

COVID-19 Hotline: Video-Conference Q&A

CARES Act Questions & Answers

Q: I am looking for clarification on the 500 employee count. At what point in time is the count taken? Is the count based on average paychecks issued or on average individuals on payroll? I recently read that the SBA lender has discretion on this issue.

A: The average employee count is taken from the 2019 calendar year.

Q: We furloughed about 18% of our workforce. We are also reducing salaries for those still working. However, when we apply for the SBA loan, can we bring back people and bring salaries back to normal and still qualify?

A: Yes, you will need to rehire the employees and pay them as you did prior to maximize the benefit. You can consider lowering wages of those over \$100k wages to not apply to the PPP.

Q: In the Paycheck Protection Program it states to exclude the employee making greater than \$100,000. Does that mean to not count any amount of their salary or does it mean to count up to \$100,000 and no amount above that?

A: The PPP loans only cover individual employees' salaries up to \$100k. If you have an individual making \$150k, you will only receive \$100k in loans to go towards paying that individual.

Q: Can someone who was furloughed prior to April 1, 2020 receive the \$600 after April 1?

A: Employees furloughed prior to April 1 can receive the \$600 as long as they are collecting state unemployment benefits.

Q: Can someone who is collecting partial unemployment still qualify for the federal unemployment payment of \$600?

A: If an employee qualifies for unemployment benefits, whether it be full or partial, they will receive the extra \$600 on top of their state benefit.

Q: Looking for additional information on PPP Loans and if / when I need to rehire employees that I've already laid off.

A: You would need to rehire the employees to take advantage of the PPP and its forgiveness.

Q: If an employee or their immediate family test positive, do we need to notify clients?

A: The person should notify anyone they came in contact with per CDC guidelines. Their physician should advise them on this process.

Q: Can you clarify the formula on how forgiveness will work with new loan programs.

A: Please refer to your SBA banker. Ensure your current bank is an SBA lender and start a conversation. A good resource to refer to is:
<https://www.grsm.com/publications/2020/determining-loan-availability-and-forgiveness-under-the-paycheck-protection-program>

Q: How are other companies handling the CARES Act with employees who are at a lower pay rate and may just go on unemployment?

A: Companies are compensating employees at 100% that make under 100k to maximize this offering.

Q: Can employees with reduced hours qualify for PA UC, partial benefit credits and the CARES \$660/week bonus unemployment?

A: People with reduced hours can apply for partial unemployment in Pennsylvania. Pennsylvania has not disclosed whether or not they can collect the federal moneys in addition to partial unemployment.

Q: Should I re-hire temporarily furloughed hourly construction workers before my PPP application is approved or wait until approved?

A: We would suggest waiting for the loan to be approved as it should be a quick process.

Q: Can I have prescriptions be delivered by staff of our company?

A: We would suggest discussing this with your broker and ensuring there are proper policies in place for HIPAA etc.

Q: Can we have more clarity on the additional payment of \$600 with UC benefits passed in the CARES Act?

A: Laid off and furloughed employees will receive an extra \$600 in weekly UC benefits on top of the amount that their respective state determines to provide to them. If an employee qualifies for a weekly benefit of \$400 from the state of PA, their check will actually be for \$1,000. This is in place until July 31, 2020.

Q: Regarding SBA Loans. We furloughed 18% of employees. Also considering salary reductions. Can we bring them back?

A: Yes, you can rehire the employees.

Q: What is the computation of monthly salary for the Paycheck Protection Program?

A: This Forbes article outlines how to compute this very well:

<https://www.forbes.com/sites/brianthompson1/2020/04/05/how-to-calculate-payroll-costs-for-your-paycheck-protection-program-loan/#78488373710b>

Q: Please explain what is required to qualify for the 8-week grant for payment of employees?

A: Please read the following document from the treasury:

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

Q: According to the Payroll Protection Program, is "loan forgiveness" guaranteed and what are the parameters?

A: Borrowers will have their loans forgiven if they use the money for designated expenses. Participants are eligible for loan forgiveness for the amounts spent over the eight weeks after receiving the loan. The amount of forgiveness is equal to the total amount of payments for payroll, mortgage interest, rent and utilities. It is anticipated that no more than 25% of the forgiven amount may be for non-payroll costs. To get the entire amount of the loan forgiven, the full-time employee headcount cannot decline, nor can employers cut salaries or wages. The SBA will use a sliding scale to reduce the amount eligible for forgiveness depending on how many employees are retained. If businesses rehire laid off workers by June 30, 2020, they won't be penalized.

Q: With the CARES Act, do we know yet if PA adopted the short-time compensation program under the Unemployment Relief Act?

A: Section 2108 of the CARES Act provides federal funding for 100% of the STC paid by states with programs already in place. Because PA is one of 26 states with this program already in place, they will receive this.

Q: How does the \$100k annual salary limit come in to play with the Paycheck Protection Act?

A: The PPP loans only cover individual employees' salaries up to \$100k. If you have an individual making \$150k, you will only receive \$100k in loans to go towards paying that individual. You can then at the employer level decide whether you want to make up the difference out of your own pocket or inform the employee he will have his pay temporarily reduced.

Q: Any Cares Act Updates would be helpful.

A: We will continue to make content available for you at www.bbofpa.com/covid19. You can also send us an email at covid19@bbofpa.com and request to be added to our content distribution list.

Q: Why is the government incentivizing my employees to quit work by offering more on unemployment than regular pay?

A: If you lay off employees and immediately report to the state when you are prepared to resume normal business, that will trigger your employees' unemployment to cease (assuming you've offered their jobs back).

Q: If an employee with Coronavirus is eligible for STD and there is a waiting period, are we to fill in that period with Emergency Paid Leave?

A: Yes, as long as they satisfy a condition consistent with the requirements of the FFCRA.

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