

Resources for Child Care Programs Impacted by COVID-19



Participating in today's call

Attendee Control Panel

The image displays two screenshots of the GoToWebinar Attendee Control Panel. The left screenshot shows the 'Audio' settings window with 'Computer audio' selected and a 'MUTED' indicator. The right screenshot shows the 'Audio' window with 'Phone call' selected, displaying dialing information such as 'Dial: +1 (942) 247-8421', 'Access Code: 849-528-198', and 'Audio PIN: 888'. Three orange callout boxes provide instructions: 'Listen in through computer audio. Headset recommended.', 'Select Phone Call to see the number to call, Access Code and PIN', and 'Type your questions or just say hello here.' The bottom of the interface shows a 'Questions' section with a text input field and a 'Send' button, and a 'Webinar Now' section with the 'GoToWebinar' logo.

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.

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
- ✓ Small Business Tax Provisions

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

VirginiaSBDC.org



4/8/2020

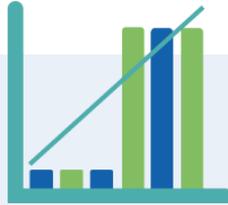
Loan Comparison

OVERVIEW	EIDL	EIDL ADVANCE	PPP
Lender	SBA	SBA	SBA 7(a) Approved Lender
Max Loan Amount	\$2M	Advance of up to \$10K	2.5x average monthly payroll costs at \$100K/employee (max \$10M total)
Deadline to Apply	Dec. 31, 2020	Dec. 31, 2020	June 30, 2020
Eligible Borrowers	Businesses that meet the SBA size standards <i>You may apply for both the EIDL and PPP, however advances or loan proceeds can't be used for same purpose during same period.</i>	These organizations with ≤500 employees: <ul style="list-style-type: none"> • Sole proprietorships (with/without employees and/or contractors) • Cooperatives and ESOPs • Tribal small businesses • Private nonprofits incl. faith-based 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Payroll • Rent • Utilities • Interest on debt incurred • Accounts payable • Some bills that could have been paid had disaster not occurred 	<ul style="list-style-type: none"> • Payroll • Rent • Utilities • Interest on debt incurred • Accounts payable • Some bills that could have been paid had disaster not occurred 	<ul style="list-style-type: none"> • 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?	<p>Private employers, including non-profits, who operated in 2020 and:</p> <ul style="list-style-type: none">• 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) <p><i>501(c) centers: "partially/fully suspended" applies to all operations</i></p>
How much is the tax credit	<p>50% tax credit for the first \$10,000 of compensation, including employer portion of health benefits, for each eligible employee.</p> <ul style="list-style-type: none">• 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?	<p>100+ employees: FT employees being paid but not providing service <100 FT employees: All employees, regardless if providing service</p> <p><i>Employers can't:</i></p> <ul style="list-style-type: none">• 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?	<ul style="list-style-type: none">• 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?	<ul style="list-style-type: none">• Defer paying employer portion of certain payroll taxes through 2020• 2020 deferred amounts due in 2 equal installments (ends of 2021, 2022) <p><i>Employers who receive PPP loan not eligible for deferral</i></p>

CARES Act: Managing Expectations



**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**

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

Grace Reef

Early Learning Policy Group

COVID-19: Food Assistance



Early Learning Policy Group, LLC
Opening Doors to Quality for All Children

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](#) by FRAC (Food Research & Action Center)
U.S. Department of Agriculture: <https://www.fns.usda.gov/disaster/pandemic/covid-19>

COVID-19: Unemployment



Early Learning Policy Group, LLC
Opening Doors to Quality for All Children

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



Early Learning Policy Group, LLC
Opening Doors to Quality for All Children

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



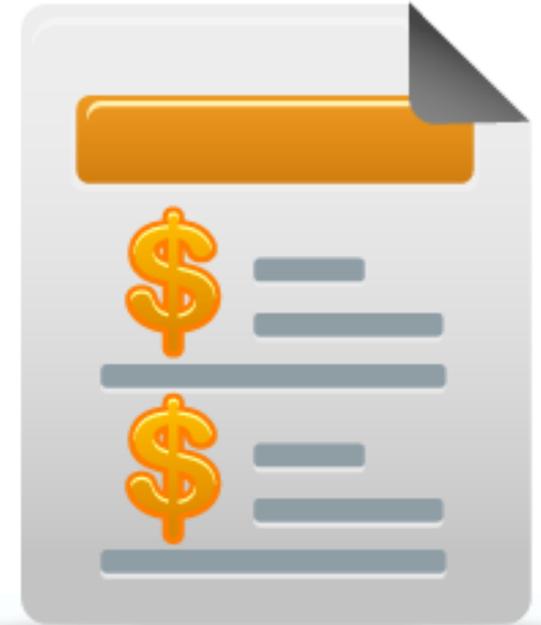
Manage Expenses

- 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

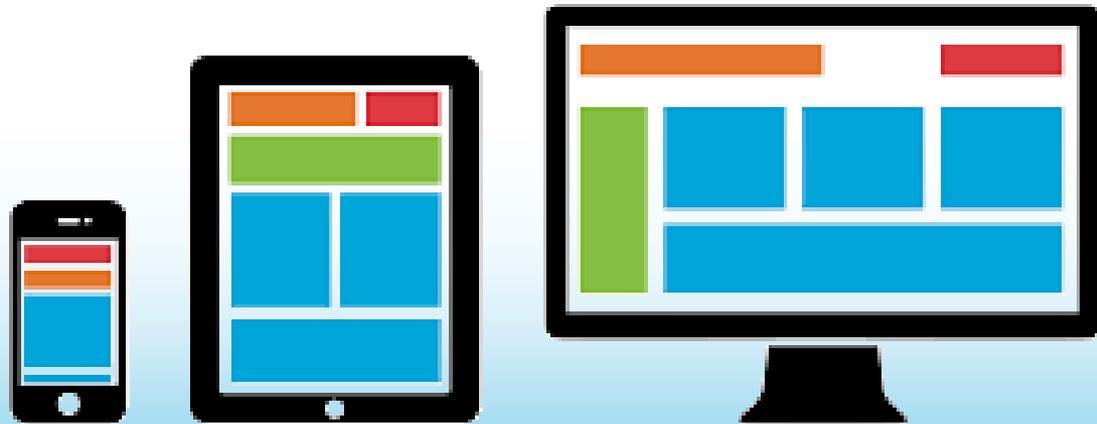
- Parents may seek temporary child care
- Consider offering less than full-time child care
- Care for school age children
- If you change your hours or reopen, contact your business liability insurance agent to make sure you're still covered
- Prepare for summer & fall
- Innovate
- Add technology and 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/>
- Early Education Business Consultants: <https://www.earlyeducationbusiness.com/covid-19-business-relief>