

City of Harrisonburg ARPA Child Care Fund Grant Notice of Funding Opportunity

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1. Overview

The City of Harrisonburg received nearly \$24 million from the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) Program. Recognizing the magnitude of this once-in-a-generation influx of funding, the Harrisonburg City Council conducted a months-long public engagement process to garner residents' feedback on how best to spend the funds. Throughout the public engagement process, several areas consistently rose to the top of the public's priority list, particularly increasing the availability of child care. City Council took note of residents' input and made child care one of its own priorities for the ARPA funding, including \$596,000 for increasing the availability and affordability of child care in its approved ARPA spending plan.

With much preparation and deliberation, City staff developed the Child Care Pathway program in conjunction with the Shenandoah Valley Small Business Development Center (SBDC) and the Early Education Business Consultants (EEBC). The City's goals for this program are twofold:

1. Increase the number of child care spaces for children from birth to age five in the city.
2. Support the long-term success and sustainability of all child care providers in the city.

The Child Care Pathway program offers free business technical support and one-on-one business coaching to existing or aspiring in-home and center-based child care providers in the City of Harrisonburg. Program participants engage with their peers in one of three cohorts, attending six business courses and receiving coaching from the SBDC. Through these means, the City strives to provide child care providers with the resources and support they need to operate effectively and sustainably for years to come, thereby increasing the availability of child care in Harrisonburg.

At the end of the Child Care Pathway program, eligible applicants are able to apply for City of Harrisonburg ARPA Child Care Grants to help them start up or expand the capacity of their child care businesses. This notice of funding opportunity provides information on the eligibility criteria and other rules and requirements for these grants.

2. Available Funding

The Harrisonburg City Council has allocated \$446,000 for a Child Care Fund. Award sizes will vary based on the applicant's program type and the expected increase in available child care seats as a result of the funding. Maximum award sizes are as follows:

- Licensed Child Day Center - \$45,000
- Religiously Exempt Child Day Center - \$45,000
- Licensed Family Day Home - \$25,000
- Voluntarily Registered Family Day Homes - \$10,000

3. Grant Period

The City of Harrisonburg intends to award all ARPA Child Care Fund Grants by October 31, 2024. Awardees must spend their awarded funds by October 31, 2025. Awardees desiring a grant period extension beyond October 31, 2025, may submit a request for extension to the grant administrator. Grant period extensions will be made on a case-by-case basis.

4. Eligibility

The use of ARPA funds is governed by the U.S. Department of Treasury's Final Rule. Under the guidelines, ARPA funds may only be used for childcare services when provided to households the Final Rule defines as "Impacted" or "disproportionately impacted." Applicants will be required to demonstrate that they will meet this requirement by being or becoming a subsidy vendor. All applicants will be required to be licensed or registered as a child care provider through the Commonwealth of Virginia. Awardees who are not currently licensed or registered will be required to provide documentation of application to the state and will be eligible to receive only half of their awarded funds until licensure or registration is received.

To be eligible to receive funding from the Child Care Fund, applicants must meet all the following eligibility criteria:

- a) Have a for-profit or non-profit child care business located within the City of Harrisonburg's limits open to all children;
- b) Have completed the Early Education Business Consultants' Business of Child Care Program, as evidenced by a certificate of completion;
- c) Be licensed, voluntarily registered, or religiously exempt with the Commonwealth of Virginia to provide child care services or have completed and submitted licensure, voluntary registration, or religious exemption application materials to the state and be awaiting approval;
- d) Have a current business license from the City of Harrisonburg to operate a Licensed Child Day Center or Licensed Family Day Home within city limits;
- e) Be approved by the VDOE and Virginia Department of Social Services as a Child Care Subsidy Program Vendor or have submitted an application to become a Subsidy Vendor;
- f) Provide a complete Child Care Fund Grant application to the City of Harrisonburg, demonstrating eligible uses of the requested funds; and
- g) Use the funding to bring a new child care business start-up to fruition or to expand the capacity of an existing child care business. Child care businesses that began operations after September 30, 2023, will be considered new for the purposes of this funding opportunity.

5. Eligible Expenses

Child Care Fund Grants may only be used to cover certain eligible expenses. These grant funds are intended to provide the funding necessary for a new child care business start-up or for the expansion of an existing child care business. All eligible expenses are intended to further these goals. If an applicant requests funding for an ineligible expense, grant funding for those ineligible expenses will be denied. Eligible expenses include, but are not limited to:

- Minor renovations to homes and buildings for new or existing in-home or center-based child care providers that allow the business to meet standards required for licensure or voluntary registration or to expand current capacity
- Purchase of non-disposable materials needed to meet standards required for licensure or voluntary registration or to expand current capacity (mats, tables, chairs, toys, cribs, etc.)
- Fees for trainings required to become registered/licensed or to expand capacity
- Salaries and wages for staff time directly related to planning, training, and starting up new programs and classrooms. Ongoing salaries, wages, and benefits for new or existing employees are not eligible expenses
- Workforce recruitment and hiring activities, including advertising for job applicants, TB testing, and fingerprinting

- One-time administrative expenses associated with starting a new child care business or expanding an existing business (e.g. financial software, child care management systems, website development, etc.)

Eligible expenses incurred while the applicant was enrolled in the City of Harrisonburg’s Child Care Pathway to Success program will be considered eligible.

6. Ineligible Expenses

Ineligible expenses include, but are not limited to:

- Vehicles or vehicle maintenance
- On-going salaries/wages/benefits for new or existing employees
- Wage/salary/benefit increases for existing employees
- Insurance
- Consultants
- Food or beverages

Expenses incurred prior to the applicant enrolling in the City of Harrisonburg’s Child Care Pathway to Success program will be considered ineligible regardless of whether they would otherwise be eligible.

7. Future Availability of Funding

ARPA Child Care Fund Grants are one-time grants. The City has no plans to reopen this grant opportunity for applications following the current grant cycle.

8. Application Components and Instructions

All applicants to the Child Care Fund will be required to submit a complete application in order to be considered for funding. A complete application consists of the two components below.

1. Child Care Fund Grant online application
2. Required documentation (must be submitted in the online application). If an applicant indicates in the online application that they do not have this documentation and have not applied to get this documentation, they will not be eligible for funding and will not be able to complete and submit their application.
 - a. Proof of licensure, voluntary registration, or religious exemption OR application
 - b. Proof of City of Harrisonburg business license OR application OR IRS 501(c)(3) Determination Letter
 - c. Proof of participation in the Child Care Subsidy Vendor Program OR Subsidy Vendor application
 - d. Current business plan
 - e. IRS form W-9
 - f. Business of Child Care Program Certificate of Completion
 - g. Driver’s license or other form of ID

Applications can be accessed on the City’s website. SurveyMonkey does not allow applicants to skip ahead and view all the application questions before submitting, nor does it allow applicants to save incomplete applications to finish and submit at a later time. For applicants’ convenience, the City has provided an application preview on its website to allow all prospective applicants to

view all the application questions before beginning the application. In the event that an applicant accidentally submits an incomplete application, please contact the grant administrator.

9. Application Review Process

All applications received will be reviewed through a multi-level review process, which may include interviews of any or all applicants. In the first stage, applications must pass an “eligibility” review to ensure the applicant organization is an eligible applicant and the expenses to be funded with ARPA funds are allowable under the SLFRF program. The second stage involves a qualitative and quantitative evaluation by a review committee. The review committee will issue funding recommendations for consideration by the City Manager.

10. Application Evaluation Criteria

1. The applicant clearly demonstrates that all requested funds will be used to cover expenses intended to contribute to the start-up of a new child care business or to the expansion in seat capacity for an existing child care business. (25 points)
2. Funding requested is reasonable and necessary in relation to the business plan, child care seats to be created, and sustainability of the business. (25 points)
3. The applicant meets all eligibility criteria necessary for the award of ARPA grant funding, including: (25 points – must receive all 25 points to be eligible)
 - a. Having a valid business license from the City of Harrisonburg OR having submitted a business license application to the City of Harrisonburg Commissioner of the Revenue;
 - b. Being licensed, voluntarily registered, or religiously exempt from licensure with the Commonwealth of Virginia OR having submitted an application for licensure or voluntary registration to the Virginia Department of Education (VDOE);
 - c. Being enrolled in the Virginia Child Care Subsidy Vendor Program as a Subsidy Provider OR having applied to the VDOE to be a Child Care Subsidy Vendor;
 - d. Having a current business plan;
 - e. Having a Certificate of Completion for the Business of Child Care Program; and
 - f. Having all other required documentation, identification, and tax forms.
4. The applicant clearly demonstrates that the funds will lead to a significant increase in their business’ child care seat capacity. (25 points)

11. Payment Structure

Awarded funds will be disbursed differently depending on the status of the business. Businesses that are licensed or registered with the state, have a current business license from the City of Harrisonburg, and have been approved by Virginia DSS as a subsidy provider will be eligible to receive all their awarded funding upfront.

Businesses that are not licensed or registered with the state, do not have a current business license from the City of Harrisonburg, or have not been approved by Virginia DSS as a subsidy provider but have applied for all required registrations, licenses, and certifications will be eligible to receive half of their awarded funding upfront. The second half of awarded funding will be disbursed once the awardee receives all required registrations, licenses, and certifications.

Awardees will be required to report on their use of awarded funds. Funds not used for an eligible expenditure may be clawed back according to the process detailed in the grant agreement.

12. Award Agreement

Any awards made through the Child Care Fund will be formalized through an award agreement between the City of Harrisonburg and the awardee. The agreement will specify the amount of the award, the services the awardee will provide, compliance requirements, recipient responsibilities, the length of the agreement, and other conditions and requirements. Awardees will be required to stay in compliance with the eligibility criteria of the program and offer child care services in Harrisonburg for a minimum of five (5) years

13. Grant Administrator Contact

Please direct all questions about this grant opportunity to the grant administrator:

Luke Morgan
Grants and Programs Analyst
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