

Frequently Asked Questions Governmental Relief Programs

Paycheck Protection Program

1. Can we use PPP funds to reimburse our organization for payroll we incur before receiving the loan?

No. PPP funds can be used only to fund payroll during the 8-week period after you receive the loan.

2. Can I use PPP funds to pay my independent contractors?

No. PPP funds can on be used to pay wages and benefits for W-2 employees but not independent contractors.

3. Can we apply for a PPP loan, EIDL loan and EEIG grant?

Yes. (Don't you like finally getting a "yes" answer?) Remember the EIDL loan is a true loan and must be repaid. The EEIG grant is a true grant (i.e. it does not need to be repaid) but the amount is limited to \$1,000 per employee. The recent CARES Act additional funding includes dollars for both EIDL loan and EEIG grant programs. However, I expect these funds will be exhausted in the next few days.

4. Are churches and religious organizations eligible for the PPP, EIDL Loan and EEIG Grant programs?

Yes.

5. Do we have to exhaust our other financial resources (e.g. savings, non-restricted grant dollars, etc) before applying for a PPP loan?

No. The PPP application requires the organization to certify that the "current economic conditions makes the loan necessary to support ongoing operations". If the Covid-19 pandemic has affected your current operations OR you can reasonably expect it will negatively impact your future operations, your organization is eligible. The CARES Act is intended to help businesses that have been or expect to be impacted by Covid-19. The goal is to help your organization survive so you can continue to support the community after the pandemic.

6. Our organization does not have any employees. What programs are available to us?

The EIDL Loan is the only program available to the organization; however, your independent contractors can apply for their own PPP loan, expanded unemployment and delay in employment tax payments.

7. Can we use PPP funds for employee raises or bonuses?

I would be extremely cautious in using their PPP loan proceeds to fund pay raises. There is no law against this but it appears to conflict with the intent of the law. If you use PPP funds for pay raises, carefully document your valid business reasons (i.e. raises were part of a documented compensation agreement or policy that was in effect before February 15, 2020).

8. What programs should we consider if the funds run-out and we can't get a PPP loan?

There are three programs, the: (i) Employee Retention Credit; (ii) Delay of Employment Tax Payments; and, (iii) expanded unemployment insurance program. We will cover what these are and how they work together in a future webinar.

Government Grants & Loan Programs

1. When are calculating our PPP loan Forgiveness Percentage, can we ignore employees who voluntarily quit?
No. The when counting the number of employees, it doesn't matter why they left our employment. During our webinar, we covered the basics of the forgiveness rules. However, they are complicated and rather unclear. The SBA has promised to provide detailed guidance by April 26th. We will keep you informed of what we learn in a subsequent webinar.
2. If I reduce an employee's hours, can they receive unemployment even though I am still paying them with PPP funds for the reduced hours they work?
Yes. Under the expanded unemployment benefits, employees can qualify for unemployment if their hours are reduced by their employer.
3. Are both EIDL loans and EEIG grants forgivable?
 - *EIDL loans are not forgivable... they must be repaid.*
 - *EEIG grants do not require repayment... they are true grants.*

FFCRA Sick/Family Leave and Expanded Unemployment under the CARES Act

1. We are a church that does not participate in the State's unemployment insurance program, can our employees still receive unemployment benefits?
Yes, if the employee's reason for applying for unemployment is Covid-19 related. (E.g. Layoffs or reduced hours were due to the economic impacts of Covid-19 on the church.)
2. Will unemployment benefits paid to employees for Covid-19 related reasons increase our unemployment insurance rates or, if we are a reimbursing employer, be charged to our account?
No. You will not be charged for any Covid-19 related unemployment benefit costs.
3. If we reduce an employee's hours, are they eligible for unemployment?
Yes. If you plan to reduce employees' hours due to the economic impacts of the Covid-19, you should participate in the Michigan Work Share program. Under this program, if you reduce an employee's hours, s/he is eligible to receive part of her/his regular Michigan unemployment benefit plus the \$600/week Pandemic Unemployment Compensation (PUC) benefits created by the CARES Act. The \$600/week PUC benefit is NOT prorated. This means that, for many employees, the partial wages plus their unemployment benefits will exceed their normal full-time pay. Don't forget to tell your employees that the \$600/week PUC benefit expires on July 31st.