StateFedConnect Action Call:
The CARES Act & Small Business Aid;
Tools for Federal Delegation Outreach

April 10, 2020
Welcome.

Lisa Klein
Executive Director,
Alliance for Early Success
Today’s Call

- **Goals, Housekeeping, and Reminders**
  *Alliance for Early Success Team*

- **Federal Level Update**
  - Financial Support for Child Care: Managing the New Normal Under COVID-19
    Linda Smith, *Bipartisan Policy Center*
  - Overview of Small Business Experiences with Relief
    Cynthia Ward Wikstom, *Main Street Alliance*

- **State Resources and Responses**
  - Child Care Aware of America Resources/Technical Assistance for Providers
    Lynette Fraga, *Child Care Aware of America*
  - Highlighting State Responses
    Samir Tanna, *Illinois Action for Children*
    Libbie Sonnier-Netto, *Louisiana Policy Institute for Children*

- **Questions and Answers**

- **Congressional Advocacy**
  Danielle Ewen, *Education Counsel & Annie McKay, Alliance for Early Success*
Financial Support for Child Care: Managing the “New Normal” Under COVID-19
Alliance for Early Success
April 10, 2020

Linda Smith
Director, Early Childhood Initiative, BPC
In March of 2020, Congress passed three major bills that were signed into law to address the COVID-19 national emergency. The first phase was an emergency supplemental to mainly address public health sector needs.

**Phase 2: Paid Sick and Family Leave Related to COVID-19 Impact**

The Families First Coronavirus Response Act (P.L. 116-127)

- Broadens the Family and Medical Leave Act (to employers with fewer than 500)
- 2 weeks of paid sick leave (caps & conditions)
- Up to 10 weeks of additional paid family leave (caps & conditions)
- Small business exemption for pay related to care for a child because of school closure or child care closure
- Temporary: Expires December 31, 2020


**SBA Paycheck Protection Program**  Forgivable loans if used for eligible purposes (e.g., payroll costs, mortgage interest, rent, and utilities)

- The “forgivable” part applies to the 8-week period after the loan is made
- 75% must be related to payroll costs (it’s a job retention grant)
- Employers need to maintain staff and not cut employee pay more than 25%.
- No fees, no collateral, no personal guarantee, waives the requirement to be rejected for a loan somewhere else first.
- Repayment is deferred for 6 months
- **Deadline to apply**: June 30 (but funds first-come, first-served)

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**As of yesterday,**

- P3 is **not** out of money. 30% of the $350 billion has been committed. Lots of loans may be in process, but the fund is not dry yet.
- Congress is working to add additional funding (bipartisan recognition)
- The self-employed are supposed to be allowed to apply today. Rules not out yet as of this AM.

SBA Economic Injury Disaster Loan (EIDL) and EIDL Advance

- Advance of up to $10,000 (does not need to be repaid if EIDL loan not approved)
- **Maximum loan amount.** $2 million
- **Collateral.** None for loans up to $25,000
- **Personal guarantee.** None for loans up to $200,000
- **Interest rate.** 3.75%; (2.7% for nonprofits)
- Loan payment deferred for a year

As of yesterday,
- The EIDL program is out of money, including the $10,000 advance.
- The average loan under EIDL is running about $200,000.
- 3.5 million small businesses have requested $10,000 (the EIDL advance).
- Congress is working to add additional funding. (Expected!)

More Information EIDL Link:
Broaden & Deepen the Safety Net

- New Pandemic Unemployment Assistance program to cover those individuals typically excluded from state programs (e.g., self-employed such as family child care providers and faith-based employees) through Dec. 31
- Extra $600 per week supplement (for both those in state unemployment programs or the new federal pandemic unemployment) through July 31
- State Labor agencies will act as a one-stop shop administering both (goal: seamless, not 2 separate applications)
- Benefits are retroactive as state capacity ramps up
- Benefits through debit cards, direct deposit or checks (goal: fast!)
- Undocumented individuals are not eligible

Context:
- More than 17 million have filed for unemployment in past month
- Last week, 6.6 million individuals applied.
- Highest prior weekly level – 695,000 in October of 1982

More Information Unemployment Link:
https://www.dol.gov/coronavirus/unemployment-insurance
CCDBG Increase of $3.5 billion

- Lots of new flexibility to address COVID-19 impact with the $3.5 billion
- No state plan waivers needed before funds used for purposes described
- Quality set-aside and infant/toddler set-aside waived (disregarded)
- Requirement to use 70% on slots waived (disregarded)
- **Supporting Essential Workers.** Funds can be used without regard to income eligibility and maximum (85% state median income cap)
- **Market stabilization.** Funds can be used to support eligible providers.
- States encouraged to condition support to pay staff
- Funds can be used to restore amounts for expenses to prevent, prepare for, and respond to COVID-19 prior to the date of enactment (March 27)
- Funds can be obligated in this fiscal year or the next two (**but don’t hold back, there are immediate needs to support emergency workers and prevent market collapse**)

More Information see Office of Child Care Resource [link]:
WHAT’S THE BEST FIT FOR CHILD CARE?

It’s complicated! Business TA Needed!

• SBA Paycheck Protection Program
• SBA EIDL and Advance (up to $10,000)
• Paid Sick & Family Leave
• Unemployment
• CCDBG support

Child Care Economics:

• Each option may work for some, depending upon size, staffing, reserves, revenue, market
• Challenges: Child care programs will need help understanding and applying!
• Is it enough funding for programs to remain viable?
• State enrollment restrictions for public health also impact financial viability

How to Management the “New Normal”?

• No one-size-fits-all
• Child care is a business/business decisions
• Rethinking how best to support child care
  • Open programs
  • Closed programs
  • Centers & Family Child Care Homes
• CCDBG subsidy vs private-pay market

The decisions that are made have:

• Short-term implications
• Long-term implications
• Impact the ability of essential personnel to work
• Impact the ability for the economy to ramp back up to pre-COVID-19 employment levels
SMALL BUSINESS OWNERS. SMALL BUSINESS VALUES.
Cynthia Ward Wikstrom

MSA Campaigns Director
● 30,000 Small Business Owners
● Smallbizcovid19.com
● Webinars and of Covid I-III packages
● Small business owner feedback on what’s in packages, and what more is needed
Small Business Experiences

Relief packages not keeping pace with scale of the crisis.

Right pieces - but wrong emphasis

Lacking scale, simplicity, speed or equity of access necessary to keep small businesses from massive closures.

Most small businesses only have 15 days of cash reserves according to a March study by the JP Morgan Chase Institute.
MSA Small Business Survey

60% have no or only limited information about available programs

42% have limited information but feel they must apply in case funds run out

45% do not have an existing banking relationship with a 7a lender

76% say direct subsidies--not loans--will help them survive the pandemic.
Strengthen PPP & EDIL

- Expand overall PPP funding
- Expand PPP recovery horizon & percent of loan eligible for non-payroll expenses;
- Adjust loan size to reflect not only payroll but all expenses covered for forgiveness; and,
- adding a grant program for businesses with fewer than 50 employees
- Expand targeted outreach and education on programs via CDFIs and other community agencies, focusing on businesses in low-income and underserved communities
- Make emergency relief compatible with existing loans, preventing existing loans from going into default if businesses accept EIDL or PPP
- Expand EIDL grant pool,
- Increase the amount of available loans, at least to $10K
- Allowing use for capital costs as owners adapt businesses recovery,
- and allowing restructuring of existing EIDL debt
American Enterprise Institute estimates the cost of replacing lost revenue for affected firms for three months to be $1.2 trillion.
Save our Economy: Protect Main Street Jobs & Businesses

- Direct subsidies – not loans – for all employers with 500 and fewer employees to retain or bring back their workers at full wages and benefits and cover fixed costs, including rent, mortgages, utilities, insurance payments.

- A rapid, streamlined process designed to provide subsidies for all impacted employers and independent contractors with minimal barriers to entry and no confusion or uncertainty.

- Delivered through the US Treasury, with resources directed to multiple agencies, including State and Local Governments, to ensure effective and universal take up.

- Subsidies convert to loans if misused. Businesses should be required to maintain employment and wage levels and provide access to emergency paid sick time and leave.
MSA Resources & Engagement Opportunities

Visit smallbizcovid19.com for

- Resources on programs for small businesses
- Small business surveys
- Small Business Action alerts

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State Resources and Responses

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Executive Director,  
Child Care Aware of America  

Samir Tanna  
Senior Policy Associate,  
Illinois Action for Children  

Libbie Sonnier-Netto  
Executive Director,  
Louisiana Policy Institute for Children
Child Care Aware® of America Resources

Resources available at ChildCareAware.org

CCAoA Emergency Child Care & Technical Assistance Center™: Includes Hotline/Chat/Email Support to Providers and CCR&Rs

Interactive Map of Child Care Needs for Essential Workers during Coronavirus Outbreak

Resource Hub: Coronavirus Resources for Parents, Providers and Policymakers

Take Action: Contact Your Member of Congress to Urge Them to Support Child Care in Federal Stimulus Packages

State-by-State Map of Child Care and Coronavirus Information
State Resources and Responses

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Executive Director, Child Care Aware of America

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Senior Policy Associate, Illinois Action for Children

Libbie Sonnier-Netto
Executive Director, Louisianna Policy Institute for Children
Questions and Answers

“Raise your Hand” to be unmuted to ask a question.
Congressional Advocacy

Danielle Ewen, Education Counsel

Annie McKay and the Alliance Team
Thank you.

www.earlysucceess.org/COVID19-Action-Calls