
PrestigePEO

May 6, 2020

COVID-19

We Are Here For You

Today's Presenters



Jason Flinn

Today's Moderator
and Director of
PrestigePEO Client
Services



Andrew Lubash

Founder and
Principal of Prestige
Employee
Administrators.



Daniel Harris

Vice President
State Government
Affairs NAPEO



Carol Sawyer

Tax Manager at
PrestigePEO

Today's Topics



- Introduction by Andrew Lubash, PrestigePEO Founder and Principal
- Regulatory Update Presented by Daniel Harris, Vice President of State Government Affairs at NAPEO
- PPP Loan Forgiveness Update
- Return to Work Guidelines
- Frequently Asked Questions

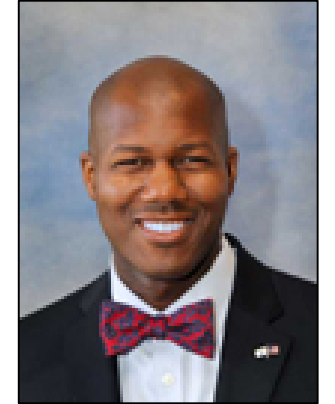
- ❖ Webinar Forum
 - All participants are muted.
 - Please type questions in the side navigation panel and we will try to address most questions.
 - Today's presentation will be posted prestigepeo.com/covid-19.

Welcome Update Presented by Andrew Lubash



- Andrew (Andy) Lubash is Founder and Principal of Prestige Employee Administrators.
- Andy currently holds several positions at the National Association of Professional Employer Organizations (NAPEO);
 - Chairman of the Board of Directors
 - Member of the Federal Government Affairs Committee
 - Member of the Healthcare Committee
- Previously, Andy was Chairman of the State Government Affairs Committee for five years.

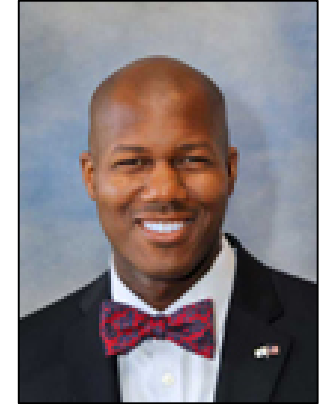
State Regulatory Update Presented by Daniel Harris



- Mr. Daniel Harris, Vice President, State Government Affairs at the National Association of Professional Employer Organizations (NAPEO).
- In his role at NAPEO, Daniel leads the development and execution of a legislative and regulatory program in all fifty states.
- Daniel, a graduate of Florida State University and the University of Florida's Levin College of Law, is a member of the District of Columbia Bar and the American Bar Association.

Regulatory Update

Regulatory Update NAPEO Introduction



National Association of Professional Employer Organizations (NAPEO)

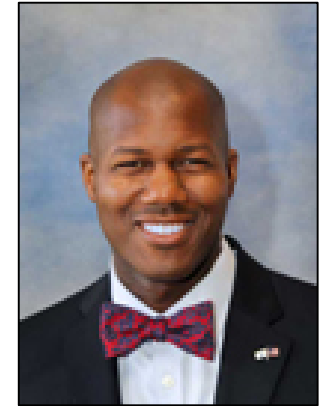
- National trade association for PEOs head quartered in Alexandria, Virginia
- NAPEO's role
- Our efforts during the pandemic

Regulatory Update State

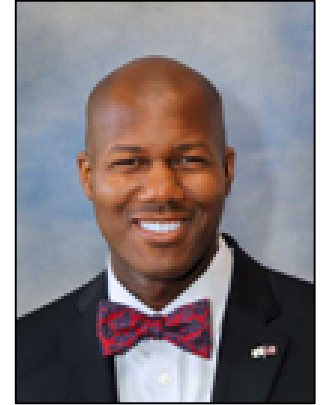
State Updates-

New York

- Stay at Home Order
 - Reduced workforce by 50%
 - Exempts “essential businesses”
- Notification – Senate Bill 8239
- Economic Development – Senate Bill 8110; AB 10208
- Workers’ Compensation – Emergency Rule



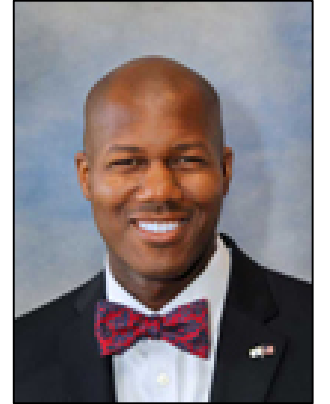
Regulatory Update State



New York - Continued

- Workers' Compensation – Assembly Bill 10172
 - Senate Companion
- Workers' Compensation – Senate Bill 8117A
 - Rebuttable Presumption
- Unemployment Insurance – Assembly Bill 10348

Regulatory Update State



New York – Next Steps

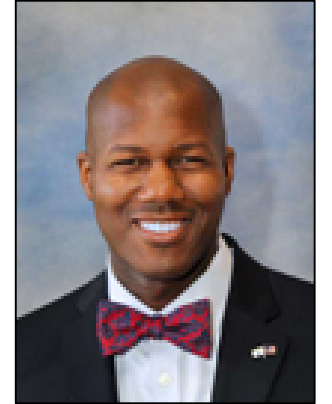
- [Re-opening up for Business!](#)
- Creation of Advisory Board

Regulatory Update State

New Jersey

- Stay at Home Order – March 21
- Closed many “non-essential” retail businesses
- Limited the use of public transportation

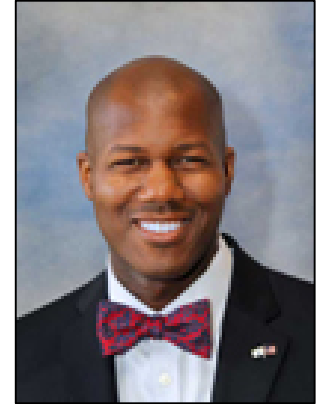
- Unemployment Insurance Issues
 - COBOLT



Regulatory Update State

New Jersey - Continued

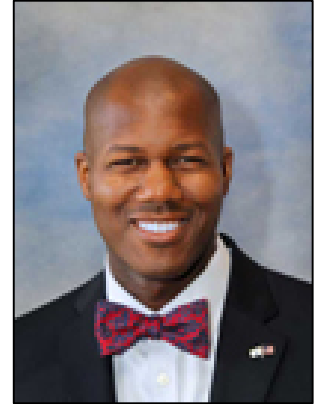
- Lost Wages – Assembly Bill 3846
 - Passed both chambers
- Workers' Compensation – Assembly Bill 3933
 - Recently introduced
- Time Off – Assembly Bill 3848
 - Passed both chambers
- Paid Family Leave – Senate Bill 2304
- Unemployment Insurance – Senate Bill 2339



Regulatory Update State

New Jersey Next Steps

- [The Road Back!](#)
- 6 Principles



PPP Loan Forgiveness

PPP Loan Forgiveness



Basic Guidelines

- Eight week covered period begins the day the loan is dispersed.
- At least 75% of loan proceeds must be spent on payroll costs. Up to 25% can be other approved expenses
- Loan forgiveness is affected by head count & individual salary.

PPP Loan Forgiveness



Headcount Component

- The “head count” in the covered period is compared to:
 - February 15, 2019 through June 30, 2019, OR
 - January 1, 2020 through February 29, 2020
- The borrower makes the election as to which period to use.
- There is a Prestige FTE report that completes these calculations and is available now. Speak to your payroll specialist.
- A 10% reduction in headcount will reduce forgiveness by 10%.

PPP Loan Forgiveness



Salary Reduction Component

- Forgiveness amount will be reduced by any reduction in wages during covered period in excess of 25 percent of the wages as compared to first quarter 2020.
- This applies to employees that make less than \$100,000 annualized.
- Employees making in excess of \$100,000 per year will have the wage component limited to \$15,384.61 for the 8 week covered period.
- 8 week payroll cost report will be run at the end of the 8 week covered period – similar format to the loan report.

PPP Loan Forgiveness



Safe Harbor provision - rehires

- Forgiveness is calculated without regard to head count or wage reduction if employees laid off between 2/15/20 and 4/15/20 are rehired by June 30, 2020.

Other things to remember

- Forgiveness applications are submitted and approved by the lender.
- Loan forgiveness amounts will not be considered income by the IRS.
- The expenses associated with forgiven loans are ineligible for tax deductions.

PPP Loan Forgiveness



Current Situation-Further Guidance

- SBA missed the CARES act deadline for issuing further guidance.
- Banking groups are pushing SBA and Treasury to create a standard forgiveness form for all borrowers.
- AICPA (American Institute of CPA's) issued recommendations to SBA and Treasury that consider using “pay period” instead of “pay date”.

Return to Work

Return to Work

- Non-essential businesses are to remain closed.
- All K-12 schools and college facilities statewide will remain closed for the remainder of the academic school year.
 - Distance learning will continue
- Executive orders require New Yorkers to wear masks or face coverings in public, including when taking public or private transportation or riding in for-hire vehicles.
- Emotional Support Services:
 - Frontline health care workers can text NYFRONTLINE to 741-741 to access emotional support services.
 - New Yorkers can call the COVID-19 Emotional Support Hotline at 1-844-863-9314 for mental health counseling.

Put a Plan in Action

- Create a task force and stay informed
- Communication and planning
 - Ensure flexibility – business practices may need to be modified
 - Continuation of Remote Work or Staggered Schedules
 - Social Distancing Requirements
 - Hygiene in the Workplace Education
 - Availability of Paid Time Off and Sick Leave Policies
 - Support System Available to Employees

Implement Safety Precautions

- Follow federal, state, and local regulations
- Consider limitations on non-essential travel
- Reconfigure office space to ensure social distancing
- Encourage basic prevention measures
- Develop policies for sick or exposed employees
- Develop a COVID-19 reporting process for employees
- Ensure the use of PPE where appropriate
- Encourage employees to use stairs instead of elevators
- Conduct regular and thorough office cleanings

Details

- Staggered Schedule
 - “A Group” and “B Group”
 - Continuation of remote work
 - Plan in place if an employee becomes ill
- Time Tracking Systems
 - Hand sanitizer near any time clocks
 - Time clock vs. online time punching
- Ordering Supplies
 - Delayed delivery timeframes and limited supply
 - Masks, disinfectant wipes, paper towels, hand sanitizer

Details

- Feeding Employees
 - Consider changes to in-office catering
 - Evaluate changes to office cafeteria guidelines
- Dealing with Visitors
 - Establish protocol for deliveries and office visitors
- Childcare/Schools are going to be an issue
 - Prepare for employees that are unable to return to the office due to childcare issues
- Protocol for what happens if someone tests positive for COVID-19

FAQs

FAQs

PPP Loan Forgiveness

Can I pay bonuses during the 8 weeks?

- Yes but annual wage limits may limit forgiveness.
 - Employee paid \$85,000 per year has \$13,076.92 in wages for covered period.
 - Pay the employee a \$3,000 bonus during 8 week period
 - Total wages for the 8 weeks is \$16, 076.92. \$692.92 not forgiven

My company has a Shared Work program – will this affect loan forgiveness?

- Yes. Shared Work program cuts wages, possibly by more than 25%.

FAQs

PPP Loan Forgiveness

What insurance premiums are eligible payroll costs for purposes of the PPP loan?

- Group healthcare benefit premiums are included in eligible payroll costs-medical, vision and dental.

Can loan proceeds be used for the PrestigePEO admin fees or Workers' Compensation fees?

- These amounts are not qualified expenses for loan proceeds.

FAQs

PPP Loan Forgiveness

One of the employees I laid off has refused to report to work after re-hire. Will this affect my loan forgiveness?

- The SBA issued guidance on May 3, that if an employee refuses a written offer of employment and refusal is documented, an exception will be made for this reduction in headcount.

Can we use the loan funds for my K-1 earnings?

- K-1 payments are not considered wages.

FAQs

PPP Loan Forgiveness

Sick/Family Leave wages paid under FFCRA are not eligible for loan forgiveness. To not impact forgiveness, should an employer pay regular sick time?

- It is the employer's choice. If FFCRA tax credits are not utilized, the sick time paid cannot be applied against employee's existing leave credits.

Will SBA review individual PPP loan files?

- All loans in excess of \$2 million will be reviewed in addition to other loans as appropriate following the lender's submission of loan forgiveness documents.

FAQs

Benefits - COBRA

As I rehire employees, do they need to wait the normal waiting period before they are offered benefits again?

- No, an employee that is rehired can be offered benefits without a waiting period.

Can employees that have been rehired make changes to the plans they had in place before they were terminated.

- Yes, employees can select and change plans not previously elected, they should reach out to their benefit specialist for instructions on making new elections or changes.

FAQs

Benefits - COBRA

Can an employer pay for COBRA for the employees that have been laid off?

- The employer may decide to pay for COBRA, however, they may not discriminate and must pay for all employees electing COBRA, not just select individuals.

My employees were furloughed and their benefits remained active. Can I collect the portion the employee was responsible for through payroll when they are returned to full time status?

- When the employee returns, deductions for benefits can be taken through payroll and spread over several pay periods to make it easier for the employee to afford.

COVID-19 Communication



- Daily support from your HRBPs, Payroll, Benefits, Compliance, & Retirement Specialists
- Weekly email updates
- COVID-19 resource center at [PrestigePEO.com/COVID-19](https://www.prestigepeo.com/COVID-19)
- PrestigeGO mobile app to link directly to your dedicated support team



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