensation, or privileges of employment because of race, color, religion, sex, disability, marital status, or national origin (Neb. Rev. Stat. §48-1101 to 48-1125). The Contractor guarantees compliance with the Nebraska Fair Employment Practice Act, and breach of this provision shall be regarded as a material breach of contract. The Contractor shall insert a similar provision in all Subcontracts for services to be covered by any contract resulting from this RFP.

D. COOPERATION WITH OTHER CONTRACTORS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Contractor may be required to work with or in close proximity to other contractors or individuals that may be working on same or different projects. The Contractor shall agree to cooperate with such other contractors or individuals, and shall not commit or permit any act which may interfere with the performance of work by any other contractor or individual. Contractor is not required to compromise Contractor's intellectual property or proprietary information unless expressly required to do so by this contract.

E. PERMITS, REGULATIONS, LAWS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The contract price shall include the cost of all royalties, licenses, permits, and approvals, whether arising from patents, trademarks, copyrights or otherwise, that are in any way involved in the contract. The Contractor shall obtain and pay for all royalties, licenses, and permits, and approvals necessary for the execution of the contract. The Contractor must guarantee that it has the full legal right to the materials, supplies, equipment, software, and other items used to execute this contract.

F. OWNERSHIP OF INFORMATION AND DATA / DELIVERABLES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The State shall have the unlimited right to publish, duplicate, use, and disclose all information and data developed or obtained by the Contractor on behalf of the State pursuant to this contract.

The State shall own and hold exclusive title to any deliverable developed as a result of this contract. Contractor shall have no ownership interest or title, and shall not patent, license, or copyright, duplicate, transfer, sell, or exchange, the design, specifications, concept, or deliverable.

G. INSURANCE REQUIREMENTS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
		ICF	**ICF accepts the clause with a few minor changes, due to ICF does not insure independent contractors.**

The Contractor shall throughout the term of the contract maintain insurance as specified herein and provide the State a current Certificate of Insurance/Acord Form (COI) verifying the coverage. The Contractor shall not commence work on the contract until the insurance is in place. If Contractor subcontracts any portion of the Contract the Contractor must, throughout the term of the contract, either:

1. Provide equivalent insurance for each subcontractor and provide a COI verifying the coverage for the subcontractor;
2. Require each subcontractor to have equivalent insurance and provide written notice to the State that the Contractor has verified that each subcontractor has the required coverage; or,
3. Provide the State with copies of each subcontractor's Certificate of Insurance evidencing the required coverage.

The Contractor shall not allow any Subcontractor to commence work until the Subcontractor has equivalent insurance. The failure of the State to require a COI, or the failure of the Contractor to provide a COI or require subcontractor insurance shall not limit, relieve, or decrease the liability of the Contractor hereunder.

In the event that any policy written on a claims-made basis terminates or is canceled during the term of the contract or within one (1) years of termination or expiration of the contract, the contractor shall obtain an extended discovery or reporting period, or a new insurance policy, providing coverage required by this contract for the term of the contract and one (1) years following termination or expiration of the contract.

If by the terms of any insurance a mandatory deductible is required, or if the Contractor elects to increase the mandatory deductible amount, the Contractor shall be responsible for payment of the amount of the deductible in the event of a paid claim.

Notwithstanding any other clause in this Contract, the State may recover up to the liability limits of the insurance policies required herein.

1. **WORKERS' COMPENSATION INSURANCE**
The Contractor shall take out and maintain during the life of this contract the statutory Workers' Compensation and Employer's Liability Insurance for all of the contactors' employees to be engaged in work on the project under this contract and, in case any such work is sublet, the Contractor shall require the Subcontractor similarly to provide Worker's Compensation and Employer's Liability Insurance for all of the Subcontractor's employees to be engaged in such work. This policy shall be written to meet the statutory requirements for the state in which the work is to be performed, including Occupational Disease. **The policy shall include a waiver of subrogation in favor of the State. The COI shall contain the mandatory COI subrogation waiver language found hereinafter**. The amounts of such insurance shall not be less than the limits stated hereinafter. For employees working in the State of Nebraska, the policy must be written by an entity authorized by the State of Nebraska Department of Insurance to write Workers' Compensation and Employer's Liability Insurance for Nebraska employees.

2. **COMMERCIAL GENERAL LIABILITY INSURANCE AND COMMERCIAL AUTOMOBILE LIABILITY INSURANCE**
The Contractor shall take out and maintain during the life of this contract such Commercial General Liability Insurance and Commercial Automobile Liability Insurance as shall protect Contractor and any Subcontractor performing work covered by this contract from claims for damages for bodily injury, including death, as well as from claims for property damage, which may arise from operations under this contract, whether such operation be by the Contractor or by any Subcontractor or by anyone directly or indirectly employed by either of them, and the amounts of such insurance shall not be less than limits stated hereinafter.

   The Commercial General Liability Insurance shall be written on an **occurrence basis**, and provide Premises/Operations, Products/Completed Operations, Personal Injury, and Contractual Liability coverage. **The policy shall include the State, and others as required by the contract documents, as Additional Insured(s). This policy shall be primary, and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory. The COI shall contain the mandatory COI liability waiver language found hereinafter.** The Commercial Automobile Liability Insurance shall be written to cover all Owned, Non-owned, and Hired vehicles.

REQUIRED INSURANCE COVERAGE	
COMMERCIAL GENERAL LIABILITY	
General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$2,000,000
Personal/Advertising Injury	$1,000,000 per occurrence
Bodily Injury/Property Damage	$1,000,000 per occurrence
Medical Payments	$10,000 any one person
Damage to Rented Premises (Fire)	$300,000 each occurrence
Contractual	Included
If higher limits are required, the Umbrella/Excess Liability limits are allowed to satisfy the higher limit.	
WORKER'S COMPENSATION	
Employers Liability Limits	$500K/$500K/$500K
Statutory Limits- All States	Statutory - State of Nebraska
Voluntary Compensation	Statutory
COMMERCIAL AUTOMOBILE LIABILITY	
Bodily Injury/Property Damage	$1,000,000 combined single limit
Include All Owned, Hired & Non-Owned Automobile liability	Included
Motor Carrier Act Endorsement	Where Applicable
UMBRELLA/EXCESS LIABILITY	
Over Primary Insurance	$5,000,000 per occurrence
Includes Non-Owned Disposal Sites	
MANDATORY COI SUBROGATION WAIVER LANGUAGE	
"Workers' Compensation policy shall include a waiver of subrogation in favor of the State of Nebraska."	
MANDATORY COI LIABILITY WAIVER LANGUAGE	
"Commercial General Liability & Commercial Automobile Liability policies shall include the State of Nebraska as an Additional Insured and the policies shall be primary and any insurance or self-insurance carried by the State shall be considered secondary and non-contributory as additionally insured."	

If the mandatory COI subrogation waiver language or mandatory COI liability waiver language on the COI states that the waiver is subject to, condition upon, or otherwise limit by the insurance policy, a copy of the relevant sections of the policy must be submitted with the COI so the State can review the limitations imposed by the insurance policy.

3. EVIDENCE OF COVERAGE

The Contractor shall furnish the Contract Manager, with a certificate of insurance coverage complying with the above requirements prior to beginning work at:

DHHS – Children and Family Services
Attn: Child Care and Development Fund Grant Specialist
5220 South 16th Street
Lincoln, NE 68512

These certificates or the cover sheet shall reference the RFP number, and the certificates shall include the name of the company, policy numbers, effective dates, dates of expiration, and amounts and types of coverage afforded. If the State is damaged by the failure of the Contractor to maintain such insurance, then the Contractor shall be responsible for all reasonable costs properly attributable thereto.

Reasonable notice of cancellation of any required insurance policy must be submitted to the contract manager as listed above when issued and a new coverage binder shall be submitted immediately to ensure no break in coverage.

4. DEVIATIONS

The insurance requirements are subject to limited negotiation. Negotiation typically includes, but is not necessarily limited to, the correct type of coverage, necessity for Workers' Compensation, and the type of automobile coverage carried by the Contractor.

H. ANTITRUST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor hereby assigns to the State any and all claims for overcharges as to goods and/or services provided in connection with this contract resulting from antitrust violations which arise under antitrust laws of the United States and the antitrust laws of the State.

I. CONFLICT OF INTEREST

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

By submitting a proposal, bidder certifies that there does not now exist a relationship between the bidder and any person or entity which is or gives the appearance of a conflict of interest related to this RFP or project.

The bidder certifies that it shall not take any action or acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of its services hereunder or which creates an actual or an appearance of conflict of interest.

The bidder certifies that it will not knowingly employ any individual known by bidder to have a conflict of interest.

The Parties shall not knowingly, for a period of two years after execution of the contract, recruit or employ any employee or agent of the other Party who has worked on the RFP or project, or who had any influence on decisions affecting the RFP or project.

J. STATE PROPERTY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor shall be responsible for the proper care and custody of any State-owned property which is furnished for the Contractor's use during the performance of the contract. The Contractor shall reimburse the State for any loss or damage of such property; normal wear and tear is expected.

K. SITE RULES AND REGULATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor shall use its best efforts to ensure that its employees, agents, and Subcontractors comply with site rules and regulations while on State premises. If the Contractor must perform on-site work outside of the daily operational hours set forth by the State, it must make arrangements with the State to ensure access to the facility and the equipment has been arranged. No additional payment will be made by the State on the basis of lack of access, unless the State fails to provide access as agreed to in writing between the State and the Contractor.

L. ADVERTISING

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor agrees not to refer to the contract award in advertising in such a manner as to state or imply that the company or its services are endorsed or preferred by the State. Any publicity releases pertaining to the project shall not be issued without prior written approval from the State.

M. NEBRASKA TECHNOLOGY ACCESS STANDARDS (Statutory)

Contractor shall review the Nebraska Technology Access Standards, found at http://nitc.nebraska.gov/standards/2-201.html and ensure that products and/or services provided under the contract are in compliance or will comply with the applicable standards to the greatest degree possible. In the event such standards change during the Contractor's performance, the State may create an amendment to the contract to request the contract comply with the changed standard at a cost mutually acceptable to the parties.

N. DISASTER RECOVERY/BACK UP PLAN

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The Contractor shall have a disaster recovery and back-up plan, of which a copy should be provided upon request to the State, which includes, but is not limited to equipment, personnel, facilities, and transportation, in order to continue services as specified under the specifications in the contract in the event of a disaster.

O. DRUG POLICY

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Contractor certifies it maintains a drug free work place environment to ensure worker safety and workplace integrity. Contractor agrees to provide a copy of its drug free workplace policy at any time upon request by the State.

IV. PAYMENT

A. PROHIBITION AGAINST ADVANCE PAYMENT (Statutory)

Payments shall not be made until contractual deliverable(s) are received and accepted by the State.

B. TAXES (Statutory)

The State is not required to pay taxes and assumes no such liability as a result of this solicitation. Any property tax payable on the Contractor's equipment which may be installed in a state-owned facility is the responsibility of the Contractor.

C. INVOICES

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Invoices for payments must be submitted by the Contractor to the agency requesting the services with sufficient detail to support payment to dhhs.ccsubsidy@nebraska.gov . The terms and conditions included in the Contractor's invoice shall be deemed to be solely for the convenience of the parties. No terms or conditions of any such invoice shall be binding upon the State, and no action by the State, including without limitation the payment of any such invoice in whole or in part, shall be construed as binding or estopping the State with respect to any such term or condition, unless the invoice term or condition has been previously agreed to by the State as an amendment to the contract.

D. INSPECTION AND APPROVAL

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

Final inspection and approval of all work required under the contract shall be performed by the designated State officials.

The State and/or its authorized representatives shall have the right to enter any premises where the Contractor or Subcontractor duties under the contract are being performed, and to inspect, monitor or otherwise evaluate the work being performed. All inspections and evaluations shall be at reasonable times and in a manner that will not unreasonably delay work.

E. PAYMENT

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

State will render payment to Contractor when the terms and conditions of the contract and specifications have been satisfactorily completed on the part of the Contractor as solely determined by the State. (Neb. Rev. Stat. Section 73-506(1)) Payment will be made by the responsible agency in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408). The State may require the Contractor to accept payment by electronic means such as ACH deposit. In no event shall the State be responsible or liable to pay for any services provided by the Contractor prior to the Effective Date of the contract, and the Contractor hereby waives any claim or cause of action for any such services.

F. LATE PAYMENT (Statutory)

The Contractor may charge the responsible agency interest for late payment in compliance with the State of Nebraska Prompt Payment Act (See Neb. Rev. Stat. §81-2401 through 81-2408).

G. SUBJECT TO FUNDING / FUNDING OUT CLAUSE FOR LOSS OF APPROPRIATIONS

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The State's obligation to pay amounts due on the Contract for a fiscal years following the current fiscal year is contingent upon legislative appropriation of funds. Should said funds not be appropriated, the State may terminate the contract with respect to those payments for the fiscal year(s) for which such funds are not appropriated. The State will give the Contractor written notice thirty (30) calendar days prior to the effective date of termination. All obligations of the State to make payments after the termination date will cease. The Contractor shall be entitled to receive just and equitable compensation for any authorized work which has been satisfactorily completed as of the termination date. In no event shall the Contractor be paid for a loss of anticipated profit.

H. RIGHT TO AUDIT (First Paragraph is Statutory)

Accept (Initial)	Reject (Initial)	Reject & Provide Alternative within RFP Response (Initial)	NOTES/COMMENTS:
ICF			

The State shall have the right to audit the Contractor's performance of this contract upon a 30 days' written notice. Contractor shall utilize generally accepted accounting principles, and shall maintain the accounting records, and other records and information relevant to the contract (Information) to enable the State to audit the contract. The State may audit and the Contractor shall maintain, the Information during the term of the contract and for a period of five (5) years after the completion of this contract or until all issues or litigation are resolved, whichever is later. The Contractor shall make the Information available to the State at Contractor's place of business or a location acceptable to both Parties during normal business hours. If this is not practical or the Contractor so elects, the Contractor may provide electronic or paper copies of the Information. The State reserves the right to examine, make copies of, and take notes on any Information relevant to this contract, regardless of the form or the Information, how it is stored, or who possesses the Information. Under no circumstance will the Contractor be required to create or maintain documents not kept in the ordinary course of contractor's business operations, nor will contractor be required to disclose any information, including but not limited to product cost data, which is confidential or proprietary to contractor.

The Parties shall pay their own costs of the audit unless the audit finds a previously undisclosed overpayment by the State. If a previously undisclosed overpayment exceeds one-half of one percent (0.5%) of the total contract billings, or if fraud, material misrepresentations, or non-performance is discovered on the part of the Contractor, the Contractor shall reimburse the State for the total costs of the audit. Overpayments and audit costs owed to the State shall be paid within ninety days of written notice of the claim. The Contractor agrees to correct any material weaknesses or condition found as a result of the audit.

V. PROJECT DESCRIPTION AND SCOPE OF WORK

A. PURPOSE

The purpose of this RFP is to conduct a study of market rate prices for childcare in the State of Nebraska, referred to as the Market Rate Survey (MRS).

45 CFR §98.45 requires all states to conduct a MRS for the provision of child care services funded under its Child Care and Development Fund. Prior to conducting the MRS, 45 CFR §98.45 requires consultation with:

1. The State's Advisory Council on Early Childhood Education and Care (Nebraska's Early Childhood Interagency Coordinating Council (ECICC)); and
2. Organizations representing child care caregivers, teachers, and directors.

Neb. Rev. Stat. §43-536 requires the Department of Health and Human Services (DHHS) to conduct a MRS of the child care providers in the state. The Department shall adjust the reimbursement rate for child care every odd-numbered year at a rate not less that the sixtieth percentile and no more that the seventy-fifth percent title of the rate study.

B. PROJECT REQUIREMENTS

The MRS must be completed in accordance with all applicable law, including but not limited to 45 CFR §§ 98 et seq. and Neb. Rev. Stat. § 43-536, and allow DHHS to meet its obligations.

The Contractor will oversee all aspects of this work and will be responsible for communicating with DHHS; producing all contents of the final report; and providing any presentations required by DHHS as part of this project.

C. SCOPE OF WORK

The Contractor will perform the following duties under the resulting contract:

1. Planning.
2. Data Collection per Section E below.
3. Data Analysis.
4. Report Writing.
5. Provide a Final Report per Section F below.

D. TECHNICAL REQUIREMENTS

For the following six (6) technical requirements, provide a bidder response explaining how each requirement will be met.

1	Bidder should describe its collecting methodology.
	Bidder Response: **SEE TECHNICAL PROPOSAL**
2	Bidder should describe its follow up procedure to ensure adequate response.
	Bidder Response: **SEE TECHNICAL PROPOSAL**
3	Bidder should describe its schedule, and ensure it aligns with DHHS and Federal requirements.
	Bidder Response: **SEE TECHNICAL PROPOSAL**

4	Bidder should provide a sample of the survey questions.
	Bidder Response: **SEE TECHNICAL PROPOSAL**
5	Bidder should describe how its final deliverable/report will be provided to DHHS.
	Bidder Response: **SEE TECHNICAL PROPOSAL**
6	Bidder should describe its team approach to working with the Steering Committee.
	Bidder Response: **SEE TECHNICAL PROPOSAL**

E. DATA COLLECTING

The census approach used by the Contractor will have the ability to invite all licensed child care providers that are a part of the priced market, which is defined as providers that charge parents a price established through an arm's length transaction, to participate. The survey must also include providers that participate in the Child Care and Development Fund (CCDF) Subsidy Program.

Data collecting by the contractor may be distributed electronically via a web-based survey or other methods, including by mail or telephone.

To ensure that the data remains current, a three (3) month window will be established for all data collection to be completed. Multiple contacts to providers, who at first do not respond, should be considered to maximize response rates for the survey.

The data to be collected must include, but is not limited to the following:

1. The extent to which child care providers participate in the CCDF subsidy program;
2. Any barriers related to child care providers accepting the CCDF subsidy program;
3. The portion of children who receive child care subsidy;
4. What limits, if any, the provider places on the number of children they will accept with subsidy;
5. At what level the provider participates in Step Up to Quality or other system of quality indicators;
6. The cost of implementation required for Health and Safety trainings;
7. Traditional and non-traditional care;
8. The data will be collected from a representative geographical area for the entire state of Nebraska, including rural and urban areas;
9. Age of children; infant, toddler, pre-school, and school-age;
10. License type; Family Child Care Home I, Family Child Care Home II, Child Care Center, and School Age License; and
11. The cost of special needs children; behavioral and medical.

In the final Report, data must be presented in HOURLY and DAY units reflective of 50th thorough 100th percentiles in increments of 5's.

Currently, 392 NAC 4-003.02 requires rates to be reimbursed in HOURLY and DAY units. This study must also calculate data reflective of the MRS for HALF DAY / FULL DAY units and HALF WEEK / FULL WEEK units.

F. FINAL REPORT

45 CFR § 98.45 require the final report to include:

1. The results of the MRS;
2. The estimated cost of care necessary (including any relevant variation by geographic location, category of provider, or age of child) to support:

    a. Child care providers' implementation of the health, safety, quality, and staffing requirements;
    b. Higher-quality care, as defined by the Lead Agency using a quality rating and improvement system or other system of quality indicators, at each level of quality; and

3. The response to stakeholder views and comments.

The Final Report must be provided to the designated DHHS contact(s). Any additional activities that are considered during the process of the study will not be acted upon without the approval of DHHS. This is strictly to obtain information for the MRS. Data and results of surveys will not be shared with anyone unless approved by the designated DHHS contact(s). See Section II Terms and Conditions, P. Confidentiality.

G. DELIVERABLES

A budget justification will need to be included with a breakdown of costs and personnel responsibilities. Payment will be processed after each completed and approved Data Phase. Payment may be calculated in 25% increments based on total project cost and upon DHHS approval of each completed Data Phase. Any Data Phase cost provided by the bidder over 25% of the total cost will be held as retainage until all four phases have been completed and approved by the State.

Table 1 provides a timeline and key tasks for each phase of the study.

A written report will be the final deliverable of this project.

Table 1. *Breakdown of Phases and Key Tasks for the 2021Childcare Market Rate Study.*

Phase	**Estimated Date Range**	**Key Tasks**
Planning	01/01/2020 – 03/30/2020	- Meet with Steering Committee - Identify potential secondary data sources - Review and revise past MRS script - Create electronic version of MRS script - Obtain provider contact information
Data Collection	04/01/2020 – 06/30/2020	- Develop databases for data to be collected - Contact providers to seek participation - Distribute survey to providers via their preferred means (i.e., electronic, phone) - Follow-up with providers on a bi-monthly basis to maximize survey completion rates
Data Analysis	07/01/2020 – 07/31/2020	- Prepare data for analysis - Conduct analyses
Report Writing, Revision and Project Follow-up (as necessary)	08/01/2020 – 10/31/2020	- Write and deliver comprehensive report of study process and results - Present report results to select group within DHHS - Revise report, as necessary, per suggestions of DHHS personnel after initial review has been completed - Provide on-going support, including presentation of study process and findings to stakeholder groups

The Optional Renewal periods will follow the Phase steps above every other year.

VI. PROPOSAL INSTRUCTIONS

This section documents the requirements that should be met by bidders in preparing the Technical and Cost Proposal. Bidders should identify the subdivisions of "Project Description and Scope of Work" clearly in their proposals; failure to do so may result in disqualification. Failure to respond to a specific requirement may be the basis for elimination from consideration during the State's comparative evaluation.

Proposals are due by the date and time shown in the Schedule of Events. Content requirements for the Technical and Cost Proposal are presented separately in the following subdivisions; format and order:

A. PROPOSAL SUBMISSION

1. REQUEST FOR PROPOSAL FORM

By signing the "RFP for Contractual Services" form, the bidder guarantees compliance with the provisions stated in this RFP, agrees to the Terms and Conditions stated in this RFP unless otherwise agreed to, and certifies bidder maintains a drug free work place environment.

The RFP for Contractual Services form must be signed using an indelible method (not electronically) and returned per the schedule of events in order to be considered for an award.

Sealed proposals must be received in the State Purchasing Bureau by the date and time of the proposal opening per the Schedule of Events. No late proposals will be accepted. No electronic, e-mail, fax, voice, or telephone proposals will be accepted.

It is the responsibility of the bidder to check the website for all information relevant to this solicitation to include addenda and/or amendments issued prior to the opening date. Website address is as follows: http://das.nebraska.gov/materiel/purchasing.html

Further, Sections II through VII must be completed and returned with the proposal response.

2. CORPORATE OVERVIEW

The Corporate Overview section of the Technical Proposal should consist of the following subdivisions:

a. BIDDER IDENTIFICATION AND INFORMATION

The bidder should provide the full company or corporate name, address of the company's headquarters, entity organization (corporation, partnership, proprietorship), state in which the bidder is incorporated or otherwise organized to do business, year in which the bidder first organized to do business and whether the name and form of organization has changed since first organized.

b. FINANCIAL STATEMENTS

The bidder should provide financial statements applicable to the firm. If publicly held, the bidder should provide a copy of the corporation's most recent audited financial reports and statements, and the name, address, and telephone number of the fiscally responsible representative of the bidder's financial or banking organization.

If the bidder is not a publicly held corporation, either the reports and statements required of a publicly held corporation, or a description of the organization, including size, longevity, client base, areas of specialization and expertise, and any other pertinent information, should be submitted in such a manner that proposal evaluators may reasonably formulate a determination about the stability and financial strength of the organization. Additionally, a non-publicly held firm should provide a banking reference.

The bidder must disclose any and all judgments, pending or expected litigation, or other real or potential financial reversals, which might materially affect the viability or stability of the organization, or state that no such condition is known to exist.

The State may elect to use a third party to conduct credit checks as part of the corporate overview evaluation.

c. CHANGE OF OWNERSHIP

If any change in ownership or control of the company is anticipated during the twelve (12) months following the proposal due date, the bidder should describe the circumstances of such change and indicate when the change will likely occur. Any change of ownership to an awarded vendor(s) will require notification to the State.

d. **OFFICE LOCATION**

The bidder's office location responsible for performance pursuant to an award of a contract with the State of Nebraska should be identified.

e. **RELATIONSHIPS WITH THE STATE**

The bidder should describe any dealings with the State over the previous five (5) years. If the organization, its predecessor, or any Party named in the bidder's proposal response has contracted with the State, the bidder should identify the contract number(s) and/or any other information available to identify such contract(s). If no such contracts exist, so declare.

f. **BIDDER'S EMPLOYEE RELATIONS TO STATE**

If any Party named in the bidder's proposal response is or was an employee of the State within the past sixty (60) months, identify the individual(s) by name, State agency with whom employed, job title or position held with the State, and separation date. If no such relationship exists or has existed, so declare.

If any employee of any agency of the State of Nebraska is employed by the bidder or is a Subcontractor to the bidder, as of the due date for proposal submission, identify all such persons by name, position held with the bidder, and position held with the State (including job title and agency). Describe the responsibilities of such persons within the proposing organization. If, after review of this information by the State, it is determined that a conflict of interest exists or may exist, the bidder may be disqualified from further consideration in this proposal. If no such relationship exists, so declare.

g. **CONTRACT PERFORMANCE**

If the bidder or any proposed Subcontractor has had a contract terminated for default during the past five (5) years, all such instances must be described as required below. Termination for default is defined as a notice to stop performance delivery due to the bidder's non-performance or poor performance, and the issue was either not litigated due to inaction on the part of the bidder or litigated and such litigation determined the bidder to be in default.

It is mandatory that the bidder submit full details of all termination for default experienced during the past five (5) years, including the other Party's name, address, and telephone number. The response to this section must present the bidder's position on the matter. The State will evaluate the facts and will score the bidder's proposal accordingly. If no such termination for default has been experienced by the bidder in the past five (5) years, so declare.

If at any time during the past five (5) years, the bidder has had a contract terminated for convenience, non-performance, non-allocation of funds, or any other reason, describe fully all circumstances surrounding such termination, including the name and address of the other contracting Party.

h. **SUMMARY OF BIDDER'S CORPORATE EXPERIENCE**

The bidder should provide a summary matrix listing the bidder's previous projects similar to this RFP in size, scope, and complexity. The State will use no more than three (3) narrative project descriptions submitted by the bidder during its evaluation of the proposal.

The bidder should address the following:

i. Provide narrative descriptions to highlight the similarities between the bidder's experience and this RFP. These descriptions should include:

   a) The time period of the project;
   b) The scheduled and actual completion dates;
   c) The Contractor's responsibilities;
   d) For reference purposes, a customer name (including the name of a contact person, a current telephone number, a facsimile number, and e-mail address); and
   e) Each project description should identify whether the work was performed as the prime Contractor or as a Subcontractor. If a bidder performed as the prime Contractor, the description should provide the originally scheduled completion date and budget, as well as the actual (or currently planned) completion date and actual (or currently planned) budget.

ii. Contractor and Subcontractor(s) experience should be listed separately. Narrative descriptions submitted for Subcontractors should be specifically identified as Subcontractor projects.

iii. If the work was performed as a Subcontractor, the narrative description should identify the same information as requested for the Contractors above. In addition, Subcontractors should identify what share of contract costs, project responsibilities, and time period were performed as a Subcontractor.

iv. Prior experience in research and collecting data for Child Care or Early Childhood Development;

v. Prior experience completing surveys.

i. **SUMMARY OF BIDDER'S PROPOSED PERSONNEL/MANAGEMENT APPROACH**

The bidder should present a detailed description of its proposed approach to the management of the project.

The bidder should identify the specific professionals who will work on the State's project if their company is awarded the contract resulting from this RFP. The names and titles of the team proposed for assignment to the State project should be identified in full, with a description of the team leadership, interface and support functions, and reporting relationships. The primary work assigned to each person should also be identified.

The bidder should provide resumes for all personnel proposed by the bidder to work on the project. The State will consider the resumes as a key indicator of the bidder's understanding of the skill mixes required to carry out the requirements of the RFP in addition to assessing the experience of specific individuals.

Resumes should not be longer than three (3) pages. Resumes should include, at a minimum, academic background and degrees, professional certifications, understanding of the process, and at least three (3) references (name, address, and telephone number) who can attest to the competence and skill level of the individual. Any changes in proposed personnel shall only be implemented after written approval from the State.

j. **SUBCONTRACTORS**

If the bidder intends to Subcontract any part of its performance hereunder, the bidder should provide:

i. name, address, and telephone number of the Subcontractor(s);
ii. specific tasks for each Subcontractor(s);
iii. percentage of performance hours intended for each Subcontract; and
iv. total percentage of Subcontractor(s) performance hours; and
v. rationale for utilizing subcontractors.

3. **TECHNICAL APPROACH (Delete Technical Approach if Cost Only)**

The technical approach section of the Technical Proposal should consist of the following subsections:

a. Understanding of the project requirements; and
b. Deliverables and due dates.

REQUEST FOR PROPOSAL FOR CONTRACTUAL SERVICES FORM

By signing this Request for Proposal for Contractual Services form, the bidder guarantees compliance

BIDDER MUST COMPLETE THE FOLLOWING

with the procedures stated in this Request for Proposal, and agrees to the terms and conditions unless otherwise indicated in writing and certifies that bidder maintains a drug free work place.

Per Nebraska's Transparency in Government Procurement Act, Neb. Rev Stat § 73-603 DAS is required to collect statistical information regarding the number of contracts awarded to Nebraska Contractors. This information is for statistical purposes only and will not be considered for contract award purposes.

_____ NEBRASKA CONTRACTOR AFFIDAVIT: Bidder hereby attests that bidder is a Nebraska Contractor. "Nebraska Contractor" shall mean any bidder who has maintained a bona fide place of business and at least one employee within this state for at least the six (6) months immediately preceding the posting date of this RFP.

______I hereby certify that I am a Resident disabled veteran or business located in a designated enterprise zone in accordance with Neb. Rev. Stat. § 73-107 and wish to have preference, if applicable, considered in the award of this contract.

_____ I hereby certify that I am a blind person licensed by the Commission for the Blind & Visually Impaired in accordance with Neb. Rev. Stat. §71-8611 and wish to have preference considered in the award of this contract.

FORM MUST BE SIGNED USING AN INDELIBLE METHOD (NOT ELECTRONICALLY)

FIRM:	**ICF Incorporate, L.L.C.**
COMPLETE ADDRESS:	**9300 Lee Highway, Fairfax, VA 22031**
TELEPHONE NUMBER:	**703.934.3000**
FAX NUMBER:	**703.934.3740**
DATE:	**16 May 2019**
SIGNATURE:	
TYPED NAME & TITLE OF SIGNER:	**Ricky Pannell, Senior Manager, Contracts**

PNC

July 26, 2018

Re: Bank Reference for ICF International Inc.

This letter will serve as a bank reference for ICF International, Inc. and its subsidiaries.

PNC Bank National Association ("PNC" or the "Bank") has maintained a healthy relationship with ICF International and its wholly owned subsidiaries (which include ICF Incorporated, LLC) for over 10 years. The Bank currently leads a $600 million revolving credit facility for ICF International and the company remains in compliance with all covenants per the loan agreement. Additionally, ICF maintains its primary operating accounts, which hold an average balance in the six figures, at PNC and the business relationship remains in good standing.

Please feel free to contact me directly at 703.442.2308 if you have any questions or require any additional information.

Kind regards,

Steven Day
Vice President

The PNC Financial Services Group
PNC Place 800 17th Street NW Washington DC 20006
www.pnc.com

Appendix B: Financial Statements

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

ark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018

Commission File Number: 001-33045

ICF INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**22-3661438** (IRS Employer Identification Number)
9300 Lee Highway **Fairfax, VA** (Address of principal executive offices)	**22031** (Zip Code)

Registrant's telephone number, including area code:
(703) 934-3000
Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on which Registered
Common Stock, $0.001 par value	The NASDAQ Stock Market LLC

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

ge accelerated filer	☒	Accelerated filer	☐
on-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Ex-change Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately $1,293 million based upon the closing price per share of $71.05, as quoted on the NASDAQ Global Select Market on June 30, 2018. Shares of the outstanding common stock held by each executive officer and director have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 22, 2019, 18,814,206 shares of the Registrant's common stock, $0.001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates information by reference from the Proxy Statement for the 2019 Annual Meeting of Stockholders expected to be held in May 2019.

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report on Form 10-K constitute forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, as amended. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by such forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," "would," or similar words. You should read statements that contain these words carefully. The risk factors described in Item 1A of Part I of this Annual Report on Form 10-K captioned "Risk Factors," or otherwise described in our filings with the Securities and Exchange Commission ("SEC"), as well as any cautionary language in this Annual Report on Form 10-K, provide examples of risks, uncertainties, and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements, including, but not limited to:

- Our dependence on contracts with United States ("U.S.") federal, state and local, and international governments, agencies and departments for the majority of our revenue;
- Changes in federal government budgeting and spending priorities;
- Failure by Congress or other governmental bodies to approve budgets and debt ceiling increases in a timely fashion and related reductions in government spending;
- Failure of the Administration and Congress to agree on spending priorities, which may result in temporary shutdowns of non-essential federal functions, including our work to support such functions;
- Results of routine and non-routine government audits and investigations;
- Dependence of our commercial work on certain sectors of the global economy that are highly cyclical;
- Failure to receive the full amount of our backlog;
- Difficulties in integrating acquisitions generally;
- Risks resulting from expanding our service offerings and client base;
- The lawsuit filed by the State of Louisiana seeking approximately $220.2 million in alleged overpayments from the Road Home contract; and
- Additional risks as a result of having international operations.

Our forward-looking statements are based on the beliefs and assumptions of our management and the information available to our management at the time these disclosures were prepared. Although we believe the expectations reflected in these statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report on Form 10-K. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

The terms "we," "our," "us," and "the Company," as used throughout this Annual Report on Form 10-K, refer to ICF International, Inc. and its consolidated subsidiaries, unless otherwise indicated. The term "federal" or "federal government" refers to the U.S. federal government, and "state and local" or "state and local government" refers to U.S. state and local governments, unless otherwise indicated.

PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW

We provide professional services and technology-based solutions to government and commercial clients, including management, marketing, technology, and policy consulting and implementation services. We help our clients conceive, develop, implement, and improve solutions that address complex business, natural resource, social, technological, and public safety issues. Our services primarily support clients that operate in four key markets:

- Energy, Environment, and Infrastructure;
- Health, Education, and Social Programs;
- Safety and Security; and
- Consumer and Financial.

We provide services across these four markets that deliver value throughout the entire life cycle of a policy, program, project, or initiative. Our primary services include:

- Advisory Services. We research critical policy, industry, and stakeholder issues, trends, and behavior. We measure and evaluate results and their impact and, based on those assessments, provide strategic planning and advice to our clients on how to navigate societal, market, business, communication, and technology challenges.
- Program Implementation Services. We identify, define, and implement policies, plans, programs, and business tools that make our clients' organizations more effective and efficient. Our comprehensive, end-to-end solutions are implemented through a wide range of standard and customized methodologies designed to match our clients' business context.
- Analytics Services. We conduct survey research and collect and analyze wide varieties and large volumes of data to understand critical issues and options for our clients and provide actionable business intelligence. We provide information and data management solutions that allow for integrated, purpose-driven data usage.
- Digital Services. We design, develop, and implement cutting-edge technology systems and business tools that are key to our clients' mission or business performance, and include solutions to optimize the customer and citizen experience for our clients. We provide cybersecurity solutions that support the full range of cybersecurity missions and protect evolving IT infrastructures in the face of relentless threats.
- Engagement Services. We inform and engage our clients' constituents, customers, and employees to drive behavior and outcomes through public relations, branding and marketing, multichannel and strategic communications, and reputation issues management. Our engagement services frequently rely on our digital design and implementation skills, such as web and app development.

We perform work for both government and commercial clients. Our government clients include U.S. federal agencies, state and local governments, as well as governments outside the U.S. Our commercial clients include both U.S. and international clients. Our clients utilize our services because we offer a combination of deep subject matter expertise, technical solutions, and institutional experience which ensures that our solutions are beneficial. We believe that our domain expertise and the program knowledge developed from our advisory engagements further position us to provide our full suite of services.

We report operating results and financial data in one operating and reportable segment. We generated revenue of $1,338.0 million, $1,229.2 million, and $1,185.1 million in 2018, 2017, and 2016, respectively. Our total backlog was approximately $2,377.7 million, $1,950.4 million, and $2,122.7 million as of December 31, 2018, 2017, and 2016, respectively.

As of December 31, 2018, we had more than 7,000 full and part-time employees around the globe, including many recognized as thought leaders in their respective fields. We serve clients globally from our headquarters in the Washington, D.C. metropolitan area, our more than 65 regional offices throughout the U.S., and more than 15 offices outside the U.S., including offices in the United Kingdom ("U.K."), Belgium, China, India and Canada.

OUR COMPANY INFORMATION

ICF International, Inc. began as a Delaware limited liability company formed in 1999 under the name ICF Consulting Group Holdings, LLC. It was formed to purchase our principal operating subsidiary, which was founded in 1969, from a larger services organization. A number of our current senior managers participated in this transaction, along with private equity investors. We converted to a Delaware corporation in 2003 and changed our name to ICF International, Inc. in 2006. We completed our initial public offering in September 2006.

Our principal executive office is located at 9300 Lee Highway, Fairfax, Virginia 22031, and our telephone number is (703) 934-3000. We maintain an internet website at www.icf.com. We make available our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other information related to us, free of charge, on this site as soon as reasonably practicable after we electronically file those documents with, or otherwise furnish them to, the SEC. Our internet website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K. The SEC also maintains an internet website that contains reports, proxy, and information statements and other information, regarding issuers that file electronically with the SEC at http://www.sec.gov.

MARKET OPPORTUNITY, SERVICES, AND SOLUTIONS

Complex, long-term market factors, which include geopolitical, environmental and demographic trends, are changing the way people live and the way government and industry operate and interact. Some of these factors have significant impacts on the markets in which our clients operate.

In the energy, environment, and infrastructure market, these factors include: the changing mix of sources used to generate electricity and the related policy and infrastructure issues resulting from those changes; the changing position of the U.S. in the world's energy markets overall; an ongoing focus on renewables, energy efficiency, climate change, and resilience; an aging transportation infrastructure; increasing drought and need to invest in water infrastructure and conservation; and environmental degradation.

In the health, education, and social programs market, these factors include: the increasing level of healthcare expenditures and efforts at healthcare reform; global public health and health security issues, including potential global epidemics; aging populations across the globe; increasing military and veteran health demands; continued focus on disease prevention; the perceived declining performance of the U.S. educational system compared to other countries; and the desire to find more efficient means to deliver social and educational programs.

In the safety and security market, these factors include: the continuing spectrum of all-hazard threats, including cybersecurity threats, terrorism, severe weather and climatological changes, as well as infrastructure protection in both the physical realm and the cyber realms, and the intersection of those two.

In the consumer and financial market, these factors include increased use of interactive data technologies to link organizations with consumers and other stakeholders in more varied and personalized ways, and less reliance on traditional print and television marketing; changing industry structures in marketing and advertising services; the desire for greater return on marketing investment; and the continued elevation of data analytics as a business management and marketing tool, as well as the concomitant growth of concerns about, and regulation of, data capture and exploitation for marketing and other private and public sector purposes.

In addition to these market-based factors, trends across all of our markets are increasing the demand for advisory services that drive our business. These trends include: increased government focus on efficiency and mission performance management; generational changes; the emphasis on transparency and accountability; and an increased demand for combining domain knowledge of client mission and programs with innovative technology-enabled solutions. We see growth opportunities for technology-based solutions involving digital services and strategic communications across all of our markets.

We believe that demand for our services will continue as government, industry, and other stakeholders seek to understand and respond to these and other factors. We expect that our government clients will continue to utilize professional services firms with relevant domain expertise to assist with designing new programs, enhancing existing ones, offering transformational solutions, and deploying innovative information and communications technology. In addition, commercial organizations affected by these programs will need to understand such changes, as well as their implications, in order for them to plan appropriately. More broadly, we believe our commercial clients will demand innovative services and solutions that can help them connect with customers and stakeholders in an increasingly connected and crowded marketplace. We also see opportunity to further leverage our digital and client engagement capabilities across our commercial and government client base. We believe that our institutional knowledge and subject matter expertise are a distinct competitive advantage in providing our clients with practical, innovative solutions, which are directly applicable to their mission or business, and deploying them quickly with the right resources. Moreover, we believe we will be able to leverage the domain expertise and program knowledge we have developed through advisory assignments and our experience with program management, technology-based solutions, and engagement projects to win larger engagements, which generally lead to increasing returns on business development investment and promote higher employee utilization. Rapid changes in technology, including the omnipresent influence of mobile, social, and cloud technologies, also demand new ways of communicating, evaluating and implementing programs, and we are focused on leveraging our expertise in technology to capitalize on those changes.

Our future results will depend on the success of our strategy to capitalize on our competitive strengths, including our success in maintaining our long-standing client relationships, to seek larger engagements across the program life cycle and to complete and successfully integrate strategic acquisitions. We will continue to focus on building scale in vertical and horizontal domain expertise; developing business with both our government and commercial clients; and replicating our business model geographically in selected regions of the world. In doing so, we will continue to evaluate strategic acquisition opportunities that enhance our subject matter knowledge, broaden our service offerings, and/or provide scale in specific geographies.

While we continue to see favorable long-term market opportunities, there are certain near-term challenges facing all government service providers. Administrative and legislative actions by the federal government to address changing priorities could have a negative impact on our business, which may result in a reduction to our revenue and profit and adversely affect cash flow. However, we believe we are well positioned to provide a broad range of services in support of initiatives that will continue to be priorities to the federal government as well as to state and local and international governments and commercial clients.

Our portfolio includes a sizable amount of federal client work and we take active measures to minimize the impact of any federal government shutdown on our performance and our people. While a significant portion of our federal business was not impacted by the recent U.S. government shutdown, we did receive stop-work orders for several of our federal contracts which were lifted once operations resumed in the affected government organizations. We do not anticipate a material impact on our operations as a result of the shutdown. However, a federal government shutdown of any length is highly unpredictable for our impacted employees, for our clients, and for us as a company and, in the event of any future shutdowns, we cannot predict the impact on us or our operations.

Energy, Environment, and Infrastructure

For decades, we have advised on energy and environmental issues, including the impact of human activity on natural resources, and have helped develop solutions for infrastructure-related challenges. In addition to addressing government policy and regulation in these areas, our work focuses on industries that are affected by these policies and regulations, particularly those industries most heavily involved in the use and delivery of energy. Significant factors affecting suppliers, users, and regulators of energy are driving private and public sector demand for professional services firms, including:

- Changing power markets, increasingly diverse sources of supply, and an increased demand for alternative sources of energy and/or energy storage;
- Ongoing efforts to upgrade energy infrastructure to meet new power, transmission, environmental, and cybersecurity requirements and to enable more distributed forms of generation; and
- The need to manage energy demand and increase efficient energy use in an era of environmental concerns, especially regarding carbon and other emissions.

We assist energy enterprises worldwide in their efforts to analyze, develop, and implement strategies related to their business operations and the interrelationships of those operations with the environment and applicable government regulations. We utilize our policy expertise, deep industry knowledge, and proprietary modeling tools to advise government and commercial clients on key topics related to electric power, traditional fuels, and renewable sources of energy. Our areas of expertise include power market analysis and modeling, transmissions analysis, electric system reliability standards, energy asset valuation and due diligence, regulatory and litigation support, fuels market analysis, air regulatory strategy, and renewable energy and green power.

We also assist commercial and government clients in designing, implementing, and evaluating demand side management programs both for residential and for commercial and industrial sectors. Utility companies must balance the changing demand for energy with a price-sensitive, environmentally conscious consumer base. We help utilities meet these needs, guiding them through the entire life cycle of energy efficiency and related demand side management programs, including policy and planning, determining technical requirements, and program implementation and improvement.

Carbon emissions have been an important focus of federal government regulation, international governments, many state and local governments, and multinational corporations around the world. Reducing or offsetting greenhouse gas ("GHG") emissions continues to be the subject of both public and private sector interest, and the regulatory landscape in this area is still evolving. The need to address carbon and other harmful emissions has significantly changed the way the world's governments and industries interact and continues to be one of the drivers of interest in energy efficiency. Moreover, how government and business adapt to the effects of climate change continues to be of global importance. We support governments at the federal and state and local level, including providing comprehensive support to NASA's Global Change Research Program. Additionally, we support ministries and agencies of the government of the U.K. and European Commission, as well as commercial clients, on these and related issues.

We also have decades of experience in designing, evaluating, and implementing environmental policies and environmental compliance programs for transportation (including aviation) and other infrastructure projects. A number of key issues are driving increased demand for the services we provide in these areas, including:

- Increased focus on the proper stewardship of natural resources;
- Aging water, energy, and transportation infrastructure, particularly in the U.S.;
- The increasing exposure of infrastructure to damage and interference by severe weather events influenced by a changing climate;
- Under-investment historically in transportation infrastructure; and
- Changing patterns of economic development that require transportation systems and energy infrastructure to adapt to new patterns of demand.

By leveraging our interdisciplinary skills, which range from finance and economics to earth and life sciences, information technology, and program management, we are able to provide a wide range of services that include complex environmental impact assessments, environmental management information systems, air quality assessments, program evaluation, transportation and aviation planning and operational improvement, strategic communications, and regulatory reinvention. We help clients deal specifically with the interrelated environmental, business, and social implications of issues surrounding all transportation modes and infrastructure. From the environmental management of complex infrastructure engagements to strategic and operational concerns of airlines and airports, our solutions draw upon our expertise and institutional knowledge in transportation, urban and land use planning, industry management practices, financial analysis, environmental sciences, and economics.

Health, Education, and Social Programs

We also apply our expertise across our full suite of services in the areas of health, education, and social programs. We believe that a confluence of factors will drive an increased need for public and private focus on these areas, including, among others:

- Expanded healthcare services to underserved segments of the population;
- Rising healthcare expenditures, which require the evaluation of the effectiveness and efficiency of current and new programs;

- Rampant substance abuse and widespread social and health impacts of the opioid abuse epidemic;
- Growing awareness of the threats from the global spread of disease;
- The emphasis on improving the effectiveness of the U.S. and other countries' educational systems;
- The need for greater transparency and accountability of public sector programs;
- A continued high need for social support systems;
- The need to recover from natural disasters such as hurricanes, wildfires, and earthquakes;
- A changing regulatory environment; and
- Military personnel returning home from active duty with health and social service needs.

We believe we are well positioned to provide our services to help our clients develop and manage effective programs in the areas of health, education, and social programs at the international, regional, national, and local levels. Our subject matter expertise includes public health, mental health, international health and development, health communications and associated interactive technologies, education, child and family welfare needs, housing and communities, and substance abuse. Our combination of domain knowledge and our experience in information technology-based applications provides us with strong capabilities in health and social programs informatics and analytics, which we believe will be of increasing importance as the need to manage information grows. We partner with our clients in the government and commercial sectors to increase their knowledge base, support program development, enhance program operations, evaluate program results, and improve program effectiveness.

In the area of public health, we support many agencies and programs within the U.S. Department of Health and Human Services ("HHS") (including the National Institutes of Health ("NIH") and the Centers for Disease Control and Prevention ("CDC")) by conducting primary data collection and analyses, assisting in designing, delivering and evaluating programs, managing technical assistance centers, providing instructional systems, developing information technology applications, and managing information clearinghouse operations. Increasingly, we provide multichannel communications and messaging for public health programs using capabilities similar to our commercial marketing business. We also provide training and technical assistance for early care and educational programs (such as Head Start), and health and demographic surveys in developing countries for the U.S. Department of State ("DOS"). In the area of social programs, we provide extensive training, technical assistance, and program analysis and support services for a number of the housing and disaster recovery programs of the U.S. Department of Housing and Urban Development ("HUD") and state, territorial, and local governments. In addition, we provide research, program design, evaluation, and training for educational initiatives at the federal and state level. We provide similar services to a variety of U.K. ministries, as well as several Directorates-General of the European Commission.

Safety and Security

Safety and security programs continue to be a critical priority of the federal government, state and local governments, international governments (especially in Europe), and in the commercial sector. We believe we are positioned to meet the following key safety concerns:

- Vulnerability of critical infrastructure to cyber and terrorist threats;
- Increasing risks to enterprises' reputations in the wake of a cyber-attack;
- Broadened homeland security concerns that include areas such as health, food, energy, water, and transportation;
- Reassessment of the emergency management functions of homeland security in the face of natural disasters;
- Safety issues around crime and at-risk behavior;
- Increased dependence on private sector personnel and organizations in emergency response; and
- The need to ensure that critical functions and sectors are resilient and able to recover quickly after attacks or disasters.

These security concerns create demand for government programs that can identify, prevent, and mitigate key cybersecurity and the societal issues they cause.

We believe that demand for our services will continue to grow as government, industry, and other stakeholders seek to address critical long-term societal and natural resource issues due to heightened concerns about: clean energy and energy efficiency; health promotion, treatment, and cost control; ·ural disaster relief and rebuild efforts; and ongoing homeland security threats. In the wake of the major hurricanes (Harvey, Irma, Maria and Michael) that /astated communities in Texas, Florida, the U.S. Virgin Islands, and Puerto Rico, the affected areas remain in various stages of relief and recovery efforts. We believe our prior experience with disaster relief and rebuild efforts, including those from Hurricanes Katrina and Rita and Superstorm Sandy, puts us in a favorable position to provide recovery assistance, housing, and environmental and infrastructure solutions on behalf of federal departments and agencies, state, territorial and local jurisdictions, and regional agencies.

In addition, the U.S. Department of Defense ("DoD") is undergoing major transformations in its approach to strategies, processes, organizational structures, and business practices due to several complex, long-term factors, including:

- The changing nature of global security threats, including cybersecurity threats;
- Family issues associated with globally-deployed armed forces;
- The increasing use of commercial cloud computing infrastructure and services to support the DoD enterprise; and
- The increasing need for real-time information sharing and logistics modernization and network-centric planning requirements, and the global nature of conflict arenas.

We provide key services to DoD, the U.S. Department of Homeland Security ("DHS"), the U.S. Department of Justice ("DOJ"), and analogous Directorates-General at the European Commission. We support DoD by providing high-end strategic planning, analysis, and technology-based solutions in the areas of logistics management, operational support, command and control, and cybersecurity. We also provide the defense sector with critical infrastructure protection, environmental management, human capital assessment, military community research, and technology-enabled solutions. At DHS, we assist in shaping and managing critical programs to ensure the safety of communities, developing critical infrastructure protection plans and processes, establishing goals and capabilities for national preparedness at all levels of government in the U.S., and managing the national program to test radiological emergency preparedness at the state and local government levels in communities adjacent to nuclear power facilities. At DOJ, we provide technical and communications assistance to programs that help victims of crime and at-risk youths. At the European Commission, we provide support and analytical services related to justice and home affairs issues within the European context.

Consumer and Financial Markets

In the area of consumer and financial markets, we combine our expertise in strategic communications, marketing and creative services and public relations with our strengths in interactive and mobile technologies to help companies develop stronger relationships and engage with their customers and stakeholders across all channels, whether via traditional or digital media, to drive better operating results. We continue to strengthen our services in the fields of content and customer relationship management, loyalty marketing, and end-to-end e-commerce. In an effort to enhance our positioning and build awareness outside of our traditional client set, we have combined capabilities from strategic acquisitions to create a full-service, technology-rooted ~dvertising agency that guides brands digitally through informed strategy, inspired creative design, and technical know-how. We have the capability to mplete projects big or small across all channels (including web, social, mobile, intranet and emerging platforms) through end-to-end technology-based ..nplementations for local and global clients. Target customer areas include airlines, airports, electric and gas utilities, oil companies, banks and other financial services companies, transportation, travel and hospitality firms, non-profits/associations, law firms, manufacturing firms, retail chains, and distribution companies.

COMPETITIVE STRENGTHS

We possess the following key business strengths:

We have a highly-educated professional staff with deep subject matter knowledge

We possess strong intellectual capital that provides us with a deep understanding of policies, processes, and programs across our clients' markets. Oı thought leadership is based on years of training, experience, and education. We are able to apply our in-depth knowledge of our subject matter experts and our experience developed over 40 years of providing advisory services to address the problems and issues our clients are facing. As of December 31, 2018, approximately 34% of our benefits-eligible staff held post-graduate degrees in diverse fields such as the social sciences, business and management, physical sciences, public policy, human capital, information technology, mathematics, engineering, planning, economics, life sciences, and law. These qualifications, and the complementary nature of our markets, enable us to deploy multi-disciplinary teams to identify, develop, and implement solutions that are creative, pragmatic, and tailored to our clients' specific needs.

We believe our diverse range of client markets, services, and projects provide a stimulating work environment for our employees that enhances their professional development. The use of multi-disciplinary teams provides our staff the opportunity to develop and refine common skills required in many types of engagements. Our approach to managing people fosters collaboration and significant cross-utilization of the skills and experience of both industry experts and other personnel who can develop creative solutions by drawing on their different experiences. The types of services we provide, and the manner in which we do so, enable us to attract and retain talented professionals from a variety of backgrounds while maintaining a culture that fosters teamwork and excellence.

We have strong, long-standing relationships with clients across a diverse set of markets

The long-term relationships we maintain with many of our clients reflect our successful track record of fulfilling our clients' needs. We have advised both the U.S. Environmental Protection Agency ("EPA") and HHS for more than 30 years, the U.S. Department of Energy ("DOE") for more than 25 years, DoD for more than 20 years, certain commercial clients in our energy markets for more than 20 years, the European Commission for more than 15 years, and we have multi-year relationships with many of our other clients in both our government and commercial client base. We have numerous contacts at various levels within our clients' organizations, ranging from key decision-makers to functional managers. The long-standing nature and breadth of our client relationships adds greatly to our institutional knowledge, which, in turn, helps us carry out our client engagements more effectively and maintain and expand such relationships. Our extensive experience and client contacts, together with our prime-contractor position on a substantial majority of our contracts, and experience working alongside our clients, gives us clearer visibility into future opportunities and emerging requirements. We believe our balance between government civilian and defense agencies, our commercial presence, and the diversity of markets in which our clients operate help mitigate the impact of policy or political shifts, as well as annual shifts in our clients' budgets and priorities.

Our advisory services position us to capture a full range of engagements

We believe our advisory approach, which is based on our subject matter expertise combined with an understanding of our clients' requirements and objectives, is a significant competitive differentiator that helps us gain access to key client decision-makers during the initial phases of a policy, program, project, or initiative. We use our expertise and understanding to formulate customized recommendations for our clients. We believe this domain expertise and the program knowledge developed from our advisory engagements further position us to provide a full suite of services across the entire life cycle of a particular policy, program, project, or initiative. As a result, we are able to understand our clients' requirements and objectives as they evolve over time. We then use this knowledge to provide continuous improvement across our entire range of services, which maintains the relevance of our recommendations.

Our technology-enabled solutions are driven by our subject matter expertise and creativity

Government and commercial decision-makers have become increasingly aware that, to be effective, technology-based solutions need to be seamlessly integrated with people and processes. We possess strong knowledge in information technology and a thorough understanding of organizational behavior and human decision processes. This combination of skills, along with our domain knowledge, allows us to deliver technology-enabled solutions tailored to our clients' business and organizational needs with less start-up time required to understand client issues. In addition, many of our clients seek to deploy cutting-edge solutions to communicate and transact with citizens, stakeholders, and customers in a multichannel environment, and doing so takes both our constantly-refreshed technical know-how and world-class creativity.

Our proprietary tools, analytics and methods allow us to deliver superior solutions to our clients

We believe our innovative, and often proprietary, analytics and methods are key competitive differentiators because they enhance our ability to .iver customized solutions to our clients and enable us to deliver services in a more cost-effective manner than our competitors. For example, we have developed industry-standard energy and environmental models that are used by governments and commercial entities around the world for energy planning and air quality analyses and have also developed a suite of proprietary climate change tools to help the private sector develop strategies for complying with GHG emission reduction requirements. Our loyalty marketing services are often provided via our proprietary Tally software, software as a service. We maintain proprietary databases that we continually refine and that are available to be incorporated quickly into our analyses on client engagements. In addition, we also have proprietary program management methodologies and services that we believe can help clients improve performance measurement, support chief information officer and science and engineering program activities, and reduce security risks.

We are led by an experienced management team

Our management team, consisting of approximately 264 officers with the title of vice president or higher, possesses extensive industry experience and had an average tenure of 13.7 years with us as of December 31, 2018 (including prior service with companies we have acquired). This low turnover allows us to retain institutional knowledge. Our managers are experienced both in marketing efforts and in successfully managing and executing our key services. Our management team also has experience in acquiring other businesses and integrating those operations with our own. A number of our managers are industry-recognized thought leaders. We believe that our management's successful past performance and deep understanding of our clients' needs have been and will continue to be differentiating factors in competitive situations.

We have a broad global presence

We serve our clients with a global network of more than 65 regional offices throughout the U.S., and more than 15 offices in key markets outside the U.S., including offices in the U.K., Belgium, China, India and Canada. Our global presence also gives us access to many of the leading experts on a variety of issues from around the world, allowing us to expand our knowledge base and areas of functional expertise. Over the past year, we worked in dozens of countries, helping government and commercial clients with energy, environment, infrastructure, healthcare, marketing, interactive technology/e-commerce, and air transport matters.

STRATEGY

Our strategy to increase our revenue and shareholder value involves the following key elements:

Expand our commercial businesses

We plan to continue to pursue profitable commercial projects and we believe we have strong, global client relationships in both the commercial energy and air transport markets. We continue to see growth opportunities in our current commercial business in the utility sector, as well as significant tential for us to expand our business in other commercial areas, such as aviation and digital marketing services and strategic communications services, ,th domestically and internationally.

We view the energy industry as a particularly attractive sector for us over the next decade due to concerns over controlling energy costs and limiting climate and environmental impacts, increased state and federal regulation, the need for cleaner and more diverse sources of energy, and the concomitant need for infrastructure to transport, store, and/or convert those new energy sources. We also believe that the combination of our vertical domain expertise with our digital marketing expertise makes us a provider of choice for high value-added assignments in that arena. Although we believe the utility industry will continue to be a strong market for advisory services, particularly in light of the changing focus on regulatory actions and alternative energy sources, we intend to leverage our existing relationships and institutional expertise to pursue and capture additional, typically higher-margin opportunities. For example, we believe we can continue to expand our program and technology-based services in areas such as assisting with the implementation of energy efficiency programs, information technology applications, and environmental management services for larger utilities. In addition, the growth of interest in sustainability and energy efficiency issues has created opportunities to offer these types of services to new clients beyond our traditional sectors. We believe these factors, coupled with our expansive national and global footprint, will result in a greater number of engagements that will also be larger in size and scope.

We expect that interest in energy advisory services will continue to expand as clients in a number of industries, including information service providers and companies engaged in travel and tourism, seek to better understand their energy consumption options and the positive benefits of demonstrating environmental stewardship. Our broad range of services to the aviation industry makes us well positioned to capitalize on significant industry changes, including substantial airline equipment upgrades to newer, more efficient aircraft models in a cost-constrained environment; renovations of older airports to adapt to newer aircraft; and changes to airport business models and strategy as they place increasing importance on passenger experience.

Our engagement services, including marketing, interactive technology, and strategic communications offerings, are well-positioned to support the continuing growth of multichannel engagement and e-commerce. We have broadened our client offerings, particularly in the areas of content management, marketing and digital services. We can now offer complete end-to-end solutions for chief marketing officers, chief communications officers, and chief technology officers as they invest in digital marketing platforms and solutions. We deliver cutting-edge digital strategy support, as well as the creative services that help brands, products and services succeed in a crowded marketplace. As a means of more comprehensively communicating and delivering our engagement services to customers in both the private and public sectors, ICF recently announced the creation of ICF Next, an umbrella under which all of ICF's engagement capabilities can be integrated, communicated, and delivered to clients.

Replicate our business model across government and industry in selected geographies

We believe the services we provide to our energy, environment, and infrastructure market have strong growth potential in selected geographies. Our domain expertise is well suited in Europe to meet the need for cutting-edge climate change, energy and environmental solutions, particularly with our offerings to the U.K. government and European Commission. We have also focused our geographic footprint, when prudent, by selectively closing or reducing the size of offices which appear to be unlikely to generate profitable growth in the near to medium term, generally in nations or regions undergoing either economic or political challenges.

Strengthen our technology-based offerings

We continue to strengthen our services in the fields of content and customer relationship management, loyalty marketing, and end-to-end e-commerce. We are positioned to increase these services by expanding the technological underpinnings of our business, while bringing these marketing and e-commerce solutions, as well as expanded data management and analytics offerings, to our clients to better link them with consumers and other stakeholders.

Leverage advisory work into full life cycle solutions

We plan to continue to leverage our advisory services and strong client relationships to increase our revenue by winning longer term engagements. These engagements could include: information services and technology-based solutions, project and program management, business process solutions, marketing and communications delivery, strategic communications, and technical assistance and training. Our advisory services provide us with insight and understanding of our clients' missions and goals. We believe the domain expertise and program knowledge we develop from these advisory assignments position us to capture a greater portion of the resulting larger engagements. However, we will need to undertake such expansion carefully to avoid actual, potential, and perceived conflicts of interest.

Defend, expand, and deepen our presence in core U.S. federal and state and local government markets

Changing political priorities at the U.S. federal, state (including territories), and local government levels have created challenging market conditions for all competitors in the government services sector. We will focus not only on defending our current market footprint, but also on innovating to continue expanding across key growth markets, such as U.S. federal government health-related and cybersecurity initiatives, digital services, and disaster recovery work for state and local governments. We will continue to provide innovative solutions that help our public sector clients do more with less. We will specifically target deeper penetration of those agencies that currently procure services only from one or two of our service areas. We believe we can leverage many of our long-term client relationships by introducing these existing clients, where appropriate, to our other services in order to better meet their needs. For example, we plan to introduce many of our advisory clients to our capabilities to provide associated information technology, cybersecurity, large-scale program management, and strategic communications and digital services. We can also offer clients our extensive performance measurement, program evaluation, and performance management services. Finally, having more than 65 offices across the U.S allows us to focus more of our business development efforts on addressing the needs of U.S. federal and state and local government agencies with operations outside of the Washington, D.C. metropolitan area.

Pursue larger prime contract opportunities

We believe that continuing to expand our client engagements into services we offer as part of our end-to-end client solutions enables us to pursue larger prime contract opportunities, which should provide a greater return on our business development efforts and allow for increased employee utilization. We plan to continue to target larger and longer-term opportunities through greater emphasis on early identification of opportunities, strategic capture and positioning, and enhanced brand recognition. We believe that the resulting increase in the scale, scope, and duration of our contracts will help us continue to grow our business.

Pursue strategic acquisitions

We plan to augment our organic growth with selective, strategic acquisitions when the target company will enable us to obtain new clients, increase our presence in attractive markets, and/or obtain capabilities that complement our existing portfolio of services, provided that the target company has a cultural compatibility and we expect that that the acquisition will have a positive financial impact.

These elements of our strategy permeate all of the Company and influence day-to-day decisions. We believe that, collectively, they support the overall long-term growth of the organization.

CLIENT AND CONTRACT MIX

Government clients (including U.S. federal, state (including territories) and local, as well as international, governments) accounted for approximately 64%, 62%, and 65% of our 2018, 2017, and 2016 revenue, respectively. Commercial clients (including U.S. and international clients) accounted for approximately 36%, 38%, and 35% of our 2018, 2017, and 2016 revenue, respectively. Our clients span a broad range of civilian and defense agencies and commercial enterprises. Commercial clients include non-profit organizations and universities, while government clients include the World Bank and the United Nations. In general, a client is considered to be a government client if its primary funding is from a government agency or institution. If we are a subcontractor, we classify the revenue based on the nature of the ultimate client receiving the services.

In the fiscal years 2018, 2017, and 2016, our three largest clients were HHS, DOS, and DoD. The following table summarizes the percentage of our total revenue for each of these.

	Year ended December 31,		
	2018	**2017**	**2016**
Department of Health and Human Services	17%	20%	19%
Department of State	6%	6%	6%
Department of Defense	5%	5%	5%
Total	28%	31%	30%

Most of our revenue is derived from prime contracts in which we work directly for the end customer, which accounted for approximately 92%, 91%, and 90% of our revenue for 2018, 2017, and 2016, respectively.

Our contract periods typically extend from one month to five years, including option periods. Many of our government contracts provide for option periods that may be exercised by the client. In 2018, 2017, and 2016, no single contract accounted for more than 4% of our revenue. Our 10 largest contracts by revenue collectively accounted for approximately 18%, 15%, and 14% of our revenue in 2018, 2017, and 2016, respectively.

International revenues increased by $40.4 million for the year ended December 31, 2018 compared to the year ended December 31, 2017, as a result of both organic growth and growth through acquisitions, due to increases in our international government client services in the energy, environment and infrastructure and in the health, education, and social program client markets and increases in our international commercial client services in the consumer and financial client markets.

CONTRACT BACKLOG

We define *total backlog* as the future revenue we expect to receive from our contracts and other engagements. We generally include in our total backlog the estimated revenue represented by contract options that have been priced, but not exercised. We do ***not*** include any estimate of revenue relating to potential future delivery orders that might be awarded under our U.S. General Services Administration Multiple Award Schedule ("GSA Schedule") contracts, other Indefinite Delivery/Indefinite Quantity ("IDIQ") contracts, Master Service Agreements ("MSAs"), or other contract vehicles that are also held by a large number of firms and under which potential future delivery orders or task orders might be issued by any of a large number of different agencies, and are likely to be subject to a competitive bidding process. We do, however, include potential future work expected to be awarded under IDIQ contracts that are available to be utilized by a limited number of potential clients and are held either by us alone or by a limited number of firms.

We include expected revenue in *funded backlog* when we have been authorized by the client to proceed under a contract up to the dollar amount specified by our client, and this amount will be owed to us under the contract after we provide the services pursuant to the authorization. If we do not provide services authorized by a client prior to the expiration of the authorization, we remove amounts corresponding to the expired authorization from funded backlog. We do include expected revenue under an engagement in funded backlog when we do not have a signed contract, but only in situations when we have received client authorization to begin or continue working and we expect to sign a contract for the engagement. In this case, the amount of funded backlog is limited to the amount authorized. Our funded backlog does not represent the full revenue potential of our contracts because many government clients, and sometimes other clients, authorize work under a particular contract on a yearly or more frequent basis, even though the contract may extend over several years. Most of the services we provide to commercial clients are provided under contracts or task orders under MSAs with relatively short durations. As a consequence, our backlog attributable to these clients is typically reflected in funded backlog and not in unfunded backlog.

We define *unfunded backlog* as the difference between total backlog and funded backlog. Our estimate of unfunded backlog for a particular contract is based, to a large extent, on the amount of revenue we have recently recognized on the particular contract under the assumption that future utilization will be similar, our past experience in utilizing contract capacity on similar types of contracts, and our professional judgment. Accordingly, if contract utilization is different from our expectations, the revenue eventually earned on a contract may be lower or higher than that implied by our estimate, at a point in time or during the life of a contract, of total backlog, including unfunded backlog. Although we expect our total backlog to result in revenue, the timing of revenue associated with both funded and unfunded backlog will vary based on a number of factors, and we may not recognize revenue associated with a particular component of backlog when anticipated, or at all. Our government clients generally have the right to cancel any contract, or ongoing or planned work under any contract, at any time. In addition, there can be no assurance that revenue from funded or unfunded backlog will have similar profitability to previous work or will be profitable at all. Generally speaking, we believe the risk that a particular component of backlog will not result in future revenue is higher for unfunded backlog than for funded backlog.

Our funded and estimates of unfunded and total backlog were as follows at December 31:

	2018	2017	2016
		(in millions)	
Funded	$ 1,140.1	$ 1,060.0	$ 1,020.3
Unfunded	1,237.6	890.4	1,102.4
Total backlog	$ 2,377.7	$ 1,950.4	$ 2,122.7

There were no awards included in our 2018, 2017 or 2016 backlog amounts that were under protest.

BUSINESS DEVELOPMENT

Our business development efforts are critical to our organic growth. Our business development processes and systems are designed to enable agility and speed-to-market over the business development life cycle, especially given the distinctions between commercial and government clients. Business development efforts in priority market areas, which include some of our largest federal agency accounts (HHS, DOS, DOE, U.S. Department of Transportation d EPA), are executed through account teams, each of which is headed by a corporate account executive and supported by dedicated corporate business velopment professionals and senior staff from the relevant operational area. Each account executive has significant authority and accountability to set priorities, focusing on larger and strategically important pursuits, and utilize appropriate resources to win new work. Each team participates in regular executive reviews of marketing plans and proposal development process. Our non-federal government clients are served by account leaders from operating units and coordinated by senior executives with industry experience where such coordination is deemed appropriate to enhance our business development success. This account-based approach allows deep insight into the needs of current and future clients. It also helps us anticipate our clients' evolving requirements over the coming 12 to 18 months and position ourselves to meet those requirements. Each administrative group is responsible for maximizing sales in our existing accounts and finding opportunities in closely-related accounts.

The corporate business development function also includes a market research and competitive intelligence group, a proposal group, a marketing group, a communications group, and a strategic capture unit. The marketing group engages in brand marketing and strategic marketing program development and execution to raise awareness of our services and solutions across our markets, and to generate leads for further pursuit by sales personnel. Our contracts and administration function supports bid price development in partnership with the business development account teams.

COMPETITION

We operate in a highly competitive and fragmented marketplace and compete against a number of firms in each of our clients' key markets. Some of our principal competitors include: Abt Associates Inc.; AECOM Technology Corporation; Alliance Data Systems Corporation; Booz Allen Hamilton Holding Corporation; CACI International Inc.; Cambridge Systematics, Inc.; CRA International, Inc.; Deloitte LLP; Eastern Research Group, Inc.; Cardno ENTRIX, Inc.; L-3 Technologies, Inc.; Leidos Holdings, Inc.; Lockheed Martin Corporation; ManTech International Corporation; Navigant Consulting, Inc.; Northrop Grumman Corporation; Omnicom Group Inc.; PA Consulting Group; PricewaterhouseCoopers (PwC); Publicis Group; Science Applications International Corp; Research Triangle Institute; Tetra Tech Inc.; Westat, Inc., and WPP Plc. In addition, we have numerous smaller competitors, many of which have narrower service offerings and serve niche markets. Some of our competitors are significantly larger than we are and have greater access to resources and stronger brand recognition than we do.

We consider our principal competitive discriminators to be long-standing client relationships, good reputation and past performance of the firm, client references, technical knowledge and industry expertise of employees, quality of services and solutions, scope and scale of our service offerings, and pricing.

INTELLECTUAL PROPERTY

We own a number of trademarks and copyrights that help maintain our business and competitive position. Sales and licenses of our intellectual property do not currently comprise a substantial portion of our revenue or profit. We rely on the technology and models, proprietary processes, and other intellectual property we own or have rights to use in our analyses and other work we perform for our clients. We use these innovative, and often proprietary, ftware, analytical models and tools throughout our service offerings. Our staff regularly maintains, updates, and improves these software, models, and tools sed on our corporate experience. In addition, we sometimes retain limited rights in software applications we develop for clients. We use a variety of means to protect our intellectual property.

EMPLOYEES

As of December 31, 2018, we had more than 6,000 benefits-eligible (full-time or benefits eligible) employees, approximately 34% of whom held post-graduate degrees in diverse fields such as social sciences, business and management, physical sciences, public policy, human capital, information technology and mathematics, engineering, planning, economics, life sciences, and law. Approximately 80% of our employees held a bachelor's degree or equivalent or higher. Our professional environment encourages advanced training to acquire industry-recognized certifications, rewards strong job performance with advancement opportunities, and fosters ethical and honest conduct. Our salary structure, incentive compensation, and benefit packages are competitive within our industry.

ITEM 1A. RISK FACTORS

The following discussion of "risk factors" sets forth some of the most significant factors that may adversely affect our business, operations, financial position or future financial performance, reputation and/or value of our stock. This information should be read in conjunction with Management's Discussion and Analysis and the consolidated financial statements and related notes incorporated by reference into this Annual Report on Form 10-K. Because of the following factors, as well as other factors, whether known or unknown, affecting our business, operations, financial position or future financial performance, reputation and/or value of our stock, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

RISKS RELATED TO OUR INDUSTRY

The failure of Congress to approve appropriations bills in a timely manner for the federal government agencies and departments we support, or the failure of the Administration and Congress to reach an agreement on fiscal issues, could delay and reduce spending, cause us to lose revenue and profit, and affect our cash flow.

On an annual basis, Congress is required to approve appropriations bills that govern spending by each of the federal government agencies and departments we support. When Congress is, or Congress and the Administration are, unable to agree on budget priorities, and thus unable to pass annual appropriations bills on a timely basis, Congress typically enacts a continuing resolution. Continuing resolutions generally allow federal government agencies and departments to operate at spending levels based on the previous fiscal year. When agencies and departments operate on the basis of a continuing resolution, funding we expect to receive from clients for work we are already performing and for new initiatives may be delayed or cancelled. Recently Congress and the Administration have failed to agree on a continuing resolution, resulting in a temporary shutdown of non-essential federal government functions and our work on such functions. Thus, the failure by Congress and the Administration to approve appropriations bills in a timely manner can result in the loss of revenue and profit when federal government agencies and departments are required to cancel or change existing or new initiatives or the deferral of revenue and profit to later periods due to shutdowns or delays in implementing existing or new initiatives. There is also the possibility that Congress will fail to raise the U.S. debt ceiling when necessary. This can also result in federal government shutdowns. The delayed funding or shutdown of many parts of the federal government, including agencies, departments, programs, and projects we support could have a substantial negative affect on our revenue, profit, and cash flows. The budgets of many of our state and local government clients are also subject to similar processes, and, as a result, subject us to similar risks and uncertainties.

In addition, in an effort to control the federal government deficit, Congress passed the Budget Control Act of 2011 (the "Budget Act"), which mandated the reduction of discretionary spending by the federal government by $1.2 trillion over 10 years. While some of these reductions have been rescinded and certain spending caps were raised for Fiscal Years 2018 and 2019, the spending caps for Fiscal Years 2020 and 2021 remain in place and, unless they are also rescinded, could continue to constrain federal discretionary spending for the services we provide. Because we derive a significant portion of our revenue from contracts with federal government clients, a decline in federal government expenditures and/or a shift of expenditures away from programs in which we provide support, whether as a result of the Budget Act or otherwise, would likely have a negative impact on our business and results.

Government budgeting and spending priorities may change in a manner adverse to our business.

We derived approximately 41%, 45%, and 48% of our revenue in 2018, 2017, and 2016, respectively, from contracts with federal government clients, and approximately 23%, 17%, and 17% of our revenue from contracts with state and local governments and international governments in 2018, 2017, and 2016, respectively. Expenditures by our federal government clients may be restricted or reduced by presidential or congressional actions, by action of the Office of Management and Budget, by action of individual agencies or departments, or by other actions. In addition, many state and local governments are not permitted to operate with budget deficits and nearly all state and local governments face considerable challenges in balancing their budgets. Accordingly, we expect, due to changing government budgeting and spending priorities, that some of our government clients in the future may delay payments due to us, may eventually fail to pay what they owe us, and/or may delay certain programs and projects. For some government clients, we may face a difficult choice: turn down (or stop) work due to budget uncertainty with the risk of damaging a valuable client relationship or perform work with the risk of not being paid in a timely fashion or perhaps at all. Federal and/or state and local government elections could also affect spending priorities and budgets at all levels of government. In addition, increased deficits and debt at all levels of government, both domestic and international, may lead to reduced spending by agencies and departments on projects or programs we support.

Our failure to comply with complex laws, rules, and regulations could cause us to lose business and subject us to a variety of penalties and sanctions.

We must comply with laws, rules, and regulations that affect how we do business with our government clients and impose added costs on our business. Each government client has its own laws, rules, and regulations that affect its contracts. Some of the more significant laws and regulations affecting the formation, administration, and performance of U.S. government contracts include:

- U.S. Federal Acquisition Regulation as well as Cost Accounting Standards, and agency and department regulations analogous or supplemental to federal regulation;
- U.S. Foreign Corrupt Practices Act;
- U.S. Truthful Cost or Pricing Data Act (formerly known as the Truth in Negotiations Act);
- U.S. Procurement Integrity Act;
- U.S. Civil False Claims Act and the False Statements Act; and
- U.S. laws, rules and regulations restricting (i) the use and dissemination of information classified for national security purposes, (ii) the exportation of specified products, technologies, and technical data, and (iii) the use and dissemination of sensitive but unclassified data.

Any failure to comply with applicable federal, and/or state and local government laws, rules and regulations could subject us to civil and criminal penalties and administrative sanctions, including termination of contracts, repayment of amounts already received under contracts, forfeiture of profits, suspension of payments, fines, and suspension or debarment from doing business with federal and/or state and local government agencies and departments, any of which could adversely affect our reputation, our revenue, our operating results, and/or the value of our stock.

In addition, the federal government and other governments with which we do business may change their procurement practices or adopt new contracting laws, rules, or regulations that could be costly to satisfy or that could impair our ability to obtain new contracts and reduce our revenue and profit, such as curtailing the use of services firms or increasing the use of firms with a "preferred status," such as small businesses.

In addition to our U.S. operations, we also have a significant presence in key markets outside the U.S., including offices in the U.K., Belgium, China, India and Canada. Failure to abide by laws, rules and regulations applicable to us because of our work outside the U.S., such as the U.K. Bribery Act and European Union's General Data Protection Regulation, could have similar effects to those described above.

We are subject to various routine and non-routine governmental and other reviews, audits and investigations, and unfavorable results could force us to adjust previously reported operating results, could affect future operating results, and could subject us to a variety of penalties and sanctions.

Federal government departments and agencies and many state, territorial and local government clients review, audit and investigate our contract performance, pricing practices, cost structure, financial capability, and compliance with applicable laws, rules, and regulations. We have experienced growth in services related to disaster recovery in recent years, and those activities, by their nature, may involve interaction with a combination of federal, state, territorial and local governments, citizens and subcontractors that increase the risk of audits, investigations, reviews, monitoring and litigation. Any of these reviews, audits and investigations could raise issues that have significant adverse effects, including, but not limited to, substantial adjustments to our previously reported operating results and substantial effects on future operating results. If a government review, audit, or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, repayment of amounts already received under contracts, forfeiture of profits, suspension of payments, fines, and suspension or debarment from doing business with federal and state and local government agencies and departments, any of which could adversely affect our reputation, our revenue, our operating results, and/or the value of our stock. We may also lose business if we are found not to be sufficiently able to meet ongoing cash flow and financial obligations on a timely basis. In addition, we could suffer serious harm to our reputation and our stock price could decline if allegations of impropriety are made against us, whether true or not. Federal government audits have been completed on our incurred contract costs only through 2010 and audits for costs incurred on work performed since then have not yet been completed. In addition, non-audit reviews by federal and state and local governments may still be conducted on all our government contracts, even for periods before 2010.

Our contracts may contain provisions that are unfavorable to us and permit our clients to, among other things, terminate our contracts partially or completely at any time prior to completion.

Our contracts may contain provisions that allow our clients to terminate or modify these contracts at their convenience on short notice. If a client terminates one of our contracts for convenience, we may only bill the client for work completed prior to the termination, plus any commitments and settlement expenses the client agrees to pay, but not for any work not yet performed. In addition, many of our government contracts and task and delivery orders are incrementally funded as appropriated funds become available. The reduction or elimination of such funding can result in contract options not being exercised and further work on existing contracts and orders being curtailed. In any such event, we would have no right to seek lost fees or other damages. In addition, certain contracts with international government clients may have more severe and/or different contract clauses than what we are accustomed to with federal and state and local government clients, such as penalties for any delay in performance. If a client were to terminate, decline to exercise options under, or curtail further performance under one or more of our major contracts, our revenue and operating results could be adversely affected.

Our commercial work depends on certain sectors of the global economy that are highly cyclical, which can lead to substantial variations in our revenue and profit from period to period.

In recent years, we have expanded our work with commercial clients. Our commercial clients, which include clients outside the U.S., generated approximately 36%, 38%, and 35% of our revenue in 2018, 2017, and 2016, respectively. This increased reliance on commercial clients presents new risks and challenges. For example, our commercial work is heavily concentrated in industries which can be cyclical, such as: energy, air transportation, environmental, health, retail and financial services. Demand for our services from our commercial clients has historically declined when their industries have experienced downturns, and we expect a decline in demand for our services when these industries experience downturns in the future.

As we expand our national and global footprint, we may become involved in a greater number of engagements that will be larger in size and scope. The increase in size and scope of the engagements in which we become involved in subjects us to the potential for a larger impact of a change in the credit risk associated with certain larger customers, particularly among our commercial clients. Our customers may face unexpected circumstances that adversely impact their ability to pay their trade payables to us and we may face unexpected losses as a result. Such circumstances could lead to the customer filing for bankruptcy. This can ultimately lead to variations in our profit from period to period. We monitor the aging of receivables regularly and make assessments of the ability of customers to pay amounts due.

RISKS RELATED TO OUR BUSINESS

Changes to U.S. tax laws may adversely affect our financial condition or results of operation and create the risk that we may need to adjust our accounting for these changes.

The Tax Cuts and Jobs Act (the "Tax Act"), enacted in late 2017, made significant changes to U.S. tax laws and included numerous provisions that affect businesses, including ours. For instance, as a result of lower corporate tax rates, the Tax Act tends to reduce both the value of deferred tax assets and the amount of deferred tax liabilities. It also limits interest rate deductions and the amount of net operating losses that can be used each year and alters the expensing of capital expenditures. Other provisions have international tax consequences for businesses like ours that operate internationally. The Tax Act is unclear in certain respects and will require interpretations and implementing regulations by the Internal Revenue Service, as well as state tax authorities, and the Tax Act could be subject to amendments and technical corrections, any of which could lessen or increase the adverse (and positive) impacts of the Tax Act. The accounting treatment of these tax law changes is complex, and some of the changes may affect both current and future periods. Others will primarily affect future periods

Maintaining our client relationships and professional reputation are critical to our ability to successfully win new contracts and renew expired contracts.

Our client relationships and professional reputation are key factors in maintaining and growing our business, revenue and profit levels under contracts with our clients. We continually bid for and execute new contracts, and our existing contracts continually become subject to re-competition and expiration. If we are not able to replace the revenue from these contracts, either through follow-on contracts or new contracts for those requirements or for other requirements, our revenue and operating results may be adversely affected. On the expiration of a contract, we typically seek a new contract or subcontractor role relating to that client to replace the revenue generated by the expired contract. There can be no assurance that those expiring contracts we are servicing will continue after their expiration, that the client will re-procure those requirements, that any such re-procurement will not be restricted in a way that would eliminate us from the competition (e.g. set asides for small businesses), or that we will be successful in any such re-procurements or in obtaining subcontractor roles. Any factor that diminishes client relationships and/or professional reputation with federal, state, territorial and local and international government clients, as well as commercial clients, could make it substantially more difficult for us to compete successfully for new engagements and qualified employees. To the extent our client relationships and/or professional reputation deteriorate, our revenue and operating results could be adversely affected.

Our reliance on GSA Schedule and other IDIQ contracts creates the risk of volatility in our revenue and profit levels.

We believe that one of the elements of our success is our position as a prime contractor under GSA Schedule contracts and other IDIQ contracts and we believe this position is important to our ability to sell our services to federal government clients. However, these contract vehicles require us to compete for each delivery order and task order, rather than having a more predictable stream of activity during the term of a multi-year contract. In addition, we may spend considerable cost and managerial time and effort to prepare bids and proposals for contracts, delivery orders or task orders that we may not win. There can be no assurance that we will continue to obtain revenue from such contracts at current levels, or in any amount, in the future. To the extent that federal government agencies and departments choose to employ GSA Schedule contracts and other IDIQ contracts encompassing activities for which we are not able to compete or provide services, we could lose business, which would negatively affect our revenue and profitability.

We may not receive revenue corresponding to the full amount of our backlog, or may receive it later than we expect, which could adversely affect our revenue and operating results.

The calculation of backlog is highly subjective and conditioned on numerous uncertainties and estimates, and there can be no assurance that we will in fact receive the amounts we have included in our backlog. Our assessment of a contract's potential value is based on factors such as the amount of revenue we have recently recognized on that contract under the assumption that future utilization will be similar, our experience in utilizing contract capacity on similar types of contracts, and our professional judgment. In the case of contracts that may be renewed at the option of the client, we generally calculate backlog by assuming that the client will exercise all of its renewal options; however, the client may elect not to do so. In addition, federal government contracts rely on congressional appropriation of funding, which is typically provided only partially at any point during the term of federal government contracts, and all or some of the work to be performed under a contract may require future appropriations by Congress and the subsequent allocation of funding by the procuring agency or department to the contract. Protests of contracts continue to be common in our industry. We do not include contract awards that are subject to a pending protest in our calculation of backlog. If a contract previously included in backlog becomes the subject of a protest, we would adjust backlog to remove that amount and reassess following resolution of the protest. Our estimate of the portion of backlog that we expect to recognize as revenue in any future period may differ from actual results because the receipt and timing of this revenue often depends on subsequent appropriation and allocation of funding and is subject to various contingencies, such as timing of task orders and delivery orders, many of which are beyond our control. In addition, we may never receive revenue from some of the engagements that are included in our backlog, and this risk is greater with respect to unfunded backlog. Although we adjust our backlog to reflect modifications to or renewals of existing contracts, awards of new contracts, or approvals of expenditures, if we subsequently fail to realize revenue corresponding to our backlog, our revenue and operating results could be adversely affected.

Failure to identify, hire, train and retain talented employees who are committed to our mission and vision could have a negative effect on our reputation and our business.

Our business, which entails the provision of professional services to government and commercial clients, largely depends on our ability to attract and retain qualified employees. Additionally, as our business continues to evolve, as we acquire new businesses, and as we provide a wider range of services, we become increasingly dependent on the capabilities of our employees in order to meet the needs of our diverse client base. If we are unable to recruit and retain a sufficient number of qualified employees that are committed to our mission and vision, we may incur higher costs related to an increase in subcontractors, hiring, training and retention. Effective succession planning is also important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving key employees could hinder our strategic planning and execution. Additionally, the loss of key personnel could impair our ability to effectively serve our clients and maintain and grow our business, and our future revenue and operating results could be adversely affected.

Because much of our work is performed under task orders and delivery orders and, on certain occasions, other short-term assignments, we are exposed to the risk of not having sufficient work for our staff, which can affect revenue and profit.

We perform some of our work under short-term contracts. Even under many of our longer-term contracts, we perform much of our work under individual task orders and delivery orders, many of which are awarded on a competitive basis. If we cannot obtain new work in a timely fashion, whether through new contracts, task orders, or delivery orders, modifications to existing contracts, or otherwise, we may not be able to keep our staff profitably utilized, which may result in challenges related to retaining talented members of our staff and also adversely impact our financial results. There can be no assurance that we can profitably manage the utilization of, or retain, our staff.

If we are unable to accurately estimate and control our contract costs, then we may incur losses on our contracts, which could decrease our operating margins and reduce our profits. In particular, the unpredictability of our earnings could increase on our fixed-price contracts if we cannot accurately estimate and control our contract costs.

It is important for us to accurately estimate and control our contract costs so that we can maintain positive operating margins and profitability. As described elsewhere in this Form 10-K, we generally enter into three principal types of contracts with our clients: fixed-price, time-and-materials and cost-plus.

We derived 39%, 39%, and 39% of our revenue from fixed-price contracts 2018, 2017, and 2016, respectively. Under fixed-price contracts, we receive a fixed price irrespective of the actual costs we incur and, consequently, we are exposed to a number of risks. We realize a profit on fixed-price contracts only if we can control our costs and prevent cost overruns while also meeting contract requirements. Fixed-price contracts require cost and scheduling estimates that are based on a number of assumptions, including those about future economic conditions, costs, and availability of labor, equipment and materials, and other exigencies. We could experience cost overruns if these estimates are inaccurate as a result of errors or ambiguities in the contract specifications, or become inaccurate as a result of a change in circumstances following the submission of the estimate due to, among other things, unanticipated technical problems, difficulties in obtaining permits or approvals, changes in local laws or labor conditions, weather delays, or the inability of our vendors or subcontractors to perform. If cost overruns occur, we could experience reduced profits or, in some cases, a loss for that project. If a project is significant, or if there are one or more common issues that impact multiple projects, costs overruns could increase the unpredictability of our earnings, as well as have an adverse impact on our business and earnings.

We provide digital marketing services in highly competitive and constantly evolving markets. Our success in these markets depends on our ability to develop and integrate new technologies into our business and enhance our existing products and services, as well as our ability to respond to rapid changes in technology in order to remain competitive.

In our consumer and financial market, we provide digital marketing services in highly competitive markets. We compete principally with large systems consulting and implementation firms, traditional and digital advertising and marketing agencies, offshore consulting and outsourcing companies, and clients' internal information systems departments. To a lesser extent, other competitors include boutique consulting firms that maintain specialized skills and/or are geographically focused. We expect these competitors to devote significant effort to maintaining and growing their respective market shares. If we cannot respond effectively to advances by our competitors in this market, or grow our own business efficiently, our overall business and operating results could be adversely affected.

Our success in this competitive market depends in part on our ability to adapt to rapid technological advances and evolving standards in computer and mobile device hardware and software development and media infrastructure, changing and increasingly sophisticated customer needs, newly-developed digital marketing services and platform introductions and enhancements. If, within this market, we are unable to develop new or sufficiently differentiated products and services, to enhance and improve our products and support services in a timely manner or to position and/or price our products and services to meet demand, our overall business and operating results could be adversely affected.

ıgation, claims, disputes, audits, reviews, and investigations in connection with the completed Road Home contract expose us to many different types of liability, may divert management attention, and could increase our costs.

In June 2006, our subsidiary, ICF Emergency Management Services, LLC ("ICF Emergency"), was awarded the Road Home contract by the State of Louisiana, Office of Community Development (the "OCD"), to manage a program designed primarily to help homeowners and landlords of small rental properties affected by Hurricanes Rita and Katrina by providing them compensation for the uninsured, uncompensated damages they suffered from the hurricanes (the "Program"). With an aggregate value of $912 million, the Road Home contract was our largest contract throughout its three-year duration, which ended on June 11, 2009.

The Road Home contract provided us with significant opportunities, but also created substantial risks. A number of these risks continued beyond the term of the contract. We still have lawsuits pending, and other claims have been made against us in connection with this contract. New lawsuits may be filed, and new claims may be made against us in the future including, but not limited to, claims by subcontractors and others who are dissatisfied with the amount of money they have received from, or their treatment under, the Program. We have defended such lawsuits and claims vigorously and plan to continue to do so, but we may not prevail in future cases. Although the contract provides that, with several exceptions, we are allowed to charge, as an expense under the contract, reasonable costs and fees incurred in defending and paying claims brought by third parties arising out of our performance, there can be no assurance that our legal costs and fees will be reimbursed. The State of Louisiana has not reimbursed us for the majority of such costs or fees and has not reimbursed any such costs or fees since 2008. The outstanding contract receivables related to defending and paying claims were fully reserved as of December 31, 2018.

In addition, as discussed in "Note 19—Commitments and Contingencies – Road Home Contract" in our financial statements, on June 10, 2016, the OCD filed a written administrative demand (the "Administrative Demand") with the Louisiana Commissioner of Administration against ICF Emergency in connection with the administration of the Program. In its administrative demand, the OCD sought approximately $200.8 million in alleged overpayments to Program grant recipients. The OCD separately supplemented the amount of recovery it is seeking in total approximately $220.2 million. The State of Louisiana, through the Division of Administration, also filed suit (the "Proceeding") in Louisiana state court on June 10, 2016 broadly alleging and seeking recoupment for the same claim made in the Administrative Demand. On September 21, 2016, the Commissioner of the Division of Administration notified the OCD and the Company of his decision to defer jurisdiction of the Administrative Demand. In so doing, the Commissioner declined to reach a decision on the merits, stated that his deferral would not be deemed to grant or deny any portion of the OCD's claim, and authorized the parties to proceed on the matter in the Proceeding. The Company continues to believe that neither the Administrative Demand nor the Proceeding has any merit, intends to vigorously defend its position, and has therefore not recorded a liability as of December 31, 2018.

As discussed above, the Road Home contract has been, and may continue to be, the subject of audit, investigations, and reviews by federal and state government authorities and their representatives. These activities may consume significant management time and effort. Further, the contract provides that we are subject to audits for a period after the date of the last payment made under the contract. Findings from any audit, investigation, review, monitoring, or similar activity could subject us to civil and criminal penalties and administrative sanctions from federal and state government authorities, which could ıbstantially adversely affect our reputation, our revenue, our operating results, and the value of our stock.

We derive significant revenue and profit from contracts awarded through a competitive bidding process, which can impose substantial costs on us, and we will lose revenue and profit if we fail to compete effectively.

We derive significant revenue and profit from contracts that are awarded through a competitive bidding process. Competitive bidding imposes substantial costs and presents a number of risks, including the:

- Substantial cost and managerial time and effort that we spend to prepare bids and proposals;
- Need to estimate accurately the resources and costs that will be required to service any contracts we are awarded, sometimes in advance of the final determination of their full scope;
- Expense and delay that may arise if our competitors protest or challenge awards made to us pursuant to competitive bidding, as discussed in the risk factor below; and
- Opportunity cost of not bidding on and winning other contracts we may have otherwise pursued.

To the extent we engage in competitive bidding and are unable to win particular contracts, we not only incur substantial costs in the bidding process that negatively affect our operating results, but we may lose the opportunity to operate in the market for the services provided under those contracts for a number of years. Even if we win a particular contract through competitive bidding, our profit margins may be depressed or we may even suffer losses as a result of the costs incurred through the bidding process and the need to lower our prices to overcome competition.

Our business could be adversely affected by delays caused by our competitors protesting contract awards received by us, which could stop our work. Likewise, we may protest the contracts awarded to some of our competitors, a process that takes the time and energy of our management and we may incur additional legal and consultant costs.

Due in part to the competitive bidding process under which government contracts are awarded, we are at risk of incurring expenses and delays if one or more of our competitors protest contracts awarded to us. Contract protests remain common in our industry and may result in a requirement to resubmit offers for the protested contract or in the termination, reduction, or modification of the awarded contract. It can take many months to resolve contract protests and, in the interim, the contracting government agency or department may suspend our performance under the contract pending the outcome of the protest. Even if we prevail in defending the contract award, the resulting delay in the startup and funding of the work under these contracts may adversely affect our operating results.

Moreover, in order to protect our competitive position, we may protest the contract awards of our competitors. This process takes the time and energy of our executives and employees, is likely to divert management's attention from other important matters and could cause us to incur additional legal and consultant costs.

Our international operations pose additional risks to our profitability and operating results.

We have offices in the U.K., Belgium, China, India and Canada, among others, and expect to continue to have international operations and offices, some of which are in underdeveloped countries that do not have a well-established business infrastructure. We also perform work in some countries where we do not have a physical office. Some of the countries in which we work have a history of political instability or may expose our employees and subcontractors to physical danger. Expansion into selective new geographic regions requires considerable management and financial resources, the expenditure of which may negatively impact our results, and we may never see any return on our investment.

Our international operations are subject to risks associated with operating in, and selling to and in, countries other than the U.S., that could, directly or indirectly, adversely affect our international and domestic operations and our overall revenue, profit, and operating results including, but not limited to:

- Compliance with the laws, rules, regulations, policies, legal standards, and enforcement mechanisms of the U.S. and the other countries in which we operate, including bribery and anti-corruption laws, economic sanctions, trade restrictions, local tax and income laws, and local labor and employment laws, which are sometimes inconsistent;
- Restrictions on the ability to repatriate profits to the U.S. or otherwise move funds;
- Potential personal injury to personnel who may be exposed to military conflicts and other hostile situations in foreign countries;
- Expropriation and nationalization of our assets or those of our subcontractors, and other inabilities to protect our property rights; and/or
- Difficulties in managing and staffing such operations, including obtaining work permits or visas, identifying qualified local employees, operating according to different local labor laws and regulations, dealing with different local business cultures and practices, and collecting contract receivables.

In addition, because of our work with international clients, certain of our revenues and costs are denominated in other currencies, then translated to U.S. dollars for financial reporting purposes. Our revenues and profits may decrease as a result of currency fluctuations and devaluations and limitations on the conversion of foreign currencies into U.S. dollars and in the conversion between foreign currencies. We currently have forward contract agreements ("hedges") related to our operations in the E.U. hedging the translation between the Euro and the pound sterling. We recognize changes in the fair-value of the hedges in our results of operations. We may increase the number, size and scope of our hedges as we analyze options for mitigating our foreign exchange risk. We cannot be sure that our hedges will be successful in reducing the risks to us of our exposure to foreign currency fluctuations and, in fact, the hedges may adversely affect our operating results.

Our business in the U.K. and the European Union could be negatively affected by the timing and terms of, and uncertainties related to, the U.K.'s exit, and potential other exits, from the European Union.

Geopolitical events in the European Union ("E.U.") may adversely impact our business. On June 23, 2016 voters in the U.K. approved an exit from the E.U. On March 29, 2017 the U.K. initiated the process under Article 50 of the Treaty on the European Union, commencing a period of up to two years for the E.U. and other E.U. member states to negotiate with the U.K. the terms of a withdrawal (often referred to as "Brexit"). Such an exit from the E.U. is unprecedented, and it is still unclear how the U.K.'s access to the E.U. Single Market, and the wider commercial, legal and regulatory environment in which we, our customers and our counterparties operate, will be impacted. Our U.K. and Belgian operations have traditionally serviced most of our European clients, including the E.U., and these operations could be disrupted by Brexit, particularly if there is a change in the U.K.'s relationship to the E.U. Single Market. Completion of a so-called "hard/ no-deal Brexit," whereby the U.K. exits the E.U. with no negotiated market access or agreements on issues such as customs and citizen mobility, would likely cause economic, logistical, and legal disruptions, any or all of which could adversely affect our operations and financial results. Such an event, potentially driven by Parliament's failure to approve Prime Minister May's negotiated Brexit plan, could also induce other actions, such as further movement towards secession from the U.K. by Scotland or other elements of the U.K., with different but significant negative consequences. It is also possible that the U.K. and E.U. will agree to extend the deadline for withdrawal, thus extending the uncertainty. The uncertainties surrounding the timing and terms of the U.K.'s exit and its consequences could adversely impact customer and investor confidence, result in additional arket volatility and adversely affect our businesses and results of operations. These impacts could derive from delays or reductions in contract awards, nceled contracts, changes in exchange rates, difficulty in recruiting or in gaining permission to employ existing staff, or less favorable payment terms.

Other member states or portions thereof may conduct similar referenda leading to an exit from the E.U. or demands for greater freedom from the strictures deriving from the E.U., resulting in a reduction in funding for the European Commission that could lead to a decrease in the funding and scope of our work for that client. In addition, security and sovereignty and financial system stability issues resulting from geopolitical events, or the E.U. negotiations driven by those events, could change the current balance of responsibility established between the European Commission and member nations, or affect the results of the E.U. budget-setting process, either of which could also reduce the funding and scope of our work for that client.

As we develop new services, clients and practices, enter new lines of business, and focus more of our business on providing a full range of client solutions, our operating risks increase.

As part of our corporate strategy, we are attempting to leverage our advisory services to sell our full suite of services across the life cycle of a policy, program, project, or initiative, and we are regularly searching for ways to provide new services to clients. In addition, we plan to extend our services to new clients, into new lines of business, and into new selected geographic locations. As we focus more on our delivery of a full range of consulting services from advisory through implementation and attempt to develop new services, clients, practice areas and lines of business these efforts could be unsuccessful and adversely affect our results of operations.

Such growth efforts place substantial additional demands on our management and staff, as well as on our information, financial, administrative and operational systems. We may not be able to manage these demands successfully. Growth may require increased recruiting efforts, business development, and selling, marketing and other actions that are expensive and increase risk. We may need to invest more in our people and systems, controls, compliance efforts, policies and procedures than we anticipate. Further, we may need to enhance or modify our systems or processes, or transition to more efficient or effective ones, and these changes and how we handle them may impact the business in short- or long-term. Therefore, even if we do grow, the demands on our people and systems, controls, compliance efforts, policies and procedures may adversely affect the quality of our work, our operating margins, and our operating results, at least in the short-term, and perhaps in the long-term.

Efforts involving a different focus, new services, new clients, new practice areas, and new lines of business, include risks associated with our inexperience and competition from mature participants in those areas. Our expansion of services may result in decisions that could harm our profit and operating results. In particular, implementation and improvement services often relate to the development, implementation and improvement of critical infrastructure or operating systems that our clients may view as "mission critical," and if we fail to satisfy the needs of our clients in providing these services, our clients could incur significant costs and losses for which they could seek compensation from us.

The diversity of the services we provide, and the clients we serve, may create actual, potential, and perceived conflicts of interest and business conflicts that limit our growth and could lead to potential liabilities for us.

Because we provide services to a wide array of both government and commercial clients, occasions arise where, due to actual, potential, or perceived conflicts of interest or business conflicts, we cannot perform work for which we are qualified. A number of our contracts contain limitations on the work we can perform for others, such as, for example, when we are assisting a government agency or department in developing regulations or enforcement strategies. Actual, potential, and perceived conflicts limit the work we can do and, consequently, can limit our growth and adversely affect our operating results. In addition, if we fail to address actual or potential conflicts properly, or even if we simply fail to recognize a perceived conflict, we may be in violation of our existing contracts, may otherwise incur liability, may lose future business for not preventing the conflict from arising, and our reputation may suffer. Particularly as we continue to grow our commercial business, we anticipate that conflicts of interest and business conflicts will pose a greater risk.

Our relationships with other contractors are important to our business and, if disrupted, could cause us damage.

We derive a portion of our revenue from contracts under which we act as a subcontractor or from "teaming" arrangements in which we and other contractors jointly bid on particular contracts, projects, or programs. As a subcontractor or team member, we often lack control over fulfillment of a contract, and poor performance on the contract, whether resulting from our performance or the performance of another contractor, could tarnish our reputation, result in a reduction of the amount of our work under, or termination of, that contract or other contracts, and cause us not to obtain future work, even when we perform as required. Moreover, our revenue, profit and operating results could be adversely affected if any prime contractor or teammate does not pay our invoices in a timely fashion, chooses to offer products or services of the type that we provide, teams with other companies to provide such products or services, or otherwise reduces its reliance upon us for such products or services.

We depend on our intellectual property and our failure to protect it could harm our competitive position.

Our success depends in part upon our internally-developed technology and models, proprietary processes, and other intellectual property that we incorporate in our products and utilize to provide our services. If we fail to protect our intellectual property, our competitors could market services or products similar to our services and products, which could reduce demand for our offerings. Government clients typically retain a perpetual, worldwide, royaltyfree right to use the intellectual property we develop for them in a manner defined within government regulations, including providing it to other government agencies or departments, as well as to our competitors in connection with their performance of government contracts. When necessary, we seek authorization to use intellectual property developed for the government or to secure export authorization. Government clients may grant us the right to commercialize software developed with government funding, but they are not required to do so. If we improperly use intellectual property that was even partially funded by government clients, these clients could seek damages and royalties from us, sanction us, and prevent us from working on future government contracts. Actions could also be taken against us if we improperly use intellectual property belonging to others besides our government clients. In addition, there can be substantial costs associated with protecting our intellectual property, which can also have an adverse effect on our results of operations.

We may be harmed by intellectual property infringement claims.

We have been subject to claims, and are likely to be subject to future claims, that the intellectual property we use in delivering services and business solutions to our clients infringes upon the intellectual property rights of others. Our employees develop much of the intellectual property that we use to provide our services and business solutions to our clients, but we also acquire or obtain rights to use intellectual property through mergers or acquisitions of other companies, engage third parties to assist us in the development of intellectual property and license technology from other vendors. If our vendors, our employees or third parties assert claims that we or our clients are infringing on their intellectual property, we could incur substantial costs to defend those claims, even if we prevail. In addition, if any of these infringement claims are ultimately successful, we could be required to:

- Pay substantial damages;
- Cease selling and using products and services that incorporate the challenged intellectual property;
- Obtain a license or additional licenses from our vendors or other third parties, which may not be available on commercially reasonable terms or at all; and
- Re-design our products and services that rely on the challenged intellectual property, which may be very expensive or commercially impractical.

Any of these outcomes could further adversely affect our operating results.

Systems and/or service failures could interrupt our operations, leading to reduced revenue and profit.

Any interruption in our operations or any systems failures, including, but not limited to: (i) the inability of our staff to perform their work in a timely fashion, whether caused by limited access to and/or closure of our and/or our clients' offices or otherwise; (ii) the failure of network, software and/or hardware systems; and (iii) other interruptions and failures, whether caused by us, a third-party service provider, unauthorized intruders and/or hackers, computer viruses, natural disasters, power shortages, terrorist attacks or otherwise, could cause loss of data and interruptions or delays in our business or that of our clients, or both. In addition, the failure or disruption of mail, communications and/or utilities could cause an interruption or suspension of our operations or otherwise harm our reputation or business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, revenue, profits and operating results could be adversely affected.

Improper disclosure of confidential and personal data and breaches of, or disruptions to, our information technology systems or those of our third-party providers, could adversely affect our business and could result in liability and harm our reputation.

We store and process increasingly large amounts of confidential information concerning our employees, customers and vendors, as well as confidential information on behalf of our customers (such as information regarding applicants in programs on which we perform services through our contractual relationships with customers). Therefore, we must ensure that we are at all times compliant with the various privacy laws, rules, and regulations in all of the countries within which we are operating. These laws, rules, and regulations can vary significantly from country to country, with many being more onerous than those in the U.S. For example, the European Union adopted a new regulation that became effective in May 2018, called the General Data Protection Regulation ("GDPR"), which requires companies to meet stringent requirements regarding the handling of personal data, including its use, protection and transfer and the ability of persons whose data is stored to correct or delete such data about themselves. Failure to meet the GDPR requirements could result in significant penalties, including fines up to 4% of annual worldwide revenue. The GDPR also confers a private right of action on certain individuals and associations. Moreover, we must ensure that all of our vendors who have access to such information also have the appropriate privacy policies, procedures and protections in place. There can be substantial costs associated with protecting confidential information and maintaining compliance with the various privacy laws, rules and regulations, which could have an adverse effect on our results of operations. In addition, any inability, real or perceived, to adequately address privacy and data protection concerns, even if unfounded, or comply with applicable laws, regulations, policies, industry standards, contractual obligations, or other legal obligations (including at newly acquired companies), could result in additional cost and liability to us, damage our reputation, inhibit our ability to win nev contracts, and otherwise adversely affect our business.

The continued occurrence of high-profile data breaches of other companies provides evidence of an external environment increasingly hostile to information security. In particular, cybersecurity attacks are evolving, and we face the constant risk of cybersecurity threats, whether from deliberate attacks or unintentional events, including computer viruses, attacks by computer hackers, malicious code, cyber and phishing attacks, and other electronic security breaches, including unauthorized access to our and our clients' systems, that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and/or corruption of data. In particular, as a federal government contractor, we face a heightened risk of a security breach or disruption with respect to personally identifiable, sensitive but unclassified, classified, or otherwise protected data resulting from an attack by computer hackers, foreign governments and/or cyber terrorists. Improper disclosure of this information could harm our reputation and affect our relationships with business partners, lead to legal exposure, or subject us to liability under laws, rules and regulations that protect personal or other confidential data, resulting in increased costs or loss of revenue. Although we devote significant resources to our cybersecurity programs and have implemented security measures to protect our systems and to prevent, detect and respond to cybersecurity incidents, there can be no assurance that our efforts will prevent these threats. As these security threats continue to evolve, we may be required to devote additional resources to protect, prevent, detect and respond against cybersecurity attacks, system disruptions and security breaches. Moreover, we also rely in part on third-party software and information technology vendors to run our information systems. Any failure of these third-party systems, which are outside of our control but still impact us, could have similar adverse effects.

RISKS RELATED TO ACQUISITIONS

When we undertake acquisitions, they may present integration challenges, fail to perform as expected, increase our liabilities, and/or reduce our earnings.

One of our growth strategies is to make strategic acquisitions. When we complete acquisitions, it may be challenging and costly to integrate the acquired businesses due to operating and integrating new accounting systems, differences in the locations of personnel and facilities, differences in corporate cultures, disparate business models, or other reasons. If we are unable to successfully integrate acquired companies, our revenue and operating results could suffer. In addition, we may not successfully achieve the anticipated cost efficiencies and synergies from these acquisitions. Also, our costs for managerial, operational, financial, and administrative systems may increase and be higher than anticipated. During and following the integration of an acquired business, we may experience attrition, including losing key employees and/or clients of the acquired business, which could adversely affect our future revenue and operating results and prevent us from achieving the anticipated benefits of the acquisition.

Businesses we acquire may have liabilities or adverse operating issues, or both, that we either fail to discover through due diligence or underestimate prior to the consummation of the acquisition. These liabilities and/or issues may include the acquired business' failure to comply with, or other violations of, applicable laws, rules, or regulations or contractual or other obligations or liabilities. As the successor owner, we may be financially responsible for, and may suffer harm to our reputation or otherwise be adversely affected by, such liabilities and/or issues. An acquired business also may have problems with internal controls over financial reporting, which could in turn cause us to have significant deficiencies or material weaknesses in our own internal controls over financial reporting. These and any other costs, liabilities, issues, and/or disruptions associated with any past or future acquisitions, and the related integration, could harm our operating results.

As a result of our acquisitions, we have substantial amounts of goodwill and intangible assets, and changes in business conditions could cause these assets to become impaired, requiring write-downs that would adversely affect our operating results.

All of our acquisitions have involved purchase prices well in excess of tangible asset values net of liabilities assumed, resulting in the creation of a significant amount of goodwill and other intangible assets. As of

December 31, 2018, goodwill and purchased intangibles accounted for approximately 59% and 3%, respectively, of our total assets. Under U.S. generally accepted accounting principles ("U.S. GAAP"), we do not amortize goodwill and intangible assets acquired in a purchase business combination that are determined to have indefinite useful lives. Instead, we review them for impairment annually (or more frequently if impairment indicators arise). Although we have to date determined that such assets have not been impaired, future events or changes in circumstances that result in an impairment of goodwill or other intangible assets would have a negative impact on our profitability and operating results.

RISKS RELATED TO OUR CORPORATE AND CAPITAL STRUCTURE

Provisions of our charter documents and Delaware law may prevent or deter potential acquisition bids to acquire us and other actions that stockholders may consider favorable, and the market price of our common stock may be lower as a result.

Our charter documents contain the following provisions that could have an anti-takeover effect:

- Our board of directors is divided into three classes, making it more difficult for stockholders to change the composition of the board;
- Directors may be removed only for cause;
- Our stockholders are not permitted to call a special meeting of the stockholders;
- All stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting or by a written consent signed by all of our stockholders;
- Our stockholders are required to comply with advance notice procedures to nominate candidates for election to our board of directors or to place stockholders' proposals on the agenda for consideration at stockholder meetings; and
- The approval of the holders of capital stock representing at least two-thirds of our voting power is required to amend our indemnification obligations, director classifications, stockholder proposal requirements, and director candidate nomination requirements set forth in our amended and restated certificate of incorporation and amended and restated bylaws.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which regulates corporate acquisitions. These provisions could discourage potential acquisition proposals; delay or prevent a change-in-control transaction; discourage others from making tender offers for our common stock; and/or prevent changes in our management.

There are risks associated with our outstanding and future indebtedness which could reduce our profitability, limit our ability to pursue certain business opportunities and reduce the value of our stock.

As of December 31, 2018, we had an aggregate of $200.4 million of outstanding indebtedness under a credit facility that will mature on May 17, 2022. Subject to the limits contained in the agreements governing our outstanding debt, we may incur additional debt in the future. Our ability to pay interest and repay the principal for our indebtedness, as well as meet our financial and operating covenant requirements, is dependent upon our ability to, among other things, manage our business operations, and generate sufficient cash flows to service such debt. If we are unable to comply with the terms of our financing agreements or obtain additional required financing, this could ultimately result in a significant adverse effect on our financial results and the value of our stock. Among other things, our debt could:

- Make it difficult to obtain additional financing for working capital, capital expenditures, acquisitions, or other general corporate purposes;
- Result in a substantial portion of our cash flows from operations being dedicated to the payment of the principal and interest on our debt, as well as used to make debt service payments;
- Limit our flexibility in planning for, and reacting to, changes in our business and the marketplace;
- Place us at a competitive disadvantage relative to other less leveraged firms; and
- Increase our vulnerability to economic downturns and rises in interest rates.

Should any of these or other unforeseen consequences arise, they could have an adverse effect on our business, financial condition, results of operations, future business opportunities and/or ability to satisfy our obligations under our debt.

We cannot assure you that we will pay special or regular dividends on our stock in the future.

The board of directors authorized, declared and paid regular dividends in each quarter of 2018 for the first time in the Company's history. The declaration of any future dividends and the establishment of the per share amount, record dates and payment dates for any such future dividends are subject to the discretion of the board of directors taking into account future earnings, cash flows, net income, dividend yield and other factors. Authorization of dividends by the Board is subject to adherence/compliance with the Company's credit facility. There can be no assurance that the board of directors will declare any dividends in the future. To the extent that expectations by market participants regarding the potential payment, or amount, of any special or regular dividend prove to be incorrect, the price of our common stock may be materially and negatively affected and investors that bought shares of our common stock based on those expectations may suffer a loss on their investment.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We lease our offices and do not own any real estate. As of December 31, 2018, we leased approximately 313,658 square feet of office space at our corporate headquarters at 9300/9302 Lee Highway, Fairfax, Virginia (in the Washington, D.C. metropolitan area) through December 2022 (the "Fairfax Offices"). The Fairfax Offices house a portion of our operations and almost all of our corporate functions, including most of our staff within executive management, treasury, accounting, legal, human resources, business and corporate development, facilities management, information services, and contracts.

As of December 31, 2018, we had leases in place for approximately 1.2 million square feet of office space in more than 80 office locations throughout the U.S. and around the world, with various lease terms expiring over the next nine years. As of December 31, 2018, approximately 13,325 square feet of the space we leased was subleased to other parties. We believe that our current office space, as well as other office space we expect to be able to lease, will meet our needs for the next several years. Lastly, a portion of our operations staff is housed at client-provided facilities, pursuant to the terms of a number of our client contracts.

ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal matters and proceedings arising in the ordinary course of business. While these matters and proceedings cause us to incur costs, including, but not limited to, attorneys' fees, we currently believe that any ultimate liability arising out of these matters and proceedings will not have a material adverse effect on our financial position, results of operations, or cash flows.

An update on litigation related to our Road Home contract is discussed in "Note 19— Commitments and Contingencies — Road Home Contract" in our financial statements.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

ɿrket Information

Our common stock trades on the NASDAQ Global Select Market under the symbol "ICFI."

Holders

As of February 22, 2019, there were 32 registered holders of record of our common stock. This number is not representative of the number of beneficial holders because many of the shares are held by depositories, brokers, or nominees.

Dividends

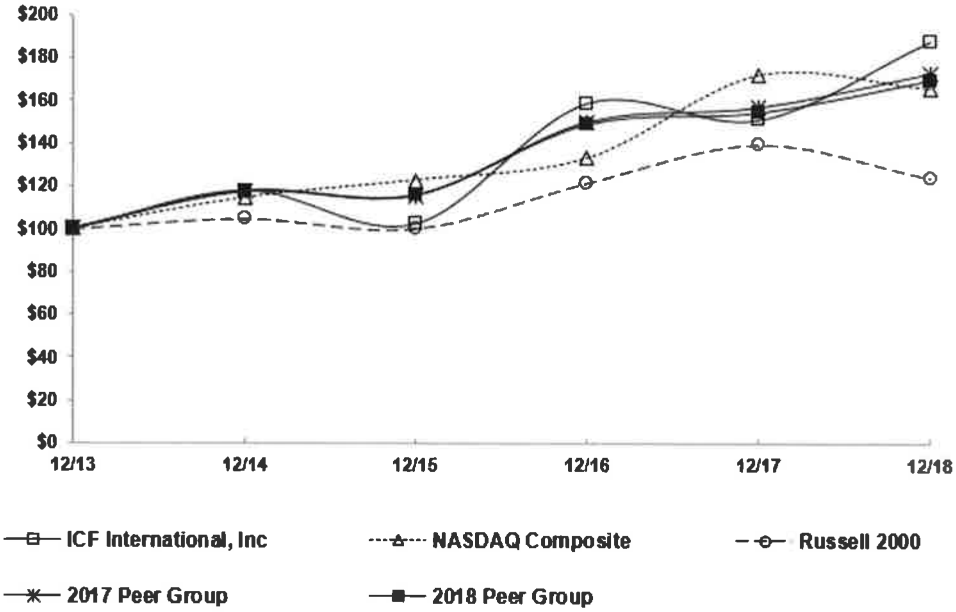
We currently expect to continue paying dividends comparable with our historic dividend payments. The declaration and payment of any dividends is at the sole discretion of the board of directors and is not guaranteed. Our amended credit facility contains certain restrictions related to the payment of cash dividends, requiring us to meet certain covenants prior to and after the declaration of any dividend.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our common stock from December 31, 2013 through December 31, 2018, with the cumulative total return on (i) the NASDAQ Composite, (ii) the Russell 2000 stock index, and (iii) the Company's 2018 peer group composed of other governmental and commercial service providers: Booz Allen Hamilton Holding Corporation; CACI International Inc.; CBIZ, Inc.; CRA International, Inc.; Engility Holdings, Inc.; Exponent Inc.; FTI Consulting, Inc.; GP Strategies Corporation; Huron Consulting Group Inc.; ManTech International Corporation; Maximus, Inc.; Navigant Consulting, Inc.; Resources Connection, Inc.; Science Applications International Corporation; Tetra Tech, Inc.; Unisys Corporation; and VSE Corporation (the "2018 Peer Group"). As part of the annual process of reviewing the peer group, management ensures that the selected companies remain aligned with the Company's evolving business strategy. With respect to our 2018 Peer Group, there was one company that was on the 2017 peer group that has been removed due to mergers and acquisition activities during the year, Convergys Corporation. Engility Holdings, Inc. was added to the 2018 Peer Group. The comparison below assumes an initial investment of $100.00 on December 31, 2013 in which all dividends (if any) are reinvested and all returns are market-cap weighted. The historical information set forth below is not necessarily indicative of future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among ICF International, Inc, the NASDAQ Composite Index, the Russell 2000 Index, 2017 Peer Group and 2018 Peer Group



*$100 invested on 12/31/13 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

	Year Ended December 31,				
	2014	2015	2016	2017	2018
ICF International, Inc.	$ 118.06	$ 102.45	$ 159.03	$ 151.25	$ 188.17
NASDAQ Composite	114.62	122.81	133.19	172.11	165.84
Russell 2000 Index	104.89	100.26	121.63	139.44	124.09
2017 Peer Group	117.42	115.62	150.32	157.22	173.31
2018 Peer Group	117.72	115.75	148.95	154.51	169.80

Recent Sales of Unregistered Securities

None.

Repurchases of Equity Securities

The following table summarizes the share repurchase activity for the three months ended December 31, 2018 for our share repurchase plan and shares purchased in satisfaction of employee tax withholding obligations.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share (a)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (b)
October 1 – October 31	27,600	$ 73.08	27,600	$ 89,352,091
November 1 – November 30	28,029	$ 71.23	25,200	$ 87,561,797
December 1 – December 31	22,800	$ 65.76	22,800	$ 86,062,468
Total	78,429	$ 70.29	75,600	

(a) The total number of shares purchased of 78,429 includes shares repurchased pursuant to our share repurchase program described further in footnote (b) below, as well as shares purchased from employees to pay required withholding taxes related to the settlement of restricted stock units in accordance with our applicable long-term incentive plan. During the three months ended December 31, 2018, the Company repurchased 2,829 shares of common stock from employees in satisfaction of tax withholding obligations at an average price of $72.86 per share.

(b) The current share repurchase program authorizes share repurchases in the aggregate up to $100.0 million. Our Credit Facility limits our Leverage Ratio (as defined under the Credit Facility), prior to and after giving effect to any repurchase, to 3.25 to 1.00 or less. During the three months ended December 31, 2018, we repurchased 75,600 shares under the share repurchase program at an average price of $70.19.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected historical financial data derived from our audited consolidated financial statements and other information for each of the five years presented. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited financial statements and the related notes included elsewhere in this Annual Report. The financial information below reflects the results or impact of our acquisitions since the date the entities were purchased.

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(in thousands, except per share amounts)				
Statement of Earnings Data:					
Revenue	$ 1,337,973	$ 1,229,162	$ 1,185,097	$ 1,132,232	$ 1,050,134
Direct costs	857,508	771,725	745,137	694,436	654,946
Operating costs and expenses:					
Indirect and selling expenses	360,987	346,440	328,048	329,159	302,020
Depreciation and amortization	17,163	17,691	16,638	16,222	13,369
Amortization of intangible assets	10,043	10,888	12,481	17,184	10,437
Total operating costs and expenses	388,193	375,019	357,167	362,565	325,826
Operating income	92,272	82,418	82,793	75,231	69,362
Interest expense	(8,710)	(8,553)	(9,470)	(10,072)	(4,254)
Other (expense) income	(735)	121	1,184	(1,559)	(958)
Income before income taxes	82,827	73,986	74,507	63,600	64,150
Provision for income taxes	21,427	11,110	27,923	24,231	24,120
Net income	$ 61,400	$ 62,876	$ 46,584	$ 39,369	$ 40,030
Earnings per share ("EPS"):					
Basic	$ 3.27	$ 3.35	$ 2.45	$ 2.04	$ 2.04
Diluted	$ 3.18	$ 3.27	$ 2.40	$ 2.00	$ 2.00
Weighted-average common shares outstanding:					
Basic	18,797	18,766	18,989	19,335	19,608
Diluted	19,335	19,244	19,416	19,663	19,997
Cash dividends declared per common share(1)	$ 0.56	$ —	$ —	$ —	$ —

	As of December 31,				
	2018	2017	2016	2015	2014
Consolidated balance sheet data:					
Cash and cash equivalents	$ 11,694	$ 11,809	$ 6,042	$ 7,747	$ 12,122
Total assets	1,213,862	1,110,255	1,085,571	1,080,290	1,110,340
Long-term debt	200,424	206,250	259,389	311,532	350,052
Total stockholders' equity	660,417	616,030	566,004	523,276	500,689

(1) No cash dividends were declared during the years ended December 31, 2017, 2016, 2015, and 2014.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the "Selected Financial Data" and the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. This discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions, such as statements of our plans, objectives, expectations, and intentions. The cautionary statements made in this nual Report on Form 10-K should be read as applying to all related forward-looking statements wherever they appear in this Annual Report on Form 10- Our actual results could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to our actual results differing materially from those anticipated include those discussed in "Risk Factors" and elsewhere in this Annual Report on Form 10-K.

OVERVIEW AND OUTLOOK

We provide professional services and technology-based solutions to government and commercial clients. Our services include management, marketing, technology, and policy consulting and implementation services. We help our clients conceive, develop, implement, and improve solutions that address complex natural resource, social, and public safety issues. Our clients operate in four key markets: energy, environment, and infrastructure; health, education, and social programs; safety and security; and consumer and financial. Drawing from our domain knowledge and staff experience in working in multi-disciplinary teams for clients in a variety of markets, we provide services that deliver value throughout the entire life cycle of a policy, program, project, or initiative, from initial research, analysis, assessment and advice to design and implementation of programs and technology-based solutions, and the provision of engagement services and programs.

Our clients utilize our services because we combine diverse institutional knowledge and experience with the deep subject matter expertise of our highly educated staff, which we deploy in multi-disciplinary teams. We have successfully worked with many of our clients for decades, with the result that we have a thorough and nuanced perspective of their objectives and needs. We serve both governmental and commercial clients. Our government clients include those from departments and agencies of the federal government, state (including territories) and local governments, and international governments. Our government efforts include work performed under subcontract agreements to commercial clients whose ultimate customer is government agencies and departments.

Our largest clients are U.S. federal government departments and agencies. In fact, our federal government clients have included every cabinet-level department, most significantly HHS, DOS, and DoD. Federal government clients generated approximately 41%, 45%, and 48% of our revenue in 2018, 2017, and 2016, respectively. State and local government clients generated approximately 14%, 10%, and 11% of our revenue in 2018, 2017, and 2016, respectively. International government clients generated approximately 9%, 7%, and 6% of our revenue in 2018, 2017, and 2016, respectively.

We also serve a variety of commercial clients worldwide, including: airlines, airports, electric and gas utilities, oil companies, hospitals, health insurers and other health-related companies, banks and other financial services companies, transportation, travel and hospitality firms, non-profits/associations, law firms, manufacturing firms, retail chains, and distribution companies. Our commercial clients, which include clients outside the U.S., generated approximately 36%, 38%, and 35% of our revenue in 2018, 2017, and 2016, respectively.

We report operating results and financial data as a single segment based on the consolidated information used by our chief operating decision-maker in evaluating the financial performance of our business and allocating resources. Our single segment represents our core business—professional services for government and commercial clients. Although we describe our multiple service offerings to clients that operate in four markets to provide a better understanding of the scope and scale of our business, we do not manage our business or allocate our resources based on those service offerings or client rkets. Rather, on a project by project basis, we assemble the best team from throughout the enterprise to deliver highly customized solutions that are ilored to meet the needs of each client.

In 2018, our total revenue increased to $1,338.0 million, an increase of $108.8 million, or 8.9%, for the year ended December 31, 2018 compared to $1,229.2 million in the prior year. Operating income increased $9.9 million, or 12.0%, to $92.3 million for the year ended December 31, 2018 compared to the prior year due to the increase in gross profit which outpaced increases in indirect and selling expenses, and decreases in depreciation and amortization expense, and amortization of intangible assets. Indirect and selling expenses increased by $14.5 million compared to the prior year primarily due to increases in indirect labor and indirect operating expenses, offset by a reduction in incentive compensation. Net income decreased $1.5 million, or 2.3%, to $61.4 million, largely driven by an increase of income tax expense of $10.3 million compared to the prior year due to a $16.8 million decrease in income tax expense in 2017, which related to a one-time favorable adjustments of $16.2 million recorded in 2017 as a result of the enactment of the Tax Act in December 2017.

We believe that demand for our services will continue to grow as government, industry, and other stakeholders seek to address critical long-term societal and natural resource issues due to heightened concerns about clean energy and energy efficiency; health promotion, treatment, and cost control; and ongoing homeland security threats. We also see significant opportunity to further leverage our digital and client engagement capabilities across our commercial and government client base. Our future results will depend on the success of our strategy to enhance our client relationships and seek larger engagements that span the entire program life cycle, and to complete and successfully integrate additional strategic acquisitions. We will continue to focus on broadening domain expertise and building scale in key client markets and geographies by developing business with existing and new government and commercial clients and replicating our business model in selective geographies. In doing so, we will continue to evaluate strategic acquisition opportunities, seeking acquisitions that promote the achievement of strategic objectives like enhancing our subject matter knowledge, broadening our service offerings, and/or providing scale in specific geographies, and from which we believe that we can earn an acceptable return.

U.S. federal government revenue was 41% of our total revenue for the year ended December 31, 2018. While we continue to see favorable long-term market opportunities, there are certain near-term challenges facing all government service providers, including top-line legislative constraints on federal government discretionary spending and actions by Congress or the Administration that could result in a delay or reduction to our current revenue, profit and cash flows, and have a negative impact on our on-going business and results of operations. However, we believe we are well positioned in budget areas that will continue to be priorities to the federal government.

We believe that the combination of internally-generated funds, available bank borrowings, and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, potential acquisitions, customary capital expenditures, and other working capital requirements.

Our results of operations and cash flows may vary significantly from quarter to quarter depending on a number of factors, including, but not limited to:

- Progress of contract performance;
- Extraordinary economic events and natural disasters;
- Number of billable days in a quarter;
- Timing of client orders;
- Timing of award fee notices;
- Changes in the scope of contracts;
- Variations in purchasing patterns under our contracts;
- Federal and state (including territories) and local governments' and other clients' spending levels;
- Federal government shutdowns;
- Timing of billings to, and payments by clients;
- Timing of receipt of invoices from, and payments to, employees and vendors;
- Commencement, completion, and termination of contracts;
- Strategic decisions, such as acquisitions, consolidations, divestments, spin-offs, joint ventures, strategic investments, and changes in business strategy;
- Timing of significant costs and investments (such as bid and proposal costs and the costs involved in planning or making acquisitions);
- Timing of events related to discrete tax items;
- Our contract mix and use of subcontractors or the timing of other direct costs for which we may earn lower contract margin;

- Changes in contract margin performance due to performance risks;
- Additions to, and departures of, staff;
- Changes in staff utilization;
- Paid time off taken by our employees;
- Level and cost of our debt;
- Changes in accounting principles and policies; and/or
- General market and economic conditions.

Because a significant portion of our expenses (such as personnel, facilities, and related costs) are fixed in the short term, contract performance and variation in the volume of activity, as well as in the number and volume of contracts commenced or completed during any year, may cause significant variations in operating results from year to year. We generally have been able to price our contracts in a manner that accommodates the rates of inflation experienced in recent years, although we cannot ensure that we will be able to do so in the future.

ACQUISITIONS AND BUSINESS COMBINATIONS

A key element of our growth strategy is to pursue acquisitions. In 2016, we acquired Trade NTE and in 2018, we acquired The Future Customer ("TFC"), DMS Disaster Consultants ("DMS"), and We Are Vista Limited ("Vista"). While providing capabilities and access to new clients in support of our growth strategy, these acquisitions were not significant to our financial statements taken as a whole.

Trade NTE. - In November 2016, we acquired certain contracts of Trade NTE, a Georgia-based company specializing in strategic marketing and branding services. The acquisition enhanced our branding services through existing engagements and relationships with its clients and customers.

The Future Customer. - In January 2018, we acquired TFC, a leading boutique loyalty strategy and marketing company based in London. TFC has provided additional capabilities and access to clients in support of our 1to1 loyalty and customer relationship marketing efforts.

DMS Disaster Consultants – In August 2018, we acquired DMS, a disaster management and recovery firm, to broaden our capabilities in support of assisting communities, businesses and individuals recover from man-made and nature disasters. DMS assists public sector clients with man-made and natural disaster planning and preparedness, and post-disaster response and recovery efforts by assisting clients in obtaining federal funding from Federal Management Agency (FEMA), insurance companies, and other sources.

We Are Vista Limited – In October 2018, we acquired Vista, a communications company headquartered in Leeds, U.K., with an additional presence in London. Vista provides advisory services and solutions to clients in the financial, retail, automobile, and energy industries and broadens our capabilities in the region.

CRITICAL ACCOUNTING POLICIES

Our discussion of our financial condition and results of operations is based on our consolidated financial statements prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenue, and expenses and our application of critical accounting policies, including: revenue recognition, impairment of goodwill and other intangible assets, income taxes, and stock-based compensation. If any of these estimates or judgments prove to be incorrect, our reported results could be materially affected. Actual results may differ significantly from our estimates under different assumptions or conditions. We believe that the estimates, assumptions and judgments involved in the accounting practices described below have the greatest potential impact on our financial statements and, therefore, consider them to be critical accounting policies. Significant accounting policies, including the critical accounting policies listed below, are more fully described and discussed in "Note 2—Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements."

Revenue Recognition

We periodically evaluate our critical accounting policies and estimates based on changes in U.S. GAAP that may have an effect on our consolidated financial statements. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 provides a single comprehensive revenue recognition framework and supersedes existing revenue recognition guidance. Included in the new principles-based revenue recognition model are changes to the basis for determining the timing for revenue recognition. In addition, the standard expands and improves revenue disclosures.

We implemented Topic 606 on January 1, 2018 using the modified retrospective method. This method requires that we apply the requirements of the new standard in the year of adoption to new contracts and those that were not completed as of the adoption date, but not retroactively restate prior years. Management evaluated those contracts not completed as of January 1, 2018 (the adoption date) and concluded that the impact of adopting ASC 606 did not have a material impact on our consolidated financial statements taken as a whole. Contract assets and contract liabilities were formerly reported as unbilled accounts receivable and deferred revenue, respectively. For further discussion see "Note 2 – Summary of Significant Accounting Policies – Revenue Recognition" and "Note 2 – Summary of Significant Accounting Policies – Recent Accounting Pronouncements – Revenue Recognition" in the "Notes to Consolidated Financial Statements" in this Annual Report.

Under the modified retrospective method, we were required to maintain dual reporting during the year of adoption in order to present revenue under both the previous and new accounting for contracts initiated on or after the date of adoption and for those contracts having remaining obligations as of the adoption date. Revenue timing differences between the two methods resulted primarily from contracts with performance incentives. Under the new accounting, we have included in revenue the most likely amount of priced incentives earned as contract work was performed rather than, as under the old accounting, waiting to recognize revenue from incentives until specific quantitative goals were achieved, generally at the end of each contractually-stipulated performance assessment period. While there were differences in the amount of revenue recognized during each quarter of the year, the timing differences did not result in a material change to our annual revenue since most incentives have performance assessment periods which are aligned with our fiscal year.

We primarily provide services and technology-based solutions for clients that operate in a variety of markets and the solutions may span the entire program life cycle, from initial research and analysis to the design and implementation of solutions. We enter into agreements with clients that create enforceable rights and obligations and for which it is probable that we will collect the consideration to which it will be entitled as services and solutions are transferred to the client. Except in certain narrowly defined situations, our agreements with its clients are written and revenue is generally not recognized on oral or implied arrangements. We recognize revenue based on the consideration specified in the applicable agreement and exclude from revenue amounts collected on behalf of third parties. Accordingly, sales and similar taxes which are collected for third parties are excluded from the transaction price.

We also evaluate whether two or more agreements should be accounted for as one single contract and whether combined or single agreements should be accounted for as more than one performance obligation. For most contracts, the client requires that we perform a number of tasks in providing an integrated output and, hence, each of these contracts are tracked as having only one performance obligation. When contracts are separated into multiple performance obligations, we allocate the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation. We generally provide customized solutions in which the pricing is based on specific negotiations with each client, and, in these cases, we use a cost-plus margin approach to estimate the standalone selling price of each performance obligation. It is common for our long-term contracts to contain award fees, incentive fees or other provisions that can either increase or decrease the transaction price. These variable amounts are generally awarded at the completion of a prescribed performance assessment period based on the achievement of performance metrics, program milestones or cost targets, and the amount awarded may be subject to client discretion. We estimate variable consideration as the most likel amount to which we expect to be entitled.

We evaluate contractual arrangements to determine whether revenue should be recognized on a gross versus net basis. Our assessment is based on the nature of the promise to the client. In most cases, we agree to provide specified services to the client as a principal and revenue is recognized on a gross basis. In rare cases, we act as an agent and merely arrange for another party to provide services to the client and revenue is recognized on a net basis in reflection of the fact that we do not control the goods or services provided to the client by the other party.

Long-term contracts typically contain billing terms that provide for invoicing once a month and payment on a net 30-day basis. Exceptions to monthly billing terms are to ensure that we perform satisfactorily rather than representing a significant financing component. For cost-based contracts, our performance is evaluated during a contractually stipulated performance period and, while contract costs may be billed on a monthly basis, we are generally permitted to bill for incentive or award fees only after the completion of the performance assessment period, which may occur quarterly, semi-annually or annually, and after the client completes the performance assessment. Fixed-price contracts may provide for milestone billings based on the attainment of specific project objectives and, since they are tied to our project performance, these type of billing terms do not represent a significant financing component. Moreover, contracts may require retentions or hold backs that are paid at the end of the contract to ensure that we perform in accordance with requirements which do not represent our providing financing to our clients but rather are a means to ensure that we meet contract requirements. We do not assess whether a contract contains a significant financing component if we expect, at contract inception, that the period between payment by the client and the transfer of promised services to the client will be one year or less.

As a service provider, we generally recognize revenue over time as control is transferred to a client, based on the extent of progress towards satisfaction of the performance obligation. The selection of the method used to measure progress requires judgment and, among other things, is dependent on the contract type selected by the client during contract negotiation and the nature of the services and solutions to be provided.

When a performance obligation is billed using a time-and-materials contract type, we use output progress measures to estimate revenue earned based on hours worked in contract performance at negotiated billing rates. Fixed-price level-of-effort contracts are substantially similar to time-and-materials contracts except that we are required to deliver a specified level of effort over a stated period of time. For these contracts, we estimate revenue earned using contract hours worked at negotiated bill rates as we deliver the contractually required workforce.

For cost-based contracts, we recognize revenue as a single performance obligation based on contract costs incurred, as we become contractually entitled to reimbursement of the contract costs, plus a most likely estimate of award or incentive fees earned on those costs even though final determination of fees earned occurs after the contractually-stipulated performance assessment period ends.

For performance obligations requiring the delivery of a service for a fixed price, we use the ratio of actual costs incurred to total estimated costs, provided that costs incurred (an input method) represents a reasonable measure of progress towards the satisfaction of a performance obligation, in order to estimate the portion of total revenue earned. This method provides a faithful depiction of the transfer of value to the client when we are satisfying a performance obligation that entails integration of tasks for a combined output which requires us to coordinate the work of employees, subcontractors and delivery of other contract costs. Contract costs that are not reflective of our progress to satisfying a performance obligation are not included in the calculation of the measure of progress. When this method is used, changes in estimated costs to complete these obligations result in adjustments to revenue on a cumulative catch-up basis, which causes the effect of revised estimates for prior periods to be recognized in the current period. Changes in these estimates can routinely occur over contract performance for a variety of reasons, which include: changes in contract scope; changes in contract cost estimates due to unanticipated cost growth or reassessments of risks impacting costs; changes in estimated incentive or award fees; or performing better or worse than previously estimated.

In some fixed price service contracts we performs services of a recurring nature, such as maintenance and other services of a "stand ready" nature. For these contracts, we have the right to consideration in an amount that corresponds directly with the value that the client has received. Therefore, the Company records revenue on a time-elapsed basis to reflect the transfer of control to the client throughout the contract.

Our operating cycle for long-term contracts may be greater than one year and is measured by the average time intervening between the inception and the completion of those contracts. Contract-related assets and liabilities, as highlighted below, are classified as current assets and current liabilities. Significant balance sheet accounts related to the revenue recognition cycle are as follows:

Contract receivables, net – This account includes amounts billed or billable under contract terms. The amounts due are stated at their net realizable value. We maintain an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. We consider a number of factors in its estimate of the allowance, including knowledge of a client's financial condition, its historical collection experience, and other factors relevant to assessing the collectability of the receivables.

Contract assets – This account includes unbilled amounts typically resulting from revenue recognized on long-term contracts when the amount of revenue recognized exceeds the amounts billed. It also includes contract retainages until we have met the contract-stipulated requirements for payment. Contract assets are reported in a net position on a contract by contract basis each period even though individual contracts may contain multiple performance obligations. On a contract by contract basis, amounts do not exceed their net realizable value.

Contract liabilities – This account consists of advance payments received and billings in excess of revenue recognized on long-term contracts. Contact liabilities are reported in a net position on a contract by contract basis each period even though individual contracts may contain multiple performance obligations.

Revenue recognition entails the use of significant judgment, including, but not limited to, the following: evaluating agreements in terms of the number and nature of performance obligations; determining the appropriate method for measuring progress to satisfaction of obligations; and preparing estimates in terms of the amount of progress that we have made. Most of our revenue is recognized over time and for many fixed-price contracts, in particular, we estimate the proportion of total revenue earned using the ratio of contract costs incurred to total estimated contract costs, which requires us to prepare estimates as work progresses of contract cost left to be incurred. Moreover, some of our contracts include variable consideration, which requires us to estimate the most likely amounts that will be earned over the respective contractually-stipulated performance assessment periods. For these obligations, changes in estimates result in cumulative catch-up adjustments and may have a significant impact on earnings during a given period.

Contractual arrangements are evaluated to assess whether revenue should be recognized on a gross versus net basis. Management's assessment when determining gross versus net revenue recognition is based the nature of the promise to the client. In most cases, we agree to provide specified services to the client as a principal and revenue is recognized on a gross basis. In rare cases, we act as an agent and merely arrange for another party to provide services to the client and revenue is recognized on a net basis in reflection of the fact that we do not control the goods or services provided to the client by the other party.

Payments on cost-based contracts with the U.S. federal government are provisional payments subject to audit and adjustment. Indirect costs applied to government contracts are also subject to audit and adjustment and such audits have been finalized only through December 31, 2010. Contract revenue has been recorded in amounts that are expected to be realized on final audit and settlement of costs.

We prepare client invoices in accordance with the terms of the applicable contract, and billing terms may not be directly related to the performance of services. Unbilled receivables are invoiced based on the achievement of specific events as defined by each contract, including deliverables, timetables, and incurrence of certain costs. Unbilled receivables are classified as a current asset. Advanced billings to clients in excess of revenue earned are recorded as contract liabilities until the revenue recognition criteria are met. Reimbursements of out-of-pocket expenses are included in revenue with corresponding costs incurred by us included in the cost of revenue. We record revenue net of taxes collected from clients when the taxes are collected on behalf of the governmental authorities.

We may proceed with work based on client direction prior to the completion and signing of formal contract documents. We have a review process for approving any such work. Revenue associated with such work is recognized only when it can be reliably estimated and realization is probable. We base our estimates on a variety of factors, including previous experiences with the client, communications with the client regarding funding status, and its knowledge of available funding for the contract.

Goodwill and Other Intangible Assets

The purchase price of an acquired business is allocated to the tangible assets and separately identifiable intangible assets acquired, less liabilities assumed, based on their respective fair values, with the excess recorded as goodwill. Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not ortized, but instead reviewed annually for impairment, or more frequently if impairment indicators arise. Intangible assets with estimable useful lives are ortized over such lives and reviewed for impairment if impairment indicators arise. As of December 31, 2018, goodwill and intangibles assets were $715.6 million and $35.5 million, respectively.

For the purpose of performing the annual goodwill impairment review as of October 1, 2018, we have one aggregated reporting unit at a consolidated entity level. We assess goodwill at the reporting level. As our business is highly integrated and all of our components have similar economic characteristics, we concluded we have one reporting unit at the consolidated entity level. For the goodwill impairment test, we opted to perform a qualitative assessment of whether it is more likely than not that the reporting unit's fair value is less than its carrying amount. If, after completing the qualitative assessment, we determine that it is more likely than not that the estimated fair value of the reporting unit exceeded the carrying amount, we may conclude that no impairment exists. If we conclude otherwise, a goodwill impairment test must be performed, which includes a comparison of the fair value of the reporting unit to its carrying amount and recognizing as an impairment loss the difference of the estimated fair value of the reporting unit over its carrying amount.

Our qualitative analysis as of October 1, 2018 included macroeconomic and industry and market-specific considerations, financial performance indicators and measurements, and other factors. Based on this qualitative assessment, we determined that it is more likely than not that the fair value of our one reporting unit exceeded its carrying amount, and thus the impairment test was not required to be performed. Therefore, based on management's review, no goodwill impairment charge was required as of October 1, 2018. Historically, we have not recorded any goodwill impairment charges.

We are required to review long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

Accounting for Income Taxes

Our provisions for federal, state, and foreign income taxes are calculated from consolidated income based on current tax laws and any changes in tax rates from the rates used previously in determining the deferred tax assets and liabilities from temporary differences between financial statement carrying amounts and amounts on our tax returns.

We recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. We evaluate our ability to benefit from all deferred tax assets and establish valuation allowances for amounts we believe are not more likely than not to be realized.

We use a more-likely-than-not recognition threshold based on the technical merits of the income tax position taken to evaluate uncertain tax sitions. Uncertain tax positions that meet the more-likely-than-not recognition threshold are measured in order to determine the tax benefit recognized in financial statements. Penalties, if probable and reasonably estimable, and interest expense related to uncertain tax positions are not recognized as a component of income tax expense but recorded separately in indirect expenses or interest expense, respectively.

On December 20, 2017 the United States House of Representatives and the Senate passed the Tax Act which was signed into law on December 22, 2017 and was generally effective beginning January 1, 2018. We were impacted in several ways as a result of the Tax Act including, but not limited to, provisions which include a permanent reduction in the U.S. federal corporate income tax rate from 35% to 21%, the revaluation of deferred tax assets and liabilities that was required as a result of the tax rate change and the application of a mandatory one-time "transition tax" on unremitted earnings of certain foreign subsidiaries that were previously tax deferred.

We re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is now generally 26.4%. We completed our analysis of the Tax Act and finalized our provisional estimates, which affected the measurement of these balances. Pursuant to Securities and Exchange Commission Staff Accounting Bulletin 118 ("SAB 118"), the provisional amount recorded related to the re-measurement of the deferred tax balances has been adjusted during the year ended December 31, 2018 as an increase in the provision for income taxes, including adjustments to valuation allowances, of approximately $1.1 million.

The one-time "transition tax" imposed by the Tax Act is based on our total post-1986 earnings and profits ("E&P") which we had previously deferre from U.S. income taxation. We have completed the calculation of the total post-1986 foreign E&P and related foreign tax pools for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount, as well as the related foreign tax credit utilization, changed as we finalized our calculation of post-1986 foreign E&P and related foreign tax pools that were previously deferred from U.S. federal taxation and the amounts held in cash or other specified assets. Similarly, the cumulative foreign tax credit carry forward balance as of December 31, 2017 increased by approximately $2.2 million and the valuation allowance required increased by approximately $2.2 million. No additional income taxes have been provided for on any remaining undistributed foreign earnings not subject to the transition tax. No additional deferred taxes have been provided for the $8.2 million of favorable outside basis differences inherent in these foreign entities because these amounts continue to be permanently reinvested in foreign operations. Pursuant to SAB 118, the provisional amount recorded related to the transition tax has been adjusted during the year ended December 31, 2018. We recognized this adjustment to the provisional estimate as a decrease in the provision for income taxes of approximately $1.0 million during 2018.

The Tax Act subjects U.S. corporations to current tax on global intangible low-taxed income (or "GILTI") earned by certain foreign subsidiaries. The FASB Staff Q&A, Topic 740 No. 5, Accounting for Global Intangible Low-Taxed Income, states that an entity can make an accounting policy election to either recognize deferred taxes for temporary differences expected to reverse as GILTI in future years or provide for the tax expense related to GILTI resulting from those items in the year the tax is incurred. We elected in the first quarter of fiscal year 2018 to recognize the resulting tax on GILTI as a period expense in the period the tax is incurred, with no material effect on the consolidated financial statements. The current provision for 2018 includes no tax expense for GILTI.

Stock-based Compensation

The ICF International, Inc. Omnibus Incentive Plans provide for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance shares, performance units, cash-based awards, and other stock-based awards to all officers, key employees, and non-employee directors. On April 4, 2018, our board of directors approved the 2018 Omnibus Incentive Plan (the "2018 Omnibus Plan"), which was subsequently approved by the stockholders and became effective on May 31, 2018 (the "Effective Date"). The 2018 Omnibus Plan replaced the previous 2010 Omnibus Incentive Plan (the "Prior Plan"). As of December 31, 2018, there were approximately 1,098,906 shares available for grant under the 2018 Omnibus Plan.

We utilize cash-settled RSUs ("CSRSUs") which are settled only in cash payments. The cash payment is calculated by multiplying the number of CSRSUs vested by our closing stock price on the vesting date, subject to a maximum payment cap and a minimum payment floor. CSRSUs have no impact on the shares available for grant under the Omnibus Plan and have no impact on the calculated shares used in earnings per share ("EPS") calculations.

We began granting awards of registered shares to our non-employee directors on an annual basis under the 2018 Omnibus Plan in the third quarter of 2018. Previously, under the Prior Plan, we granted awards of unregistered shares to the directors under the Annual Equity Election program. Those awards were issued from treasury stock and had no impact on the shares available for grant under the Omnibus Plans.

We recognized total compensation expense relating to stock-based compensation of $19.6 million, $17.5 million, and $15.9 million for the years ended December 31, 2018, 2017, and 2016, respectively. We recognize stock-based compensation expense for stock options, restricted stock awards, and RSUs on a straight-line basis over the requisite service period, which is generally the vesting period. We treat CSRSUs as liability-classified awards, and account for them at fair value based on the closing price of our stock at the balance sheet date. We recognize expense for performance-based share awards ("PSAs"), which are subject to a performance condition and a market condition, on a straight-line basis over the performance period. Non-employee director awards are expensed over the performance period.

Stock-based compensation expense is based on the estimated fair value of these instruments and the estimated number of shares ultimately expected to vest. The calculation of the fair value of the awards requires certain inputs that are subjective and changes to the estimates used will cause the fair value of stock awards and related stock-based compensation expense to vary. The fair value of stock options, restricted stock awards, RSUs, PSAs and non-employee director awards is estimated based on the fair value of a share of common stock at the grant date. We have elected to use the Black-Scholes-Merton option pricing model to determine the fair value of stock options. The fair value of a stock option award is affected by the price of our stock on the date of grant, as well as other assumptions used as inputs in the valuation model. These assumptions include the estimated volatility of the price of our stock over the term of the awards, the estimated period of time that we expect employees will hold stock options, and the risk-free interest rate. The fair value of PSAs is estimated using a Monte Carlo simulation model.

We are required to adjust stock-based compensation expense for the effects of estimated forfeitures of awards over the expense recognition period. We estimate the rate of future forfeitures based on factors which include our historical experience, but the amount of actual forfeitures may differ from current estimates particularly if the rate of future forfeitures is different from previous experience. In addition, the estimation of PSAs that will ultimately vest requires judgment in terms of estimates of future performance. To the extent actual forfeitures differ from estimated forfeitures and actual performance or updated performance estimates differ from current estimates, such expense amounts are recorded as a cumulative adjustment in the period the estimates are revised. See "Note 14—Accounting for Stock-based Compensation" in the "Notes to Consolidated Financial Statements" for further discussion.

Recent Accounting Pronouncements

New accounting standards are discussed in "Note 2—Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements."

SELECTED KEY METRICS

In order to evaluate operations, we track revenue by key metrics that provide useful information about the nature of our operations. Client markets provide insight into the breadth of our expertise. Client type is an indicator of the diversity of our client base. Revenue by contract mix provides insight in terms of the degree of performance risk that we have assumed. Significant variances in the key metrics tables that are provided below are discussed under the revenue section of the results of operations.

Client markets

The following table shows revenue generated from client markets as a percent of total revenue for the periods indicated. For each client, we have attributed all revenue from that client to the market we consider to be the client's primary market, even if a portion of that revenue relates to a different market. Certain minor revenue amounts reported in the prior years have been reclassified within key market categories based on our current view of the client's primary market in order to increase comparability of the current year to prior years.

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Dollars	**Percent**	**Dollars**	**Percent**	**Dollars**	**Percent**
Energy, environment, and infrastructure	$ 565,125	42%	$ 487,001	40%	$ 457,992	39%
Health, education, and social programs	535,314	40%	518,675	42%	508,903	43%
Safety and security	111,072	8%	102,645	8%	98,358	8%
Consumer and financial	126,462	10%	120,841	10%	119,844	10%
Total	$ 1,337,973	100%	$ 1,229,162	100%	$ 1,185,097	100%

Our primary clients are the agencies and departments of the federal government and commercial clients. Most of our revenue is from contracts on which we are the prime contractor, which we believe provides us strong client relationships. In 2018, 2017, and 2016, approximately 92%, 91%, and 90% of our revenue, respectively, was from prime contracts.

Client type

The table below shows our revenue by type of client as a percentage of total revenue for the periods indicated. Certain immaterial revenue amounts i the prior years have been reclassified due to minor adjustments and reclassification within client type.

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
U.S. federal government	$ 543,918	41%	$ 550,794	45%	$ 563,498	48%
U.S. state and local government	185,130	14%	127,797	10%	132,287	11%
International government	122,293	9%	91,318	7%	75,636	6%
Government	851,341	64%	769,909	62%	771,421	65%
Commercial	486,632	36%	459,253	38%	413,676	35%
Total	$ 1,337,973	100%	$ 1,229,162	100%	$ 1,185,097	100%

Contract mix

Contract mix varies from year to year due to numerous factors, including our business strategies and the procurement activities of our clients. Unless the context requires otherwise, we use the term "contracts" to refer to contracts and any task orders or delivery orders issued under a contract. There are three main types of contracts: time-and-materials contracts, fixed-price contracts, and cost-based contracts. See detailed discussion of contract types in Critical Accounting Policies - Revenue Recognition above.

The following table shows the approximate percentage of our revenue for each of these types of contracts for the periods indicated. Certain immaterial revenue amounts in the prior years have been reclassified due to minor adjustments and reclassification within contract type.

	Year ended December 31, 2018		Year ended December 31, 2017		Year ended December 31, 2016	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Time-and-materials	$ 581,965	44%	$ 529,606	43%	$ 511,747	43%
Fixed-price	526,728	39%	480,584	39%	456,065	39%
Cost-based	229,280	17%	218,972	18%	217,285	18%
Total	$ 1,337,973	100%	$ 1,229,162	100%	$ 1,185,097	100%

Payments to us on cost-based contracts with the federal government are provisional payments subject to adjustment upon audit by the government. Such audits have been finalized through December 31, 2010, and any adjustments have been immaterial. Contract revenue for subsequent periods has been recorded in amounts that are expected to be realized on final audit and settlement of costs in those years.

RESULTS OF OPERATIONS

The following table sets forth certain items from our consolidated statements of comprehensive income, expresses these items as a percentage of revenue for the periods indicated and the period-over-period rate of change in each of them.

Years Ended December 31, 2018, 2017, and 2016
(dollars in thousands)

	Year Ended December 31,						Year to Year Change			
	2018	2017	2016	2018	2017	2016	2017 to 2018		2016 to 2017	
	Dollars			Percentages			Dollars	Percent	Dollars	Percent
Revenue	$ 1,337,973	$ 1,229,162	$ 1,185,097	100.0%	100.0%	100.0%	$ 108,811	8.9%	$ 44,065	3.7%
Direct Costs	857,508	771,725	745,137	64.1%	62.8%	62.9%	85,783	11.1%	26,588	3.6%
Operating Costs and Expenses										
Indirect and selling expenses	360,987	346,440	328,048	27.0%	28.2%	27.7%	14,547	4.2%	18,392	5.6%
Depreciation and amortization	17,163	17,691	16,638	1.3%	1.4%	1.4%	(528)	(3.0)%	1,053	6.3%
Amortization of intangible assets	10,043	10,888	12,481	0.8%	0.9%	1.0%	(845)	(7.8)%	(1,593)	(12.8)%
Total Operating Costs and Expenses	388,193	375,019	357,167	29.1%	30.5%	30.1%	13,174	3.5%	17,852	5.0%
Operating Income	92,272	82,418	82,793	6.9%	6.7%	7.0%	9,854	12.0%	(375)	(0.5)%
Interest expense	(8,710)	(8,553)	(9,470)	(0.7)%	(0.7)%	(0.8)%	(157)	1.8%	917	(9.7)%
Other (expense) income	(735)	121	1,184	(0.1)%	—	0.1%	(856)	(707.4)%	(1,063)	(89.8)%
Income Before Income Taxes	82,827	73,986	74,507	6.1%	6.0%	6.3%	8,841	11.9%	(521)	(0.7)%
Provision for Income Taxes	21,427	11,110	27,923	1.6%	0.9%	2.4%	10,317	92.9%	(16,813)	(60.2)%
Net Income	$ 61,400	$ 62,876	$ 46,584	4.6%	5.1%	3.9%	$ (1,476)	(2.3)%	$ 16,292	35.0%

Year ended December 31, 2018 compared to year ended December 31, 2017

Revenue. Revenue for the year ended December 31, 2018, was $1,338.0 million, compared to $1,229.2 million for the year ended December 31, 2017, representing an increase of $108.8 million or 8.9%. The increase in revenue was attributable to an increase in governmental revenue of $81.4 million or 10.6% and an increase in commercial revenue of $27.4 million or 6.0%. The growth in governmental revenue by client markets was driven by increases in revenue from energy, environment, and infrastructure and safety and security clients, partially offset by our health, education, and social program clients compared to the prior year. The changes in government revenue by client type were driven by the increases in state (including territorial), from our disaster recovery clients, and local and international government revenues, partially offset by a decline in federal government revenue. The increase in our commercial revenue by client market was driven by increases in revenue from health, education, and social program, consumer and financial, and energy, environments and infrastructure clients compared to the prior year. The increase in our revenues is partially attributable to revenue from acquired companies of $15.6 million, which positively impacted our commercial clients 'consumer and financial market and our government clients 'energy, environment and infrastructure market. As a result of the larger growth in government revenues compared to the growth in commercial revenues, the governmental and commercial revenues as a percent of total revenue were 64% and 36% for the year ended December 31, 2018 compared with 62% and 38% for the prior year.

Direct costs. Direct costs for the year ended December 31, 2018, were $857.5 million compared to $771.7 million for the year ended December 31, 2017, an increase of $85.8 million or 11.1%. The increase in direct costs year-over-year was attributable to an increase in subcontractor and other direct costs of $67.3 million and an increase in direct labor and related fringe costs of $18.5 million. Direct costs as a percent of revenue increased 1.3% to 64.1% for the year ended December 31, 2018, compared to 62.8% for the prior year. The increase in subcontractor and other direct costs was due to a change in the mix of our services and other direct costs and an increased need for other direct costs to fulfill contract requirements. While direct labor and related fringe costs increased by the $18.5 million, it decreased as a percent of revenue from 34.7% to 33.3%.

Changes in the mix of services and other direct costs provided under our contracts can result in variability in our direct costs as a percentage of revenue. For example, when we perform work in the area of systems implementation, we expect that more of our services will be performed in client-provided facilities. Such work generally has a higher staff utilization than much of our current advisory work since the staff are dedicated to a single longer-term project, and we anticipate decreased indirect expenses since our staff are working at the client facilities. In addition, to the extent we are successful in winning larger contracts, while staff utilization generally increases, our own labor services component will generally decrease because larger contracts typically are broader in scope and require more diverse capabilities, potentially resulting in more subcontracted effort, more other direct costs, and lower margins. Although the duration of our contracts and type of work may impact the ratio of direct costs as a percentage of revenue or gross margins, the economics of these larger jobs are, nonetheless, generally favorable because they tend to increase income, broaden our revenue base, and have a favorable return on invested capital.

Indirect and selling expenses. Indirect and selling expenses for the year ended December 31, 2018, were $361.0 million compared to $346.4 million for the prior year, an increase of $14.6 million or 4.2%. Indirect and selling expenses increased due to increases in indirect labor and fringe of $10.2 million and in general and administrative expenses of $4.4 million. The increase in indirect labor and fringe is due in part to the increase in indirect labor and selling expenses from acquired companies, higher costs to invest in our internal processes and infrastructure costs, costs added as a result of acquisitions, an increase in bad debt due to a large customer filing bankruptcy, partially offset by a reduction in the incentive compensation. Indirect and selling expenses as a percent of revenue decreased to 27.0% for the year ended December 31, 2018, compared to 28.2% for the year ended December 31, 2017.

Indirect and selling expenses generally include our management, facilities, and infrastructure costs for all employees and the salaries and wages related to indirect activities, including stock-based and cash-based incentive compensation provided to employees whose compensation and other benefit costs are included in indirect and selling expenses, plus associated fringe benefits not directly related to client engagements.

Depreciation and amortization. Depreciation and amortization was $17.2 million for the year ended December 31, 2018, compared to $17.7 million for the prior year, a decrease of $0.5 million or 3.0%.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2018 was $10.0 million compared to $10.9 million for the prior year. The $0.9 million decrease was primarily due to reduced levels of intangible asset amortization associated with prior acquisitions, partially offset by an increase in amortization from current acquisitions.

Operating income. For the year ended December 31, 2018, operating income was $92.3 million compared to $82.4 million for the prior year, an increase of $9.9 million or 12.0%. Operating income as a percent of revenue was 6.9% for the year ended December 31, 2018 compared to 6.7% for the prior year largely due to the increase in gross profits of $23.0 million, offset by higher indirect and selling expenses of $14.6 million.

Interest expense. For the year ended December 31, 2018, interest expense was $8.7 million, compared to $8.6 million for the prior year, an increase of $0.1 million or 1.8%.

Other (expense) income. For the year ended December 31, 2018, other expense was $0.7 million compared to other income of $0.1 million for the prior year. The change was primarily due to net unrealized and realized foreign losses of $0.6 million for the year ended December 31, 2018 compared to net unrealized and realized gains of $0.2 million for the year ended December 31, 2017.

Provision for income taxes. The effective income tax rate for the years ended December 31, 2018 and December 31, 2017, was 25.9% and 15.0%, respectively. The increase in the rate for 2018 was primarily related to one-time favorable adjustments of $16.2 million recorded in 2017 related to the enactment of the Tax Act in December 2017. As a result, we were required to make favorable provisional adjustments for revaluing our deferred tax assets and liabilities and permanent non-taxable income that were partially offset by the "transition tax" and establishment of a valuation allowance on certain deferred tax assets. Our effective tax rate, including state and foreign taxes net of federal benefit for the year ended December 31, 2018 was lower than the statutory tax rate for the year primarily due to tax benefits for stock-based compensation, and state tax credits partially offset by the establishment of a valuation allowance on certain deferred tax assets, permanent differences related to compensation costs and other expenses not deductible for tax purposes.

We account for the expected impact of discrete tax items once we determine that they are both reasonably quantified and we are confident they will be realized due to the associated event occurring (such as the filing of an amended tax return, enactment of tax legislation, or the closure of an audit examination).

Year ended December 31, 2017 compared to year ended December 31, 2016

Revenue. Revenue for the year ended December 31, 2017, was $1,229.2 million, compared to $1,185.1 million for the prior year, representing an increase of $44.1 million or 3.7%. The increase in revenue was attributable to increases in commercial revenue of $46.7 million, partially offset by a decrease in government revenue of $2.6 million compared to the prior year. The growth in commercial revenue was driven by increases in our revenue from our energy, environment, and infrastructure and health, education, and social programs clients. The decline in government revenues was due to a decrease in health, education, and social programs clients, partially offset by increases in revenue from our energy, environment, and infrastructure and safety and security government clients. As a result of these changes the governmental and commercial revenues as a percent of total revenue were 62% and 38% for the year ended December 31, 2017 compared with 65% and 35% for the prior year.

Direct costs. Direct costs for the year ended December 31, 2017, were $771.7 million compared to $745.1 million for the prior year, an increase of $26.6 million or 3.6%. The increase in direct costs year-over-year was attributable to an increase in both subcontractor and other direct costs of $24.6 million and an increase in direct labor and related fringe costs of $2.0 million. Direct costs as a percent of revenue decreased 0.1% to 62.8% for the year ended December 31, 2017, compared to 62.9% for the prior year. This decrease was due to the decrease in direct labor and related fringe costs (a 1.1% decrease as a percent of revenue), offset by an increase in subcontractor and other direct costs (a 1.0% increase as a percent of revenue). The decrease in direct labor and fringe costs is the result of a change in our labor allocation. Effective January 1, 2017, in order to be consistent with updated cost accounting requirements under U.S. government cost accounting standards, we changed our labor cost allocation methodology for all contracts which resulted in the classification of certain labor and associated fringe costs as indirect and selling expenses rather than direct costs. In comparing the results of operations for the year ended December 31, 2017 to the prior year, this change in labor allocation methodology resulted in the classification of an estimated $9.5 million of indirect and selling expenses as direct costs in the prior year.

Indirect and selling expenses. Indirect and selling expenses for the year ended December 31, 2017, were $346.4 million compared to $328.0 million for the prior year, an increase of $18.4 million or 5.6%. Indirect and selling expenses increased due to an increase in indirect labor and fringe of $12.0 million, which was due, in part, to the change in labor cost allocation described above, as well as an increase in incentive compensation of $4.4 million, of which $3.0 million was an increase in cash bonuses to take advantage of tax rate differentials, and an increase in other indirect costs of $2.0 million. In response to the Tax Act that was passed in December 2017, we increased the portion of bonuses that will be paid in cash, which resulted in an acceleration of incentive compensation expense for the year as opposed to recording the expense as equity awards vest. The increase in cash bonus expense as a proportion of incentive compensation increased the amount that can be deducted for income tax purposes for 2017 due to the higher corporate tax rate. The increase in other indirect costs was primarily due to $1.7 million of facility consolidations related to reductions in office space utilized at our corporate and U.K offices. Indirect and selling expenses as a percent of revenue increased to 28.2% for the year ended December 31, 2017, compared to 27.7% for the prior year.

Depreciation and amortization. Depreciation and amortization was $17.7 million for the year ended December 31, 2017, compared to $16.6 million for the prior year, an increase of $1.1 million or 6.3%. Depreciation and amortization increased due to higher levels of depreciation and amortization from the continued investment in capital expenditures of property and equipment and costs of internal use software.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2017 was $10.9 million compared to $12.5 million for the prior year. The $1.6 million decrease was primarily due to reduced levels of intangible asset amortization associated with prior acquisitions.

Operating income. For the year ended December 31, 2017, operating income was $82.4 million compared to $82.8 million for the prior year, a decrease of $0.4 million or 0.5%. Operating income as a percent of revenue was 6.7% for the year ended December 31, 2017 compared to 7.0% for the prior year largely due to the increase in indirect expenses offset by lower amortization of intangible assets.

Interest expense. For the year ended December 31, 2017, interest expense was $8.6 million, compared to $9.5 million for the prior year a decrease of $0.9 million or 9.7%. The decrease was primarily due to lower average debt balances outstanding for the year compared to the prior year, partially offset by a slight increase in our weighted average interest rate compared to the same period in 2016 and additional amortization of unamortized loan costs related to the Credit Facility modification.

Other (expense) income. For the year ended December 31, 2017, other income was $0.1 million compared to other income of $1.2 million for the prior year. Other income for the year ended December 31, 2017, which primarily represents foreign currency gains primarily offset by the loss on disposal of fixed assets, compared to other income for the prior year. The net gain on a corporate owned insurance policy impacted other income during the prior year 2016.

Provision for income taxes. The effective income tax rate for the years ended December 31, 2017 and December 31, 2016, was 15.0% and 37.5%, respectively.

The decrease in the rate for 2017 was primarily related to favorable net adjustments of $16.2 million related to the enactment of the Tax Act in December 2017. As a result, we were required to make favorable provisional adjustments for revaluing our deferred tax assets and liabilities and permanent non-taxable income that were partially offset by the "transition tax" and establishment of a valuation allowance on certain deferred tax assets. Our effective tax rate, including state and foreign taxes net of federal benefit, for the year ended December 31, 2017 was lower than the statutory tax rate for the year primarily due to the net favorable adjustments for the impact of the Tax Act, tax benefits for stock-based compensation, permanently non-taxable income, and state tax credits partially offset by the establishment of a valuation allowance on certain deferred tax assets, permanent differences related to compensation costs and other expenses not deductible for tax purposes. We account for the expected impact of discrete tax items once we determine that they are both reasonably quantified and we are confident they will be realized due to the associated event occurring (such as the filing of an amended tax return, enactment of tax legislation, or the closure of an audit examination).

NON-GAAP MEASURES

These following tables provide reconciliations of financial measures that are not U.S. GAAP ("non-GAAP) to the most applicable U.S. GAAP measures. While we believe that these non-GAAP financial measures may be useful in evaluating our financial information, they should be considered supplemental in nature and not as a substitute for financial information prepared in accordance with U.S. GAAP. Other companies may define similarly titled non-GAAP measures differently and, accordingly, care should be exercised in understanding how we define these measures.

Service Revenue. Service revenue represents revenue less subcontractor and other direct costs (which include third-party materials and travel expenses). Service revenue is not a recognized term under U.S. GAAP and should not be considered an alternative to revenue as a measure of operating performance. This presentation of service revenue may not be comparable to other similarly titled measures used by other companies because other companies may use different methods to prepare similarly titled measures. We believe service revenue is a useful measure to investors since, as a consulting firm, a key source of our profit is revenue obtained from the services that we provide to our clients through our employees.

The table below presents a reconciliation of revenue to service revenue for the periods indicated:

	Year ended December 31,		
	2018	2017	2016
Revenue	$ 1,337,973	$ 1,229,162	$ 1,185,097
Subcontractor and other direct costs	(412,216)	(344,913)	(320,332)
Service revenue	$ 925,757	$ 884,249	$ 864,765

EBITDA and Adjusted EBITDA. EBITDA, or earnings before interest and other income and/or expense, tax, and depreciation and amortization, is a measure that we use to evaluate our performance. We believe EBITDA is useful to investors because similar measures are frequently used by securities analysts, investors, and other interested parties in evaluating companies in our industry by providing a view of a company's operations before the impact of capital budgeting, tax strategy and capital structure decisions. Adjusted EBITDA is EBITDA further adjusted to eliminate the impact of certain items that we do not consider to be indicative of the performance of our ongoing operations. We evaluate these adjustments on an individual basis based on both the quantitative and qualitative aspects of each respective item, which include its size and whether or not we expect it to occur as part of our normal business on a regular basis. We believe that the adjustments applied in calculating adjusted EBITDA are reasonable and appropriate to provide additional information related to our operating performance.

EBITDA and adjusted EBITDA are not recognized terms under U.S. GAAP and do not purport to be an alternative to net income as a measure of operating performance, or to cash flows from operating activities as a measure of liquidity. Because not all companies use identical calculations, this presentation of EBITDA and adjusted EBITDA may not be comparable to other similarly-titled measures used by other companies. EBITDA and adjusted EBITDA are not intended to be a measure of free cash flow for management's discretionary use, as they do not consider certain cash requirements, such as interest payments, tax payments, capital expenditures, and debt service.

A reconciliation of net income to EBITDA and adjusted EBITDA follows:

	Year ended December 31,		
	2018	2017	2016
Net income	$ 61,400	$ 62,876	$ 46,584
Other expense (income)	735	(121)	(1,184)
Interest expense	8,710	8,553	9,470
Provision for income taxes	21,427	11,110	27,923
Depreciation and amortization	27,206	28,579	29,119
EBITDA	119,478	110,997	111,912
Special charges related to acquisitions (1)	1,361	239	20
Special charges related to severance for staff realignment (2)	1,554	1,583	1,701
Special charges related to facilities consolidations and office closures (3)	115	2,060	258
Special charges due to additional cash bonus expense (4)	—	3,000	—
Special charges related to bad debt reserve (5)	1,240	—	—
Total special charges and adjustments	4,270	6,882	1,979
Adjusted EBITDA	$ 123,748	$ 117,879	$ 113,891

(1) Special charges related to acquisitions. These costs are mainly related to closed and anticipated-to-close acquisitions, consisting primarily of consultants and other outside party costs, an increase in the contingent consideration liability and amortization of deferred consideration payments, discounted as part of the acquisition.

(2) Special charges related to severance for staff realignment: These costs are due to involuntary employee termination benefits for Company officers or groups of employees who have been terminated as part of a consolidation or reorganization.

(3) Special charges related to facilities consolidations and office closures: These costs are exit costs associated with terminated leases or full office closures. These exit costs include charges incurred under a contractual obligation that existed as of the date of the accrual and for which we will continue to pay until the contractual obligation is satisfied but with no economic benefit to us.

(4) Special charges due to additional cash bonus expense: In response to the Tax Act, we increased the portion of bonuses that will be paid in cash, which increased the amount that can be deducted for income tax purposes for 2017.

(5) Special charge related bad debt reserve. This cost is related to the January 2019 bankruptcy filing of a utility client.

Non-GAAP EPS. Non-GAAP EPS represents diluted EPS excluding the impact of certain items (such as special charges and acquisition-related penses) that we do not consider to be indicative of the performance of our ongoing operations and are excluded from adjusted EBITDA as described above. .luted EPS has also been adjusted to eliminate the impact of amortization of intangible assets related to our acquisitions since the impact is larger following an acquisition and, depending on when the acquisition occurred, impacts comparability. Non-GAAP EPS is not a recognized term under U.S. GAAP and does not purport to be an alternative to basic or diluted EPS. Because not all companies use identical calculations, the presentation of non-GAAP EPS may not be comparable to other similarly titled measures used by other companies. We believe that the supplemental adjustments applied in calculating non-GAAP EPS are reasonable and appropriate to provide additional information to investors.

A reconciliation of diluted EPS to non-GAAP EPS, including income tax effects calculated using an effective U.S. GAAP tax rate of 25.9%, 15.0% (or 37.0% effective tax rate for the period prior to any adjustments for the new tax regulation), and 37.5%, respectively, follows:

	Year ended December 31,		
	2018	2017	2016
Diluted EPS	$ 3.18	$ 3.27	$ 2.40
Special charges related to acquisitions	0.07	0.01	—
Special charges related to severance for staff realignment	0.08	0.08	0.09
Special charges related to facilities consolidations and office closures	0.01	0.12	0.02
Special charges due to additional cash bonus expense	—	0.16	—
Special charges related to bad debt reserve	0.06	—	—
Amortization of intangibles	0.52	0.57	0.64
Income tax effects on amortization, special charges, and adjustments	(0.19)	(0.35)	(0.28)
Adjustments for changes in the tax rate under new Tax Act	—	(0.84)	—
Non-GAAP EPS	$ 3.73	$ 3.02	$ 2.87

LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Borrowing Capacity. Our business generally requires minimal infrastructure investment because we are primarily a service provider for which facilities requirements are provided for under operating leases or on client premises. Short-term liquidity requirements are created by our use of funds for working capital, capital expenditures, and the need to provide any debt service. We expect to meet these requirements through a combination of cash flows from operations and borrowings under our Fifth Amended and Restated Business Loan and Security Agreement with a syndicate of eleven commercial banks (the "Credit Facility").

We anticipate that our long-term liquidity requirements, including any future acquisitions, will be funded through a combination of cash flows from operations, borrowings under our Credit Facility, additional secured or unsecured debt, or the issuance of common stock, each of which may be initially funded through borrowings under our Credit Facility.

We believe that the combination of internally generated funds, available bank borrowings under our Credit Facility, and cash and cash equivalents on hand will provide the required liquidity and capital resources necessary to fund on-going operations, customary capital expenditures, and other current working capital requirements. We are continuously analyzing our capital structure to ensure we have sufficient capital to fund internal growth, repurchase of common stock and fund future acquisitions. We monitor the state of the financial markets on a regular basis to assess the availability and cost of additional capital resources both from debt and equity sources. We believe that we will be able to access these markets at commercially reasonable terms and conditions if we need additional borrowings or capital.

Financial Condition. There were several changes in our balance sheet during the year ended December 31, 2018. Cash and cash equivalents decreased slightly to $11.7 million on December 31, 2018, from $11.8 million on December 31, 2017. Restricted cash (current and non-current) decreased $11.2 million to $1.3 million at December 31, 2018. The decrease in restricted cash is due to funds that were held in escrow at the end of 2017 related to our acquisition of TFC, which was subsequently completed in January 2018 and is discussed in "Acquisitions and Business Combinations" section above.

Contract receivables are the principal component of our working capital and generally increase due to revenue growth and may be favorably or unfavorably impacted by our collections efforts, including timing from new contract startups, and other short-term fluctuations related to the payment practices of our clients.

Contract assets and contract liabilities represent contract costs in excess of billings, and billings in excess of costs, respectively, both of which arise from timing of billings on our contracts with customers. At December 31, 2018, contract assets and contract liabilities were $126.7 million and $33.5 million, respectively, compared to $123.2 million and $38.6 million, respectively, at December 31, 2017. Total accounts receivable consists of billed receivables net of allowance for doubtful accounts. We evaluate our collections efforts using the days sales outstanding ratio, or DSO, which we calculate by dividing total accounts receivable, net of deferred revenues, by revenue per day. DSO for the year ended December 31, 2018 was 77 days compared to 71 days during the prior year with the increase occurring largely due to disaster recovery work that began in 2018.

Property and equipment, net of depreciation and amortization, increased due to capital expenditures primarily related to increases in capitalized software as we invest in our infrastructure as well as in other asset accounts related to recent acquisitions.

Goodwill and intangible assets increased due to recent acquisitions. As a result of the three acquisitions that occurred in 2018, we recognized the fair value of the assets and liabilities assumed and allocated $32.1 million to goodwill, $10.6 million to intangible assets and $1.2 million to estimated fair value contingent consideration to be paid to the former owners on the achievement of certain objectives. The intangible assets primarily consist of customer ationships and are amortized on an accelerated basis based on forecasted customer cash payments. We determined the fair value of the contingent consideration as of the acquisition date using a valuation model which included the most likely outcome and the application of an appropriate discount rate. At December 31, 2018, the fair value of the contingent consideration was remeasured and a charge of $0.5 million was incurred due to the increase in the contingent liability.

Accounts payable, accrued salaries and benefits, accrued subcontractors and other direct costs, and accrued expenses and other current liabilities increased to $102.6 million, $44.1 million, $58.8 million and $39.1 million, respectively, on December 31, 2018 from $75.1 million, $45.6 million, $47.5 million, and $17.6 million on December 31, 2017, respectively. The increases in the liabilities are due primarily to timing of payments in the fourth quarter of 2018, the increased activity in the fourth quarter and, to a lesser extent, the impact of the acquired companies.

Long-term debt decreased to $200.4 million on December 31, 2018, from $206.3 million on December 31, 2017, due to net payments on our Credit Facility of $5.8 million. The weighted average debt balance on the credit facility for the years ended December 31, 2018 and 2017 was $237.0 million and $259.4 million. The weighted average interest rate on the Credit Facility for the years ended December 31, 2018 and 2017 was 3.29% and 2.65%.

On August 8, 2018, we entered into two floating-to-fixed interest rate hedging agreements for an aggregate notional amount of $75.0 million to hedge a portion of our Credit Facility. We entered into the hedge to help manage the risk related to interest rate volatility and designated the swap as a cash flow hedge. The cash flows from the hedge began on August 31, 2018 and the swap matures August 31, 2023. The hedging agreements add to the agreement that we had entered into in 2017. At December 31, 2018, the aggregate notional amount hedged totaled $100.0 million, excluding the hedge sold on December 1, 2016.

Treasury stock increased to $139.7 million on December 31, 2018 from $121.5 million on December 31, 2017 primarily due to share buybacks under our share repurchase plan and from vesting of stock-based awards of $18.3 million.

The increase in accumulated other comprehensive loss of $7.5 million was driven by $6.7 million due to the change in the value of certain foreign currencies relative to the U.S. dollar (primarily the British Pound, Euro and Canadian dollar) and by the change in the fair value of the interest rate hedging agreement as described above, and $0.8 million due to the adoption of new accounting principle in 2019 (see Note 2—Summary of Significant Accounting Policies" in the "Notes to Consolidated Financial Statements.")

We have explored various options of mitigating the risk associated with potential fluctuations in the foreign currencies in which we conduct transactions. We currently have hedges in an amount proportionate to work anticipated to be performed under certain contracts in Europe. We recognize changes in the fair-value of the hedges in our results of operations. We may increase the number, size and scope of our hedges as we analyze options for mitigating our foreign exchange and interest rate risk. The current impact of the foreign currency hedges to the consolidated financial statements is immaterial.

Cash Flows. We consider cash on deposit and all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. The following table sets forth our sources and uses of cash for the following years.

	Year ended December 31,		
(in thousands)	**2018**	**2017**	**2016**
Net cash provided by operating activities	$ 74,670	$ 117,191	$ 80,057
Net cash used in investing activities	(56,387)	(14,604)	(13,891)
Net cash used in financing activities	(28,771)	(87,300)	(66,974)
Effect of exchange rate changes on cash	(792)	1,094	(416)
Increase (decrease) in cash, cash equivalents and restricted cash	$ (11,280)	$ 16,381	$ (1,224)

Our operating cash flows are primarily affected by the overall profitability of our contracts, our ability to invoice and collect from our clients in a timely manner, and the timing of vendor and subcontractor payments in accordance with negotiated payment terms. We bill most of our clients on a monthly basis after services are rendered.

Comparing the net cash provided by operating activities for December 31, 2018 and 2017, cash flows from operating activities for 2018 were positively impacted by net income, the adjustments to reconcile net income to net cash provided by operating activities for non-cash expenses, such as depreciation, equity compensation and deferred income taxes, the change in accrued expenses and accounts payable, and the use of tax deposits to satisfy tax liabilities. The cash flows from operations were negatively impacted by the change in contract receivables and net contract assets and liabilities. The increase in 2018 for the adjustment for the non-cash deferred taxes was the result of the 2017 impact of the Tax Act, the revaluation of the deferred taxes in 2017 related to the change in tax rates and to our continued use of equity compensation. The positive impact upon cash flows from operations due to changes in the accrued expenses and accounts payable is due to the timing of payment of current liabilities and the commencement of new, large contracts in the latter part of the year increasing the volume and activity. The negative impact upon cash flow from operations due to the change in contract receivables and net contract assets and liabilities was also due to the commencement of large disaster recovery contracts in the latter part of the year. We evaluate our collections efforts using the day's sales outstanding ratio, or DSO, which we calculate by dividing total accounts receivable, net of deferred revenues, by revenue per day. DSO for the year ended December 31, 2018 were 77 days compared to 71 days during the prior year.

Comparing the net cash provided by operating activities for December 31, 2017 and 2016, cash flows from operating activities for 2017 were positively impacted by net income, the change in contract receivables and net contract assets and liabilities, and the changes in accrued expenses, and accounts payable. The cash flows from operations was negatively impacted by the adjustments to reconcile net income to net cash flow provided by operations and the adjustment for deferred taxes. The change in contract receivables and net contract assets and liabilities was due to the significantly improved DSO metric on a year over year basis. DSO for the year ended December 31, 2017 improved to 71 days compared to 78 days during the prior year. The negative impact upon the adjustment for deferred taxes is a result of a non-cash adjustment of the deferred tax liabilities due to the decrease in the effective tax rate from the Tax Act.

Our cash flows used in investing activities consists primarily of capital expenditures and acquisitions. During the year ended 2018, we purchased capital assets totaling $21.8 million and had payments for business acquisitions of $34.6 million, net of cash received. During the year ended 2017, we purchased capital assets totaling $14.5 million. During the year ended 2016, we purchased capital assets totaling $13.8 million.

Our cash flows used in and provided by financing activities consists primarily of debt and equity transactions. For the year ended 2018, cash flows used in financing activities were primarily due to net payments on our Credit Facility of $5.8 million, dividends paid of $7.9 million, and share repurchases under our share repurchase plan of $13.9 million. For the year ended 2017, cash flows used in financing activities were primarily due to net payments on our Credit Facility of $53.1 million, and share repurchases under our share repurchase plan of $30.7 million. For the year ended 2016, cash flows used in financing activities were primarily due to net payments on our Credit Facility of $52.1 million, and share repurchases under our share repurchase plan of $11.9 million.

OFF-BALANCE SHEET ARRANGEMENTS

Contractual Obligations

We use off-balance sheet arrangements to finance the lease of office and storage facilities through operating leases. Operating leases are also used from time to time to finance the use of computers, servers, copiers, telephone systems, and, to a lesser extent, other fixed assets (such as furnishings). Additionally, we also may obtain additional operating leases in connection with business acquisitions. We generally assume the lease rights and obligations of businesses acquired in business combinations and continue financing facilities and equipment under operating leases until the end of the lease term following the acquisition date.

In addition, we also had eleven outstanding letters of credit provided for under our Credit Facility with a total value of $3.3 million, primarily related to deposits to support our facility leases.

The following table summarizes our contractual obligations as of December 31, 2018 that require us to make future cash payments. Our summary of contractual obligations includes payments that we have an unconditional obligation to make.

		Payments due by Period			
(in thousands)	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Long-term debt obligation (1)	$ 230,194	$ 8,826	$ 17,652	$ 203,716	$ —
Rent of facilities	187,242	38,003	70,621	49,702	28,916
Operating lease obligations	2,186	1,029	899	258	—
Capital expenditure obligations	13,061	5,263	6,108	1,690	—
Other obligations related to acquisitions	7,169	2,832	4,337	—	—
Total	$ 439,852	$ 55,953	$ 99,617	$ 255,366	$ 28,916

(1) Represents the obligation for principal and variable interest payments related to the Credit Facility assuming the principal amount outstanding and interest rates at December 31, 2018 remain fixed through maturity. These assumptions are subject to change in future periods.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain financial market risks, the most predominant being fluctuations in interest rates for borrowings under the Credit Facility and foreign exchange rate risk.

We monitor interest rate fluctuations and outlook as an integral part of our overall risk management program, which recognizes the unpredictability of financial markets and seeks to reduce potentially adverse effects of higher interest rates on our results of operations. As part of this strategy, we may use interest rate swap arrangements to hedge all or a portion of our interest rate risk by securing hedges that effectively convert our variable rate debt to fixed rate debt. We do not use such instruments for speculative or trading purposes. Our exposure to market risk includes changes in interest rates for borrowings under the Credit Facility. These borrowings accrue interest at variable rates. Based on our borrowings under this facility and amount of hedging in 2018, a 1% increase in interest rates would have increased interest expense by approximately $2.4 million, pre-tax, and would have decreased our annual net income and operating cash flows by a comparable amount.

As a result of conducting business in currencies other than the U.S. dollar, we are subject to market risk with respect to adverse fluctuations in currency exchange rates. In general, our currency risk is mitigated largely by matching costs with revenues in a given currency. However, our exposure to fluctuations in other currencies against the U.S. dollar increases as a greater portion of our revenue is generated in currencies other than the U.S. dollar. We currently have hedges in place to mitigate our foreign exchange risk related to our operations in Europe; however, given the amount of business conducted in Europe, there is some risk that revenue and profits will be affected by foreign currency exchange fluctuations. We use a sensitivity analysis to assess the impact of movement in foreign currency exchange rates on revenue. During the year ended December 31, 2018, 14.8% of our revenue was generated from our international operations based on the location to which a contract was awarded. As a result, a 10% increase or decrease in the value of the U.S. dollar against all currencies would have an estimated impact on revenue of approximately 1.5%, or $19.8 million. Actual gains and losses in the future could differ materially from this analysis based on the timing and amount of both foreign currency exchange rate movements and our actual exposure. As of December 31, 2018, we held approximately $11.9 million in cash in foreign bank accounts to be utilized on behalf of our foreign subsidiaries, thereby partially mitigating foreign currency conversion risks.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of ICF International, Inc. and subsidiaries are provided in Part IV in this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Based on an evaluation under the supervision and with the participation of the Company's management, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, were effective as of December 31, 2018 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the criteria set forth in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the assessment, management has concluded that its internal control over financial reporting was effective as of December 31, 2018. The Company's independent registered public accounting firm, Grant Thornton LLP, has issued an audit report on the Company's internal control over financial reporting, which appears on page F-2 of this Form 10-K.

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with U.S. GAAP. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP; (iii) that the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors; and (iv) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Changes in Internal Control Over Financial Reporting. There were no material changes in our internal control over financial reporting during 2018, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations Over Internal Controls. A control system, no matter how well designed and operated, can provide only reasonable (not absolute) assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Because of the inherent limitations in any control system, misstatements due to error or fraud may occur and may not be detected. Also, any evaluations of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10.DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item will be included in our Proxy Statement for the 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement") and is incorporated herein by reference.

ITEM 11.EXECUTIVE COMPENSATION

The information required by this item will be included in the 2019 Proxy Statement and is incorporated herein by reference.

ITEM 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this item will be included in the 2019 Proxy Statement and is incorporated herein by reference.

ITEM 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item will be included in the 2019 Proxy Statement and is incorporated herein by reference.

ITEM 14.PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item will be included in the 2019 Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(1) Financial Statements

(2) Financial Statement Schedules

None.

(3) Exhibits

The following exhibits are included with this report or incorporated herein by reference:

Exhibit Number	Exhibit
3.1	Amended and Restated Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 to the Company's Form 10-Q, filed August 3, 2017).
3.2	Amended and Restated Bylaws (Incorporated by reference to Exhibit 3.1 to the Company's Form 8-K, filed June 2, 2017).
4.1	Specimen common stock certificate (Incorporated by reference to Exhibit 4.1 to the Company's Form S-1/A (File No. 333-134018), filed September 12, 2006).
4.2	See Exhibits 3.1 and 3.2, above, for provisions of the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws of the Company defining the rights of holders of common stock of the Company.
10.1	2006 Employee Stock Purchase Plan (Incorporated by reference to Exhibit 10.3 to the Company's Form S-1 (File No. 333-134018), filed May 11, 2006). +
10.2	ICF International, Inc. Nonqualified Deferred Compensation Plan, as amended and restated as of January 1, 2012 (Incorporated by reference to Exhibit 10.2 to the Company's Form 10-K, filed March 1, 2013). +
10.3	ICF International, Inc. 2018 Omnibus Incentive Plan (Incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement for the 2018 Annual Meeting of Stockholders, filed April 20, 2018). +
10.4	Form of Restricted Stock Unit Award under the 2018 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed June 1, 2018). +
10.5	Form of Non-Employee Restricted Stock Unit Award under the 2018 Omnibus Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed June 27, 2018). +
10.6	Form of CEO Performance Share Award Agreement (Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed June 1, 2018). +
10.7	Form of COO Performance Share Award Agreement (Incorporated by reference to Exhibit 10.5 to the Company's Form 8-K, filed June 1, 2018). +
10.8	Form of General Performance Share Award Agreement under the 2018 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed June 1, 2018). +
10.9	Form of Cash-Settled Restricted Stock Unit Award under the 2018 Omnibus Incentive Plan. (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed June 1, 2018). +

Exhibit Number	Exhibit
10.10	Restated Employment Agreement by and between the Company and Sudhakar Kesavan, dated December 29, 2008 (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed December 30, 2008). +
10.11	Restated Severance Protection Agreement by and between the Company and Sudhakar Kesavan, dated December 29, 2008 (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed December 30, 2008). +
10.12	Restated Severance Protection Agreement by and between the Company and John Wasson, dated December 12, 2008 (Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed December 18, 2008). +
10.13	Amended Severance Letter Agreement by and between the Company and John Wasson, dated December 12, 2008 (Incorporated by reference to Exhibit 10.4 to the Company's Form 8-K, filed December 18, 2008). +
10.14	Employment Terms by and between the Company and James C. Morgan, dated June 8, 2012 (Incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q, filed August 6, 2012). +
10.15	Severance Benefit/Protection Agreement by and between the Company and James C. Morgan, dated June 8, 2012 (Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q, filed August 6, 2012). +
10.16	Severance Letter Agreement by and between the Company and Ellen Glover, dated February 21, 2012 (Incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q, filed May 4, 2012). +
10.17	Severance Letter Agreement by and between the Company and Sergio J. Ostria, dated March 6, 2012 (Incorporated by reference to Exhibit 10.18 to the Company's Form 10-K, filed on March 8, 2016). +
10.18	Fifth Amended and Restated Business Loan and Security Agreement, dated May 17, 2017 (Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed May 18, 2017).
10.19	Deed of Lease by and between Hunters Branch Leasing, LLC and ICF Consulting Group, Inc., effective April 1, 2010 (Incorporated by reference to Exhibit 10.6 to the Company's Form 10-K, filed March 11, 2010).
21.0	Subsidiaries of the Registrant.*
23.1	Consent of Grant Thornton LLP.*
31.1	Certificate of the Principal Executive Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).*
31.2	Certificate of the Principal Financial Officer Pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a).*
32.1	Certifications of Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certifications of Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101	The following materials from the ICF International, Inc. Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements. *

(1) Certain confidential information contained in this exhibit was omitted by means of redacting a portion of the text and replacing it with an asterisk. This exhibit has been filed separately with the Secretary of the Securities and Exchange Commission without the redaction pursuant to a confidential treatment request under Rule 24b-2 of the Exchange Act.

* Submitted electronically herewith.

\+ Indicates a management contract or compensatory plan or arrangement required to be filed as an exhibit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 27, 2019

ICF INTERNATIONAL, INC.
By: /s/ SUDHAKAR KESAVAN
Sudhakar Kesavan
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ SUDHAKAR KESAVAN **Sudhakar Kesavan**	Chairman, Chief Executive Officer and Director (Principal Executive Officer)	February 27, 2019
/s/ JAMES MORGAN **James Morgan**	Chief Financial Officer (Principal Financial Officer)	February 27, 2019
/s/ RICHARD TAYLOR **Richard Taylor**	Controller (Principal Accounting Officer)	February 27, 2019
/s/ EILEEN O'SHEA AUEN **Eileen O'Shea Auen**	Director	February 27, 2019
/s/ Dr. SRIKANT M. DATAR **Dr. Srikant M. Datar**	Director	February 27, 2019
/s/ CHERYL GRISÉ **Cheryl Grisé**	Director	February 27, 2019
/s/ PETER SCHULTE **Peter Schulte**	Director	February 27, 2019
/s/ MICHAEL VAN HANDEL **Michael Van Handel**	Director	February 27, 2019
/s/ RANDALL MEHL **Randall Mehl**	Director	February 27, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
ICF International, Inc.

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of ICF International, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 27, 2019 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2000.

Arlington, Virginia
February 27, 2019

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
ICF International, Inc.

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of ICF International, Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2018, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2018, and our report dated February 27, 2019 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Arlington, Virginia
February 27, 2019

ICF International, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31, 2018	December 31, 2017
..ssets		
Current Assets:		
Cash and cash equivalents	$ 11,694	$ 11,809
Restricted cash - current	—	11,191
Contract receivables, net	230,966	168,318
Contract assets	126,688	123,197
Prepaid expenses and other	16,253	11,327
Income tax receivable	6,505	5,596
Total Current Assets	392,106	331,438
Total Property and Equipment, net	48,105	38,052
Other Assets:		
Restricted cash - non-current	1,292	1,266
Goodwill	715,644	686,108
Other intangible assets, net	35,494	35,304
Other assets	21,221	18,087
Total Assets	$ 1,213,862	$ 1,110,255
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 102,599	$ 75,074
Contract liabilities	33,494	38,571
Accrued salaries and benefits	44,103	45,645
Accrued subcontractors and other direct costs	58,791	47,508
Accrued expenses and other current liabilities	39,072	17,572
Total Current Liabilities	278,059	224,370
Long-term Liabilities:		
Long-term debt	200,424	206,250
Deferred rent	13,938	15,119
Deferred income taxes	40,165	33,351
Other	20,859	15,135
Total Liabilities	553,445	494,225
Commitments and Contingencies (Note 19)		
Stockholders' Equity:		
Preferred stock, par value $.001 per share; 5,000,000 shares authorized; none issued	—	—
Common stock, $.001 par value; 70,000,000 shares authorized; 22,445,576 and 22,019,315 shares issued; and 18,817,495 and 18,661,801 shares outstanding as of December 31, 2018 and December 31, 2017, respectively	22	22
Additional paid-in capital	326,208	307,821
Retained earnings	486,442	434,766
Treasury stock	(139,704)	(121,540)
Accumulated other comprehensive loss	(12,551)	(5,039)
Total Stockholders' Equity	660,417	616,030
Total Liabilities and Stockholders' Equity	$ 1,213,862	$ 1,110,255

The accompanying notes are an integral part of these statements.

ICF International, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(in thousands, except per share amounts)

	Years ended December 31,		
	2018	2017	2016
Revenue	$ 1,337,973	$ 1,229,162	$ 1,185,097
Direct costs	857,508	771,725	745,137
Operating costs and expenses			
Indirect and selling expenses	360,987	346,440	328,048
Depreciation and amortization	17,163	17,691	16,638
Amortization of intangible assets	10,043	10,888	12,481
Total operating costs and expenses	388,193	375,019	357,167
Operating income	92,272	82,418	82,793
Interest expense	(8,710)	(8,553)	(9,470)
Other (expense) income	(735)	121	1,184
Income before income taxes	82,827	73,986	74,507
Provision for income taxes	21,427	11,110	27,923
Net income	$ 61,400	$ 62,876	$ 46,584
Earnings per share:			
Basic	$ 3.27	$ 3.35	$ 2.45
Diluted	$ 3.18	$ 3.27	$ 2.40
Weighted-average common shares outstanding:			
Basic	18,797	18,766	18,989
Diluted	19,335	19,244	19,416
Cash dividends declared per common share	0.56	—	—
Other comprehensive (loss) income, net of tax	(6,683)	4,601	(2,149)
Comprehensive income, net of tax	$ 54,717	$ 67,477	$ 44,435

The accompanying notes are an integral part of these statements.

ICF International, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2016	19,032	$ 21	$ 280,113	$ 325,306	2,282	$ (74,673)	$ (7,491)	$ 523,276
Net income	—	—	—	46,584	—	—	—	46,584
Other comprehensive loss	—	—	—	—	—	—	(2,149)	(2,149)
Equity compensation	—	—	8,734	—	—	348	—	9,082
Exercise of stock options	128	1	3,033	—	—	—	—	3,034
Issuance of shares pursuant to vesting of restricted stock units	221	—	—	—	—	—	—	—
Net payments for stock issuances and buybacks	(360)	—	547	—	360	(14,370)	—	(13,823)
Balance at December 31, 2016	19,021	22	292,427	371,890	2,642	(88,695)	(9,640)	566,004
Net income	—	—	—	62,876	—	—	—	62,876
Other comprehensive income	—	—	—	—	—	—	4,601	4,601
Equity compensation	—	—	9,985	—	—	306	—	10,291
Exercise of stock options	176	—	4,722	—	—	—	—	4,722
Issuance of shares pursuant to vesting of restricted stock units	180	—	—	—	—	—	—	—
Net payments for stock issuances and buybacks	(715)	—	687	—	715	(33,151)	—	(32,464)
Balance at December 31, 2017	18,662	22	307,821	434,766	3,357	(121,540)	(5,039)	616,030
Net income	—	—	—	61,400	—	—	—	61,400
Other comprehensive loss	—	—	—	—	—	—	(6,683)	(6,683)
Equity compensation	—	—	11,328	—	—	178	—	11,506
Exercise of stock options	209	—	5,842	—	—	—	—	5,842
Issuance of shares pursuant to vesting of restricted stock units	226	—	—	—	(8)	—	—	—
Net payments for stock issuances and buybacks	(280)	—	1,217	—	280	(18,342)	—	(17,125)
Reclassification of stranded tax effects due to adoption of accounting principle	—	—	—	829	—	—	(829)	—
Dividends declared	—	—	—	(10,553)	—	—	—	(10,553)
Balance at December 31, 2018	18,817	$ 22	$ 326,208	$ 486,442	3,629	$ (139,704)	$ (12,551)	$ 660,417

The accompanying notes are an integral part of these statements.

ICF International, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(in thousands)

	Years ended December 31, 2018	2017	2016
Cash Flows from Operating Activities			
Net income	$ 61,400	$ 62,876	$ 46,584
Adjustments to reconcile net income to net cash provided by operating activities:			
Bad debt expense	2,480	1,480	1,089
Deferred income taxes	5,100	(7,390)	6,535
Non-cash equity compensation	11,506	10,291	9,082
Depreciation and amortization	27,206	28,579	29,119
Deferred rent	523	(177)	(43)
Proceeds from hedge sale	—	—	3,600
Facilities consolidation reserve	(260)	1,479	—
Remeasurement of contingent acquisition liability	505	—	—
Amortization of debt issuance costs	510	673	532
Other adjustments, net	449	275	(1,169)
Changes in operating assets and liabilities, net of the effect of acquisitions:			
Net contract assets and liabilities	(14,148)	405	(20,025)
Contract receivables	(60,096)	702	(9,702)
Prepaid expenses and other assets	(6,650)	(1,844)	(2,792)
Accounts payable	28,309	3,631	8,941
Accrued salaries and benefits	(2,159)	5,597	1,140
Accrued subcontractors and other direct costs	10,762	15,507	4,522
Accrued expenses and other current liabilities	11,120	(2,250)	5,730
Income tax receivable and payable	(2,063)	(5,697)	(2,447)
Other liabilities	176	3,054	(639)
Net Cash Provided by Operating Activities	74,670	117,191	80,057
Cash Flows from Investing Activities			
Capital expenditures for property and equipment and capitalized software	(21,812)	(14,513)	(13,791)
Payments for business acquisitions, net of cash received	(34,575)	(91)	(100)
Net Cash Used in Investing Activities	(56,387)	(14,604)	(13,891)
Cash Flows from Financing Activities			
Advances from working capital facilities	573,991	590,225	478,584
Payments on working capital facilities	(579,817)	(643,363)	(530,728)
Payments on capital expenditure obligations	(3,726)	(4,808)	(4,041)
Debt issue costs	(21)	(1,612)	—
Proceeds from exercise of options	5,842	4,722	3,034
Dividends paid	(7,915)	—	—
Net payments for stockholder issuances and buybacks	(17,125)	(32,464)	(13,823)
Net Cash Used in Financing Activities	(28,771)	(87,300)	(66,974)
Effect of Exchange Rate Changes on Cash, Cash Equivalents, and Restricted Cash	(792)	1,094	(416)
(Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(11,280)	16,381	(1,224)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Period	24,266	7,885	9,109
Cash, Cash Equivalents, and Restricted Cash, End of Period	$ 12,986	$ 24,266	$ 7,885
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 9,893	$ 7,922	$ 8,937
Income taxes	$ 14,870	$ 21,659	$ 21,094
Non-cash investing and financing transactions:			
Deferred and contingent consideration arising from businesses acquired	$ 8,391	$ —	$ —
Capital expenditure obligations	$ 6,121	$ —	$ —

The accompanying notes are an integral part of these statements.

)TE 1 - BASIS OF PRESENTATION AND NATURE OF OPERATIONS

ɒasis of Presentation and Nature of Operations

The accompanying consolidated financial statements include the accounts of ICF International, Inc. ("ICFI") and its principal subsidiary, ICF Consulting Group, Inc. ("Consulting," and together with ICFI, "the Company"), and have been prepared in accordance with United States ("U.S.) generally accepted accounting principles ("U.S. GAAP"). Consulting is a wholly owned subsidiary of ICFI. ICFI is a holding company with no operations or assets other than its investment in the common stock of Consulting. All other subsidiaries of the Company are wholly owned by Consulting. All significant intercompany transactions and balances have been eliminated.

Nature of Operations

The Company provides professional services and technology-based solutions to government and commercial clients, including management, technology, and policy consulting and implementation services, in the areas of energy, environment, and infrastructure; health, education, and social programs; safety and security; and consumer and financial. The Company offers a full range of services to these clients throughout the entire life cycle of a policy, program, project, or initiative, from research and analysis and assessment and advice to design and implementation of programs and technology-based solutions, and the provision of engagement services and programs.

The Company's major clients are U.S. federal government departments and agencies, most significantly the Department of Health and Human Services, Department of State and Department of Defense. The Company also serves U.S. state (including territories) and local government departments and agencies, international governments, and commercial clients worldwide. Commercial clients include airlines, airports, electric and gas utilities, oil companies, banks and other financial services companies, transportation, travel and hospitality firms, non-profits/associations, law firms, manufacturing firms, retail chains, and distribution companies. The term "federal" or "federal government" refers to the U.S. federal government, and "state and local" or "state and local government" refers to U.S. state (including territories) and local governments, unless otherwise indicated.

The Company, incorporated in Delaware, is headquartered in Fairfax, Virginia. It maintains offices throughout the world, including over 65 offices in the U.S. and U.S. territories and more than 15 offices in key markets outside the U.S., including offices in the United Kingdom, Belgium, China, India and Canada.

Reclassifications

Certain amounts in the 2017 and 2016 consolidated financial statements have been reclassified to conform to the current year presentation.

As a result of the adoption of Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), the Company presented balances, titled contract assets and contract liabilities, within the consolidated balance sheet as well as the net impact of changes in these balances ·thin the consolidated statement of cash flows. The Company reclassified comparable balances within the December 31, 2017 consolidated balance sheet well as the impact of changes in these balances within the 2017 and 2016 consolidated statement of cash flows in order to enhance comparability. Any other reclassifications were immaterial to the financial statements taken as a whole.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

The Company primarily provides services and technology-based solutions for clients that operate in a variety of markets and the solutions may span the entire program life cycle, from initial research and analysis to the design and implementation of solutions. The Company enters into agreements with clients that create enforceable rights and obligations and for which it is probable that the Company will collect the consideration to which it will be entitled as services and solutions are transferred to the client. Except in certain narrowly defined situations, the Company's agreements with its clients are written and revenue is generally not recognized on oral or implied arrangements. The Company recognizes revenue based on the consideration specified in the applicable agreement and excludes from revenue amounts collected on behalf of third parties. Accordingly, sales and similar taxes which are collected on behalf of third parties are excluded from the transaction price.

The Company evaluates whether two or more agreements should be accounted for as one single contract and whether combined or single agreements should be accounted for as more than one performance obligation. For most contracts, the client requires the Company to perform a number of tasks in providing an integrated output for which the client has contracted, and, hence, contracts of this type are tracked as having only one performance obligation since a substantial part of the Company's promise is to ensure the individual tasks are incorporated into a combined output in accordance with contract requirements. When contracts are separated into multiple performance obligations, the Company allocates the total transaction price to each performance obligation based on the estimated relative standalone selling prices of the promised services underlying each performance obligation. The Company generally provides customized solutions in which the pricing is based on specific negotiations with each client, and, in these cases, the Company uses a cost-plus margin approach to estimate the standalone selling price of each performance obligation. It is common for the Company's long-term contracts to contain award fees, incentive fees or other provisions that can either increase or decrease the transaction price. These variable amounts are generally awarded at the completion of a contractually-stipulated performance assessment period based on the achievement of performance metrics, program milestones or cost targets, and the amount awarded may be subject to client discretion. The Company estimates variable consideration as the most likely amount to which the Company expects to be entitled.

The Company evaluates contractual arrangements to determine whether revenue should be recognized on a gross versus net basis. The Company's assessment is based on the nature of the promise to the client. In most cases, the Company itself agrees to provide specified services to the client as a principal and revenue is recognized on a gross basis. In rare cases, the Company acts as an agent and merely arranges for another party to provide services to the client and revenue is recognized on a net basis in reflection of the fact that the Company does not control the goods or services provided to the client by the other party.

Long-term contracts typically contain billing terms that provide for invoicing once a month and payment on a net 30-day basis. Exceptions to monthly billing terms are to ensure that the Company performs satisfactorily rather than representing a significant financing component. For cost-based contracts, for example, the Company's performance is evaluated during a contractually stipulated performance period and, while contract costs may be billed on a monthly basis, the Company is generally permitted to bill for incentive or award fees only after the completion of the performance assessment period, which may occur quarterly, semi-annually or annually, and after the client completes the performance assessment. Similarly, fixed-price contracts, in order to ensure that the Company meets contract requirements, may provide for milestone billings based on the attainment of specific project objectives rather than for billing on a monthly basis. Moreover, contracts may require retentions or hold backs that are paid at the end of the contract to ensure that the Company performs in accordance with requirements. The Company does not assess whether a contract contains a significant financing component if the Company expects, at contract inception, that the period between payment by the client and the transfer of promised services to the client will be one year or less.

As a service provider, the Company generally recognizes revenue over time as control is transferred to a client, based on the extent of progress towards satisfaction of the performance obligation. The selection of the method used to measure progress requires judgment and is dependent, among other factors, on the contract type selected by the client during contract negotiation and the nature of the services and solutions to be provided.

When a performance obligation is billed using a time-and-materials contract type, the Company uses output progress measures to estimate revenue earned based on hours worked in contract performance at negotiated billing rates. Fixed-price level-of-effort contracts are substantially similar to time-and-materials contracts except that the Company is required to deliver a specified level of effort over a stated period of time. For these contracts, the Company estimates revenue earned using contract hours worked at negotiated bill rates as the Company delivers the contractually required workforce.

For cost-based contracts, the Company recognizes revenue based on contract costs incurred, as the Company becomes contractually entitled to reimbursement of the contract costs, plus a most likely estimate of award or incentive fees earned on those costs even though final determination of fees earned occurs after the contractually-stipulated performance assessment period ends.

For performance obligations requiring the delivery of a service for a fixed price, the Company uses the ratio of actual costs incurred to total estimated costs, provided that costs incurred (an input method) represents a reasonable measure of progress towards the satisfaction of a performance obligation, in order to estimate the portion of total revenue earned. This method provides a faithful depiction of the transfer of value to the client when the Company is satisfying a performance obligation that entails integration of tasks for a combined output which requires the Company to coordinate the work of employees, subcontractors and delivery of other contract costs. Contract costs that are not reflective of the Company's progress to satisfying a performance obligation are not included in the calculation of the measure of progress. When this method is used, changes in estimated costs to complete these obligations result in adjustments to revenue on a cumulative catch-up basis, which causes the effect of revised estimates for prior periods to be recognized in the current period. Changes in these estimates can routinely occur over contract performance for a variety of reasons, which include: changes in contract scope; changes in contract cost estimates due to unanticipated cost growth or reassessments of risks impacting costs; changes in estimated incentive or award fees; or performing better or worse than previously estimated.

In some fixed price service contracts, the Company performs services of a recurring nature, such as maintenance and other services of a "stand ready" nature. For these contracts, the Company has the right to consideration in an amount that corresponds directly with the value that the client has received. Therefore, the Company records revenue on a time elapsed basis to reflect the transfer of control to the client throughout the contract.

Contracts are often modified to reflect changes in contract specifications and requirements, and these changes may create new enforceable rights and obligations. Most modifications are for services that are not distinct from the existing agreement due to the significant integration service that the Company provides. Therefore, most modifications are accounted for as part of an existing performance obligation. The effect of these modifications on transaction price, and the Company's measure of progress in fulfilling the performance obligation to which they relate, may be recognized as an adjustment to revenue on a cumulative catch-up basis. Revenue from modifications that create new, distinct performance obligations is recognized based on the Company's progress in fulfilling the requirements of the new obligation.

For contracts in which the estimated cost to perform exceeds the consideration to be received, the Company accrues for the entire estimated loss during the period in which the loss is determined by recording additional direct costs.

For performance obligations that are satisfied over time, the Company recognizes the cost to fulfill contracts as incurred, unless the costs are within the scope of another topic in which case the guidance of that topic is applied. The Company evaluates incremental costs of obtaining a contract and, if they are recoverable from the client and relate to a specific future contract, they are deferred and recognized over contract performance or the estimated life of the customer relationship if renewals are expected. The Company expenses these costs when incurred if the amortization period is one year or less.

Unfulfilled performance obligations represent amounts expected to be earned on contracts and do not include the value of negotiated, unexercised contract options, which are classified as marketing offers. Indefinite delivery/indefinite quantity and similar arrangements provide a framework for the client to issue specific tasks, delivery or purchase orders in the future and these arrangements are considered marketing offers until a specific order is executed.

Revenue recognition entails the use of significant judgment, including, but not limited to, the following: evaluating agreements in terms of the number and nature of performance obligations; determining the appropriate method for measuring progress to satisfaction of obligations; determining if the Company is acting as a principal or an agent, and preparing estimates in terms of the amount of progress that the Company has made. Most of the Company's revenue is recognized over time. For many fixed-price contracts, in particular, the Company estimates the proportion of total revenue earned using the ratio of contract costs incurred to total estimated contract costs, which requires the Company to prepare and, as necessary, revise estimates, as work progresses, of the total contract costs required to satisfy each respective performance obligation. Moreover, some of the Company's contracts include variable consideration, which requires the Company to estimate and, as necessary, revise the most likely amounts that will be earned over the respective performance assessment periods. For these obligations, changes in estimates result in cumulative catch-up adjustments and may have a significant impact on earnings during a given period.

The Company's operating cycle for long-term contracts may be greater than one year and is measured by the average time intervening between the inception and the completion of those contracts. Contract-related assets and liabilities are classified as current assets and current liabilities. Significant balance sheet accounts related to the revenue recognition cycle are as follows:

Contract receivables, net – This account includes amounts billed or billable under contract terms. The amounts due are stated at their net realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The Company considers a number of factors in its estimate of the allowance, including knowledge of a client's financial condition, its historical collection experience, and other factors relevant to assessing the collectability of the receivables.

Contract assets – This account includes unbilled amounts typically resulting from revenue recognized on long-term contracts when the amount of revenue recognized exceeds the amounts billed. It also includes contract retainages until the Company has met the contract-stipulated requirements for payment. Contract assets are reported in a net position on a contract by contract basis each period even though individual contracts may contain multiple performance obligations. On a contract by contract basis, amounts do not exceed their net realizable value.

Contract liabilities – This account consists of advance payments received and billings in excess of revenue recognized on long-term contracts. Contact liabilities are reported in a net position on a contract by contract basis each period even though individual contracts may contain multiple performance obligations.

Cash and Cash Equivalents

The Company considers cash on deposit and all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents.

Restricted Cash

The Company has restricted cash representing amounts held in escrow accounts and/or not readily available due to contractual restrictions.

Allowance for Doubtful Accounts

The Company considers a number of factors in its estimate of allowance for doubtful accounts, including the client's financial condition, historical collection experience, and other factors that may bear on collectability of the receivables. The Company writes off specific contract receivables when such amounts are determined to be uncollectible.

Property and Equipment

Property and equipment are carried at cost and are depreciated using the straight-line method over their estimated useful lives, which range from two to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the economic life of the improvement or the related lease term.

Goodwill and Other Intangible Assets

The purchase price of an acquired business is allocated to the tangible assets and separately identifiable intangible assets acquired, less liabilities assumed, based on their respective fair values, with the excess recorded as goodwill. Goodwill represents the excess of costs over the fair value of net assets of businesses acquired. Goodwill and intangible assets acquired in a business combination and determined to have an indefinite useful life are not amortized, but instead are reviewed for impairment annually, or more frequently if impairment indicators arise. Intangible assets with estimable useful lives are amortized over such lives and reviewed for impairment if impairment indicators arise.

Impairment

The Company performs its annual goodwill impairment test as of October 1 of each year. The Company assesses goodwill at the reporting level. As its business is highly integrated and all of its components have similar economic characteristics, the Company concluded it has one reporting unit at the consolidated entity level. the goodwill impairment test as of October 1, 2018, the Company opted to perform a qualitative assessment of whether it is more likely than not that its reporting unit's fair value is less than its carrying amount. If, after completing its qualitative assessment, the Company determines that it is more likely than not that the estimated fair value of the reporting unit exceeded its carrying amount, it may conclude that no impairment exists. If the Company concludes otherwise, a goodwill impairment test must be performed, which includes a comparison of the reporting unit's fair value to the carrying amount and recognizing, as an impairment loss, the difference of the reporting unit's fair value and the carrying amount of goodwill.

The Company's qualitative analysis as of October 1, 2018 included macroeconomic, industry and market specific considerations, financial performance indicators and measurements, and other factors. Based on this qualitative assessment, the Company determined that it is more likely than not that the fair value of its reporting unit exceeded its carrying amount, and thus the impairment test was not required to be performed. Therefore, based on management's review, a goodwill impairment loss was not required for 2018. Historically, the Company has not recorded any goodwill impairment losses.

The Company is required to review long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell.

Capitalized Software

The Company capitalizes certain costs to develop enhancements and upgrades to internal-use software that are incurred subsequent to the preliminary project stage. Amortization expense is recorded on a straight-line basis over the expected economic life of the software, typically lasting three to five years. During the years ended December 31, 2018, 2017 and 2016, the costs capitalized for the development of internal-use software were not material to Company's consolidated financial statements.

Deferred Rent

The Company recognizes rent expense on a straight-line basis over the non-cancellable term of each lease, including renewal option periods when renewal is reasonably assured or executed. Lease incentives or abatements received at or near the inception of leases are accrued and amortized ratably over the life of the lease.

Stock-based Compensation

The Company recognizes stock-based compensation expense related to share-based payments to employees, including grants of employee stock options, restricted stock awards, restricted stock units ("RSUs"), and cash-settled restricted stock units ("CSRSUs") on a straight-line basis over the requisite service period, which is generally the vesting period. The Company recognizes expense for performance-based share awards ("PSAs"), which have both performance requirements and vesting conditions, on a straight-line basis over the three-year performance period. Non-employee director awards, which do not include vesting conditions, are for board-related services and therefore expensed when earned.

Stock-based compensation expense is based on the estimated fair value of the instruments on award and the estimated number of shares the Company ultimately expects will vest. The Company estimates the rate of future forfeitures based on factors which include the historical forfeiture experience for each applicable employee class under the assumption that the rate of future forfeitures will be similar to that experienced in the past. In addition, the estimation of PSAs that will ultimately vest requires judgment based on the performance and market conditions that will be achieved over the performance period. Changes to these estimates are recorded as a cumulative adjustment in the period estimates are revised.

The fair value of stock options, restricted stock awards, RSUs, PSAs, and non-employee director awards is estimated based on the fair value of a share of common stock at the grant date. The Company has elected to use the Black-Scholes-Merton option pricing model to determine the fair value of stock options. The fair value of PSAs is estimated using a Monte Carlo simulation model.

CSRSUs are settled only in cash payments. The cash payment is based on the fair value of the Company's stock price at the vesting date, calculated by multiplying the number of CSRSUs vested by the Company's closing stock price on the vesting date, subject to a maximum payment cap and a minimum payment floor. The Company treats these awards as liability-classified awards, and, therefore, accounts for them at fair value estimated based on the closing price of the Company's stock at the reporting date.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) represents foreign currency translation adjustments arising from the use of differing exchange rates from period to period, the gain on the sale of an interest rate hedge agreement designated as a cash flow hedge, and the changes in fair value of interest rate agreements signated as cash flow hedges, net of taxes. The financial positions and results of operations of the Company's foreign subsidiaries are based on the local rrency as the functional currency and are translated to U.S. dollars for financial reporting purposes. Assets and liabilities of the subsidiaries are translated at the exchange rate in effect at each balance sheet date. Income statement accounts are translated at the average rate of exchange prevailing during the period. Translation adjustments are reported in accumulated other comprehensive loss included in stockholders' equity in the Company's consolidated balance sheets.

Derivative Instruments

Derivative instruments designated as cash flow hedges are recorded on the consolidated balance sheet at fair value as of the reporting date, and the effective portion of the hedge is recorded in other comprehensive income (loss) on the consolidated statement of comprehensive income and reclassified to earnings in the period that the hedged instruments affect earnings. Management reviews the effectiveness of the hedges on a quarterly basis.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The Company evaluates its ability to benefit from all deferred tax assets and establishes valuation allowances for amounts it believes will more likely than not be unrealizable. For uncertain tax positions, the Company uses a more-likely-than-not recognition threshold based on the technical merits of the income tax position taken. Income tax positions that meet the more-likely-than-not recognition threshold are measured in order to determine the tax benefit recognized in the financial statements. Penalties, if probable and reasonably estimable, and interest expense related to uncertain tax positions are not recognized as a component of income tax expense but recorded separately in indirect expenses and interest expense, respectively.

Treasury Shares

Treasury shares are accounted for under the cost method.

Segment, Customer and Geographic Information

The Company operates in one segment based on the consolidated information used by its chief operating decision maker in evaluating the financial performance of its business and allocating resources. This single segment represents the Company's core business which is providing professional services for government and commercial clients. Although, the Company disaggregates its revenue by client market areas and type, the Company does not manage its business or allocate resources based on client market or type.

Approximately $543.9 million, $550.3 million, and $563.0 million of the Company's revenue for the years 2018, 2017, and 2016, respectively, was derived under prime contracts and subcontracts with agencies and departments of the federal government representing 41%, 45%, and 48% of total revenue, respectively. No other customer accounted for 10% or more of the Company's revenue during the years ended 2018, 2017, and 2016, respectively.

The Company's international operations provide services to both commercial and international government clients. Revenue is attributed to a particular geographic area based on the administrative location of the client that awarded the contract. The Company's revenue generated from international clients as a percentage of total revenue was approximately 15%, 9%, and 10% for the years 2018, 2017, and 2016, respectively.

At December 31, 2018 and 2017, long-lived assets held internationally were 12.2% and 7.9% of total long-lived assets, respectively.

Risks and Uncertainties

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and contract receivables. The majority of the Company's cash transactions are processed through one U.S. commercial bank. Cash held domestically in excess of daily requirements is used to reduce any amounts outstanding under the Company's Credit Facility. As of December 31, 2018 and 2017, the Company held approximately $11.9 million and $10.4 million, respectively, of cash in foreign bank accounts (not including outstanding deposits and checks). To date, the Company has not incurred losses related to cash and cash equivalents.

The Company's receivables consist principally of amounts due from agencies and departments of the federal government, state and local governments, and international governments, as well as from commercial organizations. The credit risk, with respect to federal and other government clients, is limited due to the credit-worthiness of the respective governmental entity. Amounts due for work performed as a subcontractor to a commercial organization also represent limited credit risk when the commercial client is performing as the prime contractor on a government contract due to the ultimate credit-worthiness of the end client. Receivables from commercial clients generally pose a greater credit risk, and, as a result, are subject to ongoing monitoring. The Company extends credit in the normal course of operations and does not require collateral from its clients.

The Company has historically been, and continues to be, heavily dependent on contracts with the federal government which are subject to audit by agencies and departments of the federal government. Such audits determine, among other things, whether an adjustment to invoices previously rendered are required under regulations as well as the underlying terms of each respective contract. Management does not expect significant adjustments as a result of government audits that will adversely affect the Company's financial position and results of operations.

Recent Accounting Pronouncements

Recent Accounting Pronouncements Adopted

Accumulated Other Comprehensive Loss

In February 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-02: Income Statement – Reporting Comprehensive Income)pic 220). In the past, certain transactions were recorded in accumulated other comprehensive income net of applicable taxes. The tax had been calculated based on the tax rates enacted at the time the transaction occurred with no provision, under previous accounting, for adjusting the balance for changes in the enacted tax rate. Due to the passage of the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), those historical tax rates used for recording the transactions were higher than the Company's current enacted rate. The new guidance allows the Company to reclassify these stranded tax effects directly to retained earnings. This update is effective for fiscal years beginning after December 15, 2018, including interim periods therein, and early adoption is permitted. During the first quarter of 2018, the Company elected to early adopt the update, which resulted in a one-time cumulative effect adjustment of $0.8 million from accumulated other comprehensive loss to retained earnings.

Revenue Recognition

The Company implemented ASU 2014-09, Revenue from Contracts with Customers (Topic 606), on January 1, 2018 using the modified retrospective method. This method requires that the Company apply the requirements of the new standard in the year of adoption to new contracts and those that were not completed as of the adoption date. Management evaluated those contracts not completed as of the adoption date and concluded that the required cumulative adjustment to those contracts did not have a material impact on the Company. Contract assets and contract liabilities were formerly reported as unbilled accounts receivable and deferred revenue, respectively. The titles have been changed in the table below to be consistent with accounts currently used under the new standard.

	December 31, 2017	
	As Reported	**As Adopted**
Contract receivables, net	$ 291,515	$ 168,318
Contract assets	—	123,197
Deferred revenue	38,571	—
Contract liabilities	—	38,571
Retained earnings	434,766	434,766

Unfulfilled performance obligations for contracts in process as of the adoption date were $1.1 billion.

Under the modified retrospective method, the Company is required to maintain dual reporting during the year of adoption in order to present revenue under both the previous and new accounting for contracts initiated on or after the date of adoption and for those contracts having remaining obligations as of the adoption date. Revenue timing differences between the two methods resulted primarily from contracts with performance incentives. Under the new accounting, the Company has included in revenue the most likely amount of priced incentives earned as contract work was performed rather than, as under the old accounting, waiting to recognize revenue from incentives until specific quantitative goals were achieved, generally at the end of the performance essment period. This timing difference did not result in a material change to the Company's annual revenue since most incentives have one-year rformance assessment periods which are aligned with the Company's fiscal year. Revenue calculated under the old and new methods is as follows:

	Year ended December 31, 2018	
	Previous Accounting	**New Accounting**
Revenue	$ 1,337,973	$ 1,337,973
Contract assets	126,688	126,688
Contract liabilities	33,494	33,494

Recent Accounting Pronouncements Not Yet Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This standard revises the accounting for leases and requires lessees to recognize, for all leases with terms of greater than one year, a right-of-use asset and lease liability which depicts the rights and obligations arising from a lease. The standard also requires qualitative and quantitative disclosures designed to provide information regarding the nature, amount and timing of lease expense. The new guidance is not expected to significantly change the recognition and measurement of lease expense. It is effective for the first interim and annual periods beginning after December 15, 2018, with early adoption permitted. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), Targeted Improvements permitting the recognition of a cumulative-effect adjustment to retained earnings on the date of adoption. The Company adopted the standard beginning January 1, 2019 using the alternative transition method. The Company is finalizing the value as of the adoption date of the right-of-use asset and lease liabilities and estimates that the right-of-use asset will be between $140 million and $165 million and the lease liability will be between $155 million and $180 million. The Company does not expect a material impact from adopting the new standard on the results of operations or cash flows.

Financial Instruments

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. The standard requires that the Company present financial assets measured at amortized costs at the net amount expected to be collected based on historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the assets. The standard is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. The Company is currently in the process of evaluating the impact of adoption, but does not anticipate a material impact on the consolidated financial statements as a result of adopting the standard.

Stock Compensation

In June 2018, the FASB issued ASU 2018-07, Compensation—Stock Compensation (Topic 718). The standard simplifies the accounting for share-based compensation to non-employees by aligning the guidance with share-based payments to employees. It is effective for interim and annual reporting periods beginning after December 15, 2018 with early adoption permitted. The Company is currently in the process of evaluating the impact of adoption, but does not anticipate a material impact on the consolidated financial statements as a result of adopting the standard.

Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract

In August 2018, the FASB issued ASU 2018-15, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40). The standard aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is considered a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The standard also requires the entity to expense the capitalized implementation costs of a hosting arrangement over the term of the hosting arrangement and present the expense related to the capitalized implementation costs in the same line item in the statement of income as the fees associated with the hosting arrangement. The standard is effective for interim periods and fiscal years beginning after December 15, 2019 with early adoption permitted. The standard may be implemented using either the retrospective or prospective method. The Company is currently in the process of evaluating the impact of adoption and mode of adoption but does not anticipate that there will be a material impact on the consolidated financial statements as a result of adopting the standard.

NOTE 3 - CONTRACT RECEIVABLES

Contract receivables consisted of the following:

	December 31, 2018	December 31, 2017
Billed receivables	$ 236,250	$ 172,171
Allowance for doubtful accounts	(5,284)	(3,853)
Contract receivables, net	$ 230,966	$ 168,318

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2018	2017
asehold improvements	$ 19,444	$ 18,873
ftware	50,967	42,835
Furniture and equipment	27,435	26,076
Computers	31,568	28,826
	129,414	116,610
Accumulated depreciation and amortization	(81,309)	(78,558)
Total property and equipment, net	$ 48,105	$ 38,052

Depreciation and amortization expense for the years ended December 31, 2018, 2017, and 2016, was approximately $17.2 million, $17.7 million, and $16.6 million, respectively.

NOTE 5 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill for the fiscal years ended December 31 were as follows:

	2018	2017
Balance as of January 1	$ 686,108	$ 683,683
Goodwill resulting from The Future Customer business combination	7,597	—
Goodwill resulting from DMS Disaster Consultants business combination	10,121	—
Goodwill resulting from We Are Vista business combination	14,392	—
Effect of foreign currency translation	(2,574)	2,425
Total goodwill	$ 715,644	$ 686,108

Other Intangible Assets

Intangible assets with definite lives are primarily amortized over periods ranging from approximately 1 to 10 years. The weighted-average period of amortization for all intangible assets as of December 31, 2018 is 8.4 years. The customer-related intangible assets, which consist of customer contracts, backlog, and non-contractual customer relationships, are being amortized based on estimated cash flows and respective estimated economic benefit of the assets. The weighted-average period of amortization of the customer-related intangibles is 8.4 years. Intangible assets related to developed technology are being amortized on an accelerated basis over a weighted-average period of 4.8 years. Intangible assets with an indefinite life consist of a domain name.

Other intangibles consisted of the following at December 31:

	2018		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer-related	$ 94,500	$ (59,289)	$ 35,211
Developed technology	733	(545)	188
Total amortizable intangible assets	95,233	(59,834)	35,399
Intangible with indefinite life	95	—	95
Total other intangible assets	$ 95,328	$ (59,834)	$ 35,494

	2017		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer-related	$ 84,878	$ (49,782)	$ 35,096
Developed technology	1,463	(1,350)	113
Total amortizable intangible assets	86,341	(51,132)	35,209
Intangible with indefinite life	95	—	95
Total other intangible assets	$ 86,436	$ (51,132)	$ 35,304

Aggregate amortization expense for the years ended December 31, 2018, 2017, and 2016, was approximately $10.0 million, $10.9 million, and $12.5 million, respectively. The estimated future amortization expense relating to intangible assets is as follows:

Year ending December 31,		
2019	$	8,345
2020		6,653
2021		5,574
2022		5,193
2023		4,768
Thereafter		4,866
Total	$	35,399

NOTE 6 - ACCRUED SALARIES AND BENEFITS

Accrued salaries and benefits consisted of the following at December 31:

		2018		2017
Accrued paid time off and leave	$	11,708	$	11,904
Accrued salaries		13,335		9,343
Accrued bonuses, liability-classified awards and commissions		13,214		16,909
Accrued payroll taxes and withholdings		765		2,557
Accrued medical		3,136		3,720
Other		1,945		1,212
Total accrued salaries and benefits	$	44,103	$	45,645

NOTE 7 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at December 31:

		2018		2017
Deposits	$	17,485	$	6,641
Accrued IT and software licensing costs		3,359		2,261
Accrued taxes and insurance premiums		4,160		2,697
Accrued facilities rental and lease exit costs		2,271		1,673
Accrued interest		308		705
Accrued professional services		1,828		1,318
Accrued dividends		2,639		—
Contingent liabilities from acquisitions		2,323		—
Other accrued expenses and current liabilities		4,699		2,277
Total accrued expenses and other current liabilities	$	39,072	$	17,572

NOTE 8 - LONG-TERM DEBT

On May 17, 2017, the Company entered into a Fifth Amended and Restated Business Loan and Security Agreement with a syndication of 11 commercial banks (the "Credit Facility"). The Credit Facility: (i) includes modifications to the Company's Fourth Amended and Restated Business Loan and Security Agreement, (ii) matures on May 17, 2022, (iii) increases the borrowing ceiling up to $600.0 million without a borrowing base requirement, taking into account financial, performance-based limitations, and (iv) provides for an "accordion," which permits additional revolving credit commitments of up to $300.0 million, subject to lenders' approval. While the modification of the Credit Facility did not increase the amount of outstanding, $106.0 million of funds from new syndicated borrowings was used to pay off or pay down borrowings from syndicate members prior to the loan modification and align the allocation of debt within the syndicate. These amounts were included within the "Advances from working capital facilities" and "Payments on working capital facilities" line items in the statement of cash flows for the year ended December 31, 2017.

The Company has the option to borrow funds under the Credit Facility at interest rates based on both LIBOR (1, 3, or 6 month rates) and the Base Rate, at its discretion, plus their applicable margins. Base Rates are fluctuating per annum rates of interest equal to the highest of (i) the Federal Funds Open Rate, plus 0.5%, (ii) the Prime Rate, and (iii) the daily LIBOR rate, plus a LIBOR Margin of between 1.00% and 2.00% based on our Leverage Ratio (as defined under the Credit Facility), 1.25% as of December 31, 2018. The interest accrued based on LIBOR rates is to be paid on the last business day of the interest period (1, 3, or 6 months), while interest accrued based on the Base Rates is to be paid in quarterly installments. The Credit Facility provides for letters of credit aggregating up to $60.0 million which reduce the funds available under the Credit Facility when issued. The Credit Facility is collateralized by substantially all of the assets of the Company and requires that the Company remain in compliance with certain financial and non-financial covenants. The financial covenants require, among other things, that the Company maintain at all times an Interest Coverage Ratio (as defined under the Credit Facility) of not less than 3.00 to 1.00 and a Leverage Ratio of not more than 3.75 to 1.00 (subject to adjustment, in certain circumstances) for each fiscal quarter. As of December 31, 2018, the Company was in compliance with its covenants under the Credit Facility.

The Credit Facility was subject to a commitment fee on the unused portion of the Credit Facility of between 0.13% and 0.25% per annum, based on our Leverage Ratio, 0.15% per annum at December 31, 2018 and 0.15% per annum at December 31, 2017.

As of December 31, 2018, the available borrowing capacity under the Credit Facility (excluding the accordion) was $396.3 million. Taking into account the financial and performance-based limitations, the available borrowing capacity (excluding the accordion) was $284.3 million as of December 31, 2018.

Long-term debt outstanding and the weighted average interest rate is summarized as follows:

	December 31, 2018		December 31, 2017	
	Debt Outstanding	Weighted Average Interest Rate	Debt Outstanding	Weighted Average Interest Rate
Revolving Line of Credit/Swing Line	$ 200,424	3.29%	$ 206,250	2.65%

Debt Issuance Cost

The Company's debt issuance costs, which are included within other assets, are amortized over the term of indebtedness. Amortizable debt issuance costs were $6.9 million and $6.9 million as of December 31, 2018 and 2017, respectively. Accumulated amortization related to debt issuance costs were $5.2 million and $4.7 million, as of December 31, 2018 and 2017, respectively. Amortization expense of $0.5 million, $0.7 million, and $0.5 million was recorded for each of the years ended December 31, 2018, 2017, and 2016, respectively.

Letters of Credit

At December 31, 2018 and 2017, the Company had eleven and twelve outstanding letters of credit totaling approximately $3.3 million and $3.7 million, respectively. These letters of credit are renewed annually.

NOTE 9 – REVENUE RECOGNITION

Disaggregation of Revenue

The Company disaggregates revenue from clients, most of which is earned over time, into categories that depict how the nature, amount and uncertainty of revenue and cash flows are affected by economic factors. Those categories are client market, client type and contract mix. Client market provides insight into the breadth of the Company's expertise. In classifying revenue by client market, the Company attributes revenue from a client to the market that the Company believes is the client's primary market. The Company also classifies revenue by the type of entity for which it does business, which is an indicator of the diversity of its client base. The Company attributes revenue generated as a subcontractor to a commercial company as government revenue when the ultimate client is a government agency or department. Disaggregation by contract mix provides insight in terms of the degree of performance risk that the Company has assumed. Fixed-price contracts are considered to provide the highest amount of performance risk as the Company is required to deliver a scope of work or level of effort for a negotiated fixed price. Time-and-materials contracts require the Company to provide skilled employees on contracts for negotiated fixed hourly rates. Since the Company is not required to deliver a scope of work, but merely skilled employees, it considers these contracts to be less risky than a fixed-price agreement. Cost-based contracts are considered to provide the lowest amount of performance risk since the Company is generally reimbursed for all contract costs incurred in performance of contract deliverables with only the amount of incentive or award fees (if applicable) dependent on the achievement of negotiated performance requirements.

	Year ended December 31,		
	2018	2017	2016
Client Markets:			
Energy, environment, and infrastructure	$ 565,125	$ 487,001	$ 457,992
Health, education, and social programs	535,314	518,675	508,903
Safety and security	111,072	102,645	98,358
Consumer and financial	126,462	120,841	119,844
Total	$ 1,337,973	$ 1,229,162	$ 1,185,097

	Year ended December 31,		
	2018	2017	2016
Client Type:			
U.S. federal government	$ 543,918	$ 550,794	$ 563,498
U.S. state and local government	185,130	127,797	132,287
International government	122,293	91,318	75,636
Total Government	851,341	769,909	771,421
Commercial	486,632	459,253	413,676
Total	$ 1,337,973	$ 1,229,162	$ 1,185,097

	Year ended December 31,		
	2018	2017	2016
Contract Mix:			
Time-and-materials	$ 581,965	$ 529,606	$ 511,747
Fixed-price	526,728	480,584	456,065
Cost-based	229,280	218,972	217,285
Total	$ 1,337,973	$ 1,229,162	$ 1,185,097

Contract Balances:

Contract assets consist primarily of unbilled amounts resulting from long-term contracts when revenue recognized exceeds the amount billed due to billing schedule timing. Contract liabilities result from advance payments received on a contract or from billings in excess of revenue recognized on long-term contracts due to billing schedule timing. The $8.6 million increase in the Company's net contract assets (liabilities) is due to the timing of work performed in relation to billing schedule timing for fixed price programs which resulted in a reduction in contract liabilities, particularly in our international operations. The increase in contract assets is primarily due to hurricane relief and rebuild work for U.S. state and local governments which is considered part of the energy, environment and infrastructure client market, and most of which has been performed on time-and-materials agreements. The decrease in contract liabilities is primarily due to advanced billing for costs in 2017 that has been recognized as revenue in 2018. There were no material changes to contract balances due to impairments or business combinations during the period.

	December 31, 2018	At date of adoption	Change
Contract assets	$ 126,688	$ 123,197	$ 3,491
Contract liabilities	(33,494)	(38,571)	5,077
Net contract assets (liabilities)	$ 93,194	$ 84,626	$ 8,568

Performance Obligations:

The Company had $1.4 billion in unfulfilled performance obligations as of December 31, 2018, which primarily entail the future delivery of services for which revenue will be recognized over time. The obligations relate to continued or additional services required on contracts and were generally valued using an estimated cost-plus margin approach, with variable consideration being estimated at the most likely amount. The Company expects to satisfy these performance obligations, on average, in one year.

NOTE 10 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company uses interest rate swap arrangements (the "Swaps") to manage or hedge its interest rate risk. Notwithstanding the terms of the Swaps, the Company is ultimately obligated for all amounts due and payable under the Credit Facility. The Company does not use such instruments for speculative or trading purposes.

On August 8, 2018, the Company entered into two floating-to-fixed interest rate Swaps for an aggregate notional amount of $75.0 million in order to hedge a portion of the Company's floating rate indebtedness under the Credit Facility. The Company designated these Swaps as cash flow hedges. These Swaps requires us to pay a fixed rate of 2.8530% per annum on the notional amount. The cash flows from these Swaps began August 31, 2018 and end on August 31, 2023.

On August 31, 2017, the Company entered into a floating-to-fixed interest rate Swap for an aggregate notional amount of $25.0 million to hedge a portion of the Company's floating rate indebtedness. This Swap requires us to pay a fixed rate of 1.8475% per annum on the notional amount. The cash flows from the transaction began August 31, 2018 and end on August 31, 2023. The Company has designated this hedge as a cash flow hedge.

On September 30, 2016, the Company entered into a floating-to-fixed interest rate hedge agreement for an aggregate notional amount of $100.0 million to hedge a portion of the Company's floating rate indebtedness. The cash flows from the interest rate swap agreement began on January 31, 2018 and end on January 31, 2023. The Company designated this hedge as a cash flow hedge. On December 1, 2016, the Company sold the interest rate hedge agreement. The fair value of the interest rate hedge, as of the date of the sale, was recorded in other comprehensive income, net of tax. The gain from the sale will be recognized into earnings when earnings are impacted by the cash flows of the previously hedged items, as interest payments are made on the Credit Facility from January 31, 2018 to January 31, 2023.

Realized gains and losses in connection with each required interest payment will be reclassified from accumulated other comprehensive income (loss) ("AOCI") to interest expense during the period of the cash flows. On a quarterly basis, management evaluates all Swaps to determine each agreement's effectiveness or ineffectiveness and records the change in fair value as an adjustment to other comprehensive income or loss. Management intends that the Swaps remain effective. Realized gains and losses in connection with each required interest payment will be reclassified from AOCI to interest expense. As of December 31, 2018, the net amount of realized gains and losses from the hedge agreements expected to be reclassified from AOCI into earnings within the next 12 months is $0.6 million.

NOTE 11 - INCOME TAXES

The domestic and foreign components of income before provision for income taxes are as follows for the years ended December 31:

	2018	2017	2016
Domestic	$ 74,479	$ 69,347	$ 69,159
Foreign	8,348	4,639	5,348
Income before income taxes	$ 82,827	$ 73,986	$ 74,507

Income tax expense consisted of the following for the years ended December 31:

	2018	2017	2016
Current:			
Federal	$ 9,700	$ 12,995	$ 12,979
State	4,035	3,243	3,514
Foreign	2,418	1,476	1,932
Total current	16,153	17,714	18,425
Deferred:			
Federal	4,072	(9,425)	8,872
State	1,452	2,749	1,222
Foreign	(250)	72	(596)
Total deferred	5,274	(6,604)	9,498
Income tax expense	$ 21,427	$ 11,110	$ 27,923

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes.

Deferred tax assets (liabilities) consisted of the following at December 31:

	2018	2017
Deferred Tax Assets		
Allowance for bad debt	$ 1,321	$ 1,003
Accrued paid time off	1,437	1,624
Foreign net operating loss (NOL) carry forward	1,144	1,301
State net operating loss (NOL) carry forward	507	507
Stock option compensation	2,332	2,726
Deferred rent	3,127	3,355
Deferred compensation	3,348	3,238
Foreign tax credits	3,968	505
State tax credits	2,041	1,785
Foreign exchange	2,430	2,051
Foreign deferred	342	—
Accrued liabilities and other	4,079	3,272
	26,076	21,367
Less: Valuation Allowance	(5,112)	(1,636)
Total Deferred Tax Assets	20,964	19,731
Deferred Tax Liabilities		
Retention	(1,239)	(1,375)
Prepaid expenses	(1,301)	(1,045)
Payroll taxes	(495)	(489)
Unbilled revenue	(4,135)	(5,407)
Depreciation	(7,306)	(4,773)
Amortization	(46,051)	(39,993)
Deferred gain and other	(602)	—
Total Deferred Tax Liabilities	(61,129)	(53,082)
Total Net Deferred Tax Liability	$ (40,165)	$ (33,351)

On December 20, 2017, the U.S. Congress passed the Tax Act, which was signed into law on December 22, 2017 and is generally effective beginning January 1, 2018. The Company was impacted in several ways as a result of the Tax Act, including, but not limited to, provisions which include a permanent reduction in the U.S. federal corporate income tax rate from 35% to 21%, the revaluation of deferred tax assets and liabilities required as a result of the tax rate change and the application of a mandatory one-time "transition tax" on unremitted earnings of certain foreign subsidiaries that were previously tax deferred.

The Company has completed its accounting for the tax effects of enactment of the Tax Act. The Company recorded adjustments to the provisional estimate of the effects on existing deferred tax balances and the one-time transition tax in the period of enactment. The Company recognized these adjustments to the provisional estimate as a decrease in the provision for income taxes.

The Company re-measured certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is now generally 26.4%. The Company has completed its analysis of the Tax Act and refining its provisional estimates, which affected the measurement of these balances. Pursuant to U.S. Securities and Exchange Commission Staff Accounting Bulletin 118 ("SAB 118"), the provisional amount recorded related to the re-measurement of the deferred tax balances has been adjusted during the measurement period ended December 22, 2018 as an increase in the provision for income taxes, including adjustments to valuation allowances, of approximately $1.0 million.

The one-time "transition tax" is based on the Company's total post-1986 earnings and profits ("E&P") which the Company has previously deferred from U.S. income taxation. The Company has completed the calculation of the total post-1986 foreign E&P and related foreign tax pools for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount, as well as the related foreign tax credit utilization, changed as the Company finalized its calculation of post-1986 foreign E&P and related foreign tax pools that were previously deferred from U.S. federal taxation and the amounts held in cash or other specified assets. Similarly, the cumulative foreign tax credit carry forward balance as of December 31, 2017 increased by approximately $2.2 million and the valuation allowance required increased by approximately $2.2 million. No additional income taxes have been provided for on any remaining undistributed foreign earnings not subject to the transition tax. No additional deferred income taxes have been provided for the $8.2 million of additional favorable outside basis differences inherent in these foreign entities because these amounts continue to be permanently reinvested in foreign operations. Pursuant to SAB 118, the provisional amount recorded related to the transition tax has been adjusted during the measurement period ended December 22, 2018. The Company recognized this adjustment to the provisional estimate as a decrease in the provision for income taxes of approximately $1.1 million during the third quarter of 2018.

At both December 31, 2018 and 2017, the Company had net operating loss ("NOL") carry-forwards for foreign income taxes of approximately $3.5 million and $4.1 million, respectively, all of which may be carried forward indefinitely.

At December 31, 2018, the Company had NOL carry-forwards for state income tax purposes of approximately $8.9 million, which expire in 2034. The Company acquired these NOLs as a result of its purchase of Olson in November 2014. Internal Revenue Code Section 382 imposes an annual limitation on the use of a corporation's NOLs, tax credits and other carryovers after an "ownership change" occurs. Section 382 imposes an annual limitation on the amount of post-ownership change taxable income a corporation may offset with pre-ownership change NOLs and credits. In general, the annual limitation is determined by multiplying the value of the corporation's stock immediately before the ownership change (subject to certain adjustments) by the applicable long-term tax-exempt rate. Any unused portion of the annual limitation is available for use in future years until such NOLs are scheduled to expire (in general, NOLs may be carried forward 20 years). The Company presently estimates that it will be able to fully utilize the remaining acquired NOLs prior to their expiration.

At December 31, 2018, the Company had gross state income tax credit carry-forwards of approximately $2.6 million, which expire between 2021 and 27. A deferred tax asset of approximately $2.0 million (net of federal benefit) has been established related to these state income tax credit carry-forwards as of December 31, 2018.

The need to establish valuation allowances for deferred assets is based on a more-likely-than-not threshold that the benefit of such assets will be realized in future periods. Appropriate consideration has been given to all available evidence, including historical operating results, projections of taxable income, and tax planning alternatives. The Company concluded that a valuation allowance of approximately $1.1 million and $1.1 million was required for tax attributes related to specified foreign jurisdictions as of December 31, 2018 and 2017, respectively, and an additional $3.5 million valuation allowance was recorded against our US foreign tax credit carry forwards as a result of enactment of the Tax Act as of December 31, 2017.

The total amount of unrecognized tax benefits as of December 31, 2018 and 2017, was $0.2 million and $0.8 million, respectively. Included in the balance as of December 31, 2018 and 2017, were $0.2 million and $0.7 million, respectively, of tax positions that, if recognized, would impact the effective tax rate.

The unrecognized tax benefit reconciliation, excluding penalty and interest, is as follows:

Unrecognized tax benefits at January 1, 2016	$	400
Increase attributable to tax positions taken during a prior period		925
Decrease attributable to lapse of statute of limitations		(140)
Unrecognized tax benefits at December 31, 2016		1,185
Decrease attributable to lapse of statute of limitations		(365)
Unrecognized tax benefits at December 31, 2017		820
Increase attributable to tax positions taken during the current period		216
Decrease attributable to settlements with taxing authorities		(37)
Decrease attributable to lapse of statute of limitations		(783)
Unrecognized tax benefits at December 31, 2018	$	216

The Company's policy is not to recognize accrued interest and penalties related to unrecognized tax benefits as a component of tax expense. The Company had approximately zero and $0.2 million of accrued penalty and interest at December 31, 2018 and 2017, respectively.

The Company's 2014 to 2017 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes. Certain significant state and foreign tax jurisdictions are also either currently under examination or remain open under the statutes of limitation and subject to examination for the tax years from 2014 to 2017.

Although the Company believes it has adequately provided for all uncertain tax positions, amounts asserted by taxing authorities could be greater than the Company's accrued position. Accordingly, additional provisions on federal, state and foreign income tax related matters could be recorded in the future as revised estimates are made or the underlying matters are effectively settled or otherwise resolved. Conversely, the Company could settle positions with the tax authorities for amounts lower than have been accrued. The Company believes it is reasonably possible that, during the next 12 months, the Company's liability for uncertain tax positions may not change.

The Company's provision for income taxes differs from the federal statutory rate. The differences between the statutory rate and the Company's provision are as follows:

	2018	2017	2016
Taxes at statutory rate	21.0%	35.0%	35.0%
State taxes, net of federal benefit	5.2%	4.4%	3.9%
Foreign tax rate differential	0.5%	(0.3)%	(0.1)%
Tax legislation	—	(22.6)%	—
Other permanent differences	1.8%	0.7%	0.8%
Prior year tax adjustments	0.2%	(0.3)%	(1.0)%
Unrecognized tax benefits	(0.6)%	0.1%	1.0%
Valuation allowance	1.3%	0.7%	(0.3)%
Equity-based compensation	(3.0)%	(2.1)%	(1.0)%
Tax credits	(0.5)%	(0.6)%	(0.8)%
Taxes at effective rate	25.9%	15.0%	37.5%

NOTE 12 - ACCUMULATED OTHER COMPREHENSIVE LOSS

Accumulated other comprehensive loss included the following:

	Foreign Currency Translation Adjustments	Gain on Sale of Interest Rate Hedge Agreement (1)	Changes in Fair Value of Interest Rate Hedge Agreements (2) (5)	Total
Accumulated other comprehensive (loss) income at January 1, 2016	$ (7,491)	$ —	$ —	$ (7,491)
Current period other comprehensive income (loss):				
Other comprehensive (loss) income before reclassifications	(7,924)	3,600	—	(4,324)
Effect of taxes (3)	3,600	(1,425)	—	2,175
Total current period other comprehensive (loss) income	(4,324)	2,175	—	(2,149)
Accumulated other comprehensive (loss) income at December 31, 2016	(11,815)	2,175	—	(9,640)
Current period other comprehensive income (loss):				
Other comprehensive income before reclassifications	6,476	—	441	6,917
Effect of taxes (3)	(2,299)	(17)	—	(2,316)
Total current period other comprehensive income (loss)	4,177	(17)	441	4,601
Accumulated other comprehensive (loss) income at December 31, 2017	(7,638)	2,158	441	(5,039)
Reclassification of stranded tax effects due to adoption of accounting principle (4)	(1,307)	478	—	(829)
Adjusted beginning balance	(8,945)	2,636	441	(5,868)
Current period other comprehensive income (loss):				
Other comprehensive loss before reclassifications	(4,711)	—	(1,184)	(5,895)
Amounts reclassified from accumulated other comprehensive income	—	(660)	(12)	(672)
Effect of taxes (3)	(512)	188	208	(116)
Total current period other comprehensive (loss) income	(5,223)	(472)	(988)	(6,683)
Accumulated other comprehensive (loss) income at December 31, 2018	$ (14,168)	$ 2,164	$ (547)	$ (12,551)

(1) Represents the fair value of an interest rate hedge agreement, designated as a cash flow hedge, which was sold on December 1, 2016. The fair value of the interest rate hedge agreement was recorded in other comprehensive income, net of tax, and will be reclassified to earnings when earnings are impacted by the hedged items, as interest payments are made on the Credit Facility from January 31, 2018 to January 31, 2023.

(2) Represents the change in fair value of an interest rate hedge agreement designated as a cash flow hedge and entered into on August 31, 2017. The fair value of the interest rate hedge agreement was recorded in other comprehensive income and will be reclassified to earnings when earnings are impacted by the hedged items, as interest payments are made on the Credit Facility from August 31, 2018 to August 31, 2023. See additional details of the hedge agreement in Note 10 - Derivative Instruments and Hedging Activities.

(3) The Company's effective tax rate for the years ended December 31, 2018, 2017, and 2016 was 25.9%, 15.0%, and 37.5%, respectively.

(4) The Company has adjusted the balance of accumulated other comprehensive (loss) income at December 31, 2017 after the adoption of ASU 2018-02. See additional details of the adoption of ASU 2018-02 in Note 2 – Summary of Significant Accounting Policies.

(5) The fair value of the interest rate hedge agreements is included in other liabilities on the consolidated balance sheet.

NOTE 13 - RESTRICTED CASH

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported within the consolidated balance sheets at December 31, 2018 and 2017 to the total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows for the years ended December 31, 2018, 2017, and 2016:

	2018		2017		2016	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Cash and cash equivalents	$ 11,809	$ 11,694	$ 6,042	$ 11,809	$ 7,747	$ 6,042
Restricted cash - current (1)	11,191	—	—	11,191	—	—
Restricted cash - non-current	1,266	1,292	1,843	1,266	1,362	1,843
Total cash, cash equivalents, and restricted cash shown in the consolidated statement of cash flows	$ 24,266	$ 12,986	$ 7,885	$ 24,266	$ 9,109	$ 7,885

(1) Restricted cash – current for the year ended December 31, 2017 represents amounts held in an escrow account for the acquisition of The Future Customer ("TFC").

NOTE 14 - ACCOUNTING FOR STOCK-BASED COMPENSATION

Stock Incentive Plans

On April 4, 2018, the Company's board of directors approved the 2018 Omnibus Incentive Plan (the "2018 Omnibus Plan"), which was subsequently approved by the stockholders and became effective on May 31, 2018 (the "Effective Date"). The 2018 Omnibus Plan replaced the previous 2010 Omnibus Incentive Plan (the "Prior Plan").

On or after the Effective Date, the 2018 Omnibus Plan allows the Company to grant 1,185,000 shares using stock options, stock appreciation rights, restricted stock, RSUs, performance units and PSAs, cash-based awards, and other stock-based awards to all key officers, key employees, and non-employee directors of the Company. Outstanding grants under the Prior Plan, totaling 568,801, remain subject to their terms and conditions, and no additional awards from the Prior Plan are to be made after the Effective Date. As of December 31, 2018, the Company had approximately 1,098,906 shares available to grant under the 2018 Omnibus Plan. CSRSUs have no impact on the shares available for grant under the 2018 Omnibus Plan and have no impact on the calculated shares used in earnings per share calculations.

The total stock-based compensation expense for the years ended December 31, 2018, 2017, and 2016, the unrecognized compensation expense at December 31, 2018, and the weighted-average period to recognize the remaining unrecognized shares are as follows:

	Stock-Based Compensation Expense				
	Recognized as of December 31,			Unrecognized	
	2018	2017	2016	December 31, 2018	Weighted-Average Period to Recognize (years)
Stock Options	$ —	$ 164	$ 909	$ —	—
Restricted Stock Units	7,410	7,080	6,325	13,484	1.8
Cash-Settled Restricted Stock Units	8,214	7,253	7,091	10,550	1.6
Non-Employee Director Awards	764	671	741	327	0.4
Performance Shares	3,193	2,376	877	3,000	1.5
Total	$ 19,581	$ 17,544	$ 15,943	$ 27,361	

The assumptions of employment termination forfeiture rates used in the determination of fair value of stock awards during the 2018 calendar year were based on the Company's historical average of actual forfeitures from the previous 5 years preceding the reporting period. The expected annualized forfeiture rates used during the 2018 calendar year varied from 0% to 18.17%, and the Company does not expect these termination rates to vary significantly in the future.

Stock Options

Option awards are granted with an exercise price equal to the market value of the Company's common stock on the date of grant. All options outstanding as of December 31, 2018 have a 10-year contractual term. Options generally have a vesting term of three or four years. There were no option awards granted during 2018, 2017, and 2016.

The following table summarizes the changes in outstanding stock options:

	Number of Shares		Weighted Average Exercise Price		Aggregate Intrinsic Value
Outstanding at January 1, 2016	723,005	$	28.62		
Exercised	(128,301)	$	23.65		
Granted	—	$	—		
Forfeited/Expired	(7,297)	$	40.68		
Outstanding at December 31, 2016	587,407	$	29.56		
Exercised	(175,909)	$	26.84		
Granted	—	$	—		
Forfeited/Expired	—	$	—		
Outstanding at December 31, 2017	411,498	$	30.71		
Exercised	(209,688)	$	27.86		
Granted	—	$	—		
Forfeited/Expired	—	$	—		
Outstanding at December 31, 2018	201,810	$	33.68	$	6,276,432
Vested plus expected to vest at December 31, 2018	201,810	$	33.68	$	6,276,432
Exercisable at December 31, 2018	201,810	$	33.68	$	6,276,432

The aggregate intrinsic value in the preceding table is based on the Company's closing stock price of $64.78 as of December 31, 2018. The total intrinsic value of options exercised was $8.3 million, $4.5 million, and $2.5 million for the years ended December 31, 2018, 2017, and 2016, respectively. The fair value of shares vested was $0, $1.9 million, and $1.3 million for the years ended December 31, 2018, 2017, and 2016, respectively. As of December 31, 2018, the weighted-average remaining contractual term for options vested was 4.7 years and for exercisable options was 4.7 years.

Information regarding stock options outstanding as of December 31, 2018 is summarized below:

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE		
Range of Exercise Prices	Number Outstanding As of December 31, 2018	Weighted Average Remaining Contractual Term		Weighted Average Exercise Price	Number Exercisable As of December 31, 2018		Weighted Average Exercise Price
$21.77 to $25.00	1,915	2.3	$	21.77	1,915	$	21.77
$25.01 to $28.00	100,114	4.1	$	26.93	100,114	$	26.93
$28.01 to $40.68	99,781	5.2	$	40.68	99,781	$	40.68
$21.77 to $41.00	201,810	4.7	$	33.68	201,810	$	33.68

Restricted Stock Units

RSUs generally have a vesting term of three to four years. On vesting the employee is issued one share of stock for each RSU awarded. The fair value of shares vested was $6.5 million, $6.3 million, and $7.2 million for the years ended December 31, 2018, 2017, and 2016, respectively.

A summary of the Company's RSUs is presented below.

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested RSUs at January 1, 2016	555,904	$ 35.40	
Granted	240,868	$ 34.68	
Vested	(221,659)	$ 32.45	
Cancelled	(67,115)	$ 37.60	
Non-vested RSUs at December 31, 2016	507,998	$ 36.12	
Granted	194,227	$ 41.41	
Vested	(179,974)	$ 35.19	
Cancelled	(58,664)	$ 36.04	
Non-vested RSUs at December 31, 2017	463,587	$ 38.71	
Granted	235,480	$ 65.37	
Vested	(169,279)	$ 38.66	
Cancelled	(54,742)	$ 47.50	
Non-vested RSUs at December 31, 2018	475,046	$ 50.93	$ 30,773,480
RSUs expected to vest in the future	425,272	$ 49.77	$ 27,549,127

The aggregate intrinsic value in the preceding table is based on the Company's closing stock price of $64.78 per share as of December 31, 2018.

Cash-Settled Restricted Stock Units

CSRSUs generally have a vesting term of three to four years. A summary of the Company's CSRSUs is presented below.

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested CSRSUs at January 1, 2016	446,663	$ 37.18	
Granted	233,790	$ 34.29	
Vested	(146,619)	$ 34.70	
Cancelled	(70,812)	$ 37.55	
Non-vested CSRSUs at December 31, 2016	463,022	$ 35.96	
Granted	174,419	$ 42.06	
Vested	(161,576)	$ 40.78	
Cancelled	(83,949)	$ 36.43	
Non-vested CSRSUs at December 31, 2017	391,916	$ 38.80	
Granted	147,103	$ 60.84	
Vested	(147,759)	$ 38.71	
Cancelled	(51,695)	$ 43.07	
Non-vested CSRSUs at December 31, 2018	339,565	$ 47.73	$ 21,997,021
CSRSUs expected to vest in the future	301,532	$ 47.00	$ 19,533,238

The aggregate intrinsic value in the preceding table is based on the Company's closing stock price of $64.78 per share as of December 31, 2018. The fair value of CSRSUs vested and settled in cash for the years ended December 31, 2018, 2017, and 2016 was $7.7 million, $6.9 million and $5.9 million, respectively.

Non-Employee Director Awards

In the first six months of 2018, the Company granted awards of unregistered shares to its non-employee directors on a quarterly basis under its Annual Equity Election. The awards were issued from the Company's treasury stock and had no impact on the shares available for grant under the 2018 Omnibus Plan or the Prior Plan. The awards do not include vesting conditions; thus, there was no unrecognized expense related to these awards at cember 31, 2018.

A summary of the Company's non-employee director awards of unregistered shares granted by fiscal year is presented below.

For the Year ended December 31,	Number of shares Granted		Weighted-Average Grant Date Fair Value
2016	15,299	$	39.32
2017	13,861	$	48.41
2018	7,985	$	60.36

On July 2, 2018, the Company granted awards of registered shares to its non-employee directors on an annual basis under the Omnibus Plan. A summary of the non-employee director awards is presented below:

	Number of Shares		Weighted-Average Grant Date Fair Value		Aggregate Intrinsic Value
Non-vested RSAs at January 1, 2018	—	$	—		
Granted	11,606	$	72.35		
Vested	(5,395)	$	72.35		
Cancelled	(1,243)	$	72.35		
Non-vested RSAs at December 31, 2018	4,968	$	72.35	$	321,827
RSAs expected to vest in the future	4,968	$	72.35	$	321,827

The aggregate intrinsic value in the preceding table is based on the Company's closing stock price of $64.78 per share as of December 31, 2018.

Performance Share Awards

In the first quarter of 2015, the Company's Board of Directors approved a performance-based share program (the "Program") that provides for the issuance of PSAs to its senior management. Under the Program, the number of PSAs that the participant will receive depends on the Company's achievement of two performance goals during two performance periods. The performance goals under the Program are based on (i) the Company's compounded annual growth rate in earnings per share ("EPS") during a two-year performance period and (ii) the Company's cumulative total shareholder return ("rTSR") relative to its peer group during a performance period from the first day of the performance period (typically January 1 of the year awarded) to the last day of the third ar of the performance period (typically December 31). The PSAs will only be eligible to vest following the expiration of the three-year performance period. ctual shares vested will be subject to both continued employment by the Company (barring certain exceptions allowing for partial performance periods) and actual financial measures achieved. The actual number of shares of common stock that will be issued to each participant at the end of the applicable performance period will be determined by multiplying the award by the product of two percentages, one based on the Company's EPS performance and a second one based on the Company's rTSR performance, subject to a minimum and maximum performance level. As of December 31, 2018, shares granted during 2016, 2017, and 2018 are within year three, two, and one of the performance period, respectively, and therefore have not vested. A total of 30,576 shares granted in 2015 vested during 2018 after meeting the performance goals.

A summary of the Company's PSAs is presented below.

	Number of Shares	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value
Non-vested PSAs at January 1, 2016	58,822	$ 44.21	
Granted	74,574	$ 37.75	
Vested	—	$ —	
Cancelled	(3,422)	$ 41.61	
Non-vested PSAs at December 31, 2016	129,974	$ 40.57	
Granted	60,929	$ 38.81	
Vested	—	$ —	
Cancelled	(3,881)	$ 42.83	
Non-vested PSAs at December 31, 2017	187,022	$ 39.95	
Granted	45,136	$ 65.05	
Vested	(30,576)	$ 44.21	
Cancelled	(32,096)	$ 43.72	
Non-vested PSAs at December 31, 2018	169,486	$ 45.15	$ 10,979,303
PSAs expected to vest in the future	97,309	$ 50.35	$ 6,303,674

The aggregate intrinsic value in the preceding table is based on the Company's closing stock price of $64.78 per share as of December 31, 2018. The fair value of the awards is estimated on the grant date using a Monte Carlo simulation model due to the market condition for the rTSR component. The fair value assumptions using the Monte Carlo simulation model for awards granted in 2018, 2017, and 2016 were 0.9%, 0.0% and 0.0% for dividend yields, respectively; 31.9%, 31.3% and 30.9% for historical volatility, respectively; and 2.4%, 1.5%, and 1.0% both risk-free rate of returns, respectively.

NOTE 15 – BUSINESS COMBINATIONS

In January 2018, the Company acquired TFC, a leading boutique loyalty strategy and marketing company based in London, United Kingdom. The acquisition of TFC enhanced and extended the Company's customer loyalty business to Europe.

In August 2018, the Company acquired DMS Disaster Consultants ("DMS"), a disaster management and recovery firm based in Florida. DMS assists public sector clients with man-made and natural disaster planning and preparedness, and post-disaster response and recovery efforts by assisting clients in obtaining funding from Federal Emergency Management Agency, insurance companies, and other sources.

In October 2018, the Company acquired We Are Vista ("Vista"), a communication company headquartered in Leeds, U.K., with an additional presence in London. Vista provides advisory services and solutions to clients in the financial, retail, automobile, and energy industries.

The combined purchase consideration for these acquisitions totaled $51.2 million, which included $34.6 million of initial cash payments, net of cash acquired. The Company recognized the fair value of the assets acquired and liabilities assumed and allocated $32.1 million to goodwill, $10.6 million to intangible assets consisting primarily of customer relationships that will be amortize on an accelerated basis based on projected customer payments and $1.2 million in contingent consideration to be paid to a former owner if certain objectives are achieved (Level 3 fair value.). As of December 31, 2018, the Company has recorded $6.5 million of extended purchase commitments under the acquisition agreements. The Company determined the fair value of the contingent liability as of the acquisition date using a valuation model which included the most likely outcome and the application of an appropriate discount rate. At December 31, 2018, the Company remeasured the contingent liability and, as a result of the remeasurement, recorded $0.5 million charge. As part of one of the acquisitions, the purchase agreement includes additional consideration in the form of two warranty and indemnity hold back payments, one for approximately $2.0 million scheduled to be released in 18 months following the close date and the other for $1.2 million scheduled to be released four years from the close date. The two warranty and indemnity liabilities were recorded at their fair value discounting the liabilities at 3.0% and 3.25%, respectively.

Separately or in the aggregate, the acquisitions were not significant to the Company's financial statements taken as a whole.

NOTE 16 - EARNINGS PER SHARE

EPS is computed by dividing reported net income by the weighted-average number of shares outstanding. Diluted EPS considers the potential dilution that could occur if common stock equivalents of stock options, RSUs, and PSAs were exercised or converted into stock. PSAs are included in the computation of diluted shares only to the extent that the underlying performance conditions (i) are satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related performance period and the result would be dilutive under the treasury stock method. For the years ended December 31, 2018, 2017, and 2016, there were 20,291 weighted-average shares, 142 weighted-average shares, and 163,564 weighted-average shares excluded from the calculation of EPS because they were anti-dilutive, respectively.

The dilutive effect of stock options, RSUs, and performance shares for each period reported is summarized below:

thousands)	2018	2017	2016
Basic weighted-average shares outstanding	18,797	18,766	18,989
Effect of potential exercise of stock options, RSUs, and performance shares	538	478	427
Diluted weighted-average shares outstanding	19,335	19,244	19,416

NOTE 17 - SHARE REPURCHASE PROGRAM

In the third quarter of 2015, the Company's board of directors approved a share repurchase plan that allowed for share repurchases through November 2017 and authorized share repurchases in the aggregate up to $75.0 million, not to exceed limits under the Credit Facility. As part of the Company's modification of the Credit Facility, the prior Credit Facility limits on share repurchases were eliminated to permit unlimited share repurchases, provided the Company's Leverage Ratio, prior to and after giving effect to such repurchases, is not greater than 3.25 to 1.00. During September 2017, the board of directors approved a new repurchase program and repurchase plan effective November 4, 2017 through November 4, 2019 with a limit of $100.0 million. The limitation under the Credit Facility remains unchanged.

Purchases under this program may be made from time to time at prevailing market prices in open market purchases or in privately negotiated transactions pursuant to Rules 10b5-1 and 10b-18 under the Exchange Act and in accordance with applicable insider trading and other securities laws and regulations. The purchases are funded from existing cash balances and/or borrowings, and the repurchased shares are held in treasury and used for general corporate purposes. The timing and extent to which the Company repurchases its shares will depend on market conditions and other corporate considerations at the Company's sole discretion.

During the year ended December 31, 2018, the Company repurchased 214,137 shares at a total cost of $13.9 million under this program. As of December 31, 2018, approximately $86.1 million remained available under the share repurchase plan.

NOTE 18 - FAIR VALUE

The Company measures and reports certain financial assets and liabilities at fair value in accordance with ASC 820, Fair Value Measurements and Disclosures ("ASC 820"). Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. ASC 820 establishes a three-level hierarchy used to estimate fair value by which each level is categorized based on the priority of the inputs used to measure fair value:

- Level 1: Quoted prices that are available in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates and yield curves that are observable at commonly quoted intervals, and implied volatilities); and inputs derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3: Uses inputs that are unobservable and require the Company to make certain assumptions and require significant estimation and judgment from management to use in pricing the fair value of the assets and liabilities.

As of December 31, 2018, the Company had a $1.7 million contingent liability related to an acquisition which was measured at Level 3 (See Note 15 – Business Combinations). As of December 31, 2017, there were no assets or liabilities measured at Level 3 on a recurring basis.

Certain financial instruments, including cash and cash equivalents, contract receivables, and accounts payable are carried at cost, which, due to their short maturities, approximates their fair values at December 31, 2018 and 2017. The carrying value of other long-term liabilities related to capital expenditure obligations approximates their fair value at December 31, 2018 and 2017 based on the current rates offered to the Company for similar instruments with comparable maturities (Level 2). The Company believes the carrying value of its Credit Facility at December 31, 2018 and 2017 approximates the estimated fair value for debt with similar terms, interest rates, and remaining maturities currently available to companies with similar credit ratings (Level 2). The Company applies the provisions of ASC 820 to its assets and liabilities that are required to be measured at fair value pursuant to other accounting standards, including assets and liabilities resulting from the Company's nonqualified deferred compensation plan, interest rate swap agreement (see Note 10 – Derivative Instruments and Hedging Activities), and foreign currency forward contract agreements not eligible for hedge accounting. The impact of the amounts recorded for the nonqualified deferred compensation plan, interest rate swap agreement, and the forward contract agreements was immaterial to the consolidated financial statements.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

Litigation and Claims

The Company is involved in various legal matters and proceedings arising in the ordinary course of business. While these matters and proceedings cause it to incur costs, including, but not limited to, attorneys' fees, the Company currently believes that any ultimate liability arising out of these matters and proceedings will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Road Home Contract

On June 10, 2016, the Office of Community Development (the "OCD") of the State of Louisiana filed a written administrative demand with the Louisiana Commissioner of Administration against ICF Emergency Management Services, L.L.C. ("ICF Emergency"), a subsidiary of the Company, in connection with ICF Emergency's administration of the Road Home Program (the "Program"). The Program contract was a three-year, $912 million contract awarded to the Company in 2006 and that ended, as scheduled, in 2009.

The Program was primarily intended to help homeowners and landlords of small rental properties affected by Hurricanes Rita and Katrina. In its administrative demand, the OCD sought approximately $200.8 million in alleged overpayments to Program grant recipients. The State separately supplemented the amount of recovery it is seeking to total approximately $220.2 million. The State of Louisiana, through the Division of Administration, also filed suit in Louisiana state court on June 10, 2016 broadly alleging, and seeking recoupment for, the same claim made in the administrative proceeding submission before the Louisiana Commissioner of Administration. On September 21, 2016, the Commissioner of the Division of Administration notified OCD and the Company of his decision to defer jurisdiction of the administrative demand filed by the OCD. In so doing, the Commissioner declined to reach a decision on the merits, stated that his deferral would not be deemed to grant or deny any portion of the OCD's claim, and authorized the parties to proceed on the matter in the previously filed judicial proceeding. The Company continues to believe that this claim has no merit, intends to vigorously defend its position, and has therefore not recorded a liability as of December 31, 2018.

Operating Leases

On March 8, 2010, the Company entered into a new lease that replaced its prior headquarters lease, which was due to expire in October 2012. The new lease was initially for approximately 258,000 square feet, with approximately 72,000 square feet of additional space subsequently added. The lease commenced on April 1, 2010 and will expire on December 31, 2022. Base rent under the agreement is approximately $0.9 million per month with annual escalations fixed at 2.5% per year, yielding a total lease commitment of approximately $150.6 million over the twelve-year term of the lease.

The Company has entered into various other operating leases for office space and equipment. Certain facility leases may contain fixed escalation clauses, certain facility leases require the Company to pay operating expenses in addition to base rental amounts, and nine leases require the Company to maintain letters of credit. Future minimum rental payments under all non-cancelable operating leases are as follows:

Year ending December 31,		**(in thousands)**
2019	$	39,031
2020		36,210
2021		35,311
2022		33,624
2023		16,336
Thereafter		28,916
	$	189,428

Minimum lease payments have been reduced by minimum sublease rentals of $1.2 million due in the future under non-cancelable subleases.

Rent expense is recognized on a straight-line basis over the lease term, net of sublease payments. Rent expense consists of the following for the years ended December 31:

(in thousands)		**2018**		**2017**		**2016**
Rent	$	34,924	$	36,269	$	39,537
Sublease income		(45)		(142)		(147)
Total rent expense	$	34,879	$	36,127	$	39,390

NOTE 20 - EMPLOYEE BENEFIT PLANS

Retirement Savings Plan

Effective June 30, 1999, the Company established the ICF Consulting Group Retirement Savings Plan (the "Retirement Savings Plan"). The Retirement Savings Plan is a defined contribution profit sharing plan with a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code. Participants in the Retirement Savings Plan are able to elect to defer up to 70% of their compensation, subject to statutory limitations, and are entitled to receive 100% employer matching contributions for the first 3% and 50% for the next 2% of their compensation. Contribution expense related to the Retirement Savings Plan for the years ended December 31, 2018, 2017, and 2016, was approximately $16.2 million, $15.1 million, and $14.9 million, respectively.

Deferred Compensation Plan

Certain key employees of the Company are eligible to defer a specified percentage of their cash compensation by having it contributed to a nonqualified deferred compensation plan. Eligible employees may elect to defer up to 80% of their base salary and up to 100% of performance bonuses, reduced by any amounts withheld for the payment of taxes or other deductions required by law. Participants are at all times 100% vested in their account balances. The Company funds its deferred compensation liabilities by making cash contributions to a Rabbi Trust at the time the salary or bonus being deferred would otherwise be payable to the employee. The liability to plan participants is materially funded at all times and the plan does not have a material net impact on the Company's results of operations.

Employee Stock Purchase Plan

The Company has a 2006 Employee Stock Purchase Plan ("ESPP") under which one million shares have been authorized for issuance. The ESPP allows eligible employees to purchase shares of our common stock through payroll deductions up to $25,000 per calendar year over six-month offering periods at a discount not to exceed 5% of the market value on the date of each purchase period. For the year ended December 31, 2018, 22,320 shares were purchased by employees, at an average purchase price of $63.92, and 702,506 shares remain available for future issuance. The Company does not recognize compensation expense related to the ESPP.

NOTE 21 - SUBSEQUENT EVENTS

On February 26, 2019, the Company's board of directors approved a $0.14 per share cash dividend. The dividend will be paid on April 16, 2019 to shareholders of record as of the close of business on March 29, 2019.

NOTE 22 - SUPPLEMENTAL INFORMATION

Valuation and Qualifying Accounts

Allowance for Doubtful Accounts

	2018	2017	2016
Balance at beginning of period	$ 3,853	$ 2,591	$ 2,138
Bad debt expense	2,480	1,480	1,089
Write-offs, net of recoveries	(1,027)	(219)	(635)
Effect of foreign currency translation	(22)	1	(1)
Balance at end of period	$ 5,284	$ 3,853	$ 2,591

Income Tax Valuation Allowance

	2018	2017	2016
Balance at beginning of period	$ 1,636	$ 1,131	$ 933
Provision for income taxes - valuation allowance	3,476	505	198
Balance at end of period	$ 5,112	$ 1,636	$ 1,131

NOTE 23 - SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

	2018				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	$ 302,780	$ 324,315	$ 332,968	$ 377,910	$ 296,295	$ 306,392	$ 305,301	$ 321,174
Operating income	$ 17,582	$ 21,025	$ 24,222	$ 29,443	$ 16,633	$ 22,208	$ 23,396	$ 20,181
Net income	$ 12,417	$ 13,617	$ 16,671	$ 18,695	$ 10,177	$ 11,937	$ 13,692	$ 27,070
Earnings per share:								
Basic	$ 0.67	$ 0.72	$ 0.88	$ 0.99	$ 0.54	$ 0.64	$ 0.73	$ 1.45
Diluted	$ 0.65	$ 0.71	$ 0.86	$ 0.97	$ 0.52	$ 0.63	$ 0.72	$ 1.41
Weighted-average common shares outstanding **(in thousands)**								
Basic	18,670	18,806	18,873	18,838	18,972	18,775	18,666	18,646
Diluted	19,158	19,209	19,306	19,333	19,423	19,086	19,024	19,136
Cash dividends declared per common share	$ 0.14	$ 0.14	$ 0.14	$ 0.14	$ -	$ -	$ -	$ -

SUBSIDIARIES OF
ICF INTERNATIONAL, INC.

ME	JURISDICTION OF INCORPORATION/ ORGANIZATION
CF Consulting Group, Inc.	Delaware
ICF Consulting Pty. Ltd.	Australia
ICF Consultoria do Brasilia, Ltda.	Brazil
ICF Consulting Canada, Inc.	Canada
ICF Emergency Management Services, L.L.C.	Delaware
ICF Incorporated, L.L.C.	Delaware
(d/b/a ICF (Delaware), L.L.C. in Arizona)	
(d/b/a ICF Consulting, L.L.C. in California)	
(d/b/a ICF Incorporated, L.L.C., a Delaware limited liability company in Colorado)	
(d/b/a ICF, L.L.C. in Illinois)	
(d/b/a ICF Group, L.L.C. in Kentucky)	
(d/b/a ICF Incorporated, L.L.C. of Louisiana in Louisiana)	
(d/b/a ICF in Massachusetts)	
(d/b/a ICF, L.L.C. in Michigan)	
(d/b/a ICF Minnesota, L.L.C. in Minnesota)	
(d/b/a ICF Consulting, LLC in Mississippi)	
(d/b/a ICF (Delaware), L.L.C. in Missouri)	
(d/b/a ICF New Mexico, L.L.C in New Mexico)	
(d/b/a ICF Delaware in New York)	
(d/b/a ICF, LLC in North Dakota)	
(d/b/a ICF Ohio, L.L.C. in Ohio)	
(d/b/a ICF PA, L.L.C. in Pennsylvania)	
(d/b/a ICF, L.L.C. in Texas)	
(d/b/a ICF, L.L.C. in Virginia)	
(d/b/a ICF, LLC in Washington)	
(d/b/a ICF, L.L.C. in West Virginia)	
(dba ICF Incorporated, LLC in Afghanistan)	
ICF Resources, L.L.C.	Delaware
ICF Consulting India Private, Limited.	India
ICF Consulting Limited	U.K.
ICF Z-Tech, Inc.	Maryland
ICF SH&E, Inc.	Delaware
ICF SH&E Limited	U.K.
(d/b/a ICF SH&E Ltd. (Singapore Branch) in Singapore)	
ICF Jones & Stokes, Inc.	Delaware
F International Consulting (Beijing) Company, Ltd.	China
Macro, Inc.	Delaware
dba ICF Macro, Inc. in Ghana)	Ghana
(dba ICF Macro, Inc. in Kenya)	Kenya
(d/b/a ICF Macro Inc. in Madagascar)	Madagascar
(d/b/a ICF Macro Inc. in South Africa)	South Africa
(dba ICF Macro, Inc. in Thailand)	Thailand
GHK Holdings Limited	U.K.
ICF Consulting Services, Limited. (f/k/a GHK Consulting Limited.)	U.K.
(d/b/a GHK Consulting Limited, Philippine Branch in the Philippines)	
ICF Consulting Services Hong Kong Limited. (f/k/a GHK Hong Kong) Limited.	Hong Kong
ICF Consulting Services, India Private, Ltd. (f/k/a GHK Development Consultants India Private, Limited.)	India
GHK International Ltd.	U.K
Olson + Co., Inc.	Minnesota
(d/b/a Olson in California)	
Bonfire Partners, L.L.C.	Minnesota
Olson Canada, Inc.	Ontario, Canada
ICF, SA (f/k/a/ Full Angle Communications, SA)	Belgium
Mostra, SA	Belgium
ICF Africa, SARL	Mali
(d/b/a ICF Africa SARL in Democratic Republic of the Congo)	
David M Shapiro Disaster Planning and Recovery Consultants, Inc.	Florida
Logistik Holdings Limited	U.K.
We are Vista Limited	U.K.
The Future Customer Limited	U.K.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated February 27, 2019, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of ICF International, Inc. on Form 10-K for the year ended December 31, 2018. We consent to the incorporation by reference of said reports in the Registration Statements of ICF International Inc. on Form S-3 (File No. 333-161896) and on Forms S-8 (File No. 333-225786, File No. 333-206048, File No. 333-190334, File No. 333-168608, File No. 333-165474, File No. 333-159053, File No. 333-150932, File No. 333-142265, and File No. 333-137975).

/s/ Grant Thornton LLP

Arlington, Virginia
February 27, 2019

Exhibit 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER

I, Sudhakar Kesavan, certify that:

1. I have reviewed this annual report on Form 10-K of ICF International, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated this 27th day of February, 2019.

By: /s/ SUDHAKAR KESAVAN

Sudhakar Kesavan
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER

I, James Morgan, certify that:

1. I have reviewed this annual report on Form 10-K of ICF International, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated this 27th day of February, 2019.

By: /s/ JAMES MORGAN

James Morgan
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

Certification of Principal Executive Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2018 (the "Report") of ICF International, Inc. (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Sudhakar Kesavan, Chairman and Chief Executive Officer of the Registrant, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 27, 2019

By: /s/ SUDHAKAR KESAVAN

Sudhakar Kesavan
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of Principal Financial Officer
Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Annual Report on Form 10-K for the year ended December 31, 2018 (the "Report") of ICF International, Inc. (the "Registrant", as filed with the Securities and Exchange Commission on the date hereof, I, James Morgan, Chief Financial Officer of the Registrant, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: February 27, 2019

By: /s/ James Morgan

James Morgan
Chief Financial Officer
(Principal Financial Officer)

Appendix C: Terminated Contracts

Appendix C: Terminated Contracts

Contracting Party	Effective Date	Termination Type	Contracting Number	Reason for Termination
Diversity Marketing and Communications LLC, 256 Columbia Turnpike, Suite 108A - North Tower, Florham Park, NJ 07932	11/21/2017	Convenience	GS-07F-0319U/AG-3198-D-16-0071	No longer require the service from the Government
Diversity Marketing and Communications LLC, 256 Columbia Turnpike, Suite 108A - North Tower, Florham Park, NJ 07932	12/21/2017	Convenience	GS-07F-0319U/AG-3198-D-16-0133	No longer require the service from the Government
Corporation for National and Community Service, 250 E St., SW, Washington, DC 20525	2/8/2018	Convenience	GS-00F-010CA/CNSHQ16F0045	Due to major transition within CNCS, they not going to continue with the work.
Security University, 510 Spring Street, Suite 130, Herndon, VA 20170	10/9/2015	Convenience	SU ICF 2014-0001	Security University received a stop work order from the US Department of Labor. ICF stopped work on 10/9/15
Center for Disease Control and Prevention, 2920 Brandywine Rd., Rm 3000, Atlanta, GA 30341	10/26/2015	Convenience	200-2010-37215 TO 0015	TO Cancelled due to a protest.
Controlcam, LLC, 855-1 St. Johns Bluff Road North, Jacksonville, FL 32225	11/17/2015	Convenience	Controlcam-ICF-2013-001	Mutual Agreement.
WorkEd Consulting, LLC, 5230 Lighthorne Road, Burke, VA 22031	12/24/2015	Convenience	WEC-ICF-2013-001	WorkEd decided to terminate the contract.
GSA Region 11, 301 7th Street, SW Room 6109, Washington DC 20407	10/1/2016	Convenience	GS00F010CA / GSQ1116BJ0023	Termination of a Task Order to move funds to the New Order awarded to ICF due to internal re-org of funds.
Kiddie Kollege, 1130 Varney Street, SE, Washington, DC 20032	12/16/2016	Convenience	KK-ICF-2016-001	Kiddies Kollege is no longer in need of the services provided by ICF. PM suspects budget issues.
US Department of Labor, Washington, DC 20210	12/29/2016	Convenience	GS-00F-010CA/DOL-ETA-15-A-0010/DOL-ETA-16-U-00004	Services being performed are no longer required
Federal Bureau of Investigation, 935 Pennsylvania Ave, NW, Washington, DC 20535	12/31/2016	Convenience	GS-02-F0072V-DJF-14-1200-G-0009726	Government requirements changed - It was no longer in the best interest of the Government to operate a compliance concern hotline.

Contracting Party	Effective Date	Termination Type	Contracting Number	Reason for Termination
Princeton University, 423 Robertson Hall, Princeton, NJ 08544	7/13/2018	Convenience	N/A	Dr. Maya Buchanan was only person assigned to this project (technical lead) and she resigned from ICF as of 7/13/18, therefore client exercised option to terminate for convenience since Dr. Buchanan would not be available for the project.
Technica Corporation, 22970 Indian Creek Dr., Suite 500, Dulles, VA 20166	9/28/2018	Convenience	TCP-180360	Technica's contract was recompeted and awarded to another prime. Technica's contract runs through the end of October 2018. Technical decided to end our subcontract which also ran through the end of Oct 2018 and deobligate funding as of the end of September 2018. The Gov't was not pleased with this decision because it leaves them without Tivoli support for the last month of the contract. The Gov't is exploring options to reinstate ICF's Tivoli support.
Digital Infuzion, Inc., 656 Quince Orchard Rd., Suite 300, Gaithersburg, MD 20878	4/15/2015	Options Not Exercised	F-BSVE-0512014-05-ICF	The Prime (Digital Infuzion) did not give a reason other than The Government's decision not to exercise the option was not a reflection on the work that ICF and Digital Infuzion performed. Note: ICF never did any work under this subcontract.
National Institute of Health, 6100 Executive Blvd., Room 5Z00, Bethesda, MD 20892	12/22/2014	Options Not Exercised	GS-23F-8182H/HHSN275 201300069U	NIH Advisory Committee decided that moving forward with the study beyond 9/18/15 would not be the best way to advance their understanding of how environmental factors influence child health and development.
Army Contracting Command - NJ, Fort Dix, NJ 08640	9/26/2014	Options Not Exercised	W15QKN-13-C-0079	OY2 was not exercised. The ordering office was reorganized and the client no longer had the need for this project.
Social Security Administration, 7111 Security Blvd., Baltimore, MD 21244	5/1/2012	Options Not Exercised	SS00-10-40038	SSA BPA Option has not been exercised due to the reorganization on the client's site. The managing program office responsible for the BPA has been dismantled.
General Services Administration, 2100 Crystal Drive, Suite 800, Arlington, VA 20406		Options Not Exercised	GST0009AJ0033 (029466)	Head Start Training and Technical Consulting Assistance Support, GSA Order GST0009AJ0033 GSA/FEDSIM option period was not exercised due to lack of funding.

Contracting Party	Effective Date	Termination Type	Contracting Number	Reason for Termination
AFYA, Inc., 8101 Sandy Spring Road, Suite 301, Laurel, MD 20707		Options Not Exercised	SC-AFYA-2010-4102-02/200-2007-2109	Option year was not exercise due to budgetary constraints.
Dept of Health and Human Services, 7700 Wisconsin Ave., 8th Floor, Bethesda, MD 20814	5/7/2018	Options Not Exercised	HHSN316201200028W/ HHSP233201700121W	The client decided to go in a different direction.

Appendix D: Resumes

Appendix D: Resumes

Kenley Branscome, MPA

ICF

Project Director

EXPERIENCE OVERVIEW

Kenley Branscome has nearly 25 years of public policy experience and specializes in providing consulting and technical assistance (TA) services to support state and federal agencies in transforming early childhood data into insights that help parents, programs, and policy-makers make better decisions for young children. He has written numerous early childhood issue briefs for national TA centers and has conducted early childhood–related studies at the state level, including primary research into the factors that influence parents' child care choices, early childhood workforce surveys, studies of child care costs, and studies of child care market prices. He also has led multiple initiatives to expand and enhance early childhood data systems and to integrate early childhood data across multiple programs and funding streams. Mr. Branscome has presented in more than 50 national conferences or webinars and has worked with numerous state and national organizations, including the U.S. Office of Child Care, U.S. Department of Labor, Early Learning Challenge Technical Assistance (ELC TA), the Appalachia Regional Comprehensive Center, and the Early Childhood Education Research Alliance.

Highlights of Qualifications

- Directed or advised on market rate surveys in California, Maine, Massachusetts and Minnesota for more than decade
- Technical lead for U.S. Department of Labor National Child Care Price Database

Education

- MPA, Public Policy, Virginia Tech, 1994
- BS, Business Administration and Finance, with Minor in Economics, Penn State, 1992

SELECT PROJECT EXPERIENCE

Market Rate Surveys and Early Childhood Research

Project Director, Minnesota Child Care Market Price Survey, Minnesota Department of Human Services (DHS), 2011–Present. Mr. Branscome currently serves as the project director for an ICF project to conduct the annual Minnesota Child Care Market Price Analysis. Under a contract with the Minnesota Department of Human Services (DHS), he leads a team that collaborates with the Child Care Aware network to administer an annual survey that collects program and price data from the state's 11,000 licensed child care providers. He developed requirements and oversaw the development of a data interface that allows survey data to be electronically imported into the Child Care Aware provider data system. The team is also responsible for conducting an annual analysis of child care prices, using a cluster methodology that ICF designed, to evaluate the degree to which state child care reimbursement rates provide low-income families with equal access to child care programs.

Senior Advisor, Maine Child Care Market Rate Survey, Maine Office of Child and Family Services, 2015–Present. Mr. Branscome currently serves as the senior project advisor for an ICF project with the Maine Office of Child and Family Services to conduct the biennial survey of child care market prices. The study relies on a methodology ICF designed and evaluates how market prices for child care vary across different regions, for different types of care, and evaluates the degree to which state reimbursement rates provide low-income families with equal access to child care. The analysis also includes an assessment of the affordability of child care for families within the state.

Senior Advisor, California Regional Child Care Market Rate Survey, California Department of Education, 2013–Present. Mr. Branscome currently serves as the senior project advisor for an ICF project with the California Department of Education to conduct the biennial survey of child care market prices. The study relies on a market profile methodology ICF designed and evaluates how market prices for child care vary across different regional market profiles for different types of care and evaluates the degree to which state rates provide low-income families with equal access to child care.

Technical Lead, U.S. Department of Labor (DOL), National Child Care Price Database, 2018–Present. Mr. Branscome currently serves as the technical lead for DOL's National Child Care Price and Women's Employment Database project. The publicly available database will provide a more comprehensive picture of the price of child care at the local level in all 50 states in the United States and will assist researchers and policy-makers in examining the extent to which the price of care is an obstacle to employment for women. He led a team of early childhood subject matter experts, methodologists, statisticians, and research analysts to develop and implement the overall methodology for the project, including the data collection protocol, data standardization plan, and data imputation plan. He prepared written guidance and trainings for the data collection team and supported the development of the request for new data collection required by the Paperwork Reduction Act and submitted to the U.S. Office of Management and Budget.

Massachusetts Family Survey, Massachusetts Department of Early Education and Care (EEC), 2011. As consultant to the department, Mr. Branscome collaborated with the Public Consulting Group to conduct a study of the needs of families with young children from birth to age eight. The study was based on a phone and web-based survey of 3,300 families with children in Massachusetts. The survey explored the needs families have in supporting child development, family satisfaction with available early childhood and school-age programs, and parent perceptions of program quality.

Massachusetts Educator Survey, Massachusetts Department of Early Education and Care (EEC), 2011. As consultant to the department, Mr. Branscome collaborated with the Public Consulting Group to direct the 2012 Early Childhood Educator Survey. This study examined the degree to which the early childhood workforce in Massachusetts was prepared to support the state's goals for strengthening program quality and improving the school readiness of the state's youngest children. The study examined the overall job satisfaction and stability of the workforce, educational attainment and training, and educators' perceptions of their own professional skills and abilities. It also examined educators' views on program quality and explored educators' experiences in managing children with challenging behaviors. The study was based on a representative sample of more than 870 randomly selected early childhood and out-of-school-time educators in center-based and family child care settings.

Child Care Price Survey, Massachusetts Department of Early Education and Care (EEC), 2010–2011. As consultant to the department, Mr. Branscome collaborated with the Public Consulting Group to conduct a study of local market prices for child care in Massachusetts. The study assisted EEC in evaluating the degree to which reimbursement rates for child care provide low-income families with equal access to child care, assessed the degree to which prices vary among communities, and assessed the relationship between prices and incomes.

Early Childhood Data Systems and Digital Strategy

Project Manager, State Capacity Building Center's Consumer Education Initiative, 2018–Present. Mr. Branscome currently serves as the project manager for the State Capacity Building Center's (SCBC's) project on intensive TA for child care consumer education. He leads a team of early childhood content experts, web design experts, and data integration experts to provide intensive TA to six states and territories. He worked collaboratively with SCBC leadership, the ICF experience team, and leadership from other national TA centers to develop a model for providing states and territories with intensive TA.

Data Policy Lead, U.S. Office of Child Care – ChildCare.gov, 2015–2017. As a member of the design and implementation team for the U.S. Office of Child Care's National Child Care Website (ChildCare.gov) project, Mr. Branscome led a team of analysts to engage data stakeholders across the nation, conduct family focus groups, and assess the capacity of states to share provider-level data with ChildCare.gov to develop high-level requirements and to develop project documentation and support resources, including the data model, data dictionary and technical bulletin. He led the design and implementation of a multiphase pilot test of ChildCare.gov with a sample of states and territories to test the feasibility of the data standards for ChildCare.gov.

Information Technology Support Services, Pennsylvania Office of Child Development and Early Learning (OCDEL), 2010–2014. As a consultant for the Public Consulting Group, Mr. Branscome collaborated with a team of business analysts and technical writers to provide implementation and support services for the early childhood data system that supports OCDEL's key business functions. He led numerous projects to enhance and expand system functionality, including projects to automate the key business functions associated with the state's Head Start State Supplemental Assistance Program, integrate kindergarten entry assessment data into the state's Early Learning Network data repository, and expand interfaces between OCDEL's data system and the state's early childhood workforce registry. He also facilitated annual information technology visioning and scoping sessions, led an environmental scan, and facilitated quarterly stakeholder team meetings.

EMPLOYMENT HISTORY

ICF	Consultant	2010–Present
Massachusetts Department of Early Education and Care	Director of Planning and Analysis	2006–2009
Applied Policy Analytics	Principal	2001–Present
Advantage Schools, Inc.	Director of Regulatory Affairs	1998–2000
Governor's Office	Fiscal Policy Director	1994–1998

PROFESSIONAL REFERENCES

Ann Reale – Commissioner, Massachusetts Department of Early Education and Care
Boston, Massachusetts Phone: 617.312.4408

Harriet Dichter – Early Childhood Consultant
Philadelphia, Pennsylvania Phone: 484.904.3599

Julie Schule – Project Director, Nemours Foundation
Washington, District of Columbia Phone: 703.407.5888

Thomas Brassell, MA

ICF

Survey Lead

EXPERIENCE OVERVIEW

Mr. Brassell began his survey research career in 2007, joining ICF as a project manager in 2012. He has experience successfully managing multimode surveys at the federal, state, and local government level. Mr. Brassell's survey research experience encompasses a range of project management activities. In addition to managing setup, administration, and communicating project activities, Mr. Brassell has experience assisting with survey instrument development, developing analysis plans, and writing project reports that articulately communicate research results.

Mr. Brassell specializes in market rate and health-related studies. He has acted as project manager for the California Child Care Regional Market Rate Survey since 2012 and Maine Child Care Market Rate Survey since 2015. In addition, he has led 11 separate Fair Market Rent (FMR) studies since 2013, working with local housing agencies to adjust housing subsidies set by the U.S. Department of Housing and Urban Development (HUD). He also currently manages the Centers for Disease Control and Prevention's (CDC's) Traumatic Brain Injury Surveillance System Pilot, the purpose of which is to gain a better understanding of the prevalence and impact of traumatic brain injuries (TBIs) in the United States, particularly on children and adolescents.

Highlights of Qualifications

- Over a decade of survey research experience
- Served as project manager for the California Child Care Market Rate Survey since 2012 and Maine Child Care Market Survey since 2015
- Managed 11 Fair Market Rent surveys for local government housing agencies since 2013 including seven in California

Education

- MA, Industrial-Organizational Psychology, Xavier University, 2010
- BA, Psychology and History, Indiana University, 2006

SELECT PROJECT EXPERIENCE

Market Rate Experience

Project Manager, California Child Care Regional Market Rate Survey (MRS), California Department of Education, 2012–Present. We have conducted the California Department of Education's Regional MRS since 2008. Each year, the State of California distributes approximately $3 billion for child care; a significant portion provides child care reimbursements for families in various state and federally subsidized child care programs administered by county welfare departments and other Alternative Payment (voucher) Programs. The MRS collects data to determine the reimbursement ceilings for each county. Mr. Brassell has been the project manager since 2012. He prepares and reviews mailing materials; coordinates with subcontractors for translation services and printing; tests computer-assisted telephone interviewing (CATI) instruments; prepares the study sample; prepares and ensures adherence to the project timeline; communicates with the client regarding project status; prepares monthly progress reports; manages project budget; and writes the client report.

Project Manager, Maine Child Care Market Rate Survey, Maine Department of Health and Human Services (DHHS), 2015–Present. Since 2015, ICF has conducted two cycles of the Maine Child Care Market Rate Survey on behalf of the Maine Department of Health and Human Services (DHHS). This multimode (web, paper, and telephone) study collects child care rates from a census of providers in Maine. The data is used to establish the reimbursement ceilings for families in need of financial assistance. In 2018, the survey was revised to collect provider cost data, as well as market rate data, to better understand child care provider costs and how they relate to the rates charged to families. As a census, the respective surveys are sent to all licensed center and home providers, as well as unlicensed home providers. Response rates have exceeded 60% for both cycles. As the project manager, Mr. Brassell oversaw all day-to-day activities throughout the project life cycle (setup, data collection, reporting). He managed the project team, coordinating with staff on the preparation of survey materials, monitoring during data collection, and preparing the rate calculations and final report. He also served as the main point of contact for DHHS.

Project Manager, Fair Market Rent Surveys, Multiple Housing Agencies, 2013–Present. Annually, HUD uses data collected from multiple federal agencies to calculate housing subsidies for all metropolitan statistical areas and counties in the United States. For more than 15 years, HUD contracted with ICF to implement area and regional surveys to support their FMR data needs and to assist in the ongoing refinement of their telephone survey approach. In 2012, we worked with HUD to assess the viability of alternate data collection modes, with results indicating that data collection via mail survey was the most cost-effective. However, in 2013, HUD stopped funding the FMR survey contracts, shifting the responsibility of local rent surveys to local government agencies.

As the former government vendor for these surveys, over the past five years, multiple local agencies have reached out to ICF to conduct FMR surveys, having deemed the HUD-calculated FMR for the region out of alignment with current market trends. As of October 2018, we boasted a 100% success rate in administering FMR surveys that resulted in revisions to the established FMR for contracting regions. Our list of regions and the contracting client(s) are presented below:

- **Sonoma County, CA FMR Survey,** Sonoma County Community Development Commission – conducted in 2016
- **San Francisco, CA HUD Metro FMR Area Survey,** San Mateo County Department of Housing, San Francisco Housing Authority, and the Housing Authority of the County of Marin – conducted in 2016 and 2018
- **Oakland–Fremont, CA HUD Metro FMR Area Survey,** Alameda County Community Development Agency Housing and Community Development Department – conducted in 2013 and 2015
- **Burlington, VT MSA,** Vermont State Housing Authority – conducted in 2016 and 2018
- **Windsor County, VT, Bennington County, VT, and Windsor County, VT,** Vermont State Housing Authority, conducted in 2014
- **Boston-Cambridge-Quincy, MA-NH, HMFA,** Boston Housing Authority – conducted in 2018
- **San Diego-Carlsbad, CA MSA,** San Diego Housing Commission – conducted in 2018
- **San Jose-Sunnyvale-Santa Clara, CA HFMA,** Santa Clara County Housing Authority – conducted in 2018

Mr. Brassell leads our FMR response team, working with local agencies to evaluate sample needs, discuss study protocols, review with our clients the overarching FMR appeal process, and assess study affordability. Upon contract execution, Mr. Brassell oversees all project setup activities, coordinating reviews of the mail materials with the respective agency point of contact. During the survey fielding, he monitors data collection to ensure needed response quotas for analysis are met. Subsequent to survey administration, he works with our data processing and analytics team to review the study data and assess accuracy of the calculated market rents. He prepares the HUD-approved report and provides guidance subsequent to data delivery should any further questions arise during the appeal process.

Child Data Collection Surveys

Traumatic Brain Injury Surveillance System (TBISS) Pilot, Centers for Disease Control and Prevention (CDC), 2017–Present. TBIs are a serious public health concern and a major cause of death and disability in the United States. Limitations of identifying TBIs in clinical settings, especially mild TBIs, suggest that the true public health and economic burden of TBIs to the United States may be underestimated. As such, self-reported measures may be the only method for obtaining a comprehensive national estimate of TBIs. The goal of TBISS is to test the validity of a three-tiered definition (delayed possible TBI, possible TBI, and probable TBI) designed to assess whether a TBI was sustained among adults and children in the last 12 months. ICF and CDC will collect data from 10,000 households via telephone using a nationwide random-digit dialing (RDD) sample design. Data are collected from adults, proxies for children aged 5 to 17, and adolescent children aged 13 to 17. Data collection began in 2018 and is scheduled to conclude in the summer of 2019. As the project manager, Mr. Brassell is responsible for overseeing the setup of activities, monitoring data collection progress and reporting, preparing interim and final data deliverables, and producing a comprehensive methodology report at the conclusion of the study.

EMPLOYMENT HISTORY

ICF International	Project Director	2012–Present
Veterans Health Administration National Center for Organization Development	Psychology Technician	2011–2012
	Psychology Intern	2009–2011
Xavier University, Department of Decision Support	Graduate Assistant	2008–2009
Indiana University Center for Survey Research	Project/Research Assistant	2007–2008

PROFESSIONAL REFERENCES

Stephen Linder – Director, Institute for Health Policy, School of Public Health
Houston, Texas Phone: 713.500.9494

Raymond Hodges – Housing & Community Development Supervisor, County of San Mateo, Department of Housing
Belmont, California Phone: 650.802.3389

Jill Daughtery – Senior Fellow, Centers for Disease Control and Prevention
Atlanta, Georgia Phone: 404.498.1830

Randal ZuWallack, MS

Director of Statistical Analysis

ICF

EXPERIENCE OVERVIEW

Mr. ZuWallack has more than 18 years of statistical expertise gained at ICF, Abt SRBI, and the U.S. Census Bureau. He specializes in the development of cost-effective, goal-oriented study designs for state and national research and evaluation projects. He has survey and statistical experience spanning a wide variety of topics, including public health, early child care education, housing, natural resources, consumer awareness and preference, and human behaviors and attitudes.

As principal researcher and senior statistician, he provides statistical expertise in sampling and estimation; develops analytic methods to address research goals; designs cost-effective methods for survey administration; and presents innovative research at industry conferences. Prior to rejoining ICF, he was a senior statistician in the Advanced Methods Group at Abt SRBI, where he consulted on study methodology; coordinated and oversaw statistical and sampling operations for many survey research and analysis projects; developed and executed weighting methods for complex surveys; and developed and monitored sampling plans. He also was co-director of the Survey Research Methods Center, a multidisciplinary community sharing an interest in advancing the field of survey methodology.

Highlights of Qualifications

- Conducted samples of licensed child care providers since 2004
- 18 years of experience in sampling and estimation

Education

- MS, Statistics, University of Massachusetts Amherst, 1997
- BA, Mathematics, State University of New York at Geneseo, 1995

Certifications/Training

- Master's Certificate in Project Management, George Washington University, 2003

SELECT PROJECT EXPERIENCE

Sampling Statistician. California Department of Education, California Child Care Market Rate Survey, 2004–2012, 2014. The multimode survey collects data on child enrollment and the rates charged by licensed child care centers and licensed family child care homes. The data are used to determine reimbursement ceilings for each county in California. Mr. ZuWallack helped redesign the survey methodology in 2004 and is actively involved in the sampling and estimation for this survey, including:

- Developing the “market profiles” for estimating child care rates;
- Selecting the sample of providers from a list that is built from California’s license database and updated based on feedback from California’s Resource and Referral agencies; and
- Calculating county-level reimbursement ceilings.

Project Manager/Sampling Statistician. Minnesota Department of Human Services, Minnesota Child Care Business Update Survey, 2007–2012. The survey collects data on child enrollment and the rates charged by licensed child care centers and licensed family child care homes. The data are used to determine reimbursement ceilings for each county in Minnesota. ICF develops and hosts a web instrument for collecting the data. Mr. ZuWallack oversaw the estimation and reporting.

Project Manager/Statistician, Fair Market Rent Surveys, U.S. Department of Housing and Urban Development (HUD), 2011–2012. Mr. ZuWallack managed the redesign of the Fair Market Rent Surveys. This included an experiment to evaluate several different survey protocols, sample sources, and data collection modes for the FMR surveys, including web, mail, and telephone. To this end, we compared the performance, efficiency, and validity of random-digit dialing (RDD) and address-based samples and evaluated the potential benefit of adding protocol elements such as pre-survey notification letters, an Internet response option, and postcard survey reminders.

Sampling Statistician, Improper Payment for Quality Control for Rental Subsidy Determination Study (HUD QC), 2014–Present. Mr. ZuWallack serves as the sampling statistician for the HUD QC study for estimating administrative errors related to rent subsidy determination; intentional misreporting of income; and payment errors in the distribution of subsidies. The sample for HUD QC is a multistage cluster sample of households receiving public rental assistance. The sample includes stages for selecting geographic clusters, housing projects, and tenants. To reduce burden on the housing projects, the sample design uses Pareto sampling to minimize the chance that housing projects are selected for more than one study in any given year.

EMPLOYMENT HISTORY

ICF, Burlington VT	Principal Researcher	2014–Present
ICF, Burlington VT	Senior Statistician	2003–2012
Abt SRBI, Cambridge MA	Senior Statistician	2012–2014
United States Census Bureau, Suitland, MD	Mathematical Statistician	1997–2003
University of Massachusetts Amherst	Data Analyst, Instructor	1995–1997

PROFESSIONAL REFERENCES

Daniel Dooley – Director, Research and Evaluation at Boston Public Health Commission
Boston, Massachusetts Phone: 617.534.2360

Mohin Banker – Research Assistant, Consumer Financial Protection Bureau
Washington, District of Columbia Phone: 202.435.7861

Celeste Jorge, MPH – Epidemiologist, Connecticut Department of Public Health
Hartford, Connecticut Phone: 860.509.7695

Matt Jans, PhD

ICF

Proposed Role: Survey Methodologist

EXPERIENCE OVERVIEW

Dr. Jans is a senior survey methodologist at ICF. His methodological expertise focuses on questionnaire design and general survey methodology, including using incentives to encourage survey response, how mode of data collection affects nonresponse and measurement, web survey design and testing, and how to ask sensitive and difficult survey questions. Spanning close to 20 years, his career includes surveys of many topics including preschool programs and educational settings. Before joining ICF, Dr. Jans was a survey methodologist for the California Health Interview Survey (CHIS), where he was responsible for methodological innovation and documentation. He is an active member of the American Association for Public Opinion Research (AAPOR) and American Statistical Association (ASA) and has held or holds leadership and volunteer positions in both of those organizations at the local and national levels. His research is published in the *American Journal of Public Health*, *Journal of Official Statistics*, *Survey Practice*, and *Frontiers in Psychology*. He has also authored several book chapters and encyclopedia entries on survey methods. Dr. Jans earned his PhD in survey methodology from the University of Michigan.

Highlights of Qualifications

- Almost 20 years in survey methodology, nonresponse research, pretesting, implementation, and experimentation
- Deep experience in survey operations and experimental/scientific survey methodology
- Specialties in questionnaire design, pretesting, and hard-to-survey populations

Education

- PhD, Survey Methodology, University of Michigan, 2010
- MA, Critical and Creative Thinking, UMass Boston, 2005
- MA, Applied Developmental & Educational Psychology, Boston College, 2000
- BS, Psychology, *cum laude*, Central Michigan University, 1998

SELECT PROJECT EXPERIENCE

Senior Survey Methodologist, Youth Risk Behavior Survey (YRBS) and School Health Profiles, Centers for Disease Control and Prevention (CDC), 2018–Present. Dr. Jans leads cognitive testing for YRBS and the School Health Profiles, which involves designing, managing, and conducting cognitive interviews with middle and high school students, principals, and health teachers.

Senior Survey Methodologist, Behavioral Risk Factor Surveillance System (BRFSS), Centers for Disease Control and Prevention (CDC), 2018–Present. Dr. Jans serves as senior survey methodologist for several of ICF's BRFSS contracts, where he advises on questionnaire design and testing, methodological experiments and innovation, and other design and operations issues.

Senior Survey Methodologist, College Outbreak Survey (CDC) Methods Pilot Tests, Washington State Department of Health, 11/2017–Present. Dr. Jans led the user experience (UX) assessment and questionnaire design components of this survey of college health center directors. Pilot testing included key informant interviews, expert UX assessments, and pilot test debriefings.

Senior Survey Methodologist, Washington Behavioral Risk Factor Surveillance Survey (BRFSS) Methods Pilot Tests, Washington State Department of Health, 11/2017–Present. Dr. Jans oversaw implementation midproject and led analysis and reporting, including presenting the findings at research conferences and the BRFSS 2018 training workshop. He also led redesign of an experiment on interviewer introductions and tailoring.

Survey Methodologist, California Health Interview Survey (CHIS), UCLA Center for Health Policy Research, 2012–2017. Dr. Jans led studies of survey nonresponse that incorporated community-level effects and paradata to understand the cultural dimensions of nonresponse. He also authored studies of the cultural and linguistic dimensions of item nonresponse in sexual orientation measurement. He collaboratively led (with The Williams Institute) a randomized experimental test of gender identity questions. Results were presented nationally and are forthcoming in *Advances in Questionnaire Design, Development, Evaluation and Testing* (Wiley, 2018). He also participated in dress-rehearsal pilot test respondent observation and debriefings with adult and teen respondents, as well as focus groups and telephone-based cognitive interviews. Dr. Jans also maintained overall responsibility for methodological innovation and reporting, address-based sampling, and adaptive/responsive design.

Social Science Analyst, Human Factors and Usability Laboratory, U.S. Census Bureau, 2009–2012. Dr. Jans was a primary author of the Census Bureau's Initiative for Operational Efficiency project on developing new uses of paradata and cost data for survey operations and error measurement/reduction. In that role, he worked with several of the surveys in the Demographic Surveys Division and Field Division, working most closely with the National Health Interview Survey. He coauthored several conference presentations and proceedings papers with National Health Interview Survey (NHIS) staff and one peer-reviewed manuscript. Some of his work on NHIS was also contributed to *Improving Surveys with Paradata* (Frauke Kreuter, Ed., 2013). Dr. Jans also worked with the American Community Survey (ACS), National Survey of College Graduates (NSCG), and American Fact Finder (AFF).

Assistant Study Director, Center for Survey Research, University of Massachusetts, Boston, 2000–2005. Dr. Jans worked with cardiologists and primary care physicians to analyze their heart-failure care practices. In this capacity, he designed cognitive interviewing protocol, trained and debriefed interviewers, and wrote reports for his clients. Other responsibilities included day-to-day design and management of phone and mail surveys, such as programmed computer-assisted telephone interviewing (CATI) software and data collection databases; working closely with telephone interviewers and data-entry staff during implementation; assisting with sample designs and frame acquisition; working with clients on design decisions and communicating study progress; and delivering final data products and reports.

SELECTED PUBLICATIONS AND PRESENTATIONS

Jans, M., McLaughlin, K., Viana, J., Grant, D., Park, R., & Ponce, N. A. (In press). Geographic correlates of nonresponse in California: A cultural ecosystems perspective. In T. Johnson, B. Pennell, I. Stoop, B. Dorer (Eds.), *Advances in comparative survey methodology*.

Jans, M., Herman, J., Viana, J., Grant, D., Park, R., Wilson, B., et al. (In press). Flexible pretesting on a tight budget: Using multiple dependent methods to maximize effort-return trade-offs. In P. Beatty, D. Collins, L. Kaye, J. Padilla, G. Willis, & A. Wilmot (Eds.), *Advances in questionnaire design, development, evaluation and testing*. Hoboken, NJ: Wiley.

Jans, M., Herman, J., Wilson, B. D. M. (2018). Measuring aspects of sexuality and gender: A sexual human rights challenge for science and official statistics. *Chance*, *31*. Retrieved from http://chance.amstat.org/2018/02/sexuality-and-gender/

Conrad, F., Schober, M. F., Jans, M., Orlowski, R., Nielsen, D., & Levenstein R. (2015). Comprehension and engagement in survey interviews with virtual agents. *Frontiers in Psychology: Cognitive Science*, *6*, 1578. doi:10.3389/fpsyg.2015.01578

Jans, M., Rauch, J., Edwards, S., Grant, D., Park, R. (2015). *Can a magnet attract respondents? Incentive type and monetary value effects in an RDD survey*. Proceedings of the Survey Research Methods Section, American Statistical Association (AAPOR).

Jans, M., Viana, J., Grant, D., Cochran, S. D., Lee, A. C., & Ponce, N. A. (2015). Trends in sexual orientation missing data over a decade of the California Health Interview Survey. *American Journal of Public Health*, *105*(5), e43-e50. doi:10.2105/AJPH.2014.302514

Bergstrom, J. C. R., Olmsted-Hawala, E., & Jans, M. E. (2013). Age-related differences in eye tracking and usability performance: Web site usability for older adults. *International Journal of Human Computer Interaction*, *29*(8), 541–548. doi:10.1080/10447318.2012.728493

Jans, M., Sirkis, R., & Morgan, D. (2013). Managing data quality indicators with paradata-based statistical quality control tools: The keys to survey performance. In F. Kreuter (Ed.), *Improving surveys with paradata: Analytic uses of process information*. New York, NY: Wiley.

O'Hare, B., & Jans, M. (2012). *Designing a paradata application in a CAPI environment*. Federal Committee on Statistical Methodology (FCSM) Annual Research Conference, Washington, DC. FCSM Research Conference Proceedings.

Jans, M. (2008). Mode effects. In P. J. Lavrakas (Ed.), *Encyclopedia of survey research methods* (Vol. 1, pp. 475–480). Thousand Oaks, CA: SAGE.

———. (2008). Mode of data collection. In P. J. Lavrakas (Ed.), *Encyclopedia of survey research methods* (Vol. 1, pp. 482–483). Thousand Oaks, CA: SAGE.

EMPLOYMENT HISTORY

ICF	Senior Survey Methodologist	2017–Present
UCLA Center for Health Policy Research	Data Quality and Survey Methodology Manager	2012–2017
U.S. Census Bureau	Social Science Analyst (Research)	2009–2012
University of Michigan	Graduate Student Assistant	2005–2008
UMass Boston Center for Survey Research	Assistant Study Director	2000–2005

PROFESSIONAL REFERENCES

Dr. David Grant – Director, RAND American Life Panel
Santa Monica, California Phone: 310.393.0411 (ext. 7150)

Dr. Frederick Conrad – *Research Professor, University of Maryland and Professor of Psychology, University of Michigan*
Ann Arbor, Michigan Phone: 734.647.0038

Dr. Renee Gindi, National Center for Health Statistics
Hyattsville, Maryland Phone: 301.458.4502

Nazran Baba, BA

Senior Research Associate

ICF

EXPERIENCE OVERVIEW

Mr. Baba holds over six years of experience delivering data analysis, research support, and training and technical assistance (TTA) for projects in early childhood education and military child care. He has a multidisciplinary quantitative and qualitative background in economics and literature. At ICF, he works within the Early Education Services (EES) line of business, supporting federal and state TTA projects. Mr. Baba has experience supporting the Department of Defense's (DoD's) web-based child care system, MilitaryChildCare.com (MCC). He also supports the state of Minnesota by conducting survey research to understand provider needs and related cost information to inform the cost modeling work he supports on the Minnesota Child Care Market Price Analysis and Cost Modeling Project. Mr. Baba partners with federal, state, and local clients to support Agile projects in fast-paced, results-driven, client-focused environments. In addition to spearheading global web system rollouts, he conducts data management activities and develops written products (e.g., final reports, training plans, change management, business procedures) for a range of clients. He has performed primary, secondary, and field research to collect, statistically analyze, and use data for research initiatives. He is comfortable delivering logistical and managerial support, complemented by proficiencies in virtual meeting platforms and survey tools. In EES, he manages small teams, leads task areas, develops processes, conducts quality improvement (QI) and business development (BD) activities. Prior to joining ICF, Mr. Baba worked as an analyst at a Chicago-based boutique consulting firm, Stax Inc, and as a research assistant in the Department of Economics at American University (AU). There, he provided specialized assistance and enhanced academic support to students. For his honors capstone, he developed an original research paper on education and its impact on microfinance, empirically testing an impact assessment hypothesis (via STATA) on a panel data set of 600 enterprises. Mr. Baba was recognized as a University Special Award recipient and named the 2013 recipient of the AU Carlton Savage Award, awarded to an individual who has contributed most to promoting intercultural understanding at the university.

Education

- BA, Economics (Hons.), *cum laude*, second major in Literature, American University, Washington, DC, 2012

Certifications/Training

- Agile at ICF Series Scrum Framework, Full-Day Training, 2016
- Microsoft Excel Certified Training, Lynda.com, 2013
- Microsoft Word Certified Training, Lynda.com, 2013
- Microsoft SharePoint Certified Training, Lynda.com, 2013
- Business Writing Skills, 2013

SELECT PROJECT EXPERIENCE

Research and Data Analyst, Minnesota Child Care Market Price Analysis and Cost Modeling Project, Minnesota Department of Human Services (DHS), 2018–Present. The Minnesota DHS has partnered with ICF to continue the analysis of child care market prices and to prepare a cost modeling analysis and report. ICF will augment the 2018 Market Price Survey analysis with a cost modeling analysis to produce cost estimates for different types of care, age groups, quality levels, and geographic regions (e.g., price clusters). Mr. Baba plays a vital role in providing research and data analysis support in the development of the child care cost model for the project. He serves as the research and data analyst for the project and collects and manages the early care and education (ECE) workforce data (child development center and family child care) required to inform cost model assumptions, support the cost model analysis, and support the development of the final report.

Data Migration Lead and TTA Coordinator, MilitaryChildCare.com (Request for Care), U.S. Department of the Navy, Commander, Navy Installations Command (CNIC), 2013–Present. Mr. Baba oversees data migration efforts for DoD's MCC web system from the 1.0 to 2.0 environment. Previously, he served as a TTA coordinator for MCC, a purple initiative aimed to serve all DoD branches by providing a single online gateway to access comprehensive information on military-operated and military-subsidized child care options around the globe across 200-plus military installations. Since 2015, he has directly coordinated the transition of over 40 installations across multiple service branches (e.g., Army, Navy, Air Force) to MCC, in addition to identifying system requirements and executing data transfers across various data systems, supporting over 50,000 military family households' data. He also oversees and manages the processes used for the transfer of existing installation data into MCC's web databases to include management of personally identifying information (PII) sensitive data with established industry standard best practices.

Research Assistant, Race to the Top Early Learning Challenge, U.S. Department of Health and Human Services (HHS), 2013–2014. The Race to the Top – Early Learning Challenge (RTT-ELC) project is designed to support its grantee states in building statewide systems that raise the quality of early learning and development programs and increase access to high-quality programs for children with high needs. The RTT-ELC program is jointly administered by the U.S. Department of Education (ED) and HHS. Mr. Baba has contributed to the development of high-value products and services for the project using SPSS to synthesize survey data to create user-friendly products for various stakeholders and the larger Early Learning Challenge Technical Assistance (ELC TA) team. Mr. Baba has provided support in the development of materials, presentations, and webinars for the project via Live Meeting, Adobe Connect, and GoToMeeting meeting platforms. In addition, he has worked with multiple stakeholders in the project to ensure project-related activities are tracked. He also served as a technical specialist for the inaugural ELC TA organization meeting.

Research Assistant, DC Child Care Connections, DC Office of the State Superintendent of Education (OSSE), 2011–2014. DC Child Care Connections (DC CCC) is the District of Columbia's child care resource and referral agency. By partnering with other early care and education organizations in the city, DC CCC helps early education and out-of-school providers meet high-quality standards and provides parents and caregivers with information, education, and resources that help support their children's development and learning. As a meeting coordinator, Mr. Baba oversaw meeting logistics, tracked action items, prepared meeting notes and materials for consultants, and provided key support to produce supporting resources. He also worked with the team on developing the online web-based system to increase readability and user friendliness, in addition to proposing revisions to requirements and system designs. He also regularly updated the DC CCC website's content and was trained in Drupal—a web content management system (CMS) software.

Research Assistant, Evaluation of Child Welfare Information Gateway, Children's Bureau, Administration for Children and Families, U.S. Department of Health and Human Services (HHS), 2013–2014. Child Welfare Information Gateway is a service of the Children's Bureau that provides access to information and resources to help protect children and strengthen families. Mr. Baba contributed to the implementation of customer satisfaction telephone surveys as a surveyor and assists fellow team members with achieving the team goals of engaging all leads. He is proficient with survey tools such as SurveyMonkey and SurveyGizmo.

Research Analyst and Consulting Intern, Stax Inc., Boston, 2012. While employed at Stax Inc. (Stax), Mr. Baba used data analytics to assist Stax with assessing the market opportunity for a conglomerate seeking to create a startup in a niche space in the art industry of Sri Lanka. Stax is a global strategy consulting firm with specialties in market strategy, growth strategy, commercial due diligence, and private equity consulting. During his time with Stax, he created financial models using Excel to quantify market sizing and market share, and he designed original survey questionnaires to collect local-level industry data through primary, secondary, and field research methods. As a result of his successful performance, Mr. Baba was promoted to intern team leader and oversaw the progress of the client deliverable. The processes also necessitated engaging in qualitative data mining using pivot tables in Excel for over 1,200 potential foundations and donors from the National Foundation Database.

International Student Orientation Coordinator & AU Diplomats Program Coordinator, AU International Student & Scholar Services, American University, 2011–2012. While employed at AU, Mr. Baba compiled spreadsheets in Excel to oversee and administer orientation logistics including tracking revenue, expenses, budgeting, scheduling, publicity, communications, and volunteer staffing information. In addition, he developed, planned, managed, and implemented orientation programs with AU staff to allow 70–300 new international students successfully transition to AU, contributing to student success, retention, and cultural adjustment. Mr. Baba also served as chief liaison for the AU Diplomats, coordinating 110 AU Diplomats from 50+ countries who served as AU brand ambassadors in outreach events and initiatives for prospective AU students.

Research Assistant for Dr. Bernhard Gunter, American University, 2010–2012. While employed at AU, Mr. Baba assisted Dr. Gunter, President of the Bangladesh Development, in administrating and teaching ECON 110 during the academic year for five semesters. During this period, Mr. Baba functioned as an economics writing coach who provided assistance to students with tutoring and reviewing research paper drafts. He scrutinized the papers for content, depth of research, accuracy of data, critical thinking, form, structure, and grammar.

EMPLOYMENT HISTORY

ICF	Senior Business Process Analyst	2017–Present
	Associate	2015–Present
	Analyst	2014–2015
	Research Assistant	2013–2014
Stax Consulting Inc.	Research Analyst	2012–2013
Department of Economics, AU	Teaching Assistant	2010–2012
International Student and Scholar Services, AU	Programming Assistant	2010–2012

PROFESSIONAL REFERENCES

Rebecca Wong – Consultant, Eagle Hill Consulting
Arlington, Virginia Phone: 919.260.8046

Senem Barkar – Director, International Student & Scholar Services at American University
Washington, DC 20016 Phone: 703.501.5034

Caitlin McLaughlin – Principal, ICF
Fairfax, Virginia Phone: 301.263.4967

Appendix E: Sample Survey Questions

Appendix E: Sample Survey Questions

ICF will collaborate with DHHS and the Steering Committee to review the survey instrument used in the 2019 iteration of the Nebraska Child Care Market Rate Survey to identify opportunities to improve the questionnaire content and layout and to identify new research questions, e.g., those that could inform an analysis of the cost of meeting health, safety and quality standards.

The questionnaire below is an example of the questionnaire that ICF used to conduct the Maine Child Care Market Rate survey in 2015 and 2017. ICF will leverage the same best practices found in this survey to further strengthen the survey instrument that has been used previously in Nebraska.

Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives

Paul R. LePage, Governor — Ricker Hamilton, Commissioner

2018 Maine Market Rate Survey
Family Child Care Provider

Please fill out this questionnaire in blue or black ball point pen. Your responses are confidential.

General Information

1. Are you currently providing child care?

- ◯ Yes ***(Go to Question 2)***
- ◯ No

1a. Why are you not currently providing child care?

- ◯ Lack of demand for care in my community
- ◯ Financial challenges, such as low payment rates
- ◯ Personal reasons, such as retirement, health issues
- ◯ Challenges in meeting regulatory standards
- ◯ Other reason: ____________________

Go to Question 19

2. Using the grid below, please identify the days and times your program is typically open.
Please note that the survey is interested only with a standard day, not evening hours if they are considered a separate shift.

Days Open What days is your program normally open?	**Start Time** What is the earliest time that children can arrive at your program?	**End Time** What is the latest time that children can leave your program?
◯ Monday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Tuesday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Wednesday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Thursday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Friday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Saturday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm
◯ Sunday	___:___ ◯ am ◯ pm	___:___ ◯ am ◯ pm

Capacity

3. In the table below, please provide the number of children you prefer to serve and your current vacancies for each age group.

Age Group	**Desired Capacity** Max number of children you prefer to serve	**Subsidy Capacity** Max number of children with subsidy you prefer to serve	**Vacancies** Number of full- or part-time openings today
Infant (6 weeks - <13 months)	____	____	____
Toddler (13 - 36 months)	____	____	____
Preschool (>36 months - kindergarten enrolled)	____	____	____
School Age (enrolled in school)	____	____	____

2018 Maine Market Rate Survey - Family Child Care Provider

Rates

Important Instructions – Please Read. The next few questions ask about the maximum rate that your program charges to provide care for children of different ages.

- **Do provide** your usual, published rates for weekday care your program would charge a parent.
- **Do not** include sliding scale rates, discounted rates, extended care rates (early care/late pick-up) or extra fees for special services.
- **Do not** write in rates for weekend, evening, or sick child care.
- **Do you** have more than one part-time rate? If so, please use the rate that would apply to an infant or pre-schooler who attends Monday-Friday mornings. If you only care for school-age children, use the part-time rate that would apply for a school-age child who attends before and after school.
- **Do you** have more than one full-time rate? If so, please use the one that applies to the most children.

4. Does your program charge standard part-time or full-time monthly rates?

○ No *(Go to Question 5)*

○ Yes → **Specify any MAXIMUM MONTHLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part-time mo rate:	$	$	$	$
Full-time mo rate:	$	$	$	$

4a. How many hours per month defines full-time? ☐ Hours per month

5. Does your program charge standard part-time or full-time weekly rates?

○ No *(Go to Question 6)*

○ Yes → **Specify any MAXIMUM WEEKLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part-time wk rate:	$	$	$	$
Full-time wk rate:	$	$	$	$

5a. How many hours per week defines full-time? ☐ Hours per week

6. Does your program charge a standard daily rate for a full day of care?

○ No *(Go to Question 7)*

○ Yes → **Specify any MAXIMUM DAILY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part day daily rate:	$	$	$	$
Full day daily rate:	$	$	$	$

6a. How many hours per day defines full-time? ☐ Hours per day

2018 Maine Market Rate Survey - Family Child Care Provider

Rates (cont.)

7. Does your program charge a standard hourly rate?

- No *(Go to Question 8)*
- Yes ► Specify any MAXIMUM HOURLY rates charged

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Hourly rate:	$	$	$	$

8. Which of the following are provided by your program at no additional charge to the parent?
Please check all that apply

- Meals
- Snacks
- Milk
- Formula
- Diapers
- Art supplies
- Field Trips

Accreditation

9. Is your program accredited (e.g., NAFCC, etc.), or in the process of obtaining accreditation?

- Yes
- No
- Don't know

Key Child Care Cost Drivers

The following questions are being asked in order to collect information that will provide OCFS with a better understanding of the true cost of providing child care. All information will remain confidential and only be used for OCFS's cost modeling purposes.

10. In the table below, please provide the information requested for the staff in your program.

Staff Position	Number of Individuals in the Position	Lowest Annual Wage or Salary	Highest Annual Wage or Salary
Owner/Provider			
Other Full-Time Staff			
Other Part-Time Staff			

2018 Maine Market Rate Survey - Family Child Care Provider

11. Does your program pay for staff training and development?

◯ Yes ◯ No *(Go to Question 13)*

12. What is your budget for ALL staff training?

$______ annual amount OR $______ per employee

13. Which of the following types of benefits does your program offer to FULL-TIME employees?

Paid Leave	Days of Leave
Paid holidays	
Paid vacation leave	
Paid sick/personal leave	
Paid professional development days	
Other paid leave	

Other Benefits	Yes	No
Health Insurance	◯	◯
Dental Insurance	◯	◯
Vision Insurance	◯	◯
Retirement Plan	◯	◯
Other Benefits	◯	◯

14. How much does your program expect to spend on facility rent or mortgage this year? $ ______

15. What percentage of parent fees owed to your program do you estimate go uncollected in a typical year? ______%

Subsidy Payments

16. Does your program currently accept children who receive financial assistance from the Child Care Subsidy Program?

◯ Yes *(Go to Question 18)* ◯ No

17. Please indicate the reason(s) that you do not participate in the Child Care Subsidy Program.
Please select all that apply

- ◯ I am not aware of the Child Care Subsidy Program or if my program is able to participate.
- ◯ The Child Care Subsidy Program requirements are too difficult to meet.
- ◯ The process and requirements for submitting Child Care Subsidy billing is too difficult.
- ◯ The reimbursement rates for the Child Care Subsidy Program are too low.
- ◯ Our program has had difficulty collecting parent fees for the Child Care Subsidy Program.
- ◯ Family eligibility for the Child Care Subsidy Program changes too often.

18. If allowed by OCFS policy, would your program charge parents the balance between the Child Care Subsidy reimbursement rate and your program's maximum full private pay rate?

◯ Yes ◯ No ◯ Don't Know

19. We may need to contact you to verify the information contained in your survey responses. Your survey responses are completely confidential. This information will only be used by ICF, and will not be provided to OCFS or associated with the data you've provided.
Please provide your contact information below

Name: ______

Email: ______

Phone: ______

Thank you! You have completed the survey.
Please return this survey in the postage-paid envelope provided.

4

Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives
Paul R. LePage, Governor   Ricker Hamilton, Commissioner

2018 Maine Market Rate Survey Child Care Centers

Please fill out this questionnaire in blue or black ball point pen. Your responses are confidential.

General Information

1. Are you currently providing child care?

- ◯ Yes *(Go to Question 2)*
- ◯ No

1a. Why are you not currently providing child care?

- ◯ Lack of demand for care in my community
- ◯ Financial challenges, such as low payment rates
- ◯ Personal reasons, such as retirement, health issues
- ◯ Challenges in meeting regulatory standards
- ◯ Other reason: ______________

Go to Question 19

2. Using the grid below, please identify the days and times your program is typically open.
Please note that the survey is interested only with a standard day, not evening hours if they are considered a separate shift.

Days Open What days is your program normally open?	**Start Time** What is the earliest time that children can arrive at your program?	**End Time** What is the latest time that children can leave your program?
◯ Monday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Tuesday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Wednesday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Thursday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Friday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Saturday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Sunday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm

Capacity

3. In the table below, please provide the number of children you prefer to serve and your current vacancies for each age group.

Age Group	**Desired Capacity** Max number of children you prefer to serve	**Subsidy Capacity** Max number of children with subsidy you prefer to serve	**Vacancies** Number of full- or part-time openings today
Infant (6 weeks - <13 months)	____	____	____
Toddler (13 - 36 months)	____	____	____
Preschool (>36 months - kindergarten enrolled)	____	____	____
School Age (enrolled in school)	____	____	____

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2018 Maine Market Rate Survey - Child Care Centers

Rates

Important Instructions – Please Read. The next few questions ask about the maximum rate that your program charges to provide care for children of different ages.

- **Do provide** your usual, published rates for weekday care your program would charge a parent.
- **Do not** include sliding scale rates, discounted rates, extended care rates (early care/late pick-up) or extra fees for special services.
- **Do not** write in rates for weekend, evening, or sick child care.
- **Do you** have more than one part-time rate? If so, please use the rate that would apply to an infant or pre-schooler who attends Monday-Friday mornings. If you only care for school-age children, use the part-time rate that would apply for a school-age child who attends before and after school.
- **Do you** have more than one full-time rate? If so, please use the one that applies to the most children.

4. Does the center charge standard part-time or full-time monthly rates?

- ◯ No *(Go to Question 5)*
- ◯ Yes ► **Specify any MAXIMUM MONTHLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part-time mo rate:	$	$	$	$
Full-time mo rate:	$	$	$	$

4a. How many hours per month defines full-time? ☐ Hours per month

5. Does this center charge standard part-time or full-time weekly rates?

- ◯ No *(Go to Question 6)*
- ◯ Yes ► **Specify any MAXIMUM WEEKLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part-time wk rate:	$	$	$	$
Full-time wk rate:	$	$	$	$

5a. How many hours per week defines full-time? ☐ Hours per week

6. Does this center charge a standard daily rate for a full day of care?

- ◯ No *(Go to Question 7)*
- ◯ Yes ► **Specify any MAXIMUM DAILY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part day daily rate:	$	$	$	$
Full day daily rate:	$	$	$	$

6a. How many hours per day defines full-time? ☐ Hours per day

2018 Maine Market Rate Survey - Child Care Centers

Rates (cont.)

7. Does this center charge a standard hourly rate?

- No *(Go to Question 8)*
- Yes ▸ **Specify any MAXIMUM HOURLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Hourly rate:	$	$	$	$

8. Which of the following are provided by your program at no additional charge to the parent?
Please check all that apply

- Meals
- Snacks
- Milk
- Formula
- Diapers
- Art supplies
- Field Trips

Accreditation

9. Is your program accredited (e.g., NAEYC, NAA, COA, etc.), or in the process of obtaining accreditation?

- Yes
- No
- Don't know

Key Child Care Cost Drivers

The following questions are being asked in order to collect information that will provide OCFS with a better understanding of the true cost of providing child care. All information will remain confidential and only be used for OCFS's cost modeling purposes.

10. In the table below, please provide the information requested for the staff in your program.

Staff Position	Number of Individuals in the Position	Lowest Annual Wage or Salary	Highest Annual Wage or Salary
Director			
Assistant Director			
Administrative Assistant			
Classroom Teachers (Full-Time)			
Teacher Assistants (Full-Time)			
Consultant/Trainers			
Other Full-Time Staff			
Other Part-Time Staff			

2018 Maine Market Rate Survey - Child Care Centers

11. Does your program pay for staff training and development?

◯ Yes ◯ No *(Go to Question 13)*

12. What is your budget for ALL staff training?

$_______ annual amount OR $_______ per employee

13. Which of the following types of benefits does your program offer to FULL-TIME employees?

Paid Leave	Days of Leave
Paid holidays	
Paid vacation leave	
Paid sick/personal leave	
Paid professional development days	
Other paid leave	

Other Benefits	Yes	No
Health Insurance	◯	◯
Dental Insurance	◯	◯
Vision Insurance	◯	◯
Retirement Plan	◯	◯
Other Benefits	◯	◯

14. How much does your program expect to spend on facility rent or mortgage this year? $ _______

15. What percentage of parent fees owed to your center do you estimate go uncollected in a typical year? _______ %

Subsidy Payments

16. Does your program currently accept children who receive financial assistance from the Child Care Subsidy Program?

◯ Yes *(Go to Question 18)* ◯ No

17. Please indicate the reason(s) that you do not participate in the Child Care Subsidy Program.
Please select all that apply

◯ I am not aware of the Child Care Subsidy Program or if my program is able to participate.
◯ The Child Care Subsidy Program requirements are too difficult to meet.
◯ The process and requirements for submitting Child Care Subsidy billing is too difficult.
◯ The reimbursement rates for the Child Care Subsidy Program are too low.
◯ Our program has had difficulty collecting parent fees for the Child Care Subsidy Program.
◯ Family eligibility for the Child Care Subsidy Program changes too often.

18. If allowed by OCFS policy, would your program charge parents the balance between the Child Care Subsidy reimbursement rate and your program's maximum full private rate?

◯ Yes ◯ No ◯ Don't Know

19. We may need to contact you to verify the information contained in your survey responses. Your survey responses are completely confidential. This information will only be used by ICF, and will not be provided to OCFS or associated with the data you've provided.
Please provide your contact information below

Name: _______________

Email: _______________

Phone: _______________

Thank you! You have completed the survey.
Please return this survey in the postage-paid envelope provided.

Department of Health and Human Services
Maine People Living Safe, Healthy and Productive Lives
Paul R. LePage, Governor — Ricker Hamilton, Commissioner

2018 Maine Market Rate Survey
License-Exempt Child Care Provider

Please fill out this questionnaire in blue or black ball point pen. Your responses are confidential.

General Information

1. Are you currently providing child care?

◯ Yes ***(Go to Question 2)*** ◯ No ***(Go to Question 6)***

2. Using the grid below, please identify the days and times your program is typically open.
Please note that the survey is interested only with a standard day, not evening hours if they are considered a separate shift.

Days Open What days is your program normally open?	**Start Time** What is the earliest time that children can arrive at your program?	**End Time** What is the latest time that children can leave your program?
◯ Monday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Tuesday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Wednesday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Thursday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Friday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Saturday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm
◯ Sunday	__ : __ ◯ am ◯ pm	__ : __ ◯ am ◯ pm

Rates

Important Instructions – Please Read. The next few questions ask about the maximum rate that your program charges to provide care for children of different ages.

- **Do provide** your usual, published rates for care your program would charge a parent.
- **Do** write in rates for weekend, evening, or sick child care.
- **Do you** have more than one full-time/part-time rate? If so, please use the one that applies to the most children.

3. Does your program charge standard part-time or full-time weekly rates?

◯ No ***(Go to Question 4)***

◯ Yes ▸ **Specify any MAXIMUM WEEKLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	**Toddlers** (13 - 36 mo)	**Preschool** (>36 mo - kindergarten enrolled)	**School Age** (enrolled in school)
Part-time wk rate:	$	$	$	$
Full-time wk rate:	$	$	$	$

3a. How many hours per week defines full-time? ▢ Hours per week

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2018 Maine Market Rate Survey - License-Exempt Child Care Provider

Rates (cont.)

4. Does your program charge a standard daily rate for a full day of care?

◯ No ***(Go to Question 5)***

◯ Yes ► **Specify any MAXIMUM DAILY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Part day daily rate:	$	$	$	$
Full day daily rate:	$	$	$	$

4a. How many hours per day defines full-time? ▭ Hours per day

5. Does your program charge a standard hourly rate?

◯ No ***(Go to Question 6)***

◯ Yes ► **Specify any MAXIMUM HOURLY rates charged**

If not applicable, please leave space blank.

	Infants (6 wks - <13 mo)	Toddlers (13 - 36 mo)	Preschool (>36 mo - kindergarten enrolled)	School Age (enrolled in school)
Hourly rate:	$	$	$	$

6. We may need to contact you to verify the information contained in your survey responses. Your survey responses are completely confidential. This information will only be used by ICF, and will not be provided to OCFS or associated with the data you've provided.
Please provide your contact information below

Name: ______________________

Email: ______________________

Phone: ______________________

Thank you! You have completed the survey.
Please return this survey in the postage-paid envelope provided.

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