

# QuickStart Guide for the Paycheck Protection Program

As of June 10, 2020

The Paycheck Protection Program (PPP) can offer home-based child care providers with much needed revenue to get through the pandemic. The PPP is ending June 30, 2020, so you need to act quickly if you want to apply.

This step-by-step guide will take you through the process of applying. Home Grown Child Care has partnered with Civitas Strategies to bring you this information. You can ask Civitas Strategies questions by emailing [ppp@civstrat.com](mailto:ppp@civstrat.com).

## ● **STEP 1** Watch the Home Grown Child Care Video on Applying for the PPP

This [short video](#) will explain how the PPP works, the benefits and risks for home care providers, and how you apply. The video is in English with a simultaneous translation into Spanish and includes questions from providers, just like you.

## ● **STEP 2** Collect Your Financial Documents

Before applying, get the documents you need for the application. If you have a 2019 tax return with a Schedule C, this will be the easiest document you can use. If not, get your 1099 MISC or 1099Ks, K-1 (if you have one), and any 2019 pay records you have for yourself from a payroll or accounting system. If you have employees, grab copies of their 2019 W-2s, Federal 941s (the quarterly federal reporting), state quarterly filings, and a 2019 payroll report if you use a payroll system. If you provide benefits, gather the invoices for group health and contributions to retirement plans made through your enterprise. If you use a payroll company like ADP or Paychex, they may have a report already available on your online portal with the information you need.

## ● **STEP 3** Review the SBA Application

The SBA application can be found in [English](#), and also [Spanish and other languages](#). Your application will be made online with a bank (see **STEP 4**) based on the SBA's requirements. Take a look at the information needed by the SBA since that will prepare you for the online bank application. If you are the only employee or you're self-employed, list yourself as the only owner of the business with 100% ownership. If you are part of a nonprofit corporation, list the owner as "Nonprofit" with 100% ownership.

## ● **STEP 4** Apply With a Bank

You have to apply for the PPP through a bank online. You can use your local bank, but chances are they will require a business checking account and may be slower to respond. It is best to apply to more than one bank and consider online banks, which are usually faster and don't require you to have an account with them. We have found these three online banks to be particularly responsive to home-based care providers:

- [Fundera](#)
- [PayPal](#)
- [Funding Circle](#)

Each bank application will be a bit different so you may need additional information. For example, some banks may require you to upload additional documentation such as a photocopy of your ID, so access to technology may be a factor in choosing when to apply. Again, make sure you apply to more than one bank.

## ● **STEP 5** Keep an Eye Out for Forgiveness

The PPP is a loan that can be "forgiven." That is, during a period after you receive the loan, a portion of your payroll and, if you are already reporting it on your tax return, rent, utilities, and mortgage interest associated with the business use of your home can be forgiven from your debt so you no longer owe it (and get to keep that portion of the money). The forgiveness process is still emerging, so you'll need to watch for additional guidance on the forgiveness process. Remember, the funds from your loan that are not forgiven will remain a loan. You may want to return the remaining funds, which you can do without penalty.

If you have questions, email Civitas Strategies at [ppp@civstrat.com](mailto:ppp@civstrat.com).



# Frequently Asked Questions

## **I am the only employee of the company, can I apply for the PPP?**

Yes, it is open to sole proprietors and self-employed who are the only employee of the company.

## **Can I use PPP money for my credit card?**

No. The PPP can only be used for payroll and, if you are already reporting it on your tax return, rent, utilities, and mortgage interest associated with the business use of your home.

## **Do I have to use 2019 documents for the application? What if I only have a 2018 tax return?**

You need to use 2019 documents for the application. If you haven't already submitted your 2019 tax return make sure the information you use in your application will align with your return when submitted.

## **I have a 1099 contractor, can I use her payroll in my application?**

No. You can only report employees who receive a W-2. However, the contractor receiving a 1099 can apply for a PPP themselves.

## **I pay my employee in cash. Can I use her payroll in my application?**

No. You can only report employees who receive a W-2.

## **Is the PPP a loan or a grant?**

The PPP is a forgivable loan. That means that the funds come in the form of a loan. Expenses for payroll and some utilities, mortgage interest, and rent can be forgiven off the loan. That means you get to keep that portion of the money. Any remaining funds will remain a loan at 1% interest, but you can pay back that loan any time without penalty.

## **I received an Economic Injury Disaster (EIDL) Loan from the SBA. Can I also apply for a PPP?**

Yes, you can. There will be a point in the application process where you will need to indicate you received an EIDL loan and report the amounts.

## **Can I collect unemployment and PPP forgiveness at the same time?**

No. You can't collect employment and PPP forgiveness at the same time. If you received unemployment at one point, you can still use the PPP as long as you are not being paid by both PPP funds and unemployment at the same time. Similarly, if you are collecting unemployment now, you can use PPP funds to reopen, as long as you stop receiving unemployment.

## **Have other questions?**

Email Civitas Strategies at [ppp@civstrat.com](mailto:ppp@civstrat.com).

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