

Frequently Asked Questions Child Care Stabilization Grant – Summer 2022 Grant Spending Report

November 9, 2022

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Basic Information

1. Why do I have to report on the Child Care Stabilization Grant?

The Child Care Stabilization Grant program is different than our traditional ‘fee for service’ funding mechanism by which we support child care services. The information in this report will be used by the Department for monitoring and federal reporting. Grant funds are to be used exclusively for costs and losses incurred due to the business interruption or other adverse conditions caused by the Coronavirus Disease 2019 (COVID-19) pandemic. The amounts reported must be the total expenditures charged to the grant (check) for the period.

A template has been created to help capture the expenses you are charging to the grant. This template is available on the child care website at www.michigan.gov.

2. What will be required for the grant spending report?

Providers will be required to report how they used the grant funds, current enrollment information, and the date staff bonuses were paid.

Reporting will occur through the Great Start to Quality system. To prepare for reporting, MDE recommends using the [Expense Tracking Tool](https://www.michigan.gov/childcare/expense-tracking-tool) ([michigan.gov](https://www.michigan.gov)) to track spending and maintain records.

Additional information about reporting will be available at www.michigan.gov/childcare.

3. What is the time period for reporting spending for the Summer 2022 child care stabilization grant?

Summer Grant Spending Reports will be available starting November 15, 2022 and must be completed no later than July 1, 2023.

4. What if I need help determining how to spend my grant funds?

BEFORE you decide to return funds to MDE, we ask that providers reach out to their Great Start to Quality Call Center at [877-614-7328](tel:877-614-7328) for ideas on how else they might use their funds.

5. What if I want to return the Summer 2022 grant funds or have been overpaid?

It is very important to call the Child Development and Care office (866-990-3227) **prior** to returning funds in order to ensure funds returned are associated with your grant! When you call the Child Development and Care office you will be asked to provide the following information:

- Name
- Phone number
- Provider license number
- Reason for returning funds

DEADLINE TO RETURN SUMMER OPERATING IS JULY 15, 2023.

6. Will my 1099-NEC be corrected if I return funds?

1099-NECs will be corrected if you follow the instructions in Question 5 AND return the funds by 12/15/22. After that, 1099's will have begun processing and will not be corrected. You will still be liable for any taxes owed on the grant funds if they are not returned PRIOR to 12/15/22. Please work with your tax advisor to make sure that you record your expenses correctly on your taxes. Tax preparation and support IS an allowable use of grant funding.

7. Will there be assistance offered in completing required reporting?

Yes. Technical assistances will be available for all provider-types eligible for the grants. Providers can contact their Great Start to Quality Resource

Center or another community partner you normally work with. For assistance with reporting at 877-614-7328. Additional resources will be available at www.michigan.gov/childcare.

8. How long am I required to keep records?

The Child Development and Care program requires that all documentation of how the funds are expended be kept on file for four years. Programs must maintain receipts for all actual expenses reported to the Department. The Department will be performing an audit on these grants. We encourage you to upload your receipts and documentation directly into your great start to quality profile/grant application as you are completing the report to save you time later and ensure you can locate the documentation.

9. If I want to upload my supporting documentation, how do I do that?

Supporting documentation can be added at any time. Go into your great start to quality profile and to the approved summer 2022 stabilization grants.

The screenshot shows a navigation menu with the following items: Update Data, Pictures, View Profile, Cost of Care, Consumer Ed, Referral Counts, PIF Email, PIF Print, and Grants. The Grants tab is highlighted in blue. Below the menu, there are two sections: 'Closed Grants' and 'Approved Grant Applications'. Each section lists three grant entries: '- Child Care Stabilization Grant, Fall 2021', '- Child Care Stabilization Grant, Spring 2022', and '- Child Care Stabilization Grant, Summer 2022'. A red arrow points up to the Grants tab, and another red arrow points left to the 'Summer 2022' entry in the 'Approved Grant Applications' section.

Select the Receipts Tab:

The screenshot shows the 'Grants' tab selected in the navigation menu. Below the menu, the breadcrumb path is 'Grants » Child Care Stabilization Grant, Summer 2022 » Application Details'. Underneath, there is a sub-menu with the following items: Applications Details, Notification Letter, Grant Spending Report, Receipts, and Impact Story. The Receipts tab is highlighted in blue, and a red arrow points up to it.

Enter the Vendor Name
Select the Receipt Date
Enter the Purchase Amount
Enter a brief Item Description:

Add New Receipt

Grant
2022 Summer

Vendor Name

Receipt Date*

Purchase Amount*

Item Description*

Attach Receipt/Document*

Choose File No file chosen

*max file size=5M bytes, file extensions allowed: .pdf, .gif, .jpg, .png.

Save

Select Choose File to upload a receipt from a saved file on the device
Select Save
Select OK

Attach Receipt/Document*

Choose File No file chosen

*max file size=5M bytes, file extensions allowed: .pdf, .gif, .jpg, .png.

Save

10. Are bank records sufficient for receipts?

No, bank records would not be sufficient as the sole source of documentation for expenses. Bank records generally list the date, amount and location of a transaction, but fail to show purchase details. For that reason, bank records alone are insufficient.

You should also maintain records that create a trail from the expenses reported on the form back to the source document that shows the expense incurred. We would advise keeping a narrative with the expense report that explains the expense in more detail. For example, if a debit card was used to purchase PPE online three times and the only record was the bank records, you should provide a backup narrative that provides the date of the purchase, where the purchase was made, how much of the transaction was for PPE.

11. How do I document paying myself?

For DF and DG licenses, paying yourself is the easiest way to report grant spending and is the recommended way of using these grant funds to simplify your reporting requirements so long as you are claiming it as 2022 income on the grant report.

If the grant was deposited into your personal bank account, documentation is a copy of your bank statement showing the deposit circled and the note on the receipt tab saying that this was Salary and the dates you would like to claim it as salary for. Example: Salary Oct-Dec 2022.

If the grant was deposited into a business account, write yourself a check to your personal account, put Salary (Dates) on the memo line and use a copy of the cancelled check or electronic funds transfer as your documentation. You cannot use an UNCANCELLED check for documentation, but most banks have PDFs of cancelled checks in your account. Contact your banking institution for help if you need to.

12. How do I report on my grant spending?

You received operational funds from the Child Care Stabilization Grant. The report is meant to capture how you used the grant funds on allowable expenses and will be reported the Office of Child Care in the Departments federal reporting.

You cannot charge expenses that are covered by another dedicated funding source (Head Start/Early Head Start, 21st CCLC/Preschool for All/Prevention Initiative, disaster relief funding, Paycheck Protection Program, other federal funding sources, etc.)

Category	Funds Used	Expense Description
Personnel Costs: Wages for child care program personnel, including home based providers/owner. Employment taxes, health, dental, and vision insurance; scholarships; paid sick or family leave; worker's compensation; and retirement contributions. Including increases in compensation for any staff in a child care. Premium or hazard pay, staff bonuses, and vaccine related costs for employees (paid time off to get vaccinated, transportation to and from vaccine, etc.).		
Rent, Mortgage, Utilities, Facilities Maintenance, and Insurance:		

Category	Funds Used	Expense Description
<p>Payments you made for your home or the location or facility where you provide care.</p> <p>Rent (including rent under a lease agreement), payment on a mortgage obligation, insurance, utilities (gas, water, electric, sewer), insurance (homeowners, general business liability), also includes late fees or charges related to a late payments.</p> <p>Telephone/internet.</p> <p>This category includes purchases of or updates to equipment and supplies to respond to the COVID-19 public health emergency. So long as the equipment and supplies are in response to the COVID-19 public health emergency, they may include indoor and outdoor equipment and supplies that facilitate business practices consistent with safety protocols and developmentally appropriate.</p> <p>Exs: cots, chairs, toys, portable partitions to enforce social distancing, hand washing stations, air filtration systems, plexiglass dividers, etc.).</p> <p>Maintenance and minor renovations to address COVID-19 concerns in making any facilities improvements that make child care programs inclusive and accessible to children with disabilities and family members with disabilities.</p> <p>Minor renovations that do not meet the definition of major renovation at 45 CFR 98.2. Subgrant funds may not be used for construction or major renovations.</p> <p>Allowable facility maintenance and improvements may include, but are not limited to, building, or upgrading playgrounds, renovating bathrooms, installing railing, ramps, or automatic doors to make the facility more accessible, and removing non-load</p>		

Category	Funds Used	Expense Description
<p>bearing walls to create additional space for social distancing. Renovations needed to comply with safety guidance in the context of developmentally appropriate practice and a welcoming environment for children and families.</p> <p>PLEASE NOTE: Expenses in this category should be charged to the grant using your time/space percentage for home providers.</p>		
<p>Personal Protective Equipment (PPE), Cleaning and Other Health and Safety Practices:</p> <p>Personal protective equipment (PPE), cleaning and sanitization supplies and services. Examples: sanitary wipes, air filtration systems, shampooers, vacuums, steam mops, washer/dryer, dishwasher, all soaps (laundry, hand, dish), mops, air purifiers. PPE costs would include things such as gloves, masks, digital thermometers, face shields, etc.</p> <p>Hiring cleaning companies, janitors, or any other cleaning services.</p> <p>Training for staff related to COVID-19 protocols.</p> <p>Payments for supplies and materials to respond to COVID-19.</p>		
<p>Equipment and Supplies:</p> <p>Enter the total expense you incurred for software for your child care.</p>		
<p>Goods and Services:</p> <p>Food, snacks, beverages, and dishes, bottles, bibs, cups, silverware, and other supplies related to meal times and drinks.</p> <p>Diapers, wipes, toilet paper, toilet training diapers.</p> <p>Toys and games for children to play with both inside and outside. Books and workbooks. Craft materials.</p>		

Category	Funds Used	Expense Description
<p>Cribs, crib mattresses, sheets, cots, pillows, blankets, and other materials for sleeping and napping.</p> <p>Child care licensing costs/fees and other expenses related to maintaining a license such as fire extinguishers, smoke detectors, CO2 alarms, etc.</p> <p>Tax preparation, Accountant fees, Legal Retainer, Snow plowing, Lawncare, etc.</p> <p>Infant and early childhood mental health consultation that you contracted for, mental health consultations for staff or yourself, purchase of mental health apps for you or your employees.</p>		
<p>Mental Health Services : Counseling services, enrolling in an Employee Assistance Program, purchasing mental health applications for employees or children.</p>		
<p>Tuition Relief Provided to Families</p>		
<p>Total Awarded</p>	<p>(will prepopulate from application)</p>	
<p>Total Expenses</p>	<p>(will calculate as information is entered)</p>	
<p>Funds Remaining</p>	<p>(will calculate as information is entered)</p>	

13. Where can I find a list of allowable expenses?

You can find a [List](http://www.michigan.gov/childcare) of allowable expenses at www.michigan.gov/childcare.

14. Did you provide relief to parents from copayments or tuition?

This was not required, however you will be asked to report whether you were able to provide tuition relief or the waiving of copayments for any families.

15. How do I report on my enrollment?

You will be asked to provide an update on your current enrollment. We will be asking what your enrollment capacity is and what your average enrollment is.

- **Enrollment capacity:** The total number of children your program **could** enroll in the **current** month based on your physical capacity, staffing, instructional approach, etc. Please note that this may be the same or less than your licensed capacity.
- **Average enrollment:** The total number of children enrolled in your program within the last month, at the time of submission. This may be OVER your license capacity if you have part time enrollment, different shifts. For Example, if your license capacity is 6, but you have both first and third shift that you care for, you might have an average enrollment of 12 children.

	Enrollment Capacity	Average Enrollment
Infant(birth-12 months)		
Toddler (1-3 years)		
Preschool (3-5)		
School Age (Before and After Care, Summer Care)		

You will also be asked:

- By your own definition are you fully enrolled? Y or N
- If no, why?
 - Operating fewer hours
 - Can't meet ratios due to staffing challenges
 - COVID health and safety protocols
 - Previously enrolled children have not returned to care and I'm saving their spot
 - Families haven't enrolled
 - Other, please describe
- Do you have a waiting list? Y or N
- Are you fully staffed? Y or N

16. What are the grant certifications?

Grant certifications remain the same as the original applications. You will be certifying that you:

- Have spent grant funds on allowable expenses
- Will participate in monitoring activities and provide requested documentation

- Will notify the Department if you permanently close your program.

17. Is the grant award considered taxable income at the state and federal levels?

Yes. The Child Care Stabilization Grant is considered income and is taxable. Programs that are awarded a grant will receive an IRS Tax Form 1099-NEC. This funding is subject to the same tax rules as regular CCDF funding. State tax rules apply.

Regarding federal tax rules, please contact your tax preparer or the Internal Revenue Service for guidance. In some cases, funds used to cover operating expenses may be exempt from taxation.

We strongly urge you talk with your tax preparer to create a plan for how to estimate the tax implications for planning purposes.

View additional information about tax implications here: [Child Care Stabilization Grant Tax Implications \(michigan.gov\)](#)

[Tax Information including Time/Space Percentages \(English\)](#)

[Tax Information including Time/Space Percentages \(Spanish\)](#)

18. Can these funds be used to help cover the costs of consulting with a tax preparer?

Yes. Funds can be used for this purpose under “goods and services”.

19. Can these funds be used to pay for state and federal taxes?

No. The grant can only be used to support payroll and property taxes. Please consult a tax professional for all tax related questions.

20. Are child care stabilization subgrants considered “payments made to beneficiaries of a federal program,” as described in 45 CFR 75.2, similar to direct child care subsidies paid under the voucher program? Or are these considered “sub-recipients”?

Child Care Stabilization subgrants included in the ARP Act are benefits to a child care provider and are considered payments made to beneficiaries of a federal program, which is the same as with child care subsidies under the voucher program. Providers receiving stabilization subgrants are not categorized as “sub-recipients” as defined at 45 CFR 75.2.

21. Are construction and major renovations allowed?

No. [Construction and major renovations](#) are specifically not allowed. 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.

Improvements to a facility that are not considered major renovations may be considered minor renovations, facility maintenance, or improvements are allowed. See list of allowable expenses at the website www.michigan.gov/childcare.

22. Can I use the grant funds for previously incurred costs?

For the summer grant round, only expenses dated from March 11, 2021 and later are allowed.

For allowable uses see this [list](#).

23. What if I permanently close my program before July 31, 2023?

If you permanently close your program before July 31, 2023 you must repay any unspent funds to MDE. You will still be responsible for submitting a grant spending report and loading all documentation for expenses. You will be required to save receipts for four years for monitoring purposes and provide to the MDE if requested. **All closed programs will be monitored for spending.**

Bonus Payments

1. Were there staff bonuses in the Summer grant round?

No. The summer round only had operating funds. However, paying staff a bonus IS an allowable use for the operating funds if providers choose to use it that way.

Staff bonuses can ONLY be made to staff on payroll, meaning they receive a W-2 for their taxable income, and MUST provide childcare in a tuition based program.

Bonuses **cannot** be paid to contract staff (who receive a 1099), family members, volunteers, etc OR to staff in GSRP, Headstart, or 21stCCLC programs.

2. Is the staff bonus taxable?

Yes. Per the Department of Treasury:

- A bonus payment — broadly defined for tax purposes as anything paid to an employee beyond the employee's regular wage — is treated as a supplemental wage under federal tax law.
- Supplemental wages are taxable when received by the employee and, thus, subject to mandatory tax withholding (federal and state) and employment taxes by the employer.

Salaries

1. If we are receiving private pay that falls short of covering expenses, does the Child Care Relief Fund Grant only cover the difference OR can we expense salaries etc. against the full amount of the grant, and save Private Pay funds against future expenses or shortfalls?

Yes, you can expense all salaries toward the full amount of the grant **as long as those staff are not covered by other grant or federal relief funds** and save private pay funds to pay for expenses not covered by the grant.

2. For salaries, do you want the gross amount or the net amount?

List the full amount of your cost for salary for your staff. Fringe benefits are also allowable costs.

3. Can I expense all employees' salaries to the grant?

To be counted as an employee, you must be withholding state and federal taxes and paying the employers share of FICA.

Your CANNOT expense any staff costs for staff that work in other publicly funded programs (GSRP, HeadStart, 21st CCLC, etc).

4. How does a family child care owner account for their salary, draw or pay?

For a HOME provider, see Question 11 under documentation.

For a CENTER owner, you would include yourself with the rest of your personnel or payroll costs.

5. Can the entire grant be used toward staff salary, or do we have to use the funding in multiple categories?

Yes, the entire grant amount can be used solely on salaries as long as staff salaries are not covered by another funding source, like Head Start, GSRP, or 21st CCLC.

6. Can you use the cost for hiring a staffing agency to stay properly staffed due to COVID related issues?

Yes.

7. Can family child care owners and Center Directors be considered staff? Can we pay ourselves?

Yes, you can pay yourself. Show the amount in Salaries.

8. How do you want home providers to show proof of payment to self?

Payment to yourself should be included in the salaries line of the budget reporting form.

See Question 11 under Documentation.

9. Can you spend the grant on payroll taxes?

Yes. Payroll taxes are part of the salary expenses and can be included in what you claim.

10. Can I offer hazard pay to my staff using grant dollars?

Yes. Hazard pay is an allowable grant expense.

11. Can I pay staff a bonus for returning to work?

Yes.

Fringe Benefits

1. What exactly qualifies as fringe benefits?

Fringe benefits are commonly known as non-wage compensation benefits. These often include health insurance, retirement plans, family, and medical leave, etc.

2. Do salaries include employer portion of FICA, Medicare, and health insurance?

FICA, Medicare, and health insurance should be claimed in fringe benefits and can be covered by the grant.

3. Can salaries include health care benefit costs?

Health care benefit costs can be included under Fringe Benefits if you provide to your employees.

4. Can I expense fringe benefits for staff that are paid by other public funding sources?

No. The fringe benefits should follow the staff salary. If the staff is paid out of other public funding sources, their fringe benefits should also be paid out of other public funding sources.

Occupancy Cost

1. If I'm a home provider how much can I charge to the grant?

If you are a Family Child Care Home, you may charge the percentage of rent/mortgage that is attributable to your home business. You may use the time/space percentage you use for tax purposes associated with your business. If you have questions please speak to your tax preparer. Some information on this is available at www.ecic4kids.org/grants under the Tax Resources from Home Grown.

2. What are examples of occupancy costs? And is there a certain percentage of this cost that can be paid with the grant funds?

Occupancy costs cover rent and mortgage. There is not a certain percentage that must be claimed for occupancy costs, however there is a maximum percentage. The maximum percentage would match the percentage you may claim on your taxes for your home-based business. If you have questions please speak to your tax preparer.

3. Is rent the only acceptable occupancy cost or is Mortgage acceptable as well?

Both rent and mortgage are allowable expenses. However, both rent and mortgage can only be claimed for the grant period, it cannot be 'prepaid' for after July 2023.

4. Do property taxes count towards occupancy costs?

Yes.

5. Can we include business insurance payments as occupancy cost?

Yes.

Utilities

1. Which utilities are covered?

All utilities needed to operate your program including gas, water, electric, telephone expense, etc. are allowable expenses.

If you are a Family Child Care Home, you may charge the percentage of utilities that is attributable to your home business. You may use the time space percentage you use for tax purposes associated with your business. If you have questions please speak to your tax preparer.

2. Can I charge 100% of my utilities to the grant?

Not for a home based business. If you are a Family Child Care Home, you may charge the percentage of rent/mortgage that is attributable to your home business. You may use the time space percentage you use for tax purposes associated with your business. If you have questions please speak to your tax preparer.

Food Service

1. Can 100% of food service expense be covered with grant funds?

Food services is an allowable grant expense and expenses related to snacks and meals not reimbursed by CACFP can be covered by the grant.

Supplies (Consumables)

1. What are some examples for consumable supplies?

If you are purchasing paper plates and cups due to COVID restrictions this could be an allowable expense. If you have had to alter your curriculum due to social distancing and additional supplies are needed to teach the children, that would also qualify as an allowable expense.

PPE/Cleaning Supplies & Testing

1. Would additional cleaning services from a janitorial service to clean more times a day/do deep cleaning fit into Contractual Services or PPE/Cleaning Supplies?

Yes.

2. What testing could be covered?

You may pay for COVID testing for your staff as an allowable grant expense.

3. Can all cleaning supplies be expensed to the grant or only additional supplies needed for COVID related activities?

Yes. All cleaning supplies, maintenance supplies, and PPE are allowable expense with grant funds.

Equipment

1. What equipment is considered an allowable grant expense?

If the equipment needed can be directly related to COVID then it is an allowable expense. For example, this category could include the purchase and installation of hand washing stations, partitions to promote social distancing, an additional washing machine or vacuum.

Contractual Services

1. What are examples of allowable expense under contractual?

This could include janitorial services, cleaning services, trainers for staff, etc. If you hire a contractor to create dividers to accommodate social distancing, or install hand washing stations, the contractors fees are an allowable expense.

2. We have secured a contract with a classroom communication app, so that we can communicate with parents since they are no longer allowed in the classroom, can we use this as a COVID expense?

Yes, because this contractual service allows for parent communication outside of the building directly related to COVID guidance this would be allowable.

3. If we had to change our technology and required outside assistance/consulting to do so (for example, moving to handsfree tuition payment and online tracking tools) is this a covered COVID cost?

Yes, a technology change to provide parent services to promote social distancing is directly related to COVID and would be allowable.

4. Are improvements to the ERV (Air Exchange System), HVAC (Heating, ventilation, and air conditioning) or other air filtration systems considered an equipment or contractual cost and are they allowable?

Yes, if the improvements are related to health and safety precautions due to COVID, they are allowable expenses. This expense should be listed in contractual. Please note, adding ducts is a major renovation and not allowed.

Consultant Services

1. What expenses can be covered under consultant services?

An example would be nurse consultants, social services consultant, tax preparation, etc.

Mental Health Services

1. What counts as Mental Health Services?

Counseling services, enrolling in an Employee Assistance Program, purchasing mental health applications for employees or children, etc.

2. What does NOT count as Mental Health Services?

Mental Health Services are not 'self-care' and do not include things like staff retreats, team building days, trips, massages, etc.