



## Child Care Stabilization Subgrant Spending and Documentation Guide

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### OVERVIEW

This guide reviews some of the different allowable expense categories for the Child Care Stabilization Subgrant and offers a sample of allowable purchases for each category. It also provides examples of different ways to document expenses.

### Categories

Stabilization subgrant funds may be spent in the following categories. This guide will review each of these categories, provide examples of the expenses and offer different strategies for documenting the expenses.

<a href="#"><u>Payroll/Benefits, Other Personnel Costs</u></a>	<a href="#"><u>Rent/Mortgage, Business Operations and Facility Expenses</u></a>	<a href="#"><u>Personal Protective Equipment (PPE), Cleaning Supplies and Services</u></a>
<a href="#"><u>Professional Development related to Health &amp; Safety Practices</u></a>	<a href="#"><u>Equipment and Supplies in Response to COVID-19</u></a>	<a href="#"><u>Goods and Services to Maintain/Resume Child Care Services</u></a>
<a href="#"><u>Mental Health Supports for Children or Child Care Employees</u></a>	<a href="#"><u>Workforce Investment</u></a>	<a href="#"><u>Copayment or Tuition Waivers</u></a>

Please keep in mind that the list does not capture all the allowable ways that the funding can be spent and not all items listed for documenting expenses must be kept for each category. For example, employee timecards and pay stubs would not be required if a payroll report or payroll ledger from an accounting system or service are kept.

### **Payroll/Benefits, Other Personnel Costs**

These expenditures are related to payment and benefits of employees who work in the program.

#### **Examples:**

- Payroll for owner/director
- Payroll for employees
- Benefits, such as medical, dental and vision insurance for the owner/director or employees
- Paid leave time
- Retirement costs and contributions

#### **Ways to document expenses:**

- Payroll and benefit records from a payroll report or a payroll ledger
- Employee timecards and pay stubs; bank statement – cleared checks from the bank
- Reemployment Compensation wage reports or Internal Revenue Service (IRS) wage reports for each employee
- Documentation of other benefits provided to employees, such as insurance statements or tuition reimbursement statements

### **Rent or Mortgage, Business Operating Costs and Facility Expenses**

Subgrant funds used to cover any payments made for the space where the program is located. These can be related to rent or mortgage costs, maintenance or minor improvements to the facility and services that allow the program to stay open.

#### **Examples:**

- Rent, mortgage or lease payment
- Utility bills (heat, water, electric, garbage service, internet, phone, etc.)
- Business insurance
- Facility maintenance or minor improvements –
  - Installing ramps, railings, and other accessibility features
  - Installing touch-free faucets or light switches
  - Removing non-loadbearing walls to create more space for social distancing
  - Renovating bathrooms
  - Replacing carpet with linoleum or another cleanable surface

#### **REMINDER**

**Subgrant funds may not be used for major building or facility renovations, modifications, or additions. Minor building or facility adjustments are allowed, however, if a permit is required and it is not obtained, the cost will not be allowed.**

**Ways to document expenses:**

- Lease, mortgage, or rent space cost statements/invoices
- Utility statements
- Paid invoices and/or receipts for purchases of materials and supplies

**Personal Protective Equipment (PPE), Cleaning Supplies and Services, Professional Development related to Health and Safety Practices**

Programs may use subgrant funds to purchase or replenish personal protective equipment (PPE) or cleaning supplies and services, as well as training staff in health and safety practices. Expenditures in this category are not limited to those designed specifically in response to COVID-19.

**Examples:**

- Personal protective equipment (gloves, masks, thermometers, etc.)
- Cleaning and sanitizing supplies and services
  - Cleaning/disinfecting wipes
  - Bleach
  - Hand sanitizer
  - Professional cleaning and sanitizing services, etc.
- Training and professional development on health and safety practices, and professional development training to meet state and local health and safety guidelines, including those related to the:
  - Prevention and control of infectious diseases
  - Prevention of sudden infant death syndrome and use of safe sleep practices
  - Administration of medication (consistent with standards for parental consent)
  - Prevention and response to emergencies due to food and allergic reactions
  - Building and physical premises safety
  - Prevention of shaken baby syndrome and abusive head trauma and child maltreatment
  - Response planning for emergencies from a natural disaster or a man-caused event
  - Handling and storage of hazardous materials and the appropriate disposal of biocontaminants
  - Appropriate precautions in transporting children
  - Pediatric first-aid and CPR
  - Recognition and reporting of child abuse and neglect.
- Food, Health and Nutrition Activities
  - Classroom materials (e.g., books and curriculum) and equipment to support physical activity (e.g., active play materials, outdoor play materials)
  - Costs for snacks and meals provided by the program (must exclude those reimbursed through the Food Program).

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- Equipment and materials purchased to help offer nutritious meals and snacks –
  - Appliances – refrigerators, freezers, mobile heated cabinets, microwaves, cook and hold ovens, stoves, etc.
  - Child-sized dining sets with dishes, flatware, and supplies to measure child-sized portions
  - Supplies to prepare fresh food – pots, pans, cutting boards, baking sheets
- Facility improvement to support breastfeeding mothers and staff
- Training on physical activity and outdoor learning environments
- Training related to nutrition best practices, food safety, and handling

### Ways to document expenses:

- Receipts or paid invoices for purchases

### **Mental Health Supports for Children and Child Care Employees**

Subgrant funds may be used for expenses related to the mental health and well-being of the program's children and employees.

### Examples:

- Mental health consultations for owner/director or employees
- Mental health consultations for children in your care
- Purchasing mental health smartphone apps for owner/director or employees

### Ways to document expenses:

- Receipts or paid invoices for purchases

### **Equipment and Supplies in Response to COVID-19**

Programs may use subgrant funds to purchase/update equipment and supplies used in response to COVID-19. The equipment and supplies must facilitate business practices consistent with safety protocols and developmentally appropriate practices, as well as business items needed to respond to new challenges.

### Examples:

- Business software and upgrades
- Indoor and outdoor equipment and supplies to meet safety protocols
  - Portable partitions/plastic shields
  - Handwashing stations
  - Disposable utensils and dishes
  - COVID-19 signage
  - Ventilation system to improve air quality
  - Washer/Dryer for sanitizing towels, blankets, uniforms, etc.
- Technology upgrades to assist in collecting data and reporting back on subgrant use

**Ways to document expenses:**

- Receipts or paid invoices for purchases

**Goods and Services to Maintain/Resume Child Care Services**

Providers can use subgrant funds for material goods or services needed to run the child care program.

**Examples:**

- Child care management services
- Classroom materials and equipment to facilitate play
  - Books and curriculum
  - Active play materials
  - Outdoor play materials
- Payroll or bookkeeping software
- Business automation training and support services, e.g., child care management systems
- Materials for diapering and toileting
- Materials for safe sleep
- Materials for learning and playing
- Fees and costs associated with obtaining licensing and meeting licensing requirements
- Shared services (typically 'back office' functions like Human Resources, Accounts Payable (AP), or IT, that are centralized, promote automation, standardize processes and act like a business within a business)
- Transportation (not purchase of vehicles, buses, etc.)

**Ways to document expenses:**

- Receipts or paid invoices for purchases

**Workforce Initiative**

Providers electing the Workforce Initiative Bonus must use at least 25% of total subgrant amount on staff to increase wages and benefits. These expenses must go above and beyond regular payroll and benefits. Expenses claimed in the Payroll/Benefits category cannot be included here also.

**Examples:**

- Bonus or incentive payment for employees (or owner/operator, if a licensed family home with no other employees)
- Sign-on bonus for new employees
- Employee healthcare premium or pre-paid annual deductible
- Wage increases
- Increased retirement contributions
- Education or tuition reimbursements

Ways to document expenses:

- Payroll and benefit records from a payroll report (this report should also track bonus or incentive payments)
- Hiring documents, direct deposit forms, total hours worked, employee pay rate, tax deductions, etc. If a payroll company is used, this information may be contained in a regular payroll report
- Employee timecards: bank statements – cleared checks from the bank
- Reemployment Compensation wage reports or Internal Revenue Service (IRS) wage reports for each employee

**Copayments or Tuition Waivers**

Child care providers can also use subgrant funds to offer relief to the families who are enrolled in their program and are struggling to pay the fees.

Examples:

- Cover the application/registration fees, not reimbursed by the School Readiness Program, if applicable
- Pay for a month of a child’s care so that the family does not pay

Ways to document expenses:

- Keep records of the payments received from families for providing child care throughout the year after receiving the subgrant. If financial relief is offered to enrolled families, document all amounts of fees or tuition subgrant funding were used for on behalf of the family(ies).
- Create a form to provide to families showing their fee or tuition was discounted or waived and paid for using subgrant funds.

***NOTE: For School Readiness, providers may not waive copayments, however, discounts equivalent to the copayment amount are allowable and must be properly tracked and documented. In addition, the monthly statement provided to families indicating all payments received and any remaining balance, must include the amount, date and type of financial relief provided (e.g., discounts, differential, enrollment fees, etc.).***

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**Remember:**

Keeping track of expenses is very important. If selected for monitoring, copies of all receipts and documentation on how subgrant funds were spent will be required. Failure to submit receipts and documentation showing the subgrant was used on allowable expenses may trigger a repayment of all or part of the subgrant award to the Division of Early Learning or its designee. Expenses reimbursed by other funding sources, such as PPP or Small Business Association (SBA) loans may not be claimed for stabilization subgrants.

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