Family Child Care Home Providers: Struggling to Access Unemployment Compensation Across U.S.

National Overview, June 7, 2020

In Brief: The Pandemic Unemployment Assistance program is not working as intended for self-employed family child care home providers. Many report being rejected for unemployment benefits (either partial or full) for a variety of reasons (e.g., working too many hours, not sufficient hour history, earning too much income, not earning enough income, and not looking for employment). Common themes across these providers include frustration navigating the system, inability to reach someone to speak with directly, unclear or incorrect reasons for rejections, and mounting concern about paying bills in the absence of unemployment benefits.

Family Child Care Quick Pulse Survey. On June 6th, we conducted a quick “24-hour pulse read” survey related to family child care home provider challenges in accessing unemployment compensation. During this time period, 668 family child care home providers responded from 41 states. About 450 providers (67%) responded that they are open for business, and 218 (32.6%) responded that they are closed.

- The CARES Act allows self-employed individuals to apply for unemployment assistance. Of providers who have closed, about 40% have not received unemployment benefits (a mix of those who have been rejected, haven’t heard yet, or had payments stopped).
- The Cares Act allows for the payment of partial unemployment related to a significant reduction in income due to the impact of COVID-19. Of open family child care home providers, 271 responded that they applied for partial unemployment due to a decline in the number of children in their care, but more than two-thirds were rejected for partial unemployment compensation.

Frustrations with Pandemic Unemployment Assistance (PUA) as Administered by States.

81 open family child care home providers from 21 states shared the reason their application for partial assistance was rejected:

- 26 were rejected because they work too many hours (20 of these respondents were from Minnesota; other respondents were from CA, NY, ID, and MI)
  - “I was told that because I worked over 32 hours/week I was not eligible despite the amount of money I make. I sent out a letter explaining that yes I was open 9-10 hours/day but I was caring only for 4 kiddos out of 9 kids that I used to have prior to COVID-19. Still I was denied.” – Angela in Minnesota
- 14 were rejected because they had earned too much income despite the large income loss they incurred. (CA, CO, CT, FL, IA, ID, IL, ME, MI, MN, NE, OH, and SD). Reasons cited include ineligibility because the provider serves as a military reservist; the provider receives social security (VA), and the provider’s application was invalid due to serving 10 children prior yet still caring for 3 (CA).
- Three working family child care home providers were told they were denied because they were not searching for full time work – two in Michigan and one in Missouri.
  - “They denied me because I answered ‘no’ to one question: “are you willing to seek other employment elsewhere”? I have a legal contract to provide childcare to one part-time
child. Seeking other work isn’t an option. They told me I am ineligible because “I have removed myself from the workforce”. I have protested this determination. But it’s still stalled, and I cannot reach anyone for help. 10 weeks of waiting, still no benefits and no assistance to sort out the ineligible determination even though I’ve reached out to my state senator and congressmen both a month ago.” – Lisa in Michigan

- 5 were told they had too little income or too few hours for the time period (MN, ND, and WA).
- 24 were denied benefits without a reason given.
  - 8 of these in California, 2 in Florida, 4 in Iowa, 2 in Kansas, one in Maryland and one in Michigan, 2 in Minnesota, 4 in Virginia
- Others are still waiting or submitting paperwork multiple times. Some providers were approved at first, but weekly claims since then have been denied. Some have received a notice of approval but no benefits. Many reported trying to contact state labor agencies unsuccessfully. And, more than 70 providers didn’t apply because they didn’t know they might be eligible.

Additional comments from respondents:

- “I can’t get through the phone lines and have mailed a letter twice with no response. I finally quit applying. I can’t call during the day watching kids or if I would get through expect to be on hold for 3 hours. No benefits were given. Stated something about me still working.” – Minnesota
- “It was first accepted but because I’m still working, even though I’m not earning a profit, I’m told I don’t qualify each week.” – California
- “My application is not rejected, but I didn’t receive any payments for the month of May. I got only a one-time payment and that was for the month of April. I filled the weekly claim for the month of May but didn’t get my payment.” – Virginia
- “My application was approved, but my weekly claim was denied.” – Massachusetts
- “Needed base income info, which I sent in 3 times but it never appeared on my account. I suspect I worked too many hours.” – Minnesota
- “They said PUA was for the unemployed & because I was always open that I did not qualify. They did not ask me if I had lost children. Assumed I’m working & making money. Unemployment office never asked if I lost children and that my income had declined to 50% & needed help. Spent weeks & weeks writing, emailing them, faxing them, on phone to be rejected over & over with questions that could not be simply answered with a yes or no. Their entire system was horribly set up & not helpful to many of us. I needed financial help as had lost half of my business but unemployment was no help at all. Abandoned by them as well like many other entities when we needed them the most. Never have I ever applied but now know that they are not there to help anyone either. Just very very upset & know that many of us are on our own.” – Missouri

**Proposed Solution:** Congress should provide additional technical changes to the CARES Act to:

- clarify that family child care home providers are eligible for Pandemic Unemployment Assistance or partial compensation payments under Pandemic Unemployment Assistance (as well as the federal Pandemic Unemployment Compensation program) notwithstanding state requirements related to earnings and hours, or
- provide additional instruction to the U.S. Department of Labor to ensure guidance is issued that recognizes the construct of family child home businesses to ensure that a significant loss of income related to COVID-19 triggers at least a partial unemployment benefit.

At stake is the loss of a supply of child care across the country in a smaller home-based setting that can help support parents as they return to work. Children, families, employers, communities, and regional economies depend on it.