

# IOWA DHS CHILD CARE STABILIZATION GRANTS

## FREQUENTLY ASKED QUESTIONS

January 14, 2022

### WHAT ARE THE STABILIZATION GRANTS?

As part of the American Rescue Plan (ARP) Act of 2021, states were allocated federal funding for Child Care Stabilization Grants. These grants are intended to support qualified child care providers with operational costs, such as personnel, rent/mortgage, and equipment.

### IS THIS DIFFERENT THAN THE CHILD CARE CHALLENGE FUND?

Yes, the Child Care Challenge Fund, facilitated by Iowa Workforce Development, is a state-led initiative that supports regional and community projects to establish local child care facilities and increase the availability of quality, affordable child care for working Iowans.

### WHO IS ELIGIBLE TO APPLY FOR THE STABILIZATION GRANT?

- ▶ A child care provider must be a licensed child care center or a registered child development home to qualify.
  - ▶ The program must be open and providing child care services or temporarily closed due to reasons related to COVID-19. Anticipated re-opening date is required
  - ▶ The program will be required to show one of the following:
    - a financial loss due to the COVID-19 pandemic, either through tax documentation from 2019/2020 or 2020/2021
- Or
- Children on Child Care Assistance (CCA) make up 25% or more of total enrollment

### CAN FOR-PROFIT PROGRAMS APPLY?

Yes both non-profit and for-profit child care programs can apply.

### WHAT DOES “FINANCIAL LOSS DUE TO COVID-19” MEAN?

Financial loss due to COVID-19 means that your program can show that your taxable income or Net profit/loss decreased in 2020 as compared to 2019 or that you continue to experience a decrease in 2021 compared to 2020. The intent of this eligibility requirement is to prioritize child care programs who a) saw their net profit drop compared to pre-COVID (2019-2020) or b) continue to experience decreased revenue(2020-2021). This does NOT mean that you have to show an overall loss for any particular tax year. For example, if a program's taxable income on their 2019 taxes was \$10,000 and their taxable income on their 2020 taxes was \$9,000 that would be sufficient to demonstrate a loss due to COVID-19. Programs may use documentation comparing tax year 2019 to 2020 OR 2020 to 2021

## **WHAT TYPES OF DOCUMENTATION CAN I USE TO SHOW FINANCIAL LOSS DUE TO COVID-19?**

Programs are encouraged to use federal tax returns as they require less follow up questions due to the standardized nature of the forms. For Child Development Home providers if your taxes are done as part of your personal taxes please provide your Schedule C for your child care business. However, we understand that some child care programs are part of larger organizations and tax returns would not be specific to just the child care program, in this instance programs may use profit/loss statements to show financial loss.

## **WHAT IF I WASN'T OPEN FOR THE WHOLE 2019 TAX YEAR?**

If your child care program was not open for the full 2019 tax year we have an alternate procedure as we realize that it would not be an equal comparison to compare a partial year of operation and a full year of operation. Those that were not open for the full 2019 tax year will be allowed to submit documentation from the beginning of 2020 and the end of 2020 for comparison purposes.

## **ARE SCHOOL-AGE PROGRAMS THAT ARE NOT OPEN DURING THE SUMMER DUE TO SCHEDULED CLOSURE (AND NOT BECAUSE OF COVID-19) ELIGIBLE FOR GRANTS?**

In order to be eligible to receive a stabilization grant, a child care provider must either be open 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 at the time of application. A school-age program that is closed for summer break would not be eligible to apply for a grant during that time. However they could be eligible during the school year when they are normally opened to provide child care services.

## **WHAT REQUIREMENTS DO I HAVE TO FOLLOW IF I RECEIVE A STABILIZATION GRANT?**

There are requirements within the American Rescue Plan Act that must be followed if you receive a stabilization grant. Child Care programs must certify that:

- ▶ When open and available to provide child care services that your program implements policies in line with guidance from the State, Tribal and other local authorities and to the greatest extent possible, implements policies in line with guidance from the Centers for Disease Control and prevention.
- ▶ Your program will continue to pay staff at least the same amount in wages and benefits as when the application for the stabilization grant was submitted. Additionally, your program must agree not to take any action that reduces the weekly amount of an employee's compensation for the duration of the grant period. This includes involuntary furloughing any employee employed on the date of submission of the application.
- ▶ While not required, your program should provide relief from copayments and tuition payments for the families enrolled in your program to the extent possible and prioritize families struggling to pay.

## **HOW MUCH FUNDING WILL I RECEIVE?**

If your program's application is approved, your funding amount will depend on the type of program you have, your program's QRS rating, and current child enrollment numbers.

If you operate a Registered Child Development Home, children residing in the home who are present during child care hours may not be counted in your enrollment numbers.

The funding formula will be based on information from the 2020 Market Rate Survey Report [https://dhs.iowa.gov/sites/default/files/MRS\\_Survey\\_Report\\_2020.pdf?113020211313](https://dhs.iowa.gov/sites/default/files/MRS_Survey_Report_2020.pdf?113020211313) and will be for an assumed 20 days per month.

An initial 3-month award will be calculated based on your current enrollment at time of application using the table below of average per day/per child costs from the 2020 Market Rate Survey Report.

*Example 1: A Child Development Home is a QRS Level 2 who has 7 children currently enrolled.  
 $\$24.57 \times 7 = 171.99$  per day  $\times 20$  days per month  $= 3,439.80 \times 3$  months = \$10,319.40 stabilization grant*

*Example 2: A Child Care Center is a QRS Level 4 with a current enrollment of 100 children.  
 $\$25.06 \times 100 = \$2,506$  per day  $\times 20$  days per month  $= \$50,120 \times 3$  months = \$150,360 stabilization grant*

QRS Rating	MRS Per child/Per day Licensed Center	MRS Per Child/Per Day Child Development Home
None	\$22.35	\$20.30
QRS 1 & 2	\$22.89	\$24.57
QRS 2 & 4	\$25.06	\$30.70
QRS 5	\$44.02	\$35.73

## WHAT CAN I USE THE FUNDING FOR?

The American Rescue Plan Act specified that the Child Care Stabilization Grants made to providers must be used for the following purposes:

- ▶ **Personnel costs:** including payroll and salaries or similar compensation for an employee (including any sole proprietor or independent contractor), employee benefits, premium pay, or costs for employee recruitment and retention.
- ▶ **Rent** (including rent under a lease agreement) or payment on any mortgage obligation, utilities, facility maintenance or improvements, or insurance.
- ▶ **Health and Safety expenses:** Personal protective equipment, cleaning and sanitization supplies and services, or training and professional development related to health and safety practices.
- ▶ **Equipment/Supplies related to COVID-19:** Purchases of or updates to equipment and supplies to respond to the COVID–19 public health emergency.
- ▶ **Maintain Services:** Goods and services necessary to maintain or resume child care services.
- ▶ **Mental Health:** Mental health supports for children and employees

You do not have to use the funding for all of the above purposes; you may choose which purposes you use your funding for. However, ALL Child Care Stabilization Grant funding must be used for ONLY these purposes

Please note when considering what fits in any of these categories major renovation is strictly prohibited with these funds. Major Renovation means: (1) structural changes to the foundation, roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area; or (2) extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include any structural change.

Additionally, you may not use the child care stabilization grant funding for items that have already been paid for by other public funding.

### **DO I HAVE TO HAVE A QRS RATING TO APPLY?**

No, you do not have to have a QRS rating to apply. If a program is approved for a stabilization grant the amount of the grant will differ based on the program's QRS rating at time of application. Please see the chart above for information on calculation of grant amounts.

### **ARE THE STABILIZATION GRANTS CONSIDERED TAXABLE INCOME?**

Yes. The funding for the Stabilization Grants comes from the APR Act and there is nothing in that act that exempts these funds from taxation. Therefore,

this funding is subject to the same tax rules as regular Child Care Assistance (CCA) funding. State tax rules apply. Regarding federal tax rules, please contact the Internal Revenue Service for guidance. In some cases, funds used to cover operating expenses may be exempt from taxation.

### **HOW DO I APPLY?**

The application is available online at <https://iastabilize.force.com/s/login>

### **WHAT DOCUMENTATION DO I NEED TO SUBMIT WHEN I APPLY?**

- ▶ Basic program information (e.g. name, address, QRS rating, etc.)
- ▶ Your Provider ID (sometimes known as a KinderTrack ID). It is ESSENTIAL to have the correct Provider ID as many child care programs have the same or similar names.
- ▶ Demographic Information for the director (centers) or primary provider (child development homes).
- ▶ Current Enrollment
  - by age group
  - by CCA status
- ▶ Average Enrollment by age group pre-COVID (January 2020)
- ▶ Programs with less than 25% CCA enrollment must provide proof of financial loss between end of year 2019 to 2020 or between end of year 2020 to 2021. Forms of proof must be specific to the location of application and may include:
  - copies of completed federal taxes that have been submitted to the IRS for either 2019 to 2020 or 2020 to 2021. For Child Development Homes that file taxes as part of their person taxes you may provide the Schedule C documents for those years. Or
  - copies of end of year-end financial statements (such as a profit and loss statement) or
  - If your program was not open for the full 2019 calendar year but was in operation prior to COVID-19 you may prove fiscal loss due to COVID-19 by providing revenue and expense information.

### **WHERE DO I FIND MY PROVIDER ID?**

Your provider ID is sometimes also called a KinderTrack (KT) number. It can be found in multiple places. If you use the provider portal it is at the top of the home screen. It is also located in the upper right hand corner of any Notice of Decision (NOD) that you receive from DHS. Additionally if you are a Child Development Home it is located on your registration certificate.

## **HOW DO I FIGURE “CURRENT ENROLLMENT”?**

Current enrollment means all children who’s guardian has completed the appropriate paperwork to enroll in your program and either you are holding a spot for them or they have started attending by the date the stabilization application is submitted. Current enrollment would include part-time children. However it does not include children for whom you provide backup care. If you are a Child Development Home provider please do not count your own children.

## **WHAT DOES CCA ENROLLMENT MEAN?**

This means all children on the Iowa CCA program that are attached to your center/CDH as the main provider. Please do not count children for which you are listed as the “back-up” provider. Children on CCA in other states cannot be counted.

## **WHAT IF MY CURRENT ENROLLMENT IS MORE THAN MY PROGRAM’S CAPACITY?**

This is fine as we understand that programs have part-time children or may be open multiple shifts.

## **HOW WILL YOU VERIFY MY CURRENT ENROLLMENT?**

When you submit your stabilization grant application you will be asked to attest that all the information you provided is accurate and current and to electronically sign the application. This is an application for federal funds and if incorrect information is provided on the application you will be required to pay back the funds.

## **WHEN WILL I FIND OUT IF I’M APPROVED?**

We will be processing applications as they are received. We anticipate that you should have a decision in 30 days of submitting your application. Please note: that if you are contacted to provide additional information this can extend that timeline depending on the length of time that passes before we receive all information needed to process your application.

## **I OPENED MY PROGRAM IN 2021, AM I INELIGIBLE FOR STABILIZATION GRANT FUNDING?**

Only programs that were in operation prior to the COVID-19 pandemic will be eligible for Stabilization Grant funding.

## **IF I HAVE AT LEAST 25% ENROLLMENT OF CCA CHILDREN, WHAT INFORMATION IS REQUIRED TO VERIFY THIS?**

At the time of the application, you will identify both your total enrollment and the number of children you have enrolled that are on CCA. DHS will verify the CCA enrollment with our records. The number of CCA children enrolled and your total enrollment will be used to calculate what percentage of your current enrollment total enrollment CCA children are. Please note that if you have at least 25% CCA enrollment you are not required to provide documentation of financial loss.

## **WHAT IF I HAVE MULTIPLE LOCATIONS?**

Funding is based on information specific to each child care location, therefore each location needs to apply individually using their unique Provider ID number (sometimes known as a KinderTrack number)

## **DO THE STIPENDS FROM DHS AND PAYCHECK PROTECTION PLAN (PPP) LOAN PAYMENTS COUNT AS INCOME?**

If funding counted as income for your federal tax return it also counts as income for the stabilization grant program. For reference the COVID-19 stipends that child care programs received from DHS do count as taxable income.

## **I RECEIVED MONTHLY STIPENDS AND/OR OTHER GRANT FUNDING THAT IS INCLUDED IN MY TAXABLE INCOME SO I CANNOT SHOW A LOSS OF INCOME. AM I INELIGIBLE FOR FUNDING?**

Yes, programs must be able to show a loss of income from one year to the next, due to the COVID-19 pandemic.

## **HOW LONG WILL FUNDING BE AVAILABLE?**

We will continue to take applications until the funding is expended or until 8/31/2022. All application determinations must be made by 9/30/22.

## **WHAT RECORDS DO I NEED TO KEEP?**

Please keep all receipts or invoices related to use of these funds. You may be asked to provide these in the case of an audit and will also likely need this information for your program's taxes.

All initial awards are for a three-month period of time. Depending on the number of applicants there may be funding available for additional awards. The Department of Human Services will be tracking applications and will notify programs if funding levels permit additional awards.

## **WHAT IF I HAVE MORE QUESTIONS?**

There is a help line and email address available to answer questions about the Child Care Stabilization Grant application.

**Help Line: 712-314-5005.** Phones are answered from 7:30 am - 4:00 pm. If you call after hours you may leave a message and someone will return your call.

**Email: [IAStabilize@tetrattech.com](mailto:IAStabilize@tetrattech.com)**