Details on Funding for Child Care Impacted by COVID-19

June 18, 2020
## Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic/Speaker</th>
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<tbody>
<tr>
<td>11:00</td>
<td>Welcome, Intros, Purpose for Briefing (<strong>Kathy Glazer</strong>)</td>
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<td>11:35</td>
<td>Words of Encouragement/Guidance (<strong>Gary Thomson</strong>)</td>
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<td>11:40</td>
<td>VDSS CCDF/CARES (<strong>Tara Ragland</strong>)</td>
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<td>11:50</td>
<td>Q&amp;A</td>
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<td>12:00</td>
<td>SBA/SBDC: PPP/EIDL (<strong>Mike Austin</strong>)</td>
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<td>12:10</td>
<td>Q&amp;A</td>
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<tr>
<td>12:20</td>
<td>Unemployment Insurance (<strong>Grace Reef</strong>)</td>
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<tr>
<td>12:25</td>
<td>Q&amp;A</td>
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Tara Ragland
Virginia Department of Social Services
Current Situation in the Commonwealth

- As of 6/17/2020,
  - 58% of child centers are closed
  - 60% of religious exempt preschools are closed
  - 17% of family day homes are closed
- Altogether, ~2,400 child care programs are closed - a **loss in capacity of ~190,000.**
- ~500 programs have indicated that they have a reopening date.
- Child care is allowed to be **open for all working families** and child care educators are **essential.**
- Current priority areas:
  1. Ensuring there is enough **child care as all types of personnel return to work**
  2. Using the **$70 million in CARES Act Child Care funding** to support the field
- 2158 programs have been approved for the **CARES Grant.**
- Important note: financial losses experienced far exceed new federal funding available.
Tracking Capacity as Virginia Reopens

In partnership with Child Care Aware of Virginia, we are maintaining a map to reflect the current state of child care in Virginia in response to community needs.

• Map enables community planners, partners, the child care workforce and others to see what is happening in their localities and across the Commonwealth.

• This map highlights programs that have closed and those that remain open – differentiating between those serving only children who were enrolled prior to the COVID-19 crisis (still serving a need), and those who report willingness to take in new children, as well as available vacancy data that Child Care Aware of Virginia is now collecting.

https://vachildcare.com/data/va-child-care/
# Virginia’s Approach to CARES Act

<table>
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<tr>
<th>Virginia’s Goal</th>
<th>How Virginia Is Using the CARES Act Funding</th>
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<tbody>
<tr>
<td>Support providers who are open to serve children during the pandemic</td>
<td>Child care providers that are open and serving essential personnel will be eligible for a new grant program that will provide direct cash assistance each month (April – June) based on program size.</td>
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<td>Support low-income families who rely on child care subsidies</td>
<td>Families in the Child Care Subsidy Program will <strong>not</strong> have to make co-payments from April 1 - June 30. Co-payment amounts will be automatically included in provider payments for this period.</td>
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<tr>
<td>Support providers in the Child Care Subsidy Program, even if they are temporarily closed</td>
<td>All Child Care Subsidy providers are eligible for up to 40 additional absence days which is equivalent to covering enrollment for up to 8 weeks.</td>
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<td>Ensure back-up emergency child care is available as needed</td>
<td>Funding will supplement costs of back-up, emergency child care in public schools as needed.</td>
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CARES Act Funding for Child Care

Virginia has launched a new direct cash incentive program (CARES Grant Incentive) to support all open programs.

- The CARES Grant Incentive Program for child care providers is a three month long grant, April through June. Grants are provided to support child care programs who remain open and willing to serve children of essential personnel.

- Eligible programs include: licensed child day centers, licensed family day homes, voluntary registered homes, religious exempt centers, subsidy programs, and homes approved through local ordinance in Northern Virginia.

- Virginia has approved 2,199 providers for participation in the CARES Grant Incentive Program, with an average grant award of $9,794.

- Each grant recipient will now receive one payment for all the months of operation indicated on the application instead of separate payments over the next three months.

Preparing for Phase III

In partnership with the Virginia Department of Health, the Department of Social Services and Department of Education are preparing for the next phase of reopening.

- State continues to ensure all reopening guidelines and timelines reflect broad public-private stakeholder input.
- Public health officials are involved at every stage in order to ensure keep children, families and providers safe.
- Stakeholders have indicated that financial impact of COVID-19 continues to be significant challenge; state is determining how additional CARES Act funds can be used to support the field by end of June.

Questions?
Mike Austin
Hampton Roads Small Business Development Center
Access to Capital Adviser
Virginia Small Business Development Center (SBDC) Network

https://www.virginiasbdc.org/locations/
What is the Virginia Small Business Development Center Network
Payroll Protection Program (PPP)
Economic Injury Disaster Loan (EIDL)
Conclusion/Questions

SBA Loan Forgiveness Application

https://www.virginiasbdc.org/recoveryresourcecenter//
PPP loans:
- Goal: retain employees at comparable wage levels to pre-COVID levels
- Goal: provide funds for other basic operating expenses
- 60% of proceeds used for payroll-related expenses
  - Salaries/wages
  - Group health insurance, paid sick leave, state unemployment
  - Rent
  - Utilities
  - Mortgage interest
  - Interest on other debts as of 2/15/2020

6/18/2020
• Loans offered by banks and other lenders (including “Fintech” firms)
• One loan per borrower
• Personal credit can be an issue
• Have up to 24 weeks or 12/31/2020 to spend proceeds
• Forgiveness of some or all of the loan is possible
• Separate forgiveness application
• Forgiveness process could take 5+ months
• Any funds not forgiven converted to a 5-year loan at 1% interest
• Critical for borrower to maintain and retain separate record keeping for all uses of PPP loans, including bank statements, payroll records, 941 tax filings, etc., for 6 years after loan forgiven or repaid

6/18/2020
EIDL Program

- Loans approved and funded directly by SBA
- Online applications only
- Loan proceeds can be used for
  - Payroll
  - Inventory
  - Rent
  - Accounts payable
• Unique feature is the “first advance”
  • Borrowers can receive $1,000 per employee with a cap of $10,000
  • Advance does not need to be repaid
  • Advance will affect PPP forgiveness

• No collateral for loans of $25,000 or less
• No personal guarantees for loans of $200,000 or less
• Personal credit can be an issue
• This is a loan, but:
  • No payments for 12 months
  • Repayment is over 30 years at 3.75%
  • No prepayment penalty

6/18/2020
Conclusion:

- These programs can help businesses survive the current crisis but carefully consider if either or both are what you need
- The PPP expires at the end of this month, and a lot of lenders are not taking new applications
- Be sure that you document how you use the loan proceeds and keep those records for a LONG time
- Ask questions!!!!!
Questions?

https://www.virginiasbdc.org/locations/
Grace Reef
Early Learning Policy Group
COVID-19: Unemployment

The Virginia Employment Commission administers unemployment benefits. (Both the state & new federal program, Pandemic Unemployment Assistance, – like a one-stop shop).

Generally,
• Unemployed center staff receive state unemployment benefits
• The self-employed, such as family child care providers, will receive Pandemic Unemployment Assistance. Conceptually.
• The system has been overloaded. Delays, denials, some kinks, some fraud. Many staff working remotely.
• VA Max. weekly: $378; VA Avg. weekly: $315; PUA min weekly: $158
• Plus, $600 weekly federal supplement through July 31* (unless action by Congress)
• Congress broadened the safety net because of COVID shutdowns

Unemployment benefits are good, as a bridge, a temporary safety net. However, about calling people back to work... as parents return to work
• Staff who are not sick or aren’t caring for someone sick, can’t stay home because they earn more on unemployment
• Staff who have school-age children have likely timed out (school is over)
• Anxiety about potential exposure not enough; although underlying conditions may qualify someone to say no & get UI.

Dept of Labor Guidance
• COVID allowable reasons for UI
• FAQs and Examples

VA Employment Commission
• Job Refusal Form
• Job Rehire Form

Gray Areas
• Senate Hearings
• OSHA
COVID-19: Unemployment

Short-time Compensation (Work Sharing) is Coming to VA!

On April 22 (effective July 1)
• Governor Northam and the VA General Assembly approved a Short-time Compensation Program
• This will enable employers to reduce hours and allow employees to receive partial unemployment & the fed supplement
• Example: an employee who usually works 40 hours per week who works 32 hours under STC, has a 20% reduction in hours. They would receive lower earnings + 20% state unemployment + any weekly federal supplement (e.g., the $600 weekly thru July or ext. amount)
• Lay-off aversion OR rehiring to ramp back up!
• Federally funded at 100%; DOL Guidance

Congress Next Steps on Unemployment
• Likely another federal COVID bill in July
• The $600 weekly expires July 31
• Maybe extended, maybe reduced, maybe linked to a trigger
• Maybe includes other fixes (e.g., FCC access problem)
• No certainty, but pressure with July 31 expiration date
• Other pieces too – e.g., maybe more funding for child care

Helps Employers
• Lower costs
• Retain workforce
• Save on hiring & retraining staff

Helps Employees
• Stay connected
• Wages + UI
• Maintain health insurance & retirement

One Page Summary
Questions?
Resources

- CARES Grant Incentive
- VDSS Information Page
- Small Business Development Centers – Locations and Contacts
- SBDC Recovery Resource Center
- Virginia Employment Commission – Unemployment Benefits