

Family Child Care Budget Guide

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



A product of



Purpose

The COVID-19 public health emergency highlighted the important role family child care providers play in our economy. Most family child care businesses – 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 family child care businesses. First Children’s Finance has created this resource to assist family child care business owners with resources that may assist you in completing an application for a stabilization grant.

The following document is general: family child care businesses 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.

Table of Contents

CATEGORY: Personnel Costs	3
CATEGORY: Rent, utilities, facilities, maintenance, and insurance	4
CATEGORY: Personal protective equipment, cleaning, and other health & safety practices	5
CATEGORY: Equipment and supplies	6
CATEGORY: Goods and services	7
CATEGORY: Mental health services	8
CATEGORY: Past expenses	9
Reporting and monitoring and certification	10
Certifications	11
Worksheets: Calculating Pay for Self-Employed Family Child Care Business Owners	13
Resources	15
Disclaimer	15
Permissions	15

CATEGORY: Personnel Costs



What does this mean? These are expenses that cover income and benefits to you, as the owner of the family child care business, or for people who work in your family child care business. Many family child care business owners do not “pay” themselves regularly with a paycheck. If this is the case for you, you may want to refer to the worksheet on page 12 of this guide: *Calculating Pay for Self-Employed Family Child Care Businesses*.

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 any staff members (such as 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 your home or the location where your family 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, 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.
- Computers, smart phones, and/or tablets to be able to communicate with staff and families remotely, or support school-age children participate in distance learning while in your care.

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 providers contracted 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? Your state, tribe, or territory may choose to allow these grant funds to cover expenses related to COVID-19 from the declaration of the public health emergency on January 31, 2020. These expenses include child care operating expenses related to:

- Rent and mortgage and facilities
- Personal protective equipment, sanitation, and health and safety
- Equipment and supplies
- Goods and services
- Mental health services

What can you do? Read the child care stabilization grant applications and award terms in your state, tribe, or territory carefully. The funds in your area may be applied to future or past expenses; your state, tribe, or territory will make this decision. Reach out to your state, tribe, or territory if you have questions about the specific allowable uses in your area.

Reporting & Monitoring & Certification



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 family child care owner	Share any relevant information about yourself
The gender of the family child care owner	Share any relevant information about yourself
Whether your family 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 term defined by your state, tribe, or territory using the child care stabilization funding. Track your expenses in your accounting software or collect documentation in a specific folder or file on your computer. Make photocopies of paper records or back up your electronic files as a security measure.
Documentation to show that your child care business met required certifications.	See the “Certifications” information on page 12.

Certifications



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

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. Collect samples of communication of health and safety protocols you share with families. (Examples could include drop-off procedures, temperature check procedures, or mask policies.)</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 your own pay and benefits. If you have employees, keep records of payments made or benefits provided. Keep records of hours worked, or of hours your program was in operation.</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 from families 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>

Worksheet: Calculating Pay for Self-Employed Family Child Care Business Owners

Your state, tribe, or territory will design an application form that is unique. While it is impossible to know exactly what states will require, we will provide guidance on three particular approaches to budgeting payroll expenses for family child care owners.

Option 1: Provide a Budget

In this option, the state, tribe, or territory will provide a grant amount for a certain period of time, called a grant term. As the applicant, you will be able to make decisions about how to divide the grant amount across multiple expense categories for the grant term. The application may ask you to designate the amounts in each category. In the following budget example, you can enter the amount that you would like to pay yourself in the Personnel Costs category. Don't forget to include any of the other items (benefits, premium pay, bonuses, etc.) that you are allocating for yourself or other employees of your child care business.

Example of Designating Grant to Category Using a Budget

Allowable Expense	Amount
Personnel costs	
Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance	
Personal protective equipment, cleaning and sanitation supplies and services, or training and professional development related to health and safety practices	
Purchases of, or updates to, equipment and supplies to respond to COVID-19	
Mental health services	
Goods and services	
Past expenses	

Worksheet: Calculating Pay for Self-Employed Family Child Care Business Owners

Your state, tribe, or territory will design an application form that is unique. While it is impossible to know exactly what states will require, we will provide guidance on three particular approaches to budgeting payroll expenses for family child care owners.

Option 2: Identify Categories and Track Expenses

If the application uses this method, you will simply indicate in which category you plan to spend the grant. It will be important for you to carefully track your expenses in the categories you indicated. You may want to create a tracking form of your expenses in each category for reporting purposes at the end of the grant term.

In the following example, you can indicate your plan to pay yourself by selecting the Personnel Costs category. Don't forget to include any of the other items (benefits, premium pay, bonuses, etc.) that you are allocating to yourself or other employees of your child care business. Track this spending for each month of the grant term.

Example of Checking Boxes of Categories In Which You Plan to Spend Grant

Please mark which categories you will support with the funding received from the subgrant:

- Personnel costs, benefits, premium pay, and recruitment and retention
- Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance
- Personal protective equipment, cleaning and sanitation supplies and services, or training and professional development related to health and safety practices
- Purchases of, or updates to, equipment and supplies to respond to COVID-19
- Goods and services necessary to maintain or resume child care services
- Mental health supports for children and employees
- Past expenses

Worksheet: Calculating Pay for Self-Employed Family Child Care Business Owners

Your state, tribe, or territory will design an application form that is unique. While it is impossible to know exactly what states will require, we will provide guidance on three particular approaches to budgeting payroll expenses for family child care owners.

Option 3: Provide Calculation of Average Monthly Amount in a Budget Form

In this option, the state, tribe, or territory will provide a grant amount for a certain period of time, called a grant term. Applicants may be asked to calculate average monthly expenses in each category. While it is simple to look back at your electric bill to determine the average amount you spend each month, family child care business owners may find it difficult to calculate their own pay.

Here is a way to list what you earned in the past year. Look back at your most recent tax return and find Schedule C, Line 31; the amount listed reflects your net annual income (your “take home” pay after paying the financial obligations and operating expenses of your child care business). Divide the number listed on Line 31 by 12 months, which will determine your average monthly net pay.

In the following example, a family child care provider looks at her Schedule C, Line 31 and sees \$48,000. She divides this amount by 12 months to determine that her average monthly payroll is \$4,000. She enters this amount in the Average Monthly Amount column of the budget.

Option 3 – Provide an Average Monthly Amount in a Budget

Allowable Expense	Average Monthly Amount
Personnel costs	\$4,000
Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance	
Personal protective equipment, cleaning and sanitation supplies and services, or training and professional development related to health and safety practices	
Purchases of, or updates to, equipment and supplies to respond to COVID-19	
Goods and services	
Goods and services	
Past expenses	

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.

This and other child care provider training materials produced by First Children's Finance are intended for direct use by child care program owners, directors, administrators, or board members to benefit their own programs.

Permissions

This document was funded by the Child Care Communications Management Center, which is funded by the Office of Child Care (OCC), Administration for Children and Families (ACF), U.S. Department of Health and Human Services (HHS), and was developed in partnership with the National Center on Early Childhood Quality Assurance, which is funded by OCC, the Office of Head Start, ACF, and HHS. This resource may be duplicated for noncommercial uses without permission.

Document Publication/Revision Date: 10/19/2021