

TYPES OF CASH HELP FOR PROVIDERS AND CCR&RS DURING THE CORONAVIRUS PANDEMIC

This resource is meant to provide an overview of some of the federal responses to COVID-19. It is not meant to provide loan counseling. Please see details of these federal and state programs to ensure compliance and eligibility.

Last updated 04/22/2020

Types of cash assistance available to child care providers and CCR&Rs during the COVID-19 pandemic:

Paycheck Protection Program (PPP)

- For small businesses and nonprofits with under 500 employees to keep workers employed while businesses are not operating normally during COVID-19
- Loan size 2.5 times monthly payroll
- Loan will be fully forgiven after eight weeks if all employees are kept on the payroll for the 8 weeks and the money is used for payroll, rent, mortgage interest or utilities
- Apply through an eligible bank or lender

Economic Injury Disaster Loans and Loan Advance (EIDL)

- For small businesses and nonprofits with under 500 employees who experience loss in revenue because of COVID-19
- The first \$10,000 is like a grant that does not have to be repaid
- These should be processed more quickly than PPP loans
- You can apply online yourself

Unemployment Insurance (UI)

- New reasons for eligibility related to COVID-19
- Expansion of benefits
- New program for workers typically ineligible for UI
- Additional federal supplements

The PPP and EIDL programs ran out of money but funding should become available again starting April 23 or 24. You do not need to wait to get your application ready.

Small Business Loans During COVID-19 (PPP)

In March, Congress passed the Paycheck Protection Program (PPP), which provides short-term one-time loans to keep workers employed while businesses are not operating normally during the pandemic. You may hear this called the “7(a)” program or the SBA grants program.

Most nonprofit and for-profit child care providers are eligible. Self-employed family child care providers are also potentially eligible.

CCR&Rs are eligible if they are a separate legal entity.

Types of eligible “businesses”:

- 501(c)(3) nonprofit organizations with fewer than 500 employees
- Small businesses with fewer than 500 employees
- Nonprofits and businesses that meet the [SBA industry size standard](#) if there are more than 500 employees
- Self-employed individuals, sole proprietors, independent contractors

The PPP ran out of money on April 16 and temporarily stopped taking applications. Congress is set to allocate more money to PPP on April 23rd and the program should restart accepting applications almost immediately thereafter.

Loans do not have to be repaid if after eight weeks, all employees are kept on payroll, payroll comprises at least 75% of the loan, and the remainder is properly spent on expenditures such as rent, mortgage interest and utilities.

Be sure to consult an official SBA resource for important details: [Small Business Association for PPP webpage](#).

Small Business Loans During COVID-19 (PPP): What to Know

- Loans are given on a first-come, first-served basis.
- There may not be enough money in the program for everyone who applies.
- There are no personal guarantee or collateral requirements.
- There is no application fee.
- At least 75% of the loan must be spent on payroll over eight weeks for the loan to be fully forgiven.
- Allowable loan amount: Up to 2.5 times the average monthly payroll expenses (max. \$10 million).
- If a business has already laid off employees, it can still get the full loan if employees are rehired by April 26. The business can get a reduced loan amount if staff are not rehired.
- Costs the loan can be used for: payroll costs including salary (max \$100,000/annual), wages, group health care, retirement contributions, paid sick/medical leave, rent, leases, utilities or existing mortgage interest payments.
- If you use the loan in a way that means it will not be fully forgiven, payments will: be deferred for six months, have a 1% interest rate, and mature after two years.

How to Apply for the Paycheck Protection Program

- **Download the Application Here:** [Paycheck Protection Program \(PPP\)](#)
- Apply through any bank, credit union or lender that is an existing SBA 7(a) lender. You can find approved lenders near you at [this website](#).
- To apply you will need the following payroll documentation:
 - If you have completed your 2019 taxes you will need 2019 IRS forms (tax return or 990)
 - If you have not yet filed 2019 taxes, a 2018 return can be used. You'll need a complete end-of-year income, expense and asset statements
- If your bank is an eligible lender, check with them first because they may prioritize processing existing customers.
- To make it easier to access the PPP, additional funding was granted to improve the processing of loans by Insured Depository Institutions, Credit Unions, and Community Financial Institutions (defined as minority depository institutions, certified development companies, microloan intermediaries, and State or Federal Credit Unions). So if you are having trouble finding a lender to work with you, examine these options.

Economic Injury Disaster Loans (EIDL)

Small business owners and nonprofits with under 500 employees are eligible to apply for an EIDL of up to \$2 million to help with the temporary loss of revenue because of COVID-19. *Note: Because of insufficient funds, SBA was granting much smaller advances and loans. It is unclear how this will be addressed with the new funding just allocated in April.*

- **The first \$10,000 of the loan does not need to be repaid** (called an EIDL "advance").
- Advance and loan funds must be used for sick leave, payroll, increased costs, rent or mortgage payments or repaying obligations that cannot be met due to revenue losses because of COVID-19.
- Funds are made available within three days of successful application.
- Advances do not need to be repaid even if the loan application is not successful.

The EIDL program ran out of money on April 16 and stopped accepting new applications. New money will be allocated approximately April 23 or 24. Check the application website regularly to monitor when the SBA will accept applications again.

- Who is eligible: small businesses and nonprofit organizations with under 500 employees, sole proprietorships, independent contractors, cooperatives and employee-owned businesses.
- For loans over \$10,000, the interest rate is 3.75% for small businesses and 2.75% for nonprofits.
- The online application process takes between two and three hours.
- **The application process is online. To apply for a COVID-19 Economic Injury Disaster Loan, [click here](#).**
- Note: You can have both a PPP loan and an EIDL, as long as they are not used for the same expenses. The EIDL is likely to be granted more quickly than a PPP loan. If the PPP loan is approved, it may be used to refinance the EIDL. Any advance EIDL payment will be subtracted from the PPP loan forgiveness amount.

Pandemic Unemployment Assistance (PUA)

Unemployment Insurance has been expanded to cover many individuals who do not usually qualify under a temporary new program called Pandemic Unemployment Assistance (PUA). PUA is for individuals who are self-employed, part-time workers and independent contractors. It provides up to 39 weeks of benefits, and can be retroactive starting with weeks of unemployment beginning January 27. Benefit amounts are based on previous earnings. To qualify, you must self-certify that you are able to work and available to work and that you are unemployed, partially employed or unable or unavailable to work due to a COVID-19 related situation. Specific rules vary by state.

Important Changes to Unemployment Insurance Programs

New options are available for states to amend their laws to provide unemployment insurance benefits related to COVID-19, such as when:

- An employer temporarily stops operations due to COVID-19, preventing employees from coming to work.
- An individual is quarantined with the expectation of returning to work after the quarantine is over.
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

Key Resources on the Unemployment Insurance Programs

To receive any of the unemployment insurance benefits, you need to file a claim with the unemployment insurance program in the state where you worked. Depending on the state, claims may be filed in person, by telephone or online.

- Start by contacting your [state's unemployment insurance program](#) as soon as possible after becoming unemployed.
- When you file a claim, you will be asked for certain information, such as addresses and dates of your former employment. Avoid delays, be sure to give complete and correct information.
- For more information on eligibility and how to apply, you can also start [here](#) with the Department of Labor's Unemployment Benefits Finder information webpage.

Most states will apply the extra \$600/week federal benefit (FPUC) and the extension of benefits (PEUC) automatically if you are receiving Unemployment Insurance. As of April 17, many states still are not set up to administer PUA. But state UI webpages are likely to have some information and some states allow you to receive an email to let you know when they are ready to accept applications.

New Unemployment Insurance Programs

Pandemic Unemployment Assistance (PUA) – This program extends benefits to self-employed, part-time, and other types of workers not usually eligible for unemployment insurance.

Pandemic Emergency Unemployment Compensation (PEUC) – This program extends unemployment insurance for 13 weeks after regular UI benefits have been used up.

Federal Pandemic Unemployment Compensation (FPUC) – This program provides an extra \$600/week through July 31, 2020 for anyone receiving UI or PUA.

If You Are a Provider, Here's What You Can Do:

- Determine if the PPP loan and/or the EIDL would help your program. Remember the PPP loan is first-come, first-served.
- Connect with your Child Care Resource and Referral Agency (CCR&R) for more information about your options and assistance. Here's how you can find [your local CCR&R](#).
- Help your employees navigate unemployment insurance options. See [here](#) to learn about the program rules in your state.
- Contact Child Care Aware® of America (CCAoA): While we currently do not offer technical assistance directly to child care providers, if you are a child care provider looking for help, you can call our hotline at 1(800) 424-2246, Mon/Wed/Fri, 9:30 a.m. – 6 p.m. EST, Tues/Thurs 8 a.m. – 4 p.m. EST or use our [Live Chat](#).
- Find COVID-19 related updates from CCAoA [here](#). This information is regularly updated.

If You Are a CCR&R, Here's What You Can Do:

- Determine if the PPP loan and/or the EIDL would help your own R&R. Remember the PPP loan is first-come, first-served.
- Develop or build on relationships with local business associations and nonprofit loan counselors. They can help local providers navigate these loans.
- Find COVID-19 related updates from CCAoA [here](#). This information is regularly updated.
- Get information to providers in your area ASAP.
- Send emails or other communications that tell providers about the types of loans are available, how to apply and what documents they need to apply.
- Identify banks in your area that are eligible 7a lenders and find out how they are prioritizing loans. Disseminate this information to providers.
- Collaborate with a local business association to conduct a webinar for providers.
- Develop resources and flow charts for providers that help them learn about what types of assistance will be helpful to them. These resources should help providers determine if they should pursue the SBA loans, the EIDL and/or unemployment insurance.

Non-Government Grants

Some companies and NGO's are making small grants available. You may want to learn more about the following:

- Home Grown and its members created a fund to catalyze the development of regional [Home-Based Child Care \(HBCC\) Emergency Funds](#) that provide direct financial support to HBCC providers. Home Grown will make grants of up to \$100,000 to regional organizations creating their own Emergency Funds for HBCC providers as outlined in the Home-Based Child Care Emergency Fund Toolkit. Home Grown will begin accepting applications on April 7th, 2020, and will make awards on a rolling basis.
- Funded by corporate and philanthropic partners and the U.S. Chamber of Commerce, the [Save Small Business Fund](#) is a collective effort to provide \$5,000 grants to small employers.
- In partnership with Verizon, the digital fundraising and advocacy platform [Hello Alice](#) is offering emergency grants of up to \$10,000 for companies impacted by the coronavirus pandemic.
- Verizon has allocated \$5 million to the [Local Initiatives Support Corporation](#) to distribute via grants to small businesses. The first round of grant applications is closed but will reopen in mid-April, and you can register to be notified on their website.
- Google is offering \$340 million in [advertising grants](#) for small- and medium-size businesses, a credit that will be added automatically to Google Ads accounts.
- GoFundMe has [partnered](#) with Intuit QuickBooks, Yelp, GoDaddy and Bill.com to give small businesses a \$500 grant if they raise at least \$500 on GoFundMe.