Workforce Supports Use of Funds Tips

75% of the funds must be spent on workforce support expenses.

25% of the remaining funds can be used for other eligible expenses.

75% of funds must be used for the following expenses:
- Bonuses or increases in wages
- Contributions towards health insurance costs that reduce such costs for staff
- Contributions to staff retirement plans that supplement any employer contribution
- Supplemental educational advancement or tuition reimbursement
- Mental health supports and services for staff

If there are no existing staff retirement plans or educational advancement/tuition reimbursement programs, the Child Care Stabilization Grant 2.0 for Workforce Supports funds can be used to fund these initiatives.
A maximum of 25% of funds can be used for other allowable expenses, for purposes allowed under the Federal guidelines, which include:

- **Personnel costs**
  - Examples: payroll, salaries, similar employee compensation, employee benefits, retirement costs, educational costs, child care costs; and supporting staff expenses in accessing COVID-19 vaccines

- **Rent** (including under a lease agreement) or payment on any mortgage obligation, utilities, insurance

- May include late fees or charges related to late payments (all costs must be incurred only up through 9/30/23)

- **Facility maintenance or improvements**, defined as minor renovations, including outdoor learning spaces/playgrounds, and minor improvements to address COVID-19 concerns
  - Major improvements are not allowed

- **Personal protective equipment**, cleaning and sanitization supplies and services, or training and professional development related to health and safety practices

- **Purchases of or updates to equipment and supplies** to respond to COVID-19

- **Goods and services necessary** to maintain or resume child care services

- **Mental health supports** for children and employees

- **Health and safety trainings** for staff, including but not limited to CPR, First Aid, and trainings related to COVID-19
Allowable Workforce Support Expenses (WSE) by Category

✅ Bonuses or increases in wages examples:
  - Sign on bonuses for new staff
  - Performance or longevity incentive bonuses for existing staff
  - Increasing wages for existing staff
  - Bringing on new staff at a higher wage

✅ Contributions towards health insurance costs that reduce such costs for staff
  - Contributing more toward employee health insurance premiums
  - Adding employer paid health insurance as a new benefit
  - Making a new contribution toward employees’ deductible or FSA/HSA

✅ Contributions to staff retirement plans that supplement any employer contribution
  - Creating a new employer contribution retirement plan, such as a 401k or 403b
  - Increasing contributions toward an existing retirement plan by a flat amount or percentage increase

✅ Supplemental educational advancement or tuition reimbursement
  - Offering tuition reimbursement as a new or one-time employee benefit
  - Increasing the amount of employer reimbursement for an existing tuition reimbursement benefit
  - Paying for staff to attend a certification course or training

✅ Mental health supports and services for staff
  - Adding a mental health insurance benefit, such as Employee Assistance Program
  - Adding or increasing the employer contribution toward deductible or copayment for mental health services
  - Offering mental health counseling or supervision onsite

Note: The increase from the original expense is what can be claimed under this section. If the normal hourly rate of the employee was increased by $2, that $2 cost can be claimed under the 75%. If there is a new benefit (i.e. retirement contribution) that had never been in the employment package, all of that cost can go under the 75%.
Allowable Workforce Support Expenses (WSE) Scenarios & Questions

Q: I’m a home-based provider and I don’t have any staff. How can I spend WSE funds?

A: Providers with no additional staff should treat themselves as staff. You have the same options to use your WSE funds for salary increases, bonuses, or contributions toward health insurance, or retirement.

Q: I increased my staff wages from $12.50 an hour to $14.00 an hour. Do I count the full $14 an hour toward WSE or just the increase?

A: Only the increase to wages would count toward WSE. In this case you would count the additional $1.50 per hour, per employee impacted as a WSE expense.

Q: Can I use WSE to give my existing hard working staff bonuses or is it just for new staff?

A: You can absolutely use WSE funds to provide incentive bonuses to existing staff. If you already give annual bonuses, you can only count the increase to bonuses as a WSE expense. If you’ve not previously given bonuses, you can count the full amount as a WSE expense. The same is true for hiring bonuses.

Q: Can I use WSE funds to pay off my utility bills or back rent on our facility?

A: WSE funds need to be spent on initiatives that support recruitment and retention of staff. The remaining up to 25% of awards can be spent on other allowable expenses, such as rent/mortgage or utility expenses.