Frequently Asked Questions for Child Care Relief Fund

This FAQ applies to Round 4 (July) Child Care Relief Fund grants.

The Child Care Relief Fund is a grant program (utilizing federal CARES Act funding) that helps child care providers in Michigan cover costs during the COVID-19 state of emergency. The goal of the program is to help child care providers stay in business and make child care more affordable for Michigan families.

There are two parts to the grant:

- Restart grants were funded with an initial investment of $100 million and were available in Rounds 1 (April), 2 (May), and 3 (June). *The remaining funds are being used to provide incentives for open centers ($1,000) and open home-based care ($500) in rounds 4 and 5.*
- Rate reduction credits were funded with an additional $125 million. These funds continue to be available to reduce the cost of care for families in June, July, and August of 2020.

The Michigan Department of Education (MDE) is leading administration of this grant and is working in close collaboration with partners across state government to make it accessible to child care providers statewide. These Frequently Asked Questions (FAQs) have been developed to help answer your questions about available funds.

1. WHAT TYPE OF FUNDING IS BEING OFFERED?

The Child Care Relief Fund awards non-competitive grants to child care providers. All child care providers who apply and meet eligibility requirements will be approved for grant funds. Grants do not have to be repaid.

2. WHO IS ELIGIBLE FOR GRANT FUNDS?

Child care providers that are **open and serving families**, including:

- Licensed child care centers.
- Family homes and group homes.
- Tribal child care.
- Provisionally licensed (disaster relief child care centers) created under EO 2020-117.
- Head Start and GSRP programs that also provide tuition-based child care (wrap-around child care for the program day is not considered tuition-based child care).

Note:

- **License exempt child care providers are no longer eligible.**
- Families are not eligible to receive grant funds directly.

3. MY CHILD CARE SITE OPENED AS A RESULT OF EXECUTIVE ORDER 2020-117 (ORIGINALLY E.O. 2020-16). DOES MY SITE QUALIFY FOR FUNDING?

Yes. All sites that opened to serve children and families as a result of the executive order qualify, including provisionally licensed disaster relief child care centers that have temporary provisional licenses and those that are operating in school buildings.

4. I AM A HEAD START AND/OR GSRP PROVIDER. AM I ELIGIBLE?

Maybe. Both Head Start and GSRP programs received GSRP and Head Start funding during the COVID-19 crisis to address program costs and staff costs to finish the FY20 program year. If you only provide a Head Start and/or GSRP program, you are not eligible for this grant. If you are not sure whether you qualify, please contact the Child Development and Care Office at the Michigan Department of Education at 866-990-3227, and we can discuss your situation.

5. WHAT IS THE APPLICATION PROCESS?

- Eligible child care programs must complete and submit an online application. Visit www.Michigan.gov/childcare to complete the application.
- Eligible licensed providers, tribal programs, and disaster relief child care centers **must** register in SIGMA to receive payment. Visit www.Michigan.gov/SIGMAVSS for information about registering to receive payment.
- Please use care in completing all required elements on the application to avoid processing delays.
- Providers successfully completing an application will receive a confirmation email of receipt.

6. CAN AN AGENCY SUBMIT ONE APPLICATION FOR ALL SITES IF THEY HAVE MORE THAN ONE SITE?

No. Each site (physical location with a child care license number or provisional designation) is considered a different program. Each license number requires an application.

7. HOW MUCH FUNDING AM I ELIGIBLE TO RECEIVE?

Total monthly grant awards will be based on providers being open and serving families and agreement to provide the child care tuition credit to families.

Grant award amounts follow the criteria below. You can use the Grant Calculator to estimate your award. The Grant Calculator is available at www.michigan.gov/childcare.

Criteria	How Grant Amount is Calculated	How the Funds Can Be Used
Provider type	Open child care center base amount: $1,000 per application Open family/group home base amount: $500 per application	Flexible funds for providers.
Rate reduction credit	Providers report the total amount of tuition billed in July. Once providers receive grant funds, they give a credit to families on their next tuition bill for 30% of the tuition they paid in July.	Funds must be used for tuition credit for families.

8. WHAT IF I DON'T HAVE A SIGMA VENDOR CODE AND I NEED ONE TO APPLY?

If you need a SIGMA vendor code, you can register at www.Michigan.gov/SIGMAVSS. You can

also find instructions at www.michigan.gov/childcare. If you need assistance, please call 888-734-9749 or email the SIGMA Help Desk at SIGMA-Vendor@Michigan.gov.

9. WHAT IF I FORGET MY SIGMA VENDOR CODE OR I NEED A SIGMA MAIL CODE TO RECEIVE A GRANT PAYMENT?

If you have forgotten your SIGMA vendor code or SIGMA Address ID, you can look it up by following the instructions at: How to Find Your SIGMA Vendor Number. If you need assistance, please contact the SIGMA Help Desk for assistance. You can reach the Help Desk via e-mail at SIGMA-Vendor@Michigan.gov or 888-734-9749.
Note: License Exempt providers do not need to apply for a SIGMA vendor code.

10. HOW WILL I RECEIVE MY GRANT FUNDS?

After providers apply, they will receive a confirmation email indicating their application has been received. The Michigan Department of Education will then verify eligibility and may contact the provider for clarification of application items. Providers can check the status of their SIGMA payment via SIGMA or check www.michigan.gov/childcare for a weekly posting of payments made. Providers will receive two payments from the state: one based on their provider type and one for the rate reduction credit.

MDE will be taking reasonable steps to process applications within 15 days of receiving a complete application.

11. FOR WHAT CAN I USE THE FUNDS? ARE THERE ANY RESTRICTIONS?

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Nearly all funds currently available through the Child Care Relief Fund must be used to provide tuition credits to families. Once providers receive grant money from the state, you **must** provide a credit to families on the next tuition bill for 30% of the tuition families paid in July.

Providers should explain to families that these funds are intended to provide economic support to families due to COVID-19-related business closures.

Additional funds are also available based on provider type. Providers can use these funds to support a range of expenses related to ongoing operations or re-

opening a facility. These expenses include but are not limited to payroll, mortgages and rent, utilities, insurance, and supplies and equipment (e.g., cleaning/sanitation supplies, PPE, thermometers, items to create social distancing in play spaces, and new toys and materials that allow for rotation of items in play spaces). Funds are not intended to purchase playground equipment or to make renovations in your program/home.

12. HOW MUCH FUNDING AM I ELIGIBLE TO RECEIVE TO HELP REDUCE TUITION COSTS FOR FAMILIES?

The governor and state legislature have invested an additional $125 million to reduce the cost of child care for families. Here's how it works:

- Families pay tuition.
- Providers apply for the Child Care Relief Fund. They report the total amount of tuition billed in July (July 1-July 31).
- Providers receive grant funding for 30% of the total July tuition they collected from families.
- Once providers receive the grant funding, they provide a **credit** to families on the next tuition bill for 30% of the tuition that families paid in July (for Round 4 grants).

Providers should document the stipend amount returned to each family by providing a receipt of the credit for audit purposes. If the provider does not already have a tracking mechanism to record the amount returned, see www.michigan.gov/childcare for a tool.

13. WHAT AM I REQUIRED TO DO TO RECEIVE RATE REDUCTION FUNDING?

To receive this funding, providers must assure:

- When I receive grant money, I will use the funding to credit families for 30% of the tuition charged in the month of July (for Round 4 grants). If the Department of Education determines that a provider did not apply the required tuition credit, the MDE shall recoup the funds.
- I assure that the weekly rate charged to families is not higher than the rate charged prior to the state of emergency in March 2020.

14. WHAT IF MY TUITION RATES ARE HIGHER NOW THAN THEY WERE IN MARCH 2020?

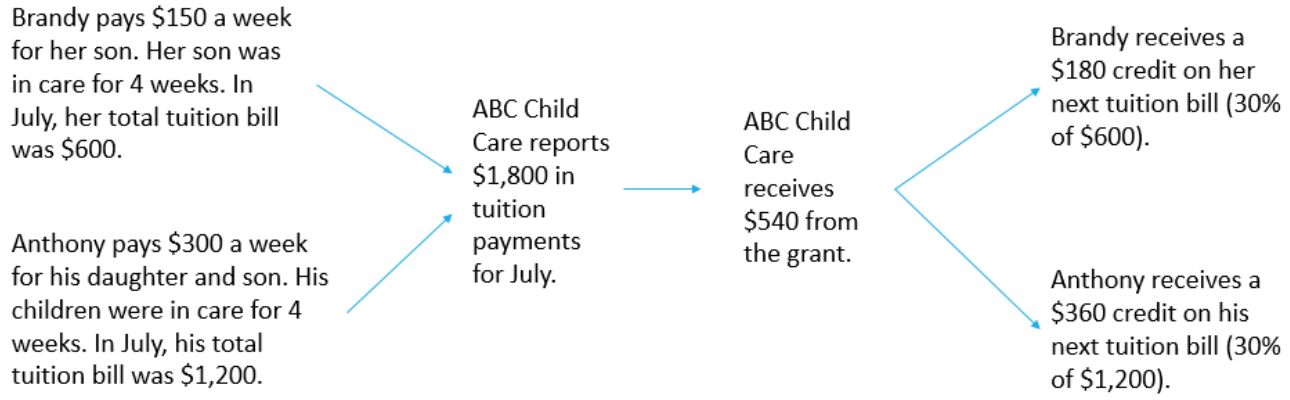
To qualify for rate reduction funding, providers must assure that the weekly tuition charged to families is not higher than the rate charged prior to the state of emergency in March 2020. Providers should maintain documentation of their current rates and rates in March 2020.

If you have already raised your tuition rates since March 2020, you can choose to adjust the tuition back to the rate in place for March 2020 and refund the additional tuition charged in order to qualify for funding. Providers must document and maintain the date they adjusted tuition. The weekly tuition rate reported in this application should reflect the reduced rate. For example, if a provider charged $180 per week in March 2020 and increased tuition to $200 in July, the provider should refund $20 and report $180 as the tuition amount in the application. If you have questions about this change, please contact the CDC Help Desk at 866-990-3227.

15. WHEN DO I HAVE TO PROVIDE THE CHILD CARE RATE REDUCTION TO THE FAMILY?

Once providers receive grant funds from the state, they must provide a credit to families on their next tuition bill for 30% of the tuition that families paid in July.

For example:



Visit www.michigan.gov/childcare for suggestions about how to share information about the rate reduction to your families.

16. I OFFER FAMILIES A TUITION DISCOUNT IF THEY HAVE MORE THAN ONE CHILD IN MY CARE. HOW DO I REPORT THIS TUITION?

You should report the actual amount of tuition charged for each child. For example, if tuition is $200/week for the first child and the family has a second child for which you discount the tuition to $175/week, you would report $200 and $175 for each week in July for that family.

17. I SERVE CHILDREN RECEIVING THE CHILD CARE SUBSIDY. HOW SHOULD I REPORT THE TOTAL TUITION CHARGED?

You should report the actual amount of tuition charged to families for each child, excluding any portion paid by another federal funding program (such as CDC subsidy).

18. IF I CHARGE FAMILIES A FEE TO "HOLD" A SPOT, CAN I CLAIM THIS AS TUITION?

No. To receive the rate reduction funding, children must be in care.

19. A FAMILY WAS IN MY CARE BUT HAS LEFT. WHAT SHOULD I DO?

We know enrollment changes. If a family disenrolls before you provide its stipend, you must attempt to issue the credit. If a family owes you a balance, you may apply the credit to that balance. If not, you should reimburse the family directly. If you attempt to reimburse a family two or more times, and are not able to do so, document your attempts. The department may request this documentation for up to five years. You are not required to return funding to the state.

20. WHAT IF THE FAMILY WANTS TO DONATE THE RATE REDUCTION FUNDING BACK TO THE PROGRAM/PROVIDER?

The rate reduction funding must be credited to the family as required and supported by documentation to ensure program requirements are met. If the family is interested in

making a donation to the program/provider, it is able to do so as a separate transaction.

21. IF I RECEIVE GRANT FUNDING, AM I STILL ELIGIBLE FOR UNEMPLOYMENT INSURANCE?

For the restart grants, weekly unemployment insurance eligibility may be affected if the grant funds were used to pay wages for you or your staff. Any of the grant dollars that are going toward wages (and not tuition credits or processing fees, for example) will need to be reported as income when you or a staff member certify for unemployment insurance benefits.

- If the wages you pay an individual (including yourself or a staff member) from grant funds are **more than** 1.5 times their weekly benefit amount, they will not be eligible for unemployment insurance benefits that week. This includes state and federal benefits ($600 a week until July 31). Individuals should still complete their unemployment certification but should select NOT to claim benefits for this week. By doing so, their benefit weeks will not be reduced.

- If the wages you pay an individual (including yourself or a staff member) with grant funds are **less than** 1.5 times their weekly benefit amount, their state benefits may be reduced for that week, but they will still be fully eligible for federal benefits ($600 a week until July 31).

For the tuition rate reduction funds, since these funds are passed entirely on to the families, the funds would have no effect on unemployment eligibility.

22. ARE CHILD CARE PROVIDERS ELIGIBLE TO RECEIVE CHILD CARE RELIEF FUND GRANTS IN ADDITION TO OTHER FEDERAL OR STATE PROGRAM FUNDS (E.G., THE PAYMENT PROTECTION PROGRAM FROM THE SMALL BUSINESS ADMINISTRATION)?

We know that there are other grant and loan opportunities available to some child care providers. You may apply for the Child Care Relief Fund grant, in addition to other opportunities.

However, child care providers who receive Child Care Relief Fund grants may not use grant funds for costs that are reimbursed or compensated by other federal or state programs, including the Small Business Administration's Paycheck Protection Program (PPP), the Public Health and Social Services Emergency fund, or unemployment compensation. For example, if you received PPP and you used it to cover staffing costs, you may not also use the Child Care Relief Fund grant to cover the same staffing costs.

On your application, you will need to certify that you understand this requirement and will not use the funds for the same expenses. You must keep records indicating the use of each of these funds for five years for audit purposes.

23. DO CHILD CARE RELIEF FUND GRANTS NEED TO BE REPORTED AS INCOME?

Child Care Relief Fund grants will be counted as income and 1099s will be issued for payments over $600. We do not believe the rate reduction grant will increase providers' overall tax liability because the grant is replacing income that the provider would have received from parents if the grant were not available.

24. HOW SHOULD I COUNT THE NUMBER OF CHILDREN SERVED?

If you were **open** and serving children in July, you will be asked to report the number of children ages 0-2 and children ages 3 and older who attended your program at any point in:

- Round 4 grants: July 1-31
- Round 5 grants: August 1-31

Children should only be included if they are counted as part of your child-to-staff ratio according to child care licensing AND you received tuition to care for them. Please do not count your own children unless you pay tuition for their care.

25. WHAT IF I MAKE A MISTAKE WHEN SUBMITTING MY APPLICATION OR I NEED TO MAKE AN ADJUSTMENT TO MY APPLICATION?

We encourage all providers to read the FAQ fully before submitting the grant. Please also review your application to confirm all information is correct before clicking the submit button. Multiple application submissions will delay your payment processing. Please only submit one application. If you believe you have made an error, call the CDC Office 866-990-3227 to discuss your application and determine next steps.

26. AM I REQUIRED TO SUBMIT SUPPORTING DOCUMENTATION OR RECORDS FOR THE GRANT?

No. You are not required to submit supporting documentation with the online application.

However, you are required to maintain records that support your grant application and use of funds for five years in the event that the records are requested for an audit or other purposes.

For the Child Care Rate Reduction Stipend, you are encouraged to use the tool created and posted at http://www.michigan.gov/childcare for documentation of costs and reimbursement amounts provided to families in your care.

27. WHAT IS THE DEADLINE FOR SUBMITTING AN APPLICATION?

- The Round 4 (July) grant application will be available on August 13 through September 11.
- Application changes will not be accepted after the application window closes.

28. WHAT FUNDS WERE USED TO CREATE THE TUITION CREDITS AVAILABLE IN THE CHILD CARE RELIEF FUND?

As part of the nation's COVID-19 response, Michigan was awarded funding from the U.S. Department of Treasury. The state is required to notify anyone that receives child care grants (1) the source of the funds and (2) the possibility that recipients may be monitored to ensure funds were used properly.

Funds were awarded to the State of Michigan as Federal Financial Assistance from the U.S. Department of Treasury. The funds were awarded under the Social Security Act, as amended by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") https://home.treasury.gov/policy-issues/cares/state-and-local-governments as the Coronavirus Relief Fund.

CFDA #: 21.019
FAIN #: SLT0040

Coronavirus Relief Funds are considered federal financial assistance and have been assigned a Catalog of Federal Domestic Assistance (CFDA) or Assistance Listing Number of 21.019. Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. Sections 7501 – 7507) and the related provisions of the Uniform Guidance, 2 Code of Federal Regulations (CFR) Section 200.303 regarding internal controls, Section 200.330 – 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements. Under the Single Audit Act, subrecipients will need to report expenditures under this program using the CFDA number 21.019.

29. FOR MORE INFORMATION, PLEASE CONTACT:

The Michigan Department of Education will be processing applications as quickly as possible. If you have questions about your application, please contact the Child Development and Care Office at the Michigan Department of Education at 866-990-3227 or your Regional Resource Center 877-614-7328.