

Federal Help For Your Child Care Business: What You Need to Know



Presented by: Michael Goldman, Director of Finance and Administration,
Child Care Council of Westchester

AGENDA

- Definitions
- Description and highlights of various programs under new federal laws
- Helpful links to other resources
- Wrap Up & Questions

OBJECTIVES

Participants will be able to:

- Sift through the massive amounts of continually changing new legislation
- Ascertain which aid programs pertain to your specific situation
- Gain information about pertinent programs to enable a meaningful discussion with your financial advisor
- Identify other resources that will provide more detailed information



Disclaimer

- The content of this presentation is for informational purposes only. If you have specific questions about the practices of your organization, you should contact an attorney for advice.
- The material presented in its entirety is our best understanding at the time of the presentation.
- The materials and presentation are not intended to offer legal or financial advice.

Alphabet Soup

FFCRA – Families First Coronavirus Response Act – Federal legislation signed into law on March 18, 2020. Covers Emergency Paid Sick Leave and Emergency Family and Medical Leave

CARES Act – The Coronavirus Aid, Relief, and Economic Security Act - \$2.2 trillion dollar federal legislation signed into law on March 27, 2020. Covers small business loan, grant and tax credit programs, as well as expanded unemployment,



PPP – Payroll Protection Program – Part of Cares Act, it provides emergency SBA loans through existing 7(a) loan program. Significant amount of the loans may be forgivable.

EIDL – Economic Injury Disaster Loan - Part of Cares Act, it provides SBA loans through existing 7(b) loan program. Not forgivable, but \$10,000 advance will be treated as a grant.

EIDL – *Economic Injury Disaster Loan*

EVERYONE SHOULD APPLY!!!

<https://covid19relief.sba.gov/#/>

- EIDL advances of \$10,000 paid within three days
- Advance is forgiven, even if EIDL loan is denied
- 2.75% interest rate on loans for nonprofits, 3.75% for others



PPP – Paycheck Protection Program

- Low cost (1%) loans available to cover payroll and occupancy costs for eight week period following loan origination.

<https://www.sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf>

**Paycheck Protection Program
Borrower Application Form**

OMB Control No. 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC				DBA or Tradename if Applicable			
<input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual							
<input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization							
<input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other							
Business Legal Name							
Business Address				Business TIN (EIN, SSN)	Business Phone		
				() -			
				Primary Contact	Email Address		
Average Monthly Payroll:	\$	x 2.5 = EIDL, Net of Advance (if Applicable) Equals Loan Request.	\$	Number of Employees:			
Purpose of the loan (select more than one): <input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____							
Applicant Ownership							
List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.							
Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address			
<i>If questions (1) or (2) below are answered "Yes," the loan will not be approved.</i>							
Question						Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?						<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?						<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.						<input type="checkbox"/>	<input type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.						<input type="checkbox"/>	<input type="checkbox"/>
<i>If questions (5) or (6) are answered "Yes," the loan will not be approved.</i>							
Question						Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → _____						<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → _____						<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?						<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?						<input type="checkbox"/>	<input type="checkbox"/>

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SBA Form 2483 (04/20)

- Available to all businesses, including nonprofits, with 500 or fewer employees.
- Loan amount is 2.5X average monthly payroll costs, capped at \$10,000,000.
- Employers that maintain employment for the eight weeks after origination of loan, or rehire employees by June 30, will have loans forgiven in whole or in part, essentially turning the loan into a grant.



- Loans are made by participating banks, and SBA and bank application is submitted to the bank
- You should apply through your current banking relationship. If they don't offer this program, ask them for a recommendation for another bank.
- You may apply for forgiveness through the bank after the eight week period has ended. Bank has 60 days to render a decision.
- May receive EIDL and PPP. EIDL will be "rolled into" PPP if you receive both.

Deferral of Employer Payroll Taxes

- Employers may elect to defer payment of employer's portion of FICA (6.2%) payroll taxes.
- Deferment period is March 27, 2020 – December 31, 2020.
- Deferred amounts are payable 50% on December 31, 2021 and 50% on December 31, 2022.
- If some or all of PPP is forgiven, deferral ends.

Employee Retention Credit

- Available to businesses that have either shut down due to the pandemic, or experienced a significant decline in revenues (defined as 50% for a calendar quarter as compared to same quarter in previous year).



- Covers wages paid from March 13, 2020 – December 31, 2020.
- Credit is 50% of qualified wages up to a maximum of \$10,000 in wages per employee, so credit is maxed out at \$5,000 per employee.
- Credit is received as a reduction in quarterly payroll taxes, or a refund if total credit exceeds tax liability.
- Not allowed if applying for PPP.



FFCRA - Families First Coronavirus Response Act

For businesses with 500 or fewer employees, between April 1, 2020 and December 31, 2020, the act provides emergency paid sick to employees, which is 100% reimbursable to employers through payroll tax credits as follows:



➤ Employees must be paid 100% of their regular rate of pay or the applicable minimum wage, whichever is greater, up to a maximum of \$511 per day for 10 days if one of the following three conditions apply:

1. Employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19

2. Employee has been advised by a health care provider to self-quarantine related to COVID-19

3. Employee is experiencing symptoms of COVID-19 and seeking medical diagnosis

➤ Employers are only required to pay employees two-thirds of their regular rate of pay up to a maximum of \$200 per day for two weeks if one of the following three conditions apply:

1. Employee is caring for an individual who is subject to an order as described in (1) above, or has been advised as described in (2)

2. Employee is caring for a child if school or place of care has been closed, or child care provider is unavailable, due to COVID-19

3. Employee is experiencing any other substantially similar condition

- Employees are entitled to take an additional 10 weeks under expanded family and medical leave at two-thirds of their regular rate of pay up to a maximum of \$200 per day if they are caring for a child whose school or place of care has been closed, or child care provider is unavailable, due to COVID-19.



Expanded Unemployment Insurance

- Additional \$600 per week on top of regular unemployment insurance payment. Will be paid with the regular payment. Yes, some will make more money being unemployed, than they were previously earning.
- Additional \$600 runs through July 31, 2020.



- Duration of unemployment insurance extended from 26 weeks to 39 weeks through December 31, 2020.
- Normal one-week waiting period is waived.
- Eligible employees now includes self-employed, gig, and furloughed workers.
- Employees who have the ability to telework (work remotely) are not eligible.



ALL employers are REQUIRED to post the following notice along with their regular labor law postings:

EMPLOYEE RIGHTS
PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

▪ **PAID LEAVE ENTITLEMENTS**
Generally, employers covered under the Act must provide employees:
Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at ⅓ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.


A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

▪ **ELIGIBLE EMPLOYEES**
In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). Employees who have been employed for at least 30 days prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.


▪ **QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19**
An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

<ol style="list-style-type: none">1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;2. has been advised by a health care provider to self-quarantine related to COVID-19;3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis;4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2);	<ol style="list-style-type: none">5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services.
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▪ **ENFORCEMENT**
The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.

 **WAGE AND HOUR DIVISION**
UNITED STATES DEPARTMENT OF LABOR

For additional information or to file a complaint:
1-866-487-9243
TTY: 1-877-889-5627
[dol.gov/agencies/whd](https://www.dol.gov/agencies/whd)

 WH1422 REV 03/20

https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WH1422_Non-Federal.pdf

Helpful Resources

Application of the CARES Act to Non-Profit Organizations – generally also applies to for profit organizations

<https://www.winston.com/en/thought-leadership/application-of-the-cares-act-to-non-profit-organizations.html>

SBA website - Coronavirus (COVID-19): Small Business Guidance & Loan Resources

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

NY State Department of Labor – Employee resource for unemployment insurance claims

<https://labor.ny.gov/ui/cares-act.shtm>



Questions

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Answers

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Michael Goldman, Director of Finance and Administration,
Child Care Council of Westchester

michaelg@cccwny.org

