Small Business Aid in the CARES Act: Call Questions and Answers

Danielle Ewen
EducationCounsel, LLC

Between March 6 and March 27, Congress passed three major pieces of legislation to address the widespread impact of COVID-19 throughout the United States. Each of these measures included an array of complicated new programs, rules, and funding – often with intersecting ramifications within communities and states. The Alliance for Early Success network has never faced a more important time to share information, policies and best practices, and provide rapid response in real time so that policymakers, advocates, and those on the ground delivering services can best navigate the way forward in these uncertain times.

With wild patience and determination, the Alliance has embarked on a series of virtual presentations, which includes an opportunity for Q&A with subject matter experts to respond to questions and concerns.

The following questions and answers were provided in the Q&A chat box during the April 10, 2020, call covering small business aid and the CARES Act.

Can nonprofit centers and organizations apply for the Paycheck Protection Program (PPP)?

Yes, Nonprofits are eligible for the loans.

Are health insurance premiums counted as part of the 75% of payroll costs that are “forgivable” in the PPP?

Yes. Legislative language (https://assets.documentcloud.org/documents/6819239/FINAL-FINAL-CARES-ACT.pdf, page 11) clearly says that “payment required for the provisions of group health care benefits, including insurance premiums;” are included in payroll costs. For an explanation, the Wall Street Journal notes, “What are payroll costs?” Payroll costs include what you’d think: salary, wages, commissions, or similar compensation, as well as tips, for employees in the United States. It also includes payment for leave (including vacation, parental, family, medical, or sick leave but not those that you get a credit for under the Families First Coronavirus Relief Act); severance packages; employee group health care benefits; and state and local taxes on compensation. If you’re an independent contractor or sole proprietor, it refers to your wage, commissions, income, or net earnings.”
Can you talk about the decision between accessing SBA loans (PPP) to pay employees vs laying off employees so they can collect unemployment insurance? Given the low pay in the field and the $600 per week bump from the federal government, would employees be better off with unemployment?

It’s a difficult decision. Linda Smith is making a good point that we can pay a higher rate through the CCDBG funds in the CARES Act and raise pay during this time. This document helps with some of those decision points (page 9 and 10): https://www.vecf.org/wp-content/uploads/2020/04/Child_Care_Guide.pdf

Is the $600 bump in unemployment in place over the duration of benefits? News outlets in NYS are now referring to it as a "one-time" increase, in a way that suggests it is only included in the first check.

Under the CARES Act states are permitted to extend unemployment benefits by up to 13 weeks under the new Pandemic Emergency Unemployment Compensation (PEUC) program. PEUC benefits are available for weeks of unemployment beginning after your state implements the new program and ending with weeks of unemployment ending on or before December 31, 2020. The program covers most individuals who have exhausted all rights to regular unemployment compensation under state or federal law and who are able to work, available for work, and actively seeking work as defined by state law. Importantly, the CARES Act gives states flexibility in determining whether you are “actively seeking work” if you are unable to search for work because of COVID-19, including because of illness, quarantine, or movement restrictions.

In addition, if you have exhausted the 13 weeks of additional benefits available under the PEUC program, you may be eligible to continue receiving benefits under the PUA program. PUA benefits are available for a period of unemployment of up to 39 weeks, meaning that if you have exhausted regular UC and PEUC benefits in fewer than 39 weeks, you may be eligible to receive assistance under PUA for the remaining weeks within PUA’s 39 week period. Resources:

- https://www.dol.gov/coronavirus/unemployment-insurance

Which fund is out of money and are there any projections on how much is left for SBA? I hear some banks have stopped accepting SBA applications.

EIDL is out of funds. SBA PPP is still open, but we are hearing tons of barriers and roadblocks to accessing the funds.

I understand that small employers (less than 50) can be exempt from the new paid leave provisions, but, if they CHOOSE to offer it, will they also be reimbursed?

Do Family Child Care providers need to have an existing business account with a bank to apply for PPP?

Many banks are saying yes, but: talk to your bank, to local credit unions, go online to the SBA and look at the list of participating banks and pursue all possibilities.


Is it better and easier for Family Child Care to access the Unemployment Insurance rather than the PPP?

This is going to have to be a personal decision. It will depend on how the state spends CCDBG funds and what the future looks like. Will programs want/need to be open in 8 weeks or so? This document can help with those choices: https://www.vecf.org/wp-content/uploads/2020/04/Child_Care_Guide.pdf

Supports for advocates

Is $50B that advocates are asking for in the next stimulus bill specific to childcare or part of another program?

The child care advocates are asking for $50 billion to support child care for essential personnel and to protect and support child care providers.

Can we get a link to the BPC parent survey?


Illinois is providing financial advice to child care providers. How were the relationships set up with the financial institutions/advisors?

Through a public-private partnership, child care providers will have access to financial advice from Jones Tax Prep and Open Door Advisors (for non-profits).

How are people thinking about whether/how this applies to our own organizations and challenges we know are coming in the future, but we are not having right now or in the next 8 weeks? I am very clear how this applies to our child care center partners and are working closely with them, I have lots of equity questions about if/how it applies to organizations like ours.

Advocacy organizations are small businesses too, and are eligible for all of the supports described in this webinar.