Resources for Child Care Programs Impacted by COVID-19
Participating in today’s call
Attendee Control Panel

Listen in through computer audio. Headset recommended.

or

Select Phone Call to see the number to call, Access Code and PIN

Type your questions or just say hello here.
Resources for Child Care Programs Impacted by COVID-19
Gary Thomson
Thomson Consulting and
Virginia Society of CPAs Chairman
A Guide for Virginia Child Care Providers to Navigate the COVID-19 Crisis

Jeffrey Capizzano and Kelly Etter, Ph.D.
The Policy Equity Group
**Navigation Guide:** Available resources and decision-making supports

### Knowledge Guide

The most current information on how to:

- Maintain the financial stability of your program
- Support your staff
- Protect the health of your children, families, & staff
- Support the well-being of your families and community

### Risk/Benefit Assessment

A framework for weighing the relative risks/benefits of remaining open for:

- Your children & families
- Your program & staff
- Your community

### Financials Flow Chart

A three-step process to help you:

- Inventory short-term revenue and expenses given current conditions
- Calculate short-term cash flow to meet your needs
- Seek additional funding as necessary
Maintaining financial stability

Virginia Department of Social Services child care subsidy payments

- School-age children currently designated for part-day care will be eligible for full-day care.
- Number of paid absence days for providers that are open increased from 36 to 76 for licensed and unlicensed providers.
- Eligibility automatically extended for two months for families due to redetermination in the near term.
- Requirement for a face-to-face interview for initial eligibility is temporarily suspended.
- Streamlined procedures for receipt of manual attendance.

For more information, access the Joint Guidance for Emergency Child Care during Statewide School Closure found here: [https://www.dss.virginia.gov/cc/covid-19.html](https://www.dss.virginia.gov/cc/covid-19.html).

State Child Care and Development Fund (CCDF) stimulus funds (CARES Act)

- New federal funding has been made available through the recently passed stimulus legislation to support programs.
- This includes an additional $66 million in funding to Virginia for FY2020. This funding is explicitly intended to support parents of young children whose participation in the workforce is of critical importance during this pandemic.
- Funding may be used to continue payments to providers in the case of decreased enrollment or closures, to ensure they are able to remain open or reopen, to eliminate parent co-pays and providers are encouraged to use funds to continue paying staff.
- Funds may be available to any child care provider that remains open, not just those who were receiving CCDBG prior to the coronavirus.
- The state is currently developing rules for distributing this federal funding.

For more information: When finalized, the information will be posted here at [https://www.dss.virginia.gov/cc/covid-19.html](https://www.dss.virginia.gov/cc/covid-19.html).
# Risk/Benefit Assessment

## Assessing the Benefits and Risks of Staying Open (or Reopening)

### BENEFITS TO
- **Our families & children**
  - Limited Benefit: Although it’s challenging for families, many are keeping their child home already and are able to make it work without child care.
  - Strong Benefit: If we were not open, many of our families would not be able to work and would experience significant financial hardship without child care.
- **Our staff & program**
  - Limited Benefit: Our financial situation is stable enough to support temporary closure (e.g., families are donating tuition, Small Business Administration loans/grants or other funding can sustain us).
  - Strong Benefit: Staying open will prevent significant financial losses that would lead to staff furloughs and/or permanent closure.
  - Only a few, if any, of our parents are classified as essential personnel. There would not likely be a significant benefit to community health and well-being if we were open.
  - Some of our parents perform essential jobs that are critical to the health and well-being of those in our community. We know that other essential personnel may need child care and we want to be a part of a community solution to ensure that those who need to work can.
- **Our community**

### RISKS TO
- **Our families & children**
  - Strong Risk: We have many children currently attending that have moderate or severe asthma or other pre-existing health conditions.
  - Limited Risk: We have no at-risk children currently attending the program or feel confident in our precautions for any at-risk children.
- **Our staff & program**
  - Strong Risk: Many of our staff are high-risk and would likely get sick with serious consequences. We could not operate without them and/or they would suffer financial hardship if they had to take a leave of absence.
  - Limited Risk: We have no high-risk staff or feel confident that we can take appropriate precautions, including supporting them in taking time off.
- **Our community**
  - It is likely we will significantly contribute to community spread through children/families/staff and those outside the program with whom they are in contact.
  - We are able to follow the health and safety guidance and feel confident that we can minimize the risk of disease spread through our staff and families.
STEP 3: Seek additional funding as necessary

For providers who are OPEN or CLOSED

I need help...
- Retaining staff and/or making mortgage, lease, and utility payments

I am self-employed or have staff who...
- Are quarantined or seeking medical diagnosis
- Are caring for family members who are sick or quarantine
- Are caring for child whose school/child care is unavailable
- Have been furloughed or are not being paid
- Have hours that have been cut back
- Are federal student loan borrowers

SBA Emergency Loans
- Economic Injury Disaster Loan Advance
  Emergency advance of up to $10,000 within 3 days of application that can be fully forgiven if used for qualifying expenses
- Paycheck Protection Program
  Loan of up to 2.5x average monthly payroll expenses, if payroll is maintained, eligible for forgiveness of up to 8 weeks of qualifying expenses

Families First Act Paid Leave
- Up to 80 hours paid sick leave at 100% of pay (up to $5,110 total)
- Up to 80 hours paid sick leave at 2/3 regular pay (up to $1,000 total)
- Up to 12 weeks paid sick/child care leave at 2/3 regular pay (up to $12,000 total)

Unemployment Insurance
- Weekly benefit payment dependent on past earnings: maximum of $378 for up to 39 weeks + additional $600/week until July 31
- Pro-rated unemployment benefits based on past earnings + $600/week until July 31

Student Loan Suspension
- Payments due on federal student loans are suspended and interest is waived until Sept. 30

Other Funding
- State/Other Loans
- Crowdfunding strategies
- Philanthropic support
- Local EDA fund

Provider
- Receives 100% reimbursement for paid leave (including health insurance costs). May be issued as an advance

Qualifying expenses include: wages, paid sick/family leave, health insurance/retirement benefits.

Staff

An employer cannot “double dip” by using both sources to pay the same employees.

1 For additional SBA options, see Financial Stability section in “What You Need to Know”
2 Employees are eligible for 80 hours of sick leave regardless of reason or condition of employer. Wage paid during that time is determined by the reason
3 Employees who are caring for a child whose school/child care is unavailable (and have been employed for at least 30 days) are eligible for up to 12 weeks of paid sick leave at 2/3 pay as well as up to an additional 10 weeks of childcare leave at 2/3 pay.
To access the document:
https://bit.ly/3bXeKt0

https://www.earlyeducationbusiness.com/covid-19-business-relief
Developing a Plan: A COVID-19 Toolkit for Family Day Homes

Early Education Business Consultants

Lauren M. Small, MBA
Tuition Strategies

- Capture revenue
- Parent communication
- Relationships are important
- Review current policies
- Case-by-case basis
- Consider modifying current contracts
New Contracts

My “Happy Family Day Home” may be forced to close down temporarily because of a public health emergency, such as the coronavirus. It might be because I am forced to shut down by a government agency, or because I believe it’s in the best interest of the families.

If parents have paid in advance, I will:
A) Refund the money
B) Not refund the money and continue to charge my normal and/or discounted rate
C) Apply the money to tuition once I reopen
Tax Implications

You can’t deduct as a business expense any loss of income. This includes giving parents a discount or forgiving payment.

How can you minimize the loss of income? Consider ways to increase time/space deductions at this time.
Tips to Reduce Expenses

- Deduct any cleaning supplies, etc. that you buy to combat the virus
- Deduct food that you throw away because you can no longer serve it to children
- Lower income = lower taxes
- You may be eligible for the Earned Income Credit or other federal or state credits based on income eligibility, e.g. SNAP
- Negotiate with creditors — all of them!
Industry Expert
FAMILY DAY HOMES

✔ **Watch NAFCC webinars**
Tom Copeland:
www.nafcc.org
• No fee to answer your questions
• 651-280-5991
• tomcopeland@live.com
• Blog: www.tomcopelandblog.com
COVID-19: Food Assistance

Overview: Child and Adult Care Food Program (CACFP)

- **CACFP**: Some family child care providers participate in a food program that supports healthy meals and snack for low-income children.

- **Congressional action**: With school closures and child care challenges (e.g., programs closed, or serving fewer children, or people unable to access certain foods at their local stores), there is now new flexibility to maintain access to food.

- Allow “non-congregate” feeding – meal delivery, grab & go
- Flexibility on meeting meal pattern nutrition guidelines (e.g., do your best! But, don’t worry if some products aren’t available locally)

More information: [Great Webinar](#) by FRAC (Food Research & Action Center)
COVID-19: Unemployment

Family Child Care Providers: Open? Closed? Lower enrollment?

• **New Unemployment Rules:** Self-employed people (such as family child care providers) will be able to receive unemployment benefits.

• Congress created a new program for individuals who are typically excluded from state unemployment programs.

• Family child care providers and other self-employed individuals will be eligible under a new Pandemic Unemployment Assistance program.

• Full or partial benefits depend on your situation (e.g., open, closed, or loss of income - in the event you are caring for fewer children than usual)

• In addition, there’s a new temporary supplement to the regular unemployment payment of $600 weekly through July 31, 2020.
COVID-19: Unemployment

Where do you apply? (In English or Spanish)
- The Virginia Employment Commission administers unemployment benefits. (Both the state & new federal program – like a one-stop shop). The goal is to make it easy!
- The online system is not operating yet; but it will be soon.
- Best advice: document any loss of income or when you closed, and be ready to provide info when the system is operating.

Unemployment benefits are based on earnings.
- Were your earnings higher in 2019 compared to 2018? If so, file your 2019 taxes online if you haven’t already.
- We don’t know yet what documents will be needed to show proof of past income, but potentially tax forms are one way.

How much are benefits?
- Benefits are based on earnings. However, everyone who receives either state unemployment or the new federal unemployment assistance will receive the $600 weekly (through July 31, 2020).
- Partial payments are possible based on income loss (e.g., you used to care for 6 children and now care for 3).

Unemployment can be paid:
- Through debit cards
- Direct deposit
- Or, a check

Unemployment is income. It’s taxable.
- You may be able to opt to have taxes withheld.

Note. Undocumented individuals not eligible.
Jody Keenan
State Director, Virginia Small Business Development Centers
CARES Act:
Small Business Financial Assistance

- EIDL Loan and Advance
- Payroll Protection Program

www.sba.gov/funding-programs/disaster-assistance
VirginiaSBDC.org

Virginia SBDC
GEORGE MASON UNIVERSITY

POWERED BY
SBA
U.S. Small Business Administration
<table>
<thead>
<tr>
<th><strong>OVERVIEW</strong></th>
<th><strong>EIDL</strong></th>
<th><strong>EIDL ADVANCE</strong></th>
<th><strong>PPP</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>SBA</td>
<td>SBA</td>
<td>SBA 7(a) Approved Lender</td>
</tr>
<tr>
<td>Max Loan Amount</td>
<td>$2M</td>
<td>Advance of up to $10K</td>
<td>2x average monthly payroll costs at $100K/employee (max $10M total)</td>
</tr>
<tr>
<td>Deadline to Apply</td>
<td>Dec. 31, 2020</td>
<td>Dec. 31, 2020</td>
<td>June 30, 2020</td>
</tr>
<tr>
<td>Eligible Borrowers</td>
<td>Businesses that meet the SBA size standards You may apply for both the EIDL and PPP, however advances or loan proceeds can’t be used for same purpose during same period.</td>
<td>These organizations with &lt;500 employees: • Sole proprietorships (with/without employees and/or contractors) • Cooperatives and ESOPs • Tribal small businesses • Private nonprofits incl. faith-based</td>
<td>• Businesses with &lt;500 employees • Businesses in NAICS 72 with &lt;500 employees per individual location • Private nonprofits incl. faith-based • 501(c)(19) veterans organizations</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>• Payroll • Rent • Utilities • Interest on debt incurred • Accounts payable • Some bills that could have been paid had disaster not occurred</td>
<td>• Payroll • Rent • Utilities • Interest on debt incurred • Accounts payable • Some bills that could have been paid had disaster not occurred</td>
<td>• Payroll • Interest on mortgage (excl. principal or prepayments) • Rent • Utilities • Interest on debt incurred prior to Feb. 15, 2020</td>
</tr>
<tr>
<td>Collateral</td>
<td>None for loans up to $25K</td>
<td>N/A</td>
<td>Waived</td>
</tr>
<tr>
<td>Personal Guarantee</td>
<td>None for loans up to $200K</td>
<td>N/A</td>
<td>Waived</td>
</tr>
<tr>
<td>Affiliation</td>
<td>Applicable</td>
<td>Waived</td>
<td>Applicable</td>
</tr>
<tr>
<td>No Credit Elsewhere</td>
<td>Waived</td>
<td>Waived</td>
<td>Waived</td>
</tr>
<tr>
<td>Forgivable</td>
<td>No</td>
<td>Yes</td>
<td>Yes, up to 100% (restrictions apply)</td>
</tr>
<tr>
<td>Interest</td>
<td>3.75%</td>
<td>N/A</td>
<td>Up to 4% for non-forgiven portion. Currently fixed at 1%</td>
</tr>
<tr>
<td>Term</td>
<td>Up to 30 years</td>
<td>N/A</td>
<td>Up to 10 years for non-forgiven portion. Currently 2 years.</td>
</tr>
<tr>
<td>Prepayment Penalty</td>
<td>None</td>
<td>N/A</td>
<td>None</td>
</tr>
</tbody>
</table>
## Tax Provisions in CARES Act

<table>
<thead>
<tr>
<th>Who is eligible?</th>
<th>Private employers, including non-profits, who operated in 2020 and:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Whose <strong>operations are partially/fully suspended</strong> as a result of orders from a governmental authority due to COVID-19 or</td>
</tr>
<tr>
<td></td>
<td>• Experience a <strong>decline in gross receipts by more than 50%</strong> in a quarter compared to the same quarter in 2019 (eligibility ends when gross receipts in a quarter exceed 80% compared to the same 2019 quarter)</td>
</tr>
<tr>
<td></td>
<td><em>501(c) centers: &quot;partially/fully suspended&quot; applies to all operations</em></td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>How much is the tax credit</th>
<th><strong>50% tax credit for the first $10,000 of compensation</strong>, including employer portion of health benefits, for each eligible employee.</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>• Excludes paid sick/family leave reimbursed under the Families First Act</td>
</tr>
<tr>
<td></td>
<td>• Credit only applies to wages paid March 12, 2020, to January 1, 2021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Which employees count toward eligibility?</th>
<th><strong>100+ employees:</strong> FT employees being paid but not providing service</th>
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<tbody>
<tr>
<td></td>
<td><strong>&lt;100 FT employees:</strong> All employees, regardless if providing service</td>
</tr>
<tr>
<td></td>
<td><strong>Employers can’t:</strong></td>
</tr>
<tr>
<td></td>
<td>• Claim same employee for Work Opportunity Tax Credit for same period</td>
</tr>
<tr>
<td></td>
<td>• Claim the same wages for employee under section 45S for FMLA</td>
</tr>
</tbody>
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<thead>
<tr>
<th>How is the credit paid?</th>
<th><strong>Refundable credit applied against the employer portion of payroll taxes</strong></th>
</tr>
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<tr>
<td></td>
<td><strong>Treasury Dept to develop process for advance payment to employers</strong></td>
</tr>
</tbody>
</table>

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<thead>
<tr>
<th>How does the payroll tax deferment work?</th>
<th><strong>Defer paying employer portion of certain payroll taxes through 2020</strong></th>
</tr>
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<tbody>
<tr>
<td></td>
<td><strong>2020 deferred amounts due in 2 equal installments (ends of 2021, 2022)</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Employers who receive PPP loan not eligible for deferral</strong></td>
</tr>
</tbody>
</table>
CARES Act: Managing Expectations

**EIDL Advance:**
- $10K amount is limited
- Longer than 3 days for deposit

**EIDL and PPP:** Now available for faith-based organizations

**PPP:**
- SBA-approved lenders have individual requirements
- Priority to existing business clients
- Work with experienced SBA 7a lenders
- Loan forgiveness 8-week period begins on date of loan origination

**Beware of scams:** No fees to apply for EIDL or PPP

SBA typically processes $30B in loans/year... CARES Act is more than 10x that amount

Rules and requirements being released along the way

Lenders do not have all the requirements for PPP and may be delayed in launching

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4/6/2020
Lauren Small

Early Education Business Consultants
Virginia Small Business Financing Authority

Child Care Financing Program

- Available to licensed and voluntarily registered family day homes
- Up to $10,000
- 0% interest rate, 6 months deferment
- Application fee waived
- Only used for tangible items
Creative Financing Ideas

- Supply Donations
- Business Grants
- Direct Loans
- Home Equity Loans
- Retirement Accounts
- Friends and Family
- Other Ideas?
Next Steps

• Parents staying home with their children now may seek out temporary child care

• You may want to consider offering less than full-time child care: part-time, drop-in, overnight, weekend

• Care for school-agers even if you haven’t done so before

• If you do change your hours, contact your business liability insurance agent and tell them about these changes to make sure you’re still covered

• Prepare for summer programming
Resources Website

www.EarlyEducationBusiness.com

- COVID-19 CDC links for schools
- Business relief: national, state & local
- Disaster loan info, explanations & links
- HR Topics, e.g. unemployment links
- Childcare Stimulus Package summaries
- Webinars
QUESTIONS?
Gary Thomson
Thomson Consulting and Virginia Society of CPAs Chairman
Resources for Family Child Care Providers

• Virginia’s Small Business Development Centers: [https://www.virginiasbdc.org/](https://www.virginiasbdc.org/)


• NAFCC: [https://www.nafcc.org/](https://www.nafcc.org/)