

# The Business Side of the Coronavirus

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# Difficult Times

- This is an extremely stressful time for child care programs
- The financial impact will be significant for many
- There is currently no federal or state government programs that are designed to directly benefit child care programs
- Hopefully, that may change
- Eventually, the virus will pass
- Until then, what can child care programs do to minimize the financial impact?

# Insurance – Loss of Business Income

- If you lose income because of C-19, what insurance will help?
- Your homeowners or business liability insurance will not cover you
- Check your business property insurance to see if you are covered
- Some business property insurance policies will cover
  - Guide One – up to \$10,000 (<https://www.guideone.com/>)
  - West Bend Mutual – up to \$50,000 (<https://www.thesilverlining.com/>)
- Contact your business liability insurance agent or an independent insurance agent to seek coverage

# Limitations of Insurance

- The two insurance companies listed will only provide coverage if **both** of these two conditions are met:
  - Someone in your program contracts the virus
  - A government agency forces you to shut down your program
- With an upper limit of \$50,000 with one company, this may not be enough to adequately cover your child care center
- It's not likely that other insurance companies will step in to offer coverage for C-19 anytime soon

# When a Child Care Program Shuts Down

- Look at your contract to see what it says about shutting down
- If it doesn't say parents must pay if you shut down because of a public health emergency, you can't charge parents
- Your state subsidy program may allow you to charge subsidy parents for some days after shutting down
- You can change your contract now if parents sign off on the change
  - If parents won't sign, you face the choice of terminating them or backing down on the change

# Sample Change in Contract

- "The ABC child care program may be forced to close down temporarily because of a public health emergency, such as the coronavirus. This may happen because we are forced to shut down by a government agency, or because we believe it is in the best interest of our families and staff that we do so. If this happens and parents have paid in advance, we will A: refund the money. B: not refund the money. C: apply the money to care once we reopen.
- For parents who have not paid in advance, we will A: charge our normal rate. B: charge half our normal rate. C: Offer a 25% discount. D: not charge parents during the shutdown."

# When a Parent Keeps Their Child From Your Program

- Whether you can charge parents in this situation depends on what your contract says
- Is the parent terminating care, and if so, what notice must they give you?
- Get clarification from parents if they are terminating or temporarily not bringing their child
  - Ask, “Are you leaving temporarily or permanently?” Set your own policy about temporary absences
- You can choose to enforce your existing policy of parents paying, or you can suspend your policy

# Sample Contract Change

- “We will be keeping our child care program open as long as possible. As long as we are open, if you decide to keep your child away from our program during this national emergency, we will A: charge you our normal rate. B: charge you half our normal rate. C. offer a 25% discount of our normal rate. D. not charge you. E: other. If you have concerns about this new policy, please talk with us.”
- Your program may allow some parents to pay later, or allow some parents not to pay while other parents do pay.
- Must get parents to sign any change in your payment policy



# Can You Refuse Care to a Child?

- Before refusing to care for a child who you believe is sick or you are concerned might get sick, consult your contract and policies
- Federal law allows you to deny care to a child as long as it doesn't violate federal anti-discrimination laws (race, sex, religion, national origin, disability, ethnic background)
  - Your state may also include sexual orientation, marital status, and more
  - So, you can refuse care using stricter rules than you currently have, if you change your policies
- If a parent has paid in advance, you must refund for days you are unwilling to provide care
- You can establish your new sick policy now

# Contract & Policy - Sick Days Issues

- You can establish your own sick day policies to deal with C-19
- Federal law does not require you to offer paid sick days to staff
- New federal law
  - Check with your state department of labor about state sick day laws
- Review your contract and policy to see what it says about staff or parents taking sick time off
  - Will you allow paid sick time off if the child or staff isn't sick, but a family member is?
  - If not, you may want to make this clear now
  - You can create paid or unpaid sick day policies
  - You can change your policies at any time

# Can You Exclude a Child to Care for Another?

- Can your program kick out one child to make room for a child of an emergency worker/health care worker?
- Yes. It's not illegal discrimination
- Follow your contract procedures for termination
- You can ask parents to voluntarily keep their child at home
- You can set whatever policy you want by giving the excluded family special treatment when they return

# Making Changes in Your Contract or Policies

- Any change to your written contract must be in writing and signed by the parent to be enforceable
- Any change to your policies (if they are not physically part of your contract) do not need to be signed by the parent
  - But, if they involve payment, they must be signed by the parent
- If the parent won't sign your new contract, you can negotiate a different rule if you want
- You can have different contract terms for different parents, based on "special circumstances"
  - One parent must pay 100% of rate, another parent can pay 50%

# Subsidy Parents

- How to handle loss of subsidy parents?
- Your contract should always say that subsidy parents are fully responsible for their bill, even if the subsidy program won't pay
  - It will be difficult to collect directly from subsidy parents
- Contact your state subsidy program to see what their policy will be if you or parents are quarantined
- Otherwise, you can set your own rule as long as it is applied consistently to all parents
  - If you are not sure about changing your policy to subsidy parents, ask your subsidy program for advice

# Unemployment

- Family child care providers who are self employed and are shut down or choose to shut down cannot claim unemployment insurance
  - Incorporated family child care providers may be eligible for benefits
- Staff laid off by their child care program may be eligible for unemployment insurance benefits – check with your state department of labor
- Staff may be entitled to paid sick days if they miss work because they or their family member is sick or contagious – check with your state department of labor – California does offer some relief

# What Next?

- This is an extremely stressful time for child care programs, your staff, your families and the families in your care
- Watch for any future federal or state action to address these issues
- I wish there was more financial support available to child care programs
- The only way the child care field can be more financially viable, even in the best of times, is more federal and state governmental support
  - That requires a more concerted effort to lobby for governmental change

# Resources

- Child Care Law Center
  - <https://www.childcarelaw.org/2020/03/questions-and-answers-about-the-impact-of-the-coronavirus-on-family-child-care-in-california/>
- Example of a parent letter
  - <http://tomcopelandblog.com/sample-parent-letter-on-coronavirus>



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