

Center Survival Guide - Navigating the CARES Act and Keeping Revenue Flowing

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Understanding the CARES Act and what financial support is available for small businesses isn't easy, but it just may help you weather the COVID-19 crisis and make a difference in how fast you are able to bounce back when things return to "normal."

Don't forget to refer back to the recorded webinar for more information at www.ezcaresoftware.com/survivalguide.

PPP general information

Q: What documentation needs to be provided for certification of financial need to obtain a PPP loan?

A: None! By checking just a few boxes, you're certifying that you have financial need right on the application.



Q: Regarding the utilities covered by the PPP loan, does the phone bill count as a qualified expense?

A: PPP loans can be used for utility expenses which should include electricity, gas, water, telephone and internet. We advise checking with your accountant or bank to confirm.



Q: What about healthcare bills, does the PPP cover those expenses?

A: Healthcare plan expense is included in Payroll expenses that are eligible for PPP.



Q: We are owned by a school, but we are independent with regard to tuition, staff, and bills. Whose name do we put the business under to apply for the Paycheck protection loan?

A: We would recommend discussing this with your bank or accountant, but if you do not have a separate Federal Tax ID, you would apply under the larger entity.



Q: Is the start date of the 8-week period a week worked or a week paid? We pay staff a week after the staff works.

A: The start date of the 8 week period is when the loan originated. Your accountant or banker should be able to clarify how to account for salary paid in arrears.



Q: If my center is part of a religious organization, do I apply for a PPP loan or does the church?

A: The overall entity (e.g. church) would apply for the PPP loan, unless you have a separate tax ID for your program.



Q: Any info on how to calculate FTES?

A: Since FTE stands for **F**ull **T**ime **E**quivalent, you would use a normal 40-hour work week to calculate the FTE value. For instance, two part-time staff that work 20 hours per week are one FTE.



Employee retention, unemployment, and “hazard pay”

Q: Is 100% employee retention a requirement for the PPP?

A: No, but only 25% of the forgiveness can be for non payroll expenses and the forgiveness amount may be reduced for reductions in employee headcount and wages.



Q: What happens when your staff normally drops to half during the summer months?

A: There is a provision for calculating average monthly payroll for seasonal businesses, but if this question relates to loan forgiveness, we would suggest asking your accountant or banker for clarification.



Q: We are still open, but only have 1/4 of students still attending. If we get the PPP loan and have to maintain full payroll, do we need to have all employees come in to work (even though they are not all needed to be in classrooms)? If not -- are some paid even if they are at home?

A: You do not have to maintain full payroll to get a PPP loan but reductions in headcount or wages will reduce the amount of loan forgiveness you can receive. Staff do not need to be coming to work to be on your payroll.



Q: If we are keeping staff on payroll should we track non-work separate from work performed for the PPP?

A: There is no requirement to document work performed. You will just need to provide proof of payroll expenses when you apply for forgiveness.



Q: What advice do you have if a center had to lay off employees due to closure, then received funding from the loan before the daycare opens back up? If these employees are already receiving unemployment, they will make more on that due to the \$600 additional money per week they are going to give employees on unemployment.

A: Reductions in headcount or wages that occur during the period beginning 2/15/20 and ending 30 days after the start of the CARES act will not reduce the amount of loan forgiveness IF, by 6/30/20, the borrower eliminates the head count or wage reduction.

Employees are not eligible for unemployment if they are not furloughed so it is possible that employees might prefer continued unemployment. If that's the case, you might consider giving employees the option.

Note that you can still receive loan forgiveness, but the amount of forgiveness is limited to 25% for non-payroll expenses.



Q: I also have the problem of my employees collecting more money in unemployment than they do working. Can we be creative and offer maybe a hazard pay to pay them more?

A: You can certainly offer employees additional compensation (e.g. hazard pay) which would be eligible for forgiveness, up to the amount of the PPP loan.



Above-the-line tax credit

Q: Do we need to have specific documentation for donors for the above-the-line tax credit at this time? Or will our usual donation form with the date be sufficient for the donor's tax deduction?

A: You do not need any special documentation to provide donors for the tax credit. A standard receipt/ thank you letter with your Federal Tax ID, the date of the donation, and the amount is all that is necessary.



Product-related questions

Q: You mentioned the check in by key fob. What do you do when most scholarships and county families have to sign in full name, not just a time clock type?

A: Many agencies (especially now) accept an electronic sign in/out. You would need to speak with your funding source. Some schools use both signatures and fobs - the fobs to track all attendance for billing purposes and the sign in sheet if the agency asks for it.



Q: What happens to the key fobs after the family has left the preschool? Do we purchase a brand new fob for each new family? If a family has multiple children in our program, would they need one fob per child?

A: You would have a keyfob for each authorized pickup, but multiple children can be checked in with one fob. Keyfobs are inexpensive but some centers charge a deposit to encourage parents to return them when they leave. The keyfobs are easily cleaned and can be reassigned to a new person.



Q: How much does online payment cost us or the customer? How much does the key fob cost?

A: Every EZCare system comes with a full suite of payment processing tools, and there is no application, setup, or maintenance fee to activate and connect your payment gateway. There is a cost for processing, but you are only charged for transactions you process. Credit cards are 2.59% plus .30/transaction and ACH/echeck is .75% plus .30/transaction. You have the option to pay these fees or pass them on to your customer by baking them into your tuition rates or through convenience fees.



Q: The online registration and forms are a separate system and fee?

A: Online registration is done through our WebLink online forms tool. It is a separate add-on, but it is integrated with EZCare. There is a one time \$395 setup fee, and an annual fee of \$120 for hosting and supporting the encrypted form.



Q: Also, how can we get more info on the check in/out key fobs? I didn't know you all offered this. Thanks!

A: You can contact us at 800-220-4111, and an account manager will provide you with additional information.



Check out more information on [COVID-19 resources on our blog!](#)