



Overview of CARES Act Provisions of Importance to Family Child Care Providers

Matthew Mayers, Labor Economist, Research and Collective Bargaining Services

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The following is a summary of the CARES Act provisions that are most important to family child care providers. The CARES Act is the \$2.2 trillion coronavirus recovery legislation enacted on March 27.

Economic Impact Payments (also known as Recovery Rebates)

- The Act provides payments of up to \$1,200 (\$2,400 in the case of eligible individuals filing a joint return) to most American adults, plus \$500 for each child 16 or younger claimed as a dependent.
- Adults who were claimed as dependents and people who do not have a Social Security number generally are not eligible. Each child for whom the \$500 payment is claimed also must have a Social Security number. An individual taxpayer identification number, which is used by nonresident aliens and others, is not enough.
- People whose adjusted gross income is \$75,000 or less for a single individual, \$112,500 or less for a single parent (i.e., someone who files their taxes as a head of household) or \$150,000 or less for married filing jointly are eligible for the full payment.
- The payment is gradually reduced for incomes above those levels. There is no payment at or above \$99,000 for individuals, \$136,500 for single parents and \$198,000 for couples, all with no children under 17, but it is higher for single parents and couples with at least one child 16 or younger.
- Payments are expected to begin arriving within three weeks (i.e., by April 17).
- Individuals will not have to apply for the funds if the Internal Revenue Service already has an individual's income information. For those who do not have to file tax returns, they will be required to file a simple tax return to receive the money.

Unemployment Benefits

- *All family child care providers will be eligible for unemployment benefits for up to 39 weeks. The amount of benefits will be determined by the state's standard unemployment benefits formula, with an additional \$600 per week through July 31.*
- Providers will receive their benefits through the newly-created Pandemic Unemployment Assistance program. This temporary program provides benefits to self-employed individuals and others who are not eligible for benefits through other unemployment programs, such as regular Unemployment Insurance.
- These new benefits cover most reasons an eligible provider is not able to work, not just if they are forced to close by government order. For example, providers should be able to receive them if they are forced to close their business due to declining enrollment or for safety reasons. If an individual cannot work because they must care for a child whose school is closed, they generally are eligible for these benefits as well.

- Providers are eligible to receive partial unemployment if they suffer a significant loss of income due to the pandemic.
- The minimum amount of these new benefits (before the \$600 addition) is half the state's average benefit. The basic benefits (not the additional \$600) expire on December 31. For some individuals, they also may be retroactive to January 27 depending on how the U.S. Department of Labor and each state implements the law.
- Each state's online system will need to be updated to account for these newly eligible individuals. These applicants may get rejected online if they apply now. Affiliates should discuss with the state's unemployment agency whether it is worth having members apply now in order to create a paper trail of their application as early as possible.
- Employees of family child care providers should be eligible for benefits under a state's regular Unemployment Insurance program. They receive the same level of benefits, but their minimum weekly benefit (before the \$600 addition) is lower, and depends on the state.
- Undocumented individuals are not eligible for any of these benefits.

Small Business Loans

- The legislation creates a Paycheck Protection Program, which should be very helpful for family child care providers. These small business "loans"—which are actually grants if used for most purposes--will come from banks, so providers will not be required to go through the onerous Small Business Administration (SBA) process (but the SBA will still guarantee the loans).
- Providers will not have to repay portions that were spent on paying employees for up to eight weeks, mortgage interest, rent or utilities. Unlike other SBA-backed loans, providers will not have to provide personal guarantees or use all their available assets as collateral.
- There are no fees, and interest rates are capped at 4%. Interest rates are not charged on loan amounts that do not need to be repaid.
- The Act also expands the Emergency Economic Injury Loan program. Providers who apply for these loans can receive a \$10,000 "advance" (really a grant) within three days. This "advance" does not need to be repaid if it is used for a wide variety of needs including payroll, rent or mortgage payments, even if the provider is not approved for the loan.
- Undocumented individuals are not eligible for these benefits.

Child Care and Development Block Grant (CCDBG)

- CCDBG received \$3.5 billion in additional funding. States will determine how these funds are spent, but they are intended to support parents who must work because they are essential employees.
- Funding may be used to continue payments to providers in the case of decreased enrollment or closures, to ensure they are able to remain open or reopen. Providers are encouraged to use funds to continue paying staff.
- These funds are available to any child care provider, not just those who were receiving CCDBG prior to the coronavirus.