

Child Care Center Budget Guide

A tool to guide child care center owners
through Child Stabilization Grant applications!

A product of

 **First Children's Finance**

Purpose

The COVID-19 public health emergency highlighted the important role that child care businesses play in our economy. Most child care centers – unless asked to temporarily close – continued to serve children and families in communities across the country, often with lower enrollment and higher expenses.

In order to offer financial relief, the American Rescue Plan Act (ARPA) includes child care stabilization grants that will be made directly to child care businesses, including child care centers. First Children’s Finance has created this resource to assist child care center owners or directors with resources that may assist you in completing an application for a stabilization grant.

The following document is general: child care center business owners should refer specifically to the child care stabilization grant in their state, tribe, or territory. However, the allowable expense categories are similar across all applications, and this guide will help you understand the categories, how to identify the amounts you could request in each category, and some helpful hints about complying with the stabilization grant requirements. All documents listed are suggested and your state, territory, or tribe may require different or additional documentation.

In addition to this resource, each state, tribe, and territory may provide technical assistance to child care businesses to apply for the grants. We encourage you to seek local resources available to you.

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Child Care Stabilization Grants

Who should use this guide? This is a **general** guide intended for child care business owners as they complete child care stabilization grant applications. Each state, tribe, and territory will design a process to distribute the child stabilization grants. **Child care businesses, youth development businesses, and school-age care businesses should always refer to their state, tribe, or territory stabilization grant application process.**

What are stabilization grants? The child care stabilization grants are a way states, tribes, and territories will pay child care businesses using the American Rescue Plan Act (ARPA) stimulus funds. Stabilization grants were designed to address the financial burdens faced by child care businesses during and after the COVID-19 public health emergency.

Where are stabilization grants available? Any state, tribe, or territory

When are stabilization grants available? Depends on the timing of stabilization grants in each state, territory, or tribe. Funds are available until September 30, 2023.

How do I apply for a stabilization grant? Depending on where your child care business is located, you may be applying to a state, tribal, or territory administration for child care stabilization grants. Every state, tribe, and territory will have their own application process and requirements. This guide provides ideas for how to identify the expenses which may be covered by the child care stabilization grants.

What should I know about stabilization grants before I apply? Stabilization grants are a great opportunity for child care businesses to access financial relief from the impact of the pandemic. However, child care businesses should be aware of several requirements:

1. Child care businesses is required to be open and available to provide child care services or temporarily closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency.
2. Child care businesses must have been licensed, regulated, regulated, or registered and CCDF-eligible on the date of application or registered in the state, tribe, or territory no later than March 11, 2021, and must meet applicable health and safety requirements.
3. Tribally operated child care centers are eligible child care programs and can receive stabilization grant funds as long as they are used to supplement – not supplant – tribal funds for tribally operated centers.

As part of the stabilization grant application, **all** child care businesses much certify they will meet the following requirements through the grant period:

- a. Child care businesses will implement policies in line with guidance from their state, Tribal, or local authorities, and, to the greatest extent possible, the guidance from the Centers for Disease Control and Prevention.
 - b. Child care businesses must pay each employee at least the same amount in weekly wages and maintain the same level of benefits for the duration of the grant. Child care businesses cannot involuntarily furlough employees from the date of grant application submission through the duration of the grant term.
 - c. Child care businesses will, to the extent possible, provide financial relief from copayments and tuition payments for enrolled families.
2. Stabilization grants can only be used for operating expenses. This guide provides an overview of each category and resources to determine what expenses may qualify.

Will my stabilization grant be taxed as income? Although, it is impossible to know the exact financial condition of your child care business, it is likely that the stabilization grant could be taxed as income. However, this should not discourage you from applying for the grant. Work closely with a tax professional to determine the amount of money your business should set aside from other sources to save for year-end business taxes.

CATEGORY: Personnel Costs



What does this mean? These are expenses that cover the payment and benefits for people who work in your child care business.

How to show your expenses: Find receipts or show withdrawals related to:

- **Payroll records:** hiring documents, direct deposit forms, total hours worked, employee pay rate, tax deductions, etc. If you use a payroll company, you may have this information contained in a regular payroll report.
- **Benefits:**
 - Payments made for health, dental, or vision insurance for yourself or employees.
 - Payments you made for employee retirement contributions.
 - Any expenses related to paid leave for yourself or employees (paid family leave or paid sick leave).
 - Payments for yourself or employees to attend professional development or trainings required by your state, tribe, or territory.
- **Premium pay:** Some child care businesses made special, additional payments to employees for continuing to work throughout the COVID-19 pandemic shutdowns in their region. This could be payment for all staff members (including teaching staff, directors, cooks, janitors, and child care assistants) above their regular wages. This is sometimes called “hazard pay” or “hero pay.” If you made these payments to employees, you should have records available in payroll documents.
- **Staff bonuses:** If your child care business made additional, bonus payments to employees, you should have records available in payroll documents.

Vaccine-related costs: If there were costs you incurred related to the COVID-19 vaccines, such as providing paid time off to employees so that they could get their vaccine and/or deal with vaccine side effects, and/or transportation to and from vaccine appointments, then you should be able to find this information in payroll records for yourself, employees, or substitute staff.

CATEGORY:

Rent, utilities, facilities, maintenance, & insurance



What does this mean? Payments you made for the location or facility where your child care business operates.

How to show your expenses: Find receipts or show withdrawals related to:

- Mortgage payments made.
- Rent payments made.
- Any fees related to late payments for rent or mortgage.
- Insurance: homeowners' insurance (if your business takes place in your home), general business liability insurance, etc.
- Utilities expenses: payments to gas company, energy company, internet provider, phone provider, and payments for water/sewer services.
- Maintenance expenses or changes made to your facility to address COVID-19 such as air filtration systems, plexiglass dividers, etc.

Your state, tribe, or territory may allow the cost of minor improvements or renovations or maintenance to your child care facility. You will need to read the application in your area carefully. If your business spent money on changes to your child care business facility (such as renovating a bathroom or upgrading playground areas) gather receipts from these payments.

CATEGORY:

Personal protective equipment, cleaning, and other health and safety practices



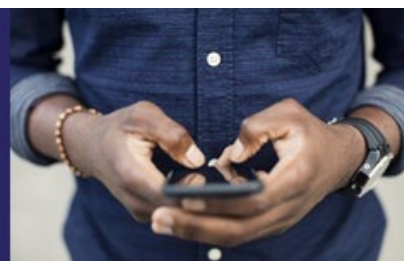
What does this mean? These are any payments you made for supplies or materials to keep you, employees, and children in your care safe and healthy during the COVID-19 pandemic, including personal protective equipment (PPE).

How to show your expenses: Find receipts or show withdrawals related to:

- Sanitizing wipes, bleach, hand soap, mops, spray bottles, and other cleaning and disinfecting materials.
- PPE such as face shields, masks, disposable gloves, and hand sanitizer.
- Trainings for yourself or staff on proper cleaning and disinfecting processes.
- Hiring cleaning companies, janitors, or any other cleaning service.

Ordering background checks and health and safety training if your business had not previously accepted child care subsidies as a form of payment because you were not able to complete those required health and safety processes.

CATEGORY: Equipment & Supplies



What does this mean? These are any payments you made for supplies or materials to respond to the COVID-19 pandemic as a public health crisis.

How to show your expenses: Find receipts or show withdrawals related to:

- Accounting software.
- Payroll software.
- Software or materials to track and report public health data.
- Health monitoring equipment such as thermometers.
- Updates to computers, smart phones, and/or tablets to be able to communicate with staff and families remotely.

CATEGORY:
Goods & Services



What does this mean? These are any payments you made to purchase or update supplies to help run your business during the COVID-19 crisis.

How to show your expenses: Find receipts or show withdrawals related to:

- Food, snacks, beverages, and dishes, bottles, bibs, cups, silverware, and other supplies needed for meal times and drinks.
- Diapers, wipes, toilet paper, and toilet training diapers.
- Toys and games for children to play with both inside and outside.
- Cribs, crib mattresses, sheets, cots, pillows, blankets, and other materials for sleeping or napping.
- Books and workbooks.
- Craft materials.
- Licensing fees and any expenses related to maintaining a license such as fire extinguishers and smoke and CO2 alarms.

CATEGORY:
Mental Health Services



What does this mean? These are payments you made to support your mental health, the mental health of employees, and the mental health of children in your care.

How to show your expenses: Find receipts or show withdrawals related to:

- Infant and early childhood mental health consultation if you use any of the contracted providers in your state, tribe, or territory for the children in your care. This payment may be a portion of your funding going to a network of infant and early childhood mental health providers or services where your business is located. Ask your network of providers to provide documentation of the portion of your payment that is directly related to mental health services.
- Mental health consultations for you or your employees.
- Purchases of mental health apps for you or your employees.

CATEGORY: Past Expenses



What does this mean? Payments you made for the location or facility where your child care business operates.

How to show your expenses: Find receipts or show withdrawals related to:

- Mortgage payments made.
- Rent payments made.
- Any fees related to late payments for rent or mortgage.
- Insurance: homeowners' insurance (if your business takes place in your home), general business liability insurance, etc.
- Utilities expenses: payments to gas company, energy company, internet provider, phone provider, and payments for water/sewer services.
- Maintenance expenses or changes made to your facility to address COVID-19 such as air filtration systems, plexiglass dividers, etc.

Your state, tribe, or territory may allow the cost of minor improvements or renovations or maintenance to your child care facility. You will need to read the application in your area carefully. If your business spent money on changes to your child care business facility (such as renovating a bathroom or upgrading playground areas) gather receipts from these payments.

Reporting & Monitoring



What does this mean? If you receive child care stabilization funding, you will be asked to share information about yourself, your business, and how you spend the stabilization grant funding as part of your grant application.

You will be asked to share:	What you can do:
Your business address, including your zip code	Keep your child care business contact information updated
The race and ethnicity of the child care center director/owner	Share any relevant information about child care center director/owner
The gender of the center director/owner	Share any relevant information about child care center director/owner
Whether your child care business is open and available to provide child care or temporarily closed due to COVID-19	Share the status of your business
How the funding you received from the child care stabilization grant was used	Once you receive information about the funding that you will receive, keep all receipts and records of payments that you have already made and will reimburse your business with using the child care stabilization grants OR payments/purchases that you will make in the grant term defined by your state, tribe, or territory using the child care stabilization funding. If using an accounting system, restrict the funding to be used only in eligible spending categories.
Documentation to show that your child care business met required certifications.	See the “Certifications and Attestations” information on page 13.

Certifications & Attestations



What does this mean? You will be required you to certify that you will do the following practices both during the application process **and** once you have received the funding.

You will be asked to certify that you:	What you can do:
<p>When open and providing services, you will implement policies in line with guidance and orders from your state, territorial, tribal, and local authorities and, to the greatest extent possible, implement policies in line with guidance from the U.S. Centers for Disease Control and Prevention (CDC).</p>	<p>Keep all documents and emails related to your child care business stabilization grant. You can show that you did not violate any licensing agreements and followed the laws of your state, tribe, or territory. Collect samples of communication of health and safety protocols to employees or families.</p>
<p>For each employee (including lead teachers, aides, and any other staff who are employed by you to work in transportation, food preparation, or other type of service), you will continue paying at least the same amount of weekly wages and maintain the same benefits (such as health insurance and retirement) for the duration of the subgrant and you will not furlough employees from the date of application submission through the duration of the subgrant period.</p>	<p>Keep all documents that you have related to employees' pay or your own pay and benefits. Keep records of timecards or hours worked. In the case of termination for cause, document the process followed. Be sure to maintain consistent levels of benefits if your company's plan is renewed during the stabilization grant term.</p>
<p>You will provide relief from copayments and tuition payments for the families enrolled in the child care program, to the extent possible, and prioritize such relief for families struggling to make either type of payment.</p>	<p>Keep records of payments you receive for providing child care throughout the period of the child care stabilization grant determined by your state, tribe, or territory. If you provide financial relief to enrolled families, document all amounts of tuition forgiven.</p>

Resources

Federal Office of Child Care Resources:

- [ARPA Supplemental Stabilization and CCDF Discretionary Funding Allocation Tables – States and Territories](#)
- [ARPA Supplemental Stabilization and CCDF Discretionary Funding Allocation Tables – Tribes](#)
- [ARP Act Child Care Stabilization Grants](#)
- [Additional Stabilization Grant Resources on the Child Care Technical Assistance Site](#)

Regional resources: Your state, tribe, or territory may offer technical assistance. If you have questions about the specific application you are completing, the allowable uses of funding where you are located, and any certifications or documents that you must present, please do contact them directly for assistance.

First Children’s Finance: [Resources – First Children's Finance](#)

Disclaimer

Materials provided by First Children’s Finance do not constitute legal, accounting, tax or finance advice or any other professional services. Readers seeking professional advice about specific aspects of their business should consult a member of our staff or other qualified professional.

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