

Child Care Provider FAQs

Financial Assistance, Small Business Administration Help Based on March 27 and Other Recent Webinars

*This document does not constitute legal advice,
and it is not an official communication from the State of Ohio.*

Q: Does my insurance cover the losses I'm incurring?

A: Insurance carriers are still reviewing if the COVID-19 pandemic constitutes a business interruption. Contact your broker, and then submit your claim regardless of what the carrier says. The federal or state government could yet weigh in on what insurers are required to pay their insureds. Conditions are evolving.

Q: How do I get an SBA loan?

A: Detailed information is available [here](#).

Michelle Davis at Dayton's CityWide Development Corp. has volunteered to be a resource.

Reach her at: mdavis@citywidedev.com.

Office: 937-853-2565

Another good resource is the [International Economic Development Council COVID-19 Update](#).

Particularly note:

- Paycheck Protection Program
- Economic Injury Disaster Loans (which may include GRANT advances of up to \$10,000 that do not have to be repaid)
- Tax credits for businesses that have had to temporarily close

Q: How can the SBA help?

A: There are at least 2 loan options that may be of interest:

- Economic Injury Disaster Loans
- Paycheck Protection Program Loans

Economic Injury Disaster Loans (EIDL) are available for up to \$2 million (though this upper limit is for large institutions). The current interest rate is an estimated 2.75% for non-profits, 3.75% for for-profits. You could receive a loan of up to half of your gross profit.

If you believe you can get back on your feet quickly, there is a 6-month to 12-month deferral period before you must begin making payments, and, unlike most other SBA loans, there are no prepayment penalties.

One complication with **Economic Injury Disaster Loans** is that they are retroactive and you must prove economic distress — that is, you will need to apply for a loan after you are able to calculate the amount of loss you will endure as a result of the pandemic.

Paycheck Protection Program (PPP) Loans are for expenses, including payroll, insurance, rent, mortgages and utilities. The maximum interest rate is 4%, with no prepayment fees. Repayment is deferred for 6 to 12 months. You must continue to pay your employees to be part of this loan.

You should talk with a banker or a certified community development corporation about what type of loan is more advantageous. You may not carry both.

Q: What if I'm denied?

A: There is a 6-month reconsideration period where additional documentation can be provided to support your claim. This period may yet be extended.

Q: Am I eligible for an SBA loan if I am affiliated with a religious organization?

A: Currently, religiously affiliated organizations are not eligible. But this rule could be waived in the future.

Q: Can Family Childcare Providers apply for SBA Loans?

A: Family Childcare Providers should be able to apply as long as your income and expenses are reported on Schedule C on your tax returns, or if you are an LLC.

Q: If I already have an SBA Loan, how can I get help if I can't afford to make my payments?

A: You may apply for deferral of payments retroactive to March 1, 2020; as of now you must apply by June 30, 2020. Go to the lender or the certified development corporation that issued your loan to apply for deferment. This applies to SBA 7a and SBA 504 loans. A "catch-up" plan is likely to be put in place that could require paying more than the previously required payment.

Q: What other options are there for financial assistance?

A: If you are a non-profit, you may be eligible to receive emergency grant assistance. Community foundations across the State are releasing funds to assist during this crisis. Most community foundations require that your organization is located in their service area, so check with your local foundation.

The following is not a complete list of potential funding sources.

[Akron Foundation](#)

[Cincinnati Foundation](#)

[Cleveland Foundation](#)

[Columbus Foundation](#)

[The Dayton Foundation](#)

[Middletown Community Foundation](#)

[Greater Toledo Community Foundation](#)

[Yellow Springs Community Foundation](#)

[Philanthropy Ohio](#) also has compiled a list of philanthropic resources across the state.

This is not an official document from the State of Ohio and is not to be considered legal advice. It is offered as general guidance during this unprecedented time by [Preschool Promise, Inc.](#) in Dayton, Ohio, with support from [Groundwork Ohio](#).