Implications of the CARES Act for Coaches and Clubs

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Agenda

- Overview of the CARES Act
- Unemployment Benefits
- Economic Injury Disaster Loan and Grant
- Paycheck Protection Program
- Beyond PPP: Other ‘Credits’ Available
- Starting the Process
- Resources
- Questions and Answers
Overview of the CARES Act

- Coronavirus Aid, Relief, and Economic Security Act
- $2.3 Trillion stimulus bill
  - Largest rescue package in US history
- Significant benefits directed to small businesses, non-profits, sole proprietors, gig workers and others
- Keep employees on payroll or bring them back as soon as possible
- If laid off or furloughed, create a more generous unemployment benefit than typical
Unemployment Benefits

- Enables qualifying individuals to receive normal unemployment compensation plus $600 per week through July 31
- Extends normal unemployment compensation for up to a total of 39 weeks.
- Applies if you were laid off or furloughed as a result of the Covid-19 crisis
- Includes Full and Part Time Workers - W-2, 1099, and self-employed
- No waiting period for benefits to begin and is retroactive
Economic Injury Disaster Loan and Grant

- Provides loans based on the amount of economic injury to small businesses or non-profit organizations that suffer substantial economic injury as a result of the declared disaster

Requirements
- Suffered substantial economic injury caused by a disaster
- In existence on January 31, 2020
- Fewer than 500 employees

Interest Rates – For Profit – 3.75%; Nonprofit – 2.75%

Emergency Grants - Up to $10,000, now limited to $1,000 per employee
- Forgiveness for a wide-range of expenses (payroll, lease payments, repaying obligations due to revenue loss and others)

Do NOT need an approved EIDL application to receive a grant
Paycheck Protection Program

• Provides a direct incentive for small businesses to keep their workers on the payroll

• All businesses with 500 or fewer employees are eligible to apply – including nonprofits, sole proprietorships, self-employed individuals, and independent contractors

• Borrowing limit - may apply for an amount up to 2.5X your average monthly payroll using the calculation provided in the legislation.

• Forgiveness if a minimum of 75% of the funds received are used for payroll over the eight-week period after the loan is signed and the remaining for specified operating expenses, such as rent, mortgage and utilities.

• The first payment can be deferred for six months

• Two year term, currently 1% interest
Beyond PPP: Other ‘credits’ available

- **Deferral of Employer Payroll Taxes (FICA)**
  - Payrolls paid after March 27: 6.2% of wage
  - Direct credit can be taken with your payroll processing *(reduces the funds you would otherwise transfer)*
  - Deferred amounts must be paid back: 50% by 12/31/21; remainder 12/31/22

  _Note: even if you receive a PPP loan, you are eligible to make this deferral from 3/27/20 until a decision has been reached by the PPP lender as to whether the PPP forgiveness will be permitted._

- **Employee Retention Credit (payrolls paid after 3/12/20, through 12/31/20)**
  - Reduce Payroll taxes by 50% of qualified wages during a quarter in which your business either:
    1) Was required by federal or local government to fully or partially suspend its operations, or
    2) The business suffers a greater-than 50% reduction in year over year receipts
Starting the Process

- Decide which program(s) are most appropriate for your situation
- EIDL application is completed online and goes directly to the SBA (link on next slide)
- For the PPP - Complete the application (link on next slide)
  - If you have a payroll provider, chances are they have a report you can use to help complete the PPP loan application
- Find an SBA 7(a) lender (link on next slide)
  - Check with YOUR bank to see if they are an SBA 7(a) lender; if they are not there are others
- Be persistent and don't let curveballs dissuade you
Resources

- US Department of Treasury (CARES Act)
- SBA COVID-19: Small Business Guidance & Loan Resources
- IRS - Coronavirus Tax Relief and Economic Impact Payments
- Dept of Labor – Occupational Safety and Health Administration
- America’s Small Business Development Centers COVID-19 Resources
- A Great Comparison of the Various SBA Loan Programs *(updated 4/15/2020)*
- PPP Loan Application Form
- EIDL Application Form
- 100 Most Active SBA 7(a) Lenders
- Unemployment Benefits Finder *(a link extracted from the US Department of Labor website; permits selection of any state to go directly to its website)*
Questions and Answers