

Bridging the Gap: How to Make Payroll FAQ

A supplement to our [webinars](#) on navigating COVID-19 business decisions.

My program is open to provide child care to essential workers, my staff are working harder than ever, and I don't want to have to tell them that I'll pay them eventually! I am not sure I can cover payroll for my 19 staff to the tune of \$25K, not once, but twice, before the first round of state funding comes in around April 20th. My subsidy payments of \$7,000 every other week just doesn't cover it...What are my options?

There are several options to address this dilemma:

- 1. Defer any payments you can. To the extent possible, stop cash going out the door. At this point, banks, utilities and creditors expect to be asked by individuals and businesses for an extension or a break on regular monthly expenses and current debts.*
- 2. Go to your bank for a line of credit. The promise that the state will pay is excellent collateral for a line of credit.*
- 3. If your bank is an SBA certified lender, they can enroll you in an SBA Express Loan of up to \$25,000.*
- 4. [Let's Grow Kids and VSECU currently have a personal loan for child care providers](#) of up to \$2000 to support your personal household expenses. There is 0% interest and LGK pays for your VSECU membership fee and your first month's payment.*
- 5. It also may be possible for you to hold on to your quarterly trust payments that you would make for social security and withheld income taxes. Please note that this will be due eventually so it should be used as a last option.*

Do you have any tips for talking to creditors who I can't pay?

Communication is key. Everyone is aware that this is a challenging time. Communicate as early as you can about your need, and as often as you have new information. Let them know if you have funds (ie, the state stabilization funds) expected, what you can pay now and when you plan to be able to pay the remainder. Also ask about any coronavirus relief programs or services they may have.

If I am seeking other options for cashflow right now, what do I need to know/do/think about before I apply for the Economic Injury Disaster grant, or the Paycheck Protection Program, or refundable payroll tax credit?

There are several things to be aware of:

- 1. Applying for PPP or EIDL doesn't commit you to take the loans if you are approved. Ensure you know all of the terms before you accept it: know what the interest rates are and whether you are actually in a position to take on new debt and what will I need to do to make sure it's forgiven? Keep track of what you spent money on and keep detailed records as you move through it.*
- 2. The PPP has to be used for different purposes for EIDL, you can apply for both, but cannot use them both for the same expenses. Remember to keep great records of what you spend the funds on.*
- 3. The Refundable Payroll Tax credit is fully refundable, so it gets paid out to you in full. You can expect to receive it when you do your next payroll filing (often quarterly).*
- 4. The PPP and the refundable payroll tax credit are mutually exclusive. The refundable payroll tax credit may be applicable, but we don't have full guidance on it yet.*
- 5. The PPP is also mutually exclusive with a deferral of payroll taxes.*
- 6. Pros of the PPP: You can receive 2.5 months of last year's average payroll. You can use up to 25% on things like rent and utilities. You can expect that it will pay out quickly.*
- 7. Cons for the PPP:*
 - a. There is no certainty that what you receive will be forgiven, so be careful.*

Would the CDD stabilization program disallow Payroll Tax forgiveness?

The Payroll Tax Credit requires that you close your business or suffer a “significant business loss” (defined as 80% of loss of revenue) so if you’re been shut down, but these are “either/or” so if you have been shut down, it’s possible that you may get the credit even if you are in the stabilization program. Please be aware that the Department of Labor may later determine that you shouldn’t have received both.

Why isn’t the State prioritizing invoices for Essential Care Programs that are open? How am I supposed to buy food for the children, let alone cleaning supplies and other materials recommended by CDD?

In many cases, it simply isn’t easy. Many of the states systems are old and laboring to keep up with the current need. We encourage you to raise this and any questions about the Stabilization program directly with CDD (katie.lavallee@vermont.gov) and visit CDD’s Coronavirus page <https://dcf.vermont.gov/cdd/covid-19>

Among the various State or Federal supports being created right now, which ones can I do while also participating in the CDD Stabilization Program? Which ones are mutually exclusive?

The CDD Stabilization Program will exclude people from Unemployment Insurance claims. However, the Payroll Protection Program, Refundable Tax Credit Program, EIDL and SBA loans do not necessarily conflict with the CDD Stabilization Program, but individual circumstances may vary.

If I want to participate in the Stabilization Program, but I have already laid-off or furloughed my staff, what do I do now?

First, there is a choice: You can reinstate your staff retroactively back to the date they were laid off. Remember to document this in their HR file. At that point, you need to pay retroactive wages and benefits. Or you can reinstate them now and invoice the Stabilization program going forward. (In this case, an unemployment insurance claim may have been valid for your employee during any time they were not employed). It’s possible stabilization is not best for you or your staff in which case your employees could simply apply for unemployment insurance.

If I am not going to use the Stabilization Program, how do I seek a waiver for the requirement to provide Sick Leave/Family Leave supports established under the Families First Act?

Employers with fewer than 50 employees may be exempt for providing paid sick and family leave due to coronavirus-related closure or employee unavailability if the owner determines that:

- 1. Providing leave would cause the business to cease operating;*
- 2. The absences would create a substantial risk to the business’s financial health or operational capabilities; or*
- 3. The employer would not be able to operate at a minimal capacity due to insufficient workers.*

What should I do if I or any of my employees are uninsured or underinsured during this time?

There is a special enrollment period now through May 15, 2020. Medicaid always offers open enrollment. You can access more information [here](#) and at #211.

There are all kinds of changes to my cashflow situation right now – what should I do to make sure I am thinking ahead about tax filings that will be due next spring?

Be cautious about deferring payments or taking on new debt that you will be responsible for and make a plan for making contributions and payments if you defer payments or take on new debt.

What if I need more individualized help? How can I contact Let’s Grow Kids?

We have created a new service to offer you limited FREE 1:1 support through our online webform. Let us know if there are topics you might want more info on.

(<https://www.letsgrowkids.org/coronavirus> click on “Resources for Early Childhood Education Programs”)



Do we have the choice of whether to participate in the CDD Stabilization Program?

Yes, the option to participate is up to you. It is important to note that CDD created the Stabilization Program in recognition of how crucial the child care system is. The goal of it is to keep child care providers whole so that you can reopen and be financially stable when the stay home orders are lifted. However, the Stabilization program includes requirements to ask families to contribute and to pay your staff that may not work for you.

What are the cons of the EIDL?

[More information about the EIDL can be found here.](#) There don't seem to be too many cons about the grant portion. It's typically available during localized disasters. The biggest concern is that it could potentially turn into debt. Be sure to click "I would like a loan advance" if approved. We also have additional guidance that it might not offer the level of support we originally anticipated. Rather than \$10,000 it appears that it will be \$1,000 per employee up to \$10,000.

What are the options for programs that were on their way to opening, but weren't yet open when coronavirus hit? Are we entitled to any support?

This is an incredibly challenging situation and we know many child care businesses are struggling with individual circumstances. Traditional unemployment insurance, as well as Pandemic Unemployment Assistance for the self-employed, may be available.

Under traditional unemployment insurance, you may receive a state benefit equal to approximately 58 percent of your prior weekly wages, plus a new federal unemployment benefit of \$600 per week for up to four months.

You also may be eligible for new Pandemic Unemployment Assistance, which is available for those who are self-employed, independent contractors, have limited work history, and others who are unable to work as a direct result of COVID-19. PUA benefits are calculated based on a claimant's 2019 earnings. PUA will provide for lost wages, including an additional \$600/week for each week of lost wages. Information and application forms can be found [here](#).

[CDD also will have guidance](#) on this and it may be something we can offer individual support on if you need additional guidance.

Where can we find more information on the Family's First Act?

[The Families First Poster](#) from the Department of Labor provides a good overview of the program.

What should I do if families are not responding to me about whether or not they will pay?

Please contact CDD directly (katie.lavallee@vermont.gov) and visit CDD's Coronavirus page <https://dcf.vermont.gov/cdd/covid-19>

Where can I find more information about the Small Business Loan program and could you recommend lenders, many seem swamped?

The PPP and EIDL programs ran through their original funding and were suspended. As of 4/22/20 Congress is working to appropriate additional funding to restart these programs. Most banks are prioritizing existing customers, so your bank is the best place to start. Detailed information, including the Federal rules, can be found at: <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

We are unable to hold our annual fundraiser is there any way to get support for that?

This is a time to get creative – engage your parents or board to see if there is a new way to gain support.

Making Sense of Business Resources for Child Care Programs FAQ

A supplement to our [webinars](#) on navigating COVID-19 business decisions.

Stabilization Program

Can I use the stabilization program for parents who are considered “essential” and those who aren’t?

Yes. Assistance is available for all programs, regardless of whether the program is open or closed for the COVID-19 closure period.

Can the Stabilization program be used with other funds? Which and how? How does it interact with the Families First Coronavirus Response Act?

Families First provides new categories for employees to access leave benefits due to COVID-19. You could identify if you have employees that fit the categories of Families First. You may be able to code in payroll to FFA. Stabilization is intended to support programs so that they can support their staff. It is possible that you could use Families First too, we can offer further consultation if needed. We advise caution with regard to claiming payroll tax credits under Families First, if you are also participating in the Stabilization Program, as the federal benefit might not be available for programs already “made whole” by the Stabilization Program benefit.

Note: There is a waiver under Families First for businesses with fewer than 50 employees. Please let us know if you’d like more information about how this works and if it applies to you.

Can I use it and apply for UI (homecare with no employees)?

As a program requirement for participating in the Stabilization Program is that you continue to pay yourself/staff as normal. Stabilization Program and UI are mutually exclusive.

Can I use the Stabilization program and have my employees apply for UI?

The short answer is, no. Both in the initial and extended closure period, the Stabilization Program requires that you keep employees employed at full benefits and salary. Therefore, they would not have reduced employment to apply for UI. If you have laid them off, you can re-instate them retroactively. Or you could keep them furloughed with a return-to-service date in the future and they could apply for UI.

Note: It is important to remember that you do not have to participate in the Stabilization Program. Please let us know if you’d like more information about what would be best for your specific program.

Can I use it and apply for the \$10,000 Emergency grant (part of the emergency disaster loan program)?

It is possible to use these two programs in concert, but there are separate requirements for both.

Can I use the Payment protection act with the Stabilization Act?

Potentially, yes. PPP (part of the cares act) can provide 2.5 months of payroll but there is a risk that SBA, upon audit, would consider the Stabilization Program as “double-dipping” if there are Federal Funds involved and decline to forgive as much as you expect, in which case you would have to repay it.

How and when will we receive the stabilization payments?

Please direct questions about the mechanics of the Stabilization Program to:
katie.lavallee@vermont.gov

For the supplemental \$125 payment for essential workers: Will it come through with the 50% or 100% payment that’s not covered by parents? Is it pro-rated if essential persons use less than full time care?

Please direct questions about the mechanics of the Stabilization Program to:
katie.lavallee@vermont.gov

Note: CDD is offering webinars to address these and other questions.

Timeline

Do we have any idea how long the Governor's Order is effective for?

The Governor is expected to extend and clarify the Executive Order on Friday 4/10 but when it is actually lifted will depend on how well COVID-19 is controlled. You can expect it to be relaxed incrementally, not at one time. Find up to date info at: governor.vermont.gov/covid19response

Do we know how long child care for essential workers will go on for?

We do not, at this point, we can assume that it will last at least as long as the majority of COVID-19 related orders are in place.

Parent Payment

If a parent can't pay, or can't pay the full 50% what are my options?

If a parent can't pay, or won't pay, the 50%, you have two options:

- *Unenroll them per your normal practice (and you will be reimbursed their tuition at 100%).*
- *Keep them enrolled and choose to accept another amount less than. This is up to you and the parent. You could also use grants or philanthropic gifts.*

Note: If a parent's income has changed because of COVID-19 they may now be eligible for CCFAP which could support their ability to pay.

What if a family can pay more than 50%, do we still only bill them for 50%?

The CDD FAQ Guidance Document encourages you to ask families to pay 100% of their tuition or co-payment if they are able. In those cases, CDD would not reimburse you for 50% of tuition / co-payment. Please refer to [CDD guidance question 15 for details](#).

If a parent is an "essential person" and are using care, are they also only being asked to pay 50% or are they asked to pay 100% tuition?

The CDD FAQ Guidance Document provides that essential persons who are using child care will pay 100% of the tuition or co-payment to the program. However, please note that if the child is temporarily enrolled in a new program because theirs is closed—they would pay their old program tuition 100% and CDD will pay the program they are using. If you have questions about how this works, we encourage you to contact katie.lavallee@vermont.gov.

What does it mean to "unenroll" a family? What do we need to do to document this?

How you handle unenrollment and re-enrollment and your waitlist is up to your normal practices. Please direct questions about the mechanics of Stabilization to: katie.lavallee@vermont.gov

Is there any way for a parent to keep their spot in our program if they can't pay?

Yes, if the provider chooses to accept less and hold their slot. Please direct questions about the mechanics of the Stabilization Program to: katie.lavallee@vermont.gov.

If a parent doesn't respond to our communications, do we just unenroll them?

Please direct questions about the mechanics of Stabilization to: katie.lavallee@vermont.gov

If you unenroll a family, does that unenroll them from their subsidy?

Yes. [CDD's FAQ Guidance Document](#) provides that families must be enrolled in your program to collect subsidy. Further, the FAQ suggests that you may offer open spots to families on your waitlist, but if that spot is not filled, CDD will reimburse 100% of the tuition / co-payment, up to \$360/week. This same answer is provided with regard to Act 166 funding for universal pre-k.

If a family is "unenrolled" do they get their spot back when a program opens back up?

Or are they on a waitlist?

Please direct questions about the mechanics of Stabilization to: katie.lavallee@vermont.gov

Payroll

Can you explain who gets the “hazard pay” and how it works?

No funding has yet been provided to create “hazard pay.” If such funding becomes available, we expect CDD to provide guidance as to how it would work. Absent other guidance, we recommend equitably allocating it for staff who are working. An appropriate use of federal PPP or EIDL funds may be to increase the wages of your staff.

What does it mean to delay payroll taxes?

Under the CARES Act, employers may forgo timely payment of the employer portions of the Social Security taxes that would normally be due from March 13 – December 31, 2020, without penalty or interest charges. Employers must pay 50% of the deferred amount by December 31, 2021 and the remainder by December 31, 2022.

Can Families First be used for owners of child care programs?

Families First is a program that must be offered to your employees who are sick or need leave because they fit into a new COVID-19 category. Whether and how to use this program is an individual question, please let us know if you would like individual guidance.

Does Families First apply if a program has closed and employees are on leave?

If you have laid off employees, they are not currently your employees, but you should be aware of Families First provisions if you hire them back or re-open.

How do we get the Family First payroll codes?

You may work with your Payroll vendor to set up codes. However, you want to be able to delineate between the six different reasons for the EPSL and retain the associated documentation.

What if we closed our program but did not lay employees off and are continuing to pay them. Is there anything we should do through payroll or unemployment?

By continuing to pay your employees, they are ineligible for UI, unless you have reduced their hours. However, you may be eligible to apply for the Payroll Protection Program.

Do we have to continue to pay staff in full even if they're not working full time?

Yes, if you're participating in stabilization.

If we offer to pay staff, but they chose not to work and apply for unemployment do we still have to pay them?

If an employee chooses not to work, he or she has effectively resigned from their job and you are not required to continue to pay them. We would need to know more about this particular situation.

Would the Payroll Protection Act cover us to pay employees higher wages?

Yes, one of the potential uses of the PPP is to pay higher wages.

Unemployment Insurance

How much will employees receive for UI?

Employees will receive a state benefit equal to approximately 58% of their prior weekly wages, plus a new federal unemployment benefit of \$600 per week for up to four months.

Can self-employed people (i.e. registered home child care owners) apply for UI?

Yes. Self-employed, independent contractors, workers with limited work history, and others who are unable to work as a direct result of COVID-19 may be eligible for Pandemic Unemployment Insurance. PUA benefits are calculated based on a claimant's 2019 earnings. PUA will provide for lost wages, including an additional \$600/week for each week of lost wages. Information and application forms can be found [here](#).

Can we choose to apply for UI and not accept the stabilization money?

Yes, each program will affect different child care providers differently, you should seek guidance and choose the program that are right for you.

If an employee stays home to care for a child because child care has closed, can they receive UI?

Yes, caring for a child whose child care or school has closed due to COVID-19 is a qualifying reason to apply for UI.

Can I receive UI if I am receiving the stabilization money?

No.

Will there be any UI penalties for employers for closing and laying off staff?

An employer is relieved of experience rating charges for up to eight weeks if the business is closed and employees are laid off. An employer is relieved of charges entirely if the employee voluntarily separates from employment for most other Covid-related reasons.

If we are paying employees and they are working, would they qualify for UI?

Generally, no, although they may if their hours have been reduced.

If staff files for unemployment, do we still have to pay them?

No. Conversely, if you are paying staff through the stabilization program, they are not eligible for UI benefits. We understand this may be challenging for some staff who can receive more via UI.

What do we do if staff will get more money under UI than for working?

This is going to be a real issue for child care and other industries. The legislature is aware of this issue and is considering solutions, including the creation of "hero" or "hazardous pay." If you receive funding from the federal paycheck protection act, you can use those funds to increase salaries for your employees.

Grants + Loans

Where can we find information on the \$10,000 loan, who is eligible and how do we apply?

This is the Small Business Administration's Injury Disaster Loan Emergency Advance. It is for small businesses, including non-profits. You can apply online at <https://covid19relief.sba.gov/#/>. If you apply, make sure you check the box "I want to be considered for a Loan Advance" and enter your business checking account information. At this time, we understand the Loan Advance is calculated based on \$1,000 per employee up to \$10,000. You can find more information at: accd.vermont.gov

What is required to turn the emergency SBA loan into a grant?

At this time, we have been told this is an automatic process. However, an error, omission, or misstatement by the applicant could affect eligibility and SBA may seek recovery.

Is the \$10,000 grant separate from the emergency loan?

The grant is a portion of what you may be offered in a full EIDL package. You are not required to accept the rest of the proposed loan to be eligible for the grant. If you are approved read and understand the terms and conditions of the proposed loan package, consult with your advisors, and consider whether your business can afford to take on any debt.