

Child Care Works (CCW) Benefit Design Guide

Flexible structures, shared funding models, and tax-smart strategies to make child care more affordable and labor force participation more sustainable.

Child Care Works (CCW) helps employers, families, and communities share the cost of child care. The program is intentionally flexible—allowing employer, employee, state, local, and philanthropic contributions in almost any combination.

Standard Benefit Structure

Standard Tri-Share (Utilizing funding from the State of Missouri)

Through the standard Tri-Share model, the cost of child care is shared between the employee, employer, and the State of Missouri. Participating employers contribute approximately one-third of an employee's child care costs. With an employer contribution, this unlocks state funds to also pay a portion of the family's child care costs, with the family covering the remaining tuition after employer and state funds are applied.

**This funding model is contingent upon the availability of state funding.*

Example:

- Employer 30%
- State 30%
- Employee 40%

The employer's share must meet the minimum 30% contribution requirement established under the Child Care Works model.

Alternative Benefit Structure Options

Duo-Share (Two-Way Partnership)

Using a Duo-Share child care benefit, the employer covers a portion of an employee's child care expenses and the employee covers the remaining share. In markets where state, local, or philanthropic funding are not available, a Duo-Share model would be most ideal. When state funds are not available, employers may enroll in a Duo-Share until additional state funds become available.

- **Example:** 40/60 split
- **Example:** Employer provides flat-rate contribution

**Employees participating in a Duo-Share model may still qualify for federal child care tax credits. Employers offering a Duo-Share model can take advantage of available tax benefits through dependent care assistance programs (DCAP/FSA) or the federal Employer Child Care Contribution Credit (Section 45F). Employers and families should confirm plan design and tax treatment with their tax professional.*

Tri-Share (Flexible Three-Way Partnership)

Child Care Works is intentionally flexible to support communities, regardless of the partners involved. This enables Tri-Share models in which philanthropy or local partners contribute in place of the employer or the State of Missouri. This structure is used when:

1. an employer is not participating, or
2. state funds are not currently available

Example:

- Employer 30%
- Philanthropy 35%
- Employee 35%

Philanthropy/local replaces the state (if no state funds available)

Example:

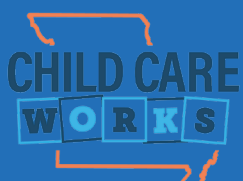
- Local Fund 35%
- State 30%
- Employee 35%

Philanthropy/local replaces the employer (if no employer partner)

**The funding partner, regardless of type, must meet the minimum 30% contribution requirement established under the Child Care Works model to access State of Missouri funding.*

Quad-Share (Flexible Four-Way Partnership)

A Quad-Share is a multi-sector model combining employer, employee, and two other funding partners (state, philanthropy, or local). Contributions may vary. This model is most useful when communities want the broadest possible cost distribution or most financially supportive of working families.



Questions? Go to ChildCareWorksMO.org

Child Care Works is administered in partnership with Kids Win MO and Child Care Aware of Missouri and powered by TOOTRiS.



Funding Source Options

Funding partners can include state, philanthropy, local government, or employer contributions. Local funding is especially flexible and can be structured creatively.

Source	How It Works	Example Uses
State Funds	Missouri's CCW Tri-Share supports eligible families' child care costs.	State contribution determined based on family's income and household size.
Philanthropy	Foundations or donors can offset costs or fund specific groups.	Community foundations sponsoring small business participation.
Local Public Funds	Counties or cities dedicate local funds to child care affordability.	Early childhood tax levy • Economic development fund • Bond-funded child care projects.
Employer Funds	Employers contribute a flat amount or percentage per child.	Employer can choose to tier or limit benefit by employee class, tenure, or full-/part-time status.
Employee Contributions	Employees pay the remaining share of child care costs.	Integrate with DCAP or FSA for pre-tax benefit.

Tax & Benefit Coordination

After designing a funding model, employers can enhance affordability through existing tax programs and pre-tax benefit structures.

Dependent Care Assistance Plan (DCAP)

Employer contributions can be pre-tax if total contributions across DCAP and DCAP FSA stay within IRS limits (\$7,500 starting 2026).

**DCAP must qualify under an eligible plan. CCW has developed a DCAP model for employers.*

Dependent Care FSA (DCAP FSA)

Employees can contribute pre-tax dollars via payroll deduction to pay for eligible child care expenses; combined total cannot exceed DCAP limit.

Child & Dependent Care Tax Credit (CDC)

Eligible families may claim this federal credit for unreimbursed child care expenses (20–35% of the first \$3,000–\$6,000). The credit only applies to the employee's share of costs, not amounts paid by an employer or through a DCAP FSA.

IRS §45F Employer-Provided Child Care Credit

Employers can receive a tax credit of up to 40% of qualified expenses (50% for small businesses), up to a maximum of \$500,000 per year (\$600,000 for small businesses).

**Employers and families should confirm plan design and tax treatment with a tax professional.*

Ways to Maximize the Benefit

Customize contribution shares – partners can contribute at different percentages.

Layer multiple funding sources – state, local, and private funds work best together.

Use DCAP structure – keep employer contributions pre-tax.

Leverage §45F credits – offset employer investment costs.

Integrate with FSA and CDC – maximize employee affordability.

Promote retention – child care benefits attract and retain talent.

Any questions? Go to ChildCareWorksMO.org