

# Sample Child Care Scholarship\*

Scholarship funds are available for eligible employees to help ease the cost of child care. Funds are awarded based on financial need through an annual application process. Only employees who are on regular payroll and are fully benefits-eligible may apply.

Awards are reviewed based on household income. Employees are required to submit tax and salary documentation. Application deadlines are once per year, and are communicated to all eligible employees.

The scholarship program works on a reimbursement basis. Award recipients pay for child care and then submit cost information to the program.

Scholarships are awarded and disbursed to employees on a fiscal-year basis, usually twice per year. Unclaimed funds are forfeited.

Awards vary from family to family and year to year. Awards may range from several hundred to several thousand dollars, depending on financial need and a range of other factors. Families should not make ongoing child care decisions based on past awards or the potential for a scholarship. Families are encouraged to think of child care scholarships as helping to finance costs that they would be prepared to pay for regardless of an award.

Awards are taxable income and taxes are withheld at the federally determined supplemental rate (typically around 40 percent).

To apply, submit receipts and claim your award. If you have been granted an award, you need to submit your costs in order to be reimbursed.

## **Subsidizing Child Care for Employees**

Did you know that as a company, the IRS allows you to claim 10-25% of the cost — or up to \$150,000—each year when you pay directly for the child care expenses of your employees. See the official IRS form [here](#).

An employer may offer workers a child care allowance or subsidy that families can use toward a child care arrangement of their choice. The employer contribution can be a percentage of the total cost of care, a flat amount for all participating employees, or determined by a sliding scale based on a family's income. The common approach is to provide child care scholarships or negotiate discounts with child care providers as part of a contractual relationship.

\* The language from this sample policy was created by [Harvard University](#) for their employees.

