



Employer-Sponsored Child Care Fund Allowable Expense Guide

Applicants may request funding in one of eight categories for expenses incurred in planning and implementing their project. These include:



Sponsoring Dependent Care Assistance Plans (DCAPs)



Reserving Seats in Local Child Care Programs



Providing Onsite or Near-Site Child Care



Providing Backup Care Options



Establishing Priority Waitlist Partnerships



Community Infrastructure Investments



Offering Tuition Benefits



TriShare Programs

This guide outlines for applicants sample allowable expenses that fall within each category. Please keep in mind that the document may not serve as a comprehensive listing of all expenses or reporting documentation. For questions regarding allowable grant expenses, email OECOSLDirector@fssa.in.gov.

All expenditures must relate to the grant project and cannot be used for expenses outside the project. Additionally, funds may only be used for allowable project expenses incurred during the grant period.

Federal regulations require all recipients of federal funds to keep financial documents for five years. Programs will only be required to produce specific receipts as evidence of grant expenditures if their program is selected for an audit. Failure to produce the appropriate documentation and detail required by Federal and State Agencies will result in grantees having to pay back the funds they received in full.

The application window closes on
Nov. 22 at 11:59 p.m. ET.



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Sponsoring Dependent Care Assistance Plans (DCAPs)

DCAPs are flexible spending accounts, like accounts used for healthcare costs. Employers and employees can contribute to these accounts, setting aside up to \$5,000 annually in pretax household income for child care expenses.

Allowable expenses include:

Plan Set-up, Compliance and Legal Costs: Costs associated with establishing the plan and ensuring that the DCAP complies with tax laws and regulations. Employers may need to engage tax professionals or benefits consultants to set up the plan correctly. Employers may incur these costs as internal staff time and/or outsource them to a third-party administrator (TPA) or consultant.

Plan Administration: Costs of maintaining the plan and processing claims. Employers may incur these costs as internal staff time and/or outsource them to a third-party administrator (TPA).

Employer DPAC Contributions: Employer contributions to employees' DCAP accounts.

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Plan Management Infrastructure: Software or technology to administer the DCAP efficiently. This could include tracking systems, online portals, systems for manage account contributions and disbursements or costs associated with IT integrations or payroll system adjustments.





Providing Onsite or Near-Site Child Care

Employers or nonprofit partners may choose to offer onsite or near-site child care programs for individuals or groups of employers. Entities provide a space and contract with a child care provider to operate the program. Employers often choose to subsidize tuition costs for priority employee groups and may decide to make a portion of seats available to the broader community.

Allowable expenses include:

Payments for Leased Space: Lease payments and security deposit for space used to provide employer-sponsored child care.

Equipment and Furnishings: Costs to acquire age-appropriate furniture, toys, educational materials and equipment to furnish the child care facility.

Operational Expenses: Operational expenses include day-to-day costs such as utilities, cleaning supplies, food, other consumables and staff salaries.

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Administrative and Overhead Costs: Expenses related to the management and administration of the child care facility, including accounting fees, legal fees, insurance and software.

Contracted Program Management: Costs associated with contracting a child care provider to manage an on-site or near-site program. Contracted services may include all fees associated with the operation and administration of the program so long as they fall within the allowable expense categories.

Childcare Tuition: Employer contributions to offset out-of-pocket child care costs for employees.

NOTE: Funding cannot be used to purchase a building or for facility construction or major renovation of a building or space to create a suitable and safe child care facility. Major renovation is defined in [45 CFR 98.2](#). Maintenance, repair costs and minor remodeling defined in [45 CFR 98.56\(b\)](#) are also not allowable.





Establishing Priority Waitlist Partnerships

As an alternative to onsite child care, employers/nonprofit partners may partner with local child care programs to establish priority access for employees at specified programs. In this model, child care programs offer waitlist and placement services to employers.

Allowable expenses include:

Partnership Development: Costs associated with establishing partnerships with child care providers, including research, negotiations, legal agreements and partnership development staff salaries.

Partnership Agreement: Fees that secure prioritized waitlist opportunities.

Management Infrastructure: Costs of purchasing and/or implementing systems or tools to track and manage the waitlist.

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Administrative Support: Costs associated with administrative tasks to manage the waitlist program. This includes maintaining the waitlist, handling inquiries, coordinating with child care providers and record keeping. Employers may incur these costs as internal staff time and/or outsource them to a third-party administrator (TPA) or consultant.

Child care Tuition: Employer contributions to offset out-of-pocket childcare cost for employees.





Offering Tuition Benefits

Employers may also offer child care tuition benefits to employees, sharing the cost of care with employees (often using a sliding scale model). Employers set the parameters for how and where employees can use tuition benefits (e.g., child care tuition discounts offered for families enrolling in licensed, high-quality care programs) while still providing families with a broad range of program choices.

Allowable expenses include:

Child Care Tuition: Employer contributions to offset out-of-pocket child care costs for employees.

Program Development and Compliance: Expenses related to program setup, policy development, legal consultation and compliance with tax laws and regulations.

Administrative Support: Costs associated with program management, including staff salaries, eligibility verification, managing tuition payments, compliance, audits, reporting and program monitoring and maintenance.

Management Infrastructure: Costs of purchasing and/or implementing systems or tools to track and manage tuition benefits

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.





Reserving Seats in Local Child Care Programs

Employers partner with local programs to reserve seats for exclusive access by priority employee groups. The company pays enrollment costs for vacant seats to ensure their availability when needed. This benefit is common in companies facing high turnover in specific roles.

Allowable expenses include:

Partnership Development: Costs associated with establishing partnerships with child care providers, including research, negotiations, legal agreements and partnership development staff salaries.

Partnership Agreement: Fees that secure reserved child care seats.

Management Infrastructure: Costs of purchasing and/or implementing systems or tools to track and manage the waitlist.

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Administrative Support: Costs associated with administrative tasks to manage the waitlist program. This includes maintaining the waitlist, handling inquiries, coordinating with child care providers and record keeping. Employers may incur these costs as internal staff time and/or outsource them to a third-party administrator (TPA) or consultant.

Child Care Tuition: Employer contributions to offset out-of-pocket child care cost for employees.





Providing Backup Care Options

Sick days, holidays and school breaks create one-off challenges for parents trying to balance home and work demands. Some employers provide backup care services for employees through partnerships with local child care and out-of-school time partners. Typically, employees receive a certain number of days (or credits) for use in approved partner programs in the case of emergency or short-term coverage needs.

Allowable expenses include:

Partnership Development: Costs associated with establishing partnerships with child care providers, including research, negotiations, legal agreements and partnership development staff salaries.

Partnership Agreement: Fees that secure backup care options with a provider.

Management Infrastructure: Costs of purchasing and/or implementing systems or tools to track and manage the waitlist.

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Administrative Support: Costs associated with administrative tasks to manage the waitlist program. This includes maintaining the waitlist, handling inquiries, coordinating with child care providers and record keeping. Employers may incur these costs as internal staff time and/or outsource them to a third-party administrator (TPA) or consultant.

Child Care Tuition: Employer contributions to offset out-of-pocket child care cost for employees.





Community Infrastructure Investments

Employers invest in a shared fund (generally operated by a local nonprofit organization) to support child care infrastructure costs such as increasing community-wide child care capacity (i.e., creation of a new child care program), expanding shared services that increase provider sustainability, investing in early care and education workforce programs/services, etc.

Allowable expenses include:

Fund Creation: Costs associated with establishing the fund and ensuring compliance with local, state and federal regulations. Costs may include formation fees, legal advice, consulting fees and registration expenses.

Administration and Management: Costs associated with fund administration and management. This may include staff costs incurred by the lead organization and/or costs paid to a third-party administrator (TPA) or consultant for tasks such as accounting, auditing and compliance monitoring.

Needs Assessments and Infrastructure Investment Planning: Costs associated with understanding community needs and designing potential solutions. Activities may include engaging community members, conducting a needs assessment and/or engaging consulting firms to assist in solution design.

Fundraising Costs: Expenses related to growing the number of organizations contributing to the fund.

Community Outreach and Education: Educational programs and outreach to inform the community about the fund's objectives and benefits.

NOTE: Using award money to contribute directly to the shared fund is not allowable.



TriShare Programs

In a TriShare benefit program, the cost of an employee's child care is shared equally among the employer, the employee and the local community with coordination provided regionally by a TriShare facilitator hub, generally a nonprofit intermediary organization. Participating employers set investment parameters and determine how many child care slots employees can be offered. Employees of participating employers sign up for the program and make contributions through payroll deduction.

Allowable expenses include:

Program Development and Setup: Expenses related to establishing the tri-share program, including program design and policy development. Costs may include formation fees, legal advice, consulting fees and registration expenses.

Administration and Management: Costs associated with program management. This may include staff costs incurred by the lead organization and/or costs paid to a third-party administrator (TPA) or consultant for tasks such as accounting, auditing and compliance monitoring.

Management Infrastructure: Costs of purchasing and/or implementing systems or tools to track and manage the program.

Employer Outreach and Communication: Costs associated with recruiting and onboarding new employers into the TriShare

Employee Education and Communication: Costs of communication materials, workshops and other resources to inform and educate employees about the benefit.

Fund Contributions: Costs of funds contributed to the TriShare from the lead organization.



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