

Executive Series: CEO Insight With... Q&A

Question	Answer
<p>We can expect that we will have not many customers during the time we have funding from PPP. During the 8 weeks, we should use this for payroll in order to the loan to be forgiven. We can assign some stay home training programs in order to pay employees wages that will count towards forgiveness. However, employees are receiving almost \$648+600 per week UI benefit which is more than what they make usually, and they would rather receive UI benefit then wages. Is there any thought on that?</p>	<p>This is a challenging situation for both employers and employees, and many businesses are facing this same concern. You can absolutely pay employees to take home training programs, work on certificates, or continuing education. For employees the financial gain may seem attractive in the short term but it is not a longer term solution because UI benefits have a finite timeline. If you do want to save PPP money beyond the 8 week period, then you may not need to bring these EEs back until necessary. If you do want a higher level of forgiveness, you can consider hiring as the PPP requirement is based on headcount (not specific EEs).</p>
<p>The \$600 per week extra stimulus pay for unemployment is pau at the end of July. I still think some employees may be reluctant to come back to work while they get double what they can get for unemployment and we don't want to ding them by saying that they refused work. For the PPP, do you think that we would be able to hire short term employees with specific skills to complete projects that our regular employees may not be skilled at and put that payroll towards the PPP forgiveness?</p>	<p>For maximum loan forgiveness, you need to maintain headcount, but it doesn't need to be the exact same people. So, yes you could hire different staff. Keep in mind you need to maintain these staff through your loan period until June 30th.</p>
<p>Since we are competing with the Unemployment funds, especially the Feds \$600, can we bonus our employees with the PPP funds?</p>	<p>Based on current guidance, bonuses do qualify as payroll expenses, as long as they are distributed reasonably and consistently to staff.</p>
<p>What are UI laws regarding partial unemployment benefits?</p>	<p>Partial unemployment is for employees who are not working or working less than their customary regular scheduled hours due to business/work slow down and earning less than their weekly benefit amount. Employees may earn up to \$150 per week and still receive the full weekly benefit amount. Employees with reduced hours (ie on furlough) may qualify for partial UI, but be mindful that in regards to loan forgiveness for PPP, employees pay can be reduced but not by more than 25% if the EE earns under \$100K.</p>
<p>So if you use just a portion of the PPP loan, even if it isn't in the ratio of 75/25, a portion will get forgiven?</p>	<p>The amount of loan forgiveness will be reduced based on the proportion of employee headcount the employer reduced compared to prior levels and the amount of funds utilized for applicable costs. (At least 75% of the amount must be used for payroll costs. Only 25% of the loan amount can be used towards non-payroll expenses (rent, mortgage interest, utilities). Any portion of the funds used contrary to 75/25 rule will be applied to loan balance subject to 1%) For example, employer had 10 FTEs on 2/15 and has been approved for a total loan amount of \$100,000. On 6/30, total headcount is 9. 90% of the loan is "forgivable" = \$90K. \$10K must be paid back to lender. You can find additional resources on proservice.com/coronavirus</p>