

In April 2020, the US government launched a novel program with the objective of mitigating the economic impact of the Coronavirus pandemic. The Paycheck Protection Program (PPP) provides much-needed funding to small businesses (defined as those with 1 to 500 employees) through a forgivable loan mechanism. While the PPP can have great impact on early learning providers, it can also be confusing and difficult to navigate. **Applications for the Paycheck Protection Program are no longer being accepted as of August 8, 2020.** Below please find answers to several common questions about the PPP.

PPP Application Process:

When can I apply?

Applications were accepted through August 8, 2020- applications are no longer being accepted. If the PPP reopens, we will share the information as soon as possible.

I still have not heard back from my bank about whether or not my loan was approved. What can I do?

The best way to check on your loan status is to contact the bank or banks that you applied to directly.

My loan was not approved. Is there any opportunity to appeal this decision?

Unfortunately, there is no opportunity to appeal a loan denial at this time. Should the SBA choose to make any changes to this policy or reopen the PPP loan application program, these changes will be reflected on our website.

Use of PPP Funds:

What expenses can I pay using PPP funds?

PPP funds may be used to pay the following expenses:

- Payroll Expenses
 - Wages and salary (for you or W2 employees)
 - State payroll taxes
 - Paid time off
 - Group health insurance premiums
 - Group retirement plan premiums
- Non-payroll Expenses (ONLY IF you typically deduct these in the course of your business)
 - Rent
 - Utilities
 - Mortgage interest
 - Transportation (fuel calculated using IRS mileage rate of \$0.575 per mile)

Is there a limit on the amount of non-payroll expenses I can pay using PPP funds?

Yes. A maximum of 40% of the forgiveness portion of your PPP loan may be used for non-payroll expenses.

What are some examples of expenses that I CANNOT use PPP funds to pay?

PPP funds may NOT be used to pay:

- 1099 contractors or cash-only employees
- Mortgage principal
- Credit card debt
- Supplies (including cleaning and PPE)
- Rent, utilities and mortgage *if you don't normally deduct these expenses*

Does the cost of supplemental dental or health insurance get included in my payroll costs?

If provided through your business, yes, the cost of supplemental dental or health insurance is included but only the employer costs.

Are hazard pay or employee bonuses included as forgivable costs?

As long as they do not exceed the annualized \$100,000 compensation limitation per person, bonuses or hazard pay can be eligible for forgiveness because they constitute a supplement to salary or wages.

Can I collect unemployment and PPP payment at the same time?

No. You can't collect unemployment and PPP payment 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.

How long do I have to spend my PPP funds?

PPP funds may be spent over a period from 8-24 weeks.

PPP Forgiveness Process:

When does my forgiveness period start?

Your forgiveness period begins on the day you receive the funds into your bank account. You can choose an 8- or 24-week forgiveness period.

Why is the PPP forgiveness process important?

Forgiveness essentially converts your PPP loan to a grant, meaning the debt is removed and you get to keep the funds.

What happens if my entire PPP loan is not forgiven?

Any amounts not forgiven are converted to a loan that must be repaid, at a 1% interest rate.

Is it difficult to get my PPP loan forgiven?

While there are no guarantees, new rules have made the possibility of achieving 100% forgiveness easier. Following the guidelines and advice set forth in the handbook may greatly increase your chances of having your entire loan forgiven.

I have not rehired all of my employees. Will this affect my forgiveness amount?

You may qualify for Safe Harbor if your operations were closed fully or in part or you have experienced a reduced level of services allowed due to COVID-19 restrictions. To determine your FTE Safe Harbor, visit page 10 of our Forgiveness Handbook found on our resources page:

<https://homegrownchildcare.org/ppp-resources/>.

I received an EIDL after I applied for my PPP loan. Will this affect my PPP loan forgiveness?

Yes. The EIDL “grant” (the \$1,000 to \$10,000 you are granted that is not a loan) is deducted from the forgivable amount of your PPP loan. For example, if you received a PPP loan for \$20,000, your maximum forgivable amount would be \$20,000. If, however, you later received an EIDL for \$5,000, this amount is deducted from your PPP leaving you with a maximum of \$15,000 that can be forgiven from your PPP loan. The remaining \$5,000 of your PPP loan funds that you have already received would need to be returned or paid back at a 1% interest rate.

I heard that there was new information from the SBA about the forgiveness process. Is this true?

Yes, the SBA recently released new guidance about the PPP loan forgiveness process. Recipients of loans \$50,000 and under are now able to apply for forgiveness using a simplified form, 3508 S, that will save a tremendous amount of time and make it easier for many to apply. You can learn how to fill out the 3508 S form in our Forgiveness Handbook.

What information do I need to apply for forgiveness?

This will depend on the amount of your loan as recipients of loans \$50,000 and under will be eligible to use the new, simplified 3508 S form to apply for loan forgiveness. For loans above \$50,000, you will need several pieces of key information to fill out your forgiveness application including your original PPP application, your loan closing documents, your 2019 taxes for your organization or your Schedule C for self-employed or sole proprietors, checks or bank statements showing your own payroll if you are NOT a W-2 employee, payroll records, and proof of various payments. A full listing of necessary documents can be found in your Forgiveness Handbook.

Where do I go to apply for forgiveness?

Forgiveness applications will be handled through the bank from which you obtained your loan.

My loan was sold to another bank. Do I apply for forgiveness with my original bank or the bank who took over my loan?

Like a mortgage, debt sometimes gets sold. In this case, you will apply for forgiveness with the bank who purchased and took over your loan.

When can I apply for forgiveness?

With the newly issued guidance from the SBA regarding a simplified application process for recipients of loans under \$50,000, banks are beginning to open for forgiveness in the coming weeks. To find out when you can apply for forgiveness, check with the bank that issued your loan about their specific opening date.

Do I have to wait for the 24 weeks to expire before applying for forgiveness?

No. You may apply for forgiveness at any time after you have spent your PPP funds and your bank begins accepting applications. To maximize the chances of full forgiveness, it is recommended that you wait until you have spent 125% of your PPP funds to apply for forgiveness.

What types of records will I need to keep?

Records you should keep include (where applicable):

- Bank statements
- Canceled checks
- Third party payroll reports
- Payroll tax filings (IRS Form 941 and state payroll forms)
- Accounts statements from group health insurance and retirement plans
- Copy of lease
- Utility invoices

What other types of information should I be prepared to provide?

Providers should also be prepared to address whether employee salaries have been reduced by more than 25%.

What happens if I can't get my whole staff to return because some refuse to come back?

Providers will not be penalized based on staff members who refuse to return. You should extend the job offer to staff members in writing and document those that refuse to return.

I have heard there are 3 different forgiveness forms. Is this true?

Yes. The SBA recently released a new, simplified form, 3508 S, for recipients of loans \$50,000 and less. For loans greater than \$50,000, you will use 1 of 2 forms in order to apply for forgiveness – either Form 3508EZ (short and simple) or Form 3508 (slightly more complicated).

Does the size of my PPP loan determine the form I use to apply for forgiveness?

No. Several factors will help determine which form is appropriate for your business. A helpful flow chart with questions is included in your handbook to guide you.

Once I apply for forgiveness, when will I find out if my loan has been forgiven?

The most recent guidance from the SBA indicates that they expect to communicate decisions within 90 days of receipt of the forgiveness application.

Are you offering assistance in Spanish?

Yes. Spanish resources can be found on our website, <https://homegrownchildcare.org/ppp-resources/>. Email support is provided in Spanish as well at PPP@civstrat.com.