To: Albuquerque Housing Authority Board of Housing Commissioners

From: Anita Sánchez-Triviso, Human Resources Director

Date: October 21, 2020

Re: Executive Communication 2020-04 Reimbursement for Employees' Childcare Expenses

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Background

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed by the President on March 27, 2020, provides new flexibilities and waiver authority for the United States Department of Housing and Urban Development (HUD) to help local Public Housing Authorities (such as AHA) respond to the COVID-19 pandemic. According to HUD Public and Indian Housing (PIH) Notice 2020-07 for the Public Housing Program, CARES Act funds may be used for "childcare costs for residents so that they can continue to work, and childcare costs for staff performing essential functions (as defined at the state/local level), to the extent they would have not have incurred otherwise." It further states that CARES Act funds may be used locally to respond to the COVID-19 pandemic including "expenses incurred because of coronavirus restrictions impacting PHA operations". According to PIH Notice 2020-08 for the Section 8 Housing Choice Voucher (HCV) Program, CARES Act funds may be used for "costs for providing childcare for the children of PHA staff that would not have otherwise been incurred (e.g., children are at home due to school closings, Public Housing Authority (PHA) staff are working outside of regular work schedules, etc.)". Albuquerque Housing Authority (AHA) considers all AHA employees to be essential workers as everyone provides a service which allows AHA to sustain the ability to continue to house thousands of local residents and providing a person an affordable, safe place to live is an essential service during the pandemic.

As a participating entity under the City of Albuquerque's benefit package, AHA offers a dependent care savings account through the Flexible Spending Account (FSA). The U.S. Internal Revenue Code (IRC), Section 125 (Cafeteria Plans), governs FSAs. The FSA is a tax-free benefit to employees. One (1) AHA employee currently takes advantage of the dependent care FSA to pay for childcare expenses. Research demonstrated that the average annual cost in Albuquerque, New Mexico for childcare was $8,865 in 2016. Since childcare is very expensive for parents who work outside the home, employers in the USA offer childcare benefits such as follows:

- Childcare subsidies
- On-site childcare facilities
- Flexible employee work schedules
- Predictable employee work schedules
- Back-up childcare assistance
- Flexible childcare spending accounts
- Childcare center discounts

AHA currently offers:

- Flexible employee work schedules
- Predictable employee work schedules
- Flexible childcare spending accounts

Discussion

The Governor of New Mexico has issued multiple Executive Orders and declared a Public Health Emergency as a result of the coronavirus disease 2019 (COVID-19). The Governor of New Mexico has also issued directives to protect the public health and safety and to mitigate the effects of the COVID-19 pandemic. These Orders and restrictions have affected school closures, daycares and other support systems since March 2020. Under normal circumstances, employees find it challenging to arrange care for their children while working full-time. AHA wants employees to be able to work full time and focus on their work, whether they are performing work related tasks in the field, on the road, in the office, or at home. Due to the CARES Act funds awarded to AHA, AHA has researched the use of some funds to reimburse employees who have dependents who are twelve (12) years old or younger for new or additional childcare expenses that would not have otherwise been incurred. AHA will reimburse through the employee's paycheck (up to a maximum of five hundred dollars ($500) per month) when the employee provides the Finance Department with:

1) an invoice from a childcare provider, and
2) evidence of payment, and
3) documentation demonstrating that the childcare expenses incurred from a childcare provider are new or additional costs as a result of COVID-19, specifically for September 2020 through December 2020, and possibly
4) any additional documentation in the discretion of the AHA Finance Department as necessary to complete the due diligence to determine whether or not childcare expenses are approvable.

The childcare provider may **not** be the employee's spouse or a person whom the employee can claim as a dependent on their federal income tax return. If an immediate family member is providing the childcare, they will need to have an IRS Form 1099. AHA currently has twenty-two (22) employees with dependents twelve (12) years old or younger which would equate to eleven thousand dollars ($11,000) a month for four (4) months for a grand total of forty-four thousand dollars ($44,000), if all twenty-two (22) employees participated and had eligible child care expenses. Due to the current ten (10) vacant positions, AHA may hire more employees who have dependents that are twelve (12) years old or younger and would then need to provide the new hires with the same benefit as described.

Staff Recommendation

Request Board approval of allowing AHA to reimburse eligible employees up to a maximum of five hundred dollars ($500) a month for September through December 2020 for eligible childcare expenses for dependents who are twelve (12) years old or younger. This benefit would be for all current and future regular full-time AHA employees. Also, request Board approval to grant to the Executive Director, or her designee, administrative discretion to expand the program to cover additional months in 2021, and/or to increase the reimbursement limit up to $1,000 a month, depending on the availability of funds to cover the larger reimbursements and that COVID-19 continues to impact AHA operations directly or indirectly in 2020 and/or 2021.

By voting to formally approve receipt of this Executive Communication, the AHA BOARD OF HOUSING COMMISSIONERS, the governing body of the AHA does:

1. Approve Reimbursement for AHA Employees' Childcare Expenses as recommended; and
2. Grant the Executive Director, or her designee, the administrative discretion to expand the program to cover additional months in 2021 and/or to increase the reimbursement limit up to $1,000 a month, based on many factors including: the availability of funds to cover larger reimbursements and that COVID-19 continues to impact AHA operations directly or indirectly in 2020 and/or 2021.

PASSED this 21st day of October 2020
BY A VOTE OF 5 FOR, AND 0 AGAINST.

Members Absent: _____
Members voting against: _____

ALBUQUERQUE HOUSING AUTHORITY
BOARD OF HOUSING COMMISSIONERS

By: /s Rebecca Robinson
Rebecca Robinson, Chairperson of the Board

ATTEST: /s Linda Bridge
Linda Bridge, Secretary to the Board and Executive Director