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

- Listen in through computer audio. Headset recommended.
- Select Phone Call to see the number to call, Access Code and PIN
- Type your questions or just say hello here.
Today’s Agenda

• Welcome and introductions
• Virginia’s response
• Available relief
• Unemployment
• Planning your decisions
• Q&A
• Closing
Jenna Conway
Chief School Readiness Officer
Current Situation in the Commonwealth

- As of 4/6/2020,
  - 62% of child centers are closed
  - 50% of religious exempt preschools are closed
  - 20% of family day homes are closed

Altogether, 2,414 child care programs are closed - a loss in capacity of 200,333

- Child care is allowed to be open and child care educators are essential personnel
- The Department of Social Services and Department of Education have produced a letter for the field that indicates that child care is essential and should be a priority for critical supplies (e.g., food, cleaning).

- Current priority areas:
  1. Ensuring there is enough emergency child care
  2. Determining how to use the $66 million in CARES Act Child Care funding to support the field
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
## Loan Comparison

<table>
<thead>
<tr>
<th>OVERVIEW</th>
<th>EIDL</th>
<th>EIDL ADVANCE</th>
<th>PPP</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>2.5x 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>
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| Eligible Borrowers                    | 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.* | These organizations with <500 employees:  
• Sole proprietorships (with/without employees and/or contractors)  
• Cooperatives and ESOPs  
• Tribal small businesses  
• Private nonprofits incl. faith-based | Businesses with <500 employees  
Businesses in NAICS 72 with <500 employees per individual location  
Private nonprofits incl. faith-based  
501(c)(19) veterans organizations |
| Use of Proceeds                       | • Payroll, Rent, Utilities, Interest on debt incurred, Accounts payable, Some bills that could have been paid had disaster not occurred | • Payroll, Rent, Utilities, Interest on debt incurred, Accounts payable, Some bills that could have been paid had disaster not occurred | • Payroll, Interest on mortgage (excl. principal or prepayments), Rent, Utilities, Interest on debt incurred prior to Feb. 15, 2020 |
| Collateral                            | None for loans up to $25K | N/A                                              | Waived                              |
| Personal Guarantee                    | None for loans up to $200K | N/A                                              | Waived                              |
| Affiliation                           | Applicable            | Waived                                           | Applicable                          |
| No Credit Elsewhere                   | Waived                | Waived                                           | Waived                              |
| Forgivable                            | No                    | Yes                                              | Yes, up to 100% (restrictions apply) |
| Interest                              | 3.75%                 | N/A                                              | Up to 4% for non-forgiven portion. Currently fixed at 1% |
| Term                                  | Up to 30 years        | N/A                                              | Up to 10 years for non-forgiven portion. Currently 2 years. |
| Prepayment Penalty                    | None                  | N/A                                              | None                                |
## Tax Provisions in CARES Act

| Who is eligible? | Private employers, including non-profits, who operated in 2020 and:  
|                 | • Whose **operations are partially/fully suspended** as a result of orders from a governmental authority due to COVID-19 or  
|                 | • Experience a **decline in gross receipts by more than 50%** 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)  
|                 | *501(c) centers: “partially/fully suspended” applies to all operations* |
| How much is the tax credit | **50% tax credit for the first $10,000 of compensation**, including employer portion of health benefits, for each eligible employee.  
|                   | • Excludes paid sick/family leave reimbursed under the Families First Act  
|                   | • Credit only applies to wages paid March 12, 2020, to January 1, 2021 |
| Which employees count toward eligibility? | **100+ employees:** FT employees being paid but not providing service  
|                   | **<100 FT employees:** All employees, regardless if providing service  
|                   | *Employers can’t:*  
|                   | • Claim same employee for Work Opportunity Tax Credit for same period  
|                   | • Claim the same wages for employee under section 45S for FMLA |
| How is the credit paid? | • Refundable credit applied against the **employer portion of payroll taxes**  
|                   | • Treasury Dept to develop process for advance payment to employers |
| How does the payroll tax deferment work? | • Defer paying employer portion of certain **payroll taxes through 2020**  
|                   | • 2020 deferred amounts due in 2 equal installments (ends of 2021, 2022)  
|                   | *Employers who receive PPP loan not eligible for deferral* |
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

4/8/2020
Grace Reef
Early Learning Policy Group
COVID-19: Food Assistance

Overview: Child and Adult Care Food Program (CACFP)

• **CACFP:** Some centers participate in a food program that supports healthy meals and snacks 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](https://www.frac.org/COVID-19) by FRAC (Food Research & Action Center)

COVID-19: Unemployment

Child Care Centers:

• **New Unemployment Rules:** Congress created a new program for individuals who are typically excluded from state unemployment programs.

• For example, the self-employed or those working in faith-based settings will be eligible under a new Pandemic Unemployment Assistance program.

• Full or partial benefits depend on your situation (e.g., as an employee- are you laid off/furloughed? Have your hours been reduced?)

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

**Nonprofit employers:** Special rules for “self-funded” or “reimbursable arrangements” -- **NEW:** the federal government will pay 50%.

**Employers generally:** Will layoffs impact my experience rating (state tax rate)? **NEW:** States can waive their rules on experience ratings with no penalty.
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 a work in progress. New rules will be up soon.

• Best advice: Visit the Virginia Employment Commission web site regularly to see if the new federal pandemic program is operating. State staff are working fast on it!

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 supplement (through July 31, 2020).
• Partial payments are possible based on income loss (e.g., your hours were reduced from 40 to 32; your income is down related to COVID-19).

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.
Strategic Planning

A COVID-19 Guide for Child Care Providers

Early Education Business Consultants

Lauren M. Small, MBA
Guide for Virginia Child Care

- Knowledge Guide
- Risk/Benefit Assessment
- Explore Financial Options
Tuition Strategies

- Capture revenue
- Ask families to pay/donate
- Communication honestly with families
- Relationships are important
- Keep the learning happening
- Treat each situation on a case-by-case basis
- Take subsidy & school age
Creative Financing

- Donations
- Grants
- Direct Loans
- VSBFA Child care loan program
  - 0% interest rate, 6 months deferment
  - Application fees waived
  - Only used for tangible items
Manage Expenses

- Manage labor costs
- Forgive overhead expenses
- Review all expenses, eliminate non-essentials
- Consider delayed options
- Negotiate with creditors
Cash Flow Projections

- Consider timing
- Project loan & grant injections
- Project tuition revenue
- Develop labor costs analysis tool
- Estimate expenses
- Identify quickly financial gaps
Next Steps

- Parents may seek temporary child care
- Consider offering less than full-time child care
- Care for school age children
- If you change your hours or reopen, contact your business liability insurance agent to make sure you’re still covered
- Prepare for summer & fall
- Innovate
- Add technology and automation
- Social media
- Reflect on decision making structure
Resources Website
www.EarlyEducationBusiness.com

- COVID-19 CDC links for schools
- Disaster Loans & Tax Programs
- Employer Law & Resources
- Webinars
QUESTIONS?
Gary Thomson
Thomson Consulting
Resources for Non-Profits and Faith-Based Center Directors

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