Stimulus Navigator

6 Questions for Every Child Care Business

AS OF JANUARY 14, 2021

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Introduction

On December 27, 2020, the latest stimulus bill was signed into law. The stimulus includes another round of Paycheck Protection Program funding, but also changes and extends other stimulus programs which could be beneficial for early care and education organizations.

This workbook will help you determine eligibility and how to apply using a step-by-step process.

Child Care Associates wants to thank the Maher Charitable Foundation and the The Henry and Marilyn Taub Foundation for their generous support in developing this tool and for Civitas Strategies in developing it.

If you need help in applying for any of these programs, reach out to your local Small Business Development Center. You can find them here.

Six Eligibility Questions

To determine your eligibility for these stimulus programs, we are going to ask you six questions. Each of these questions is detailed in this document.

1. Did you already receive a Paycheck Protection Program (PPP) Loan?
2. Did you have a decrease from 2019 to 2020 of 25% or more (either by the year or quarter)?
3. Did you have a decrease from 2019 to 2020 in any quarter of 50% or more, or an ordered closure?
4. Did you have a quarter-to-quarter decrease in revenue of 20% or greater in Quarter 4 2020?
5. Is your enterprise in a low-income community?
6. Did your team need time off for COVID-19 or remote school?

PRO TIP As you answer the questions, know you can apply for more than one program, as long as you qualify and follow in the instructions.

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QUESTION 1

Did you already receive a PPP Loan?

Many people who qualified for the Paycheck Protection Program (PPP) didn't apply because they were hesitant about the uncertainty. However, it is re-opening under similar rules as in the past. There is also an even easier loan forgiveness process now.

PRO TIP The PPP is a lot more defined than when it started in April 2020. There's clarity on forgiveness and easy forms to use.

HOW THE PPP WORKS

1 You apply through a bank.

2 You fill out an application and provide some information, including your 2019 taxes.

3 You receive the money in the form of a loan (don't worry — we'll talk about how to make it into a grant).

4 You spend the money between 8 and 24 weeks.

5 You apply for forgiveness through your lender — this is a simple process to "remove" the debt so you can keep the loan.

If you haven't applied for a PPP already, go to page 9 to learn how to apply.

GET YOUR NUMBERS

Before you proceed with answering the other questions, we will need some information on how your business did in 2019 and 2020. In the table below you need to enter your gross receipts by quarter. Gross receipts are any money you took in — parent fees, subsidy payments, grants — with one exception: don't include your PPP loan money, EDIL advances, Families First Leave funds, or in-kind donations.

There are two sets of numbers that you should have handy. To fill them out you can use:

- Your 2019 tax returns. If you are a sole proprietor, focus on Schedule C.
- Accounting reports
- Bank statements

Keep these records. If you do qualify for stimulus using these records you may need to provide them now, at the time of loan forgiveness, or if asked by the Small Business Administration.

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STEP 1: CALCULATE YEARLY REVENUE

If you were open all of 2020, calculate the percent decline from 2019 to 2020:

Yearly Revenue

	2019 REVENUE	2020 REVENUE	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
GROSS RECEIPTS			

PRO TIP You can use your gross receipts, or for sole proprietorships, independent contractors, or self-employed individuals you can look to "gross income" on your Schedule C, Line 1. Corporations can also use "total income" plus costs of goods sold, excluding net capital gains or losses as these are terms defined and reported on your tax return.

STEP 2: CALCULATE QUARTERLY REVENUE

Whether you were open all of 2020 or not, enter your data by quarter.

- **Quarter 1** includes revenue from January to March
- **Quarter 2** includes revenue from April to June
- **Quarter 3** includes revenue from July to September
- **Quarter 4** includes revenue from October to December

If you were not operating for the entire quarter, do not update the numbers — they won't count.

Quarterly Revenue

QUARTER	2019 REVENUE	2020 REVENUE	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
QUARTER 1 (Jan to March)			
QUARTER 2 (April to June)			
QUARTER 3 (July to Sept)			
QUARTER 4 (Oct to Dec)			

HOW DID YOU ANSWER QUESTION 1?

Did you already receive a PPP Loan?

✔ YES — **You may still be eligible for the PPP Second Draw. See page 9 to learn how to apply, and then return to Question 2.**

✔ NO — **Go to Question 2 on page 4.**

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QUESTION 2

Did you have a decrease from 2019 to 2020 of 25% or more (either by the year or quarter)?

For the PPP Second Draw, you need to be able to pass a revenue test showing that you took in less money in 2020 than in 2019. There are two ways to test it — by comparing year-by-year or quarter-by-quarter. Using either measure you need to show that your revenue in 2020 was 75% or less of revenue at the same time in 2019.

If you were entirely closed at any point, you can only use the quarters you were open to answer (and not the annual number).

If you were not closed and Column C for the year-by-year comparison is 0.75 or less, you qualify.

PRO TIP To apply for the PPP Second Draw, you don't have to have received or even applied for forgiveness of the first PPP loan. You just have to have used the funds.

Example: Yearly Revenue

	2019 REVENUE	2020 REVENUE	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
GROSS RECEIPTS	$50,000	$30,000	0.6

In this yearly example, the business qualified since 0.6 is less than 0.75.

If you were closed or did not qualify by year, check your quarters. If any quarter is 0.75 or less you qualify.

Example: Quarterly Revenue

QUARTER	2019 REVENUE	2020 REVENUE	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
QUARTER 1 (Jan to March)	$12,000	$19,000	1.6
QUARTER 2 (April to June)	$12,000	CLOSED	CLOSED
QUARTER 3 (July to Sept)	$12,000	$10,000	0.8
QUARTER 4 (Oct to Dec)	$14,000	$6,000	0.4

In this quarterly example, the business qualified in Quarter 4 since 0.4 is less than 0.75. None of the other quarters qualified.

HOW DID YOU ANSWER QUESTION 2?

Did you have a decrease from 2019 to 2020 of 25% or more?

✔ **YES** and you already received a first PPP loan, you can apply for a PPP Second Draw — See page 9 to learn how to apply for the PPP Second Draw, and then return to Question 3.

✔ **NO** — Go to Question 3 on page 5.

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QUESTION 3

Did you have a decrease from 2019 to 2020 in any quarter of 50% or more, or an ordered closure?

If you did, likely you can apply for the Employee Retention Tax Credit (ERTC) in 2020. The credit was previously unavailable to you if you had a PPP, but the new stimulus changed the rules so you can apply for eligible quarters in 2020.

The maximum credit **per employee** between March 13, 2020 and December 31, 2020 is $5,000 based on the amount you paid employees. **You cannot count your income as a sole proprietor or self-employed individual. So, if you are a solo owner, unfortunately you can't use the ERTC.**

Also, if you are a nonprofit you need to have fully or partially ceased operations at some point in 2020 or 2021.

The ERTC works for the quarters where your 2020 revenue is 50% of what it was in 2019 (i.e., 0.5 or less in Column C). Your eligibility continues until you have a quarter where 2020 revenue is 80% or more of 2019 levels (i.e., 0.8).

You can also qualify if you had to close because of a government order.

For nonprofits — in 2020 you needed to both pay your employees and have them be idle (that is, not providing services) to qualify.

PRO TIP If you have a PPP, you cannot "double count" the money. Make sure that the salary you are counting for the ERTC is not the same as the PPP. For example, if you are claiming PPP forgiveness for all your salary in May 2020, you cannot also claim an ERTC.

***Example*: Quarterly Revenue**

QUARTER	2019	2020	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
QUARTER 1 (Jan to March)	$25,000	$10,000	0.4
QUARTER 2 (April to June)	$25,000	$12,500	0.5
QUARTER 3 (July to Sept)	$25,000	$23,000	0.92
QUARTER 4 (Oct to Dec)	$25,000	$25,000	0.0

In Quarters 1 and 2 the business qualifies since Column C is 0.5 or less.

The business continues to qualify since they were below 0.8 in Quarter 2.

But, because the Quarter 3 number is higher than 0.8 they will no longer qualify in Quarter 4.

HOW DID YOU ANSWER QUESTION 3?

Did you have a decrease from 2019 to 2020 in any quarter of 50% or more, or an ordered closure?

✔ YES — **Go to page 12 to learn how to apply for the Employee Retention Tax Credit in 2020, and then return to Question 4.**

✔ NO — **Go to Question 4 on page 6.**

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QUESTION 4

Did you have a quarter-to-quarter decrease in revenue 20% or greater in Q4 2020?

If you did, likely you can apply for the Employee Retention Tax Credit (ERTC) in 2021. As part of the new stimulus, the ERTC is open in Quarters 1 and 2 of 2021. In those quarters you only need to show 2020 revenue was 80% or less of the same period in 2019, and you can claim up to $7,000 per employee per quarter (so for Quarters 1 and 2 the total claimed can be $14,000).

If you had a 20% or greater decline in Quarter 4 of 2020, you could claim the credit for at least Quarter 1 of 2021. If Quarter 1 shows a decline of 20% or more, you can also claim it for 2021.

An example is below. In this case, you can look at the last quarter of 2020 (Quarter 4) to determine the initial eligibility.

PRO TIP If you have a PPP, you cannot "double count" the money. Make sure that the salary you are counting for the ERTC is not the same as the PPP. For example, if you are claiming PPP forgiveness for all your salary in May 2020, you cannot also claim an ERTC.

***Example*: Quarterly Revenue**

QUARTER	2019	2020	PERCENT CHANGE Divide Column B by Column A
	Column A	Column B	Column C
QUARTER 4 2020 (Oct to Dec)	$40,000	$30,000	0.75
QUARTER 1 2021 (Jan to March)	$35,000	$27,000	0.77
QUARTER 2 2021 (April to June)	$45,000	$52,000	1.55

In this example, Column C for Quarter 4 2020 is 0.75. This is less than 0.8, so the business qualifies.

They also qualify in Quarter 1 2021 since 0.77 is less than 0.8.

Even though the percent change here is 1.55, the business continues to qualify in Quarter 2 2021 because this is the first quarter where the percent change is greater than 0.8.

HOW DID YOU ANSWER QUESTION 4?

Did you have a quarter-to-quarter drop of 20% or greater in Q4 2020?

✔ **YES** — Go to page 14 to learn how to apply for the Employee Retention Tax Credit in 2021, and then return to Question 5.

✔ **NO** — Go to Question 5 on page 7.

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QUESTION 5

Is your enterprise in a low-income community?

The new stimulus includes a Targeted Economic Injury Disaster Loan (EIDL) program specifically for businesses in low-income communities (this is a government term, not ours).

The term "low-income community" means any population census tract if the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

PRO TIP If you have an EIDL advance for less than $10,000 but otherwise qualify, you can apply for the remaining advance. For example, a qualified business that received an EIDL advance of $1,000 in 2020 could apply for $9,000 in 2021.

STEP 1

Find your census data by going here and follow these steps:

1. Select 2020 as the year.
2. Enter your address.
3. Hit search.
4. Hit income data.
5. When the results come up, go to the Income Tab.
6. Scroll under the income tab to "% Below Poverty Line"

STEP 2

Additionally, you need to show a decline in gross receipts for an 8-week period between March 2, 2020 and December 17, 2021, compared to the 8-week period immediately preceding March 2, 2020 or one during 2019.

The EIDL has both an advance (which is a grant) of up to $10,000 and a loan. We suggest you apply for the advance only. The loan component is an option but should be thoroughly researched and understood before applying since it is debt that will not be forgiven.

HOW DID YOU ANSWER QUESTION 5?

Is your enterprise in a low-income community?

✔ YES — **Go to page 16 to learn how to apply for the Targeted Economic Injury Disaster Loan, and then return to Question 6.**

✔ NO — **Go to Question 6 on page 8.**

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QUESTION 6

Did your team need time off for COVID-19 or remote school?

The new stimulus extends the ability to get funds through the Families First Coronavirus Relief Act Leave. Business are no longer required to provide this leave, but can take it voluntarily and receive the tax credits through March 31, 2021.

PRO TIP The maximum amount of leave did not "reset" in 2021. For example, if an employee used a week of Emergency Medical Leave in 2020, they could only use one more in 2021.

Emergency Paid Sick Leave Act

First, the Emergency Paid Sick Leave Act (EPSLA) provides up to 80 hours of sick leave for employees:

- At their regular rate of pay (up to $511 per day with a cap of $5,110 for the whole 80 hours) if the employee is quarantined for potential COVID-19 exposure or has COVID-19 symptoms.
- At two-thirds their regular rate of pay (up to $200 per day with a cap of $2,000) if the employee is caring for someone under quarantine or a child (under 18) whose school is closed due to COVID-19 or the employee is experiencing symptoms of COVID-19 and seeking diagnosis. A school closure includes remote learning situations where the child is at home.

Emergency Family & Medical Leave Expansion Act

Second, the Emergency Family and Medical Leave Expansion Act (EFMLEA) provides up to 12 weeks of expanded family and medical leave with 10 of those weeks paid at two-thirds of the employee's regular rate of pay (up to $200 per day with a cap of $2,000) if the employee is unable to work (including telework) to care for a child whose school or childcare provider is closed due to COVID-19. A school closure includes remote learning situations where the child is at home.

HOW DID YOU ANSWER QUESTION 6?

Did your team need time off for COVID-19 or remote school?

✔ **YES** — Go to page 17 to learn how to apply for the Emergency Paid Sick Leave Act and Families First Coronavirus Relief Act Leave Act.

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Applying for the **PPP First & Second Draw**

Introduction

The PPP is a forgivable loan. That means a business can apply for the loan have the debt eliminated through the forgiveness process (essentially making it a "grant").

Small businesses with **no more than 500 employees** qualify for a PPP First Draw while businesses with **300 employees or less** qualify for a PPP Second Draw. All small businesses can apply, including sole proprietorships and contractors.

You apply for the PPP through a participating bank.

How to Apply

FILLING OUT THE FORM

Though you apply through your bank online, we recommend first filling out the official SBA form to ensure you have the answers to the required questions before you sign in.

The form can be found online in English and Spanish.

Here are the instructions for filling out the form:

- **Check one:** Check your type of business.
- **DBA or Trade name:** If none, write N/A. If you do have a Doing Business As, enter it.
- **Year of establishment:** Enter it here. Self-employed individuals and independent contractors may enter "NA."
- **Business legal name:** The name of your business. Sole proprietors or self-employed should use their own name.
- **NAICS Code:** This is a standard code for the type of business you have. The code for child care (centers and home-based) is 624410.
- **Applicant:** This is the type of business you are. Only choose one:
  - **No more than 500 employees/ No more than 300 employees**
  - SBA industry size standards — this will likely not apply to you
  - SBA alternative size standard — this also likely does not apply to you
- **Business address:** The address of the business. This can be your home address if applicable.
- **Business TIN:** This is your EIN (for a corporation) or the social security number for sole proprietors or self-employed.
- **Business phone:** The number for your business.
- **Primary contact**: Typically the person filling out the application.
- **Email address:** The primary contact's email.

> Businesses with no more than 500 employees qualify for a **PPP First Draw.**
>
> Businesses with 300 employees or less qualify for the **PPP Second Draw.**
>
> All small businesses can apply, including sole proprietorships and contractors.

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- **Purpose of the loan:** You have to use at least 60% of the money for payroll costs, so check that option immediately. The remaining 40% can be other expenses; check all that apply:

  - **Rent/mortgage interest** is for your business rent or mortgage interest if you normally put it on your taxes
  - **Utilities**, including electricity, oil, telephone, internet, sewage
  - **Covered operations expenses**, including business software, business-related cloud computing services, product or service delivery, payroll processing, payment, and tracking costs, HR and billing functions, tracking of supplies, inventory, records, and expenses
  - **Covered property damage costs**, including costs related to damage or vandalism caused by looting or public disturbances in 2020 that were not covered by insurance or other compensation
  - **Covered supplier costs**, including payments to a supplier of goods that are essential to operations and made pursuant to a contract or order in effect at any time before the covered period or, with respect to perishable goods, in effect at any time during the covered period
  - **Covered worker protection expenses**, including operating or capital expenditures required to comply with requirements or guidance issued by the CDC, HHS, OSHA, or any state or local government during the period beginning March 1, 2020, and ending on the date when the national emergency expires

- **Average monthly payroll:** This is the most complex part of the form.

  For the time-period:

  - Most applicants will use the Average Monthly Payroll for 2019. To do this, use your total payroll (see below on the definition) but cap the amount on $100,000 in annual income per employee. For example, if you have an employee who makes $120,000 you can only count $100,000 of her wages. Divide the total payroll by 12 (i.e., 12 months).
  - For applicants that file IRS Form 1040, Schedule C, payroll costs are computed using line 31, limited to $100,000, plus any eligible payroll costs for employees and dividing that number by 12.
  - For seasonal businesses, you can use average total monthly payroll for any 12-week period between February 15, 2019 and February 15, 2020, again excluding costs over $100,000 on an annualized basis.
  - For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over $100,000 on an annualized basis.

  Your payroll costs include:

  - Wages and pay for the owner and W-2 employees (not 1099 contractors);
  - Payment for vacation, parental, family, medical, or sick leave (except those paid leave amounts for which a credit is allowed under FFCRA Leave);
  - Payment for the provision of employee benefits (including insurance premiums) consisting of group health care coverage, group life, disability, vision, or dental insurance, and retirement benefits; payment of state and local taxes assessed on compensation of employees; and,

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- For an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation. You can find this on your Schedule C, Line 31.

- **Number of employees:**
    - Add together all the W-2 employees
    - Count a sole proprietor or self-employed individual as 1 employee (so your minimum number should be "1")

- **Applicant ownership:** Who owns the business? All parties listed below are considered owners of the business, as well as "principals:"
    - If you are a sole proprietorship or self-employed this is you
    - For corporations, include everyone with more than 20% ownership
    - For nonprofits include a person who is able to sign contracts on behalf of the organization

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Applying for the **Employee Retention Tax Credit 2020**

The Employee Retention Tax Credit (ERTC) in 2020 was previously unavailable to you if you had a PPP, but the new stimulus changed the rules so you can apply for eligible quarters in 2020.

The maximum credit **per employee** between March 13, 2020 and December 31, 2020 is $5,000 based on the amount you paid employees. **You cannot count your income as a sole proprietor or self-employed individual. So if you are a solo owner, unfortunately you can't use the ERTC**.

Also, if you are a nonprofit you need to have fully or partially ceased operations at some point in 2020 or 2021.

The ERTC works for the quarters which show a 50% decline and the following quarters until there is less than a 20% decline. For example, if you had declines of: Quarter 1: 53%, Quarter 2: 50%; Quarter 3: 10% and Quarter 4: 0%, you are eligible for Quarters 1, 2, and 3.

Is my business eligible?

To be eligible for the Employee Retention Tax Credit you must have either:

- **Completely or partially suspended business operations** during any calendar quarter in 2020 due to orders from a government authority. The one exception — if your employees are working from home instead of an office, this is not considered to be a partial suspension of your business operations.
- **Experienced a "significant decline in gross receipts"** during a calendar quarter equal to less than 50% of gross receipts in the same quarter in 2019. If you qualify based on a decline of gross receipts, you can use this qualification until one quarter of your gross receipts is greater than 80% of the same quarter in 2019.

How does it work?

The Employee Retention Tax Credit is equal to 50% of up to $10,000 in qualified wages (including amounts paid toward health insurance) per **full-time employee** (part-timers are not eligible) for all calendar quarters **beginning March 13, 2020 and ending December 31, 2020**. The maximum credit per employee between March 13, 2020 and December 31, 2020 is $5,000.

Here's an example:

Let's say you have an employee who has gross wages of $60,000 per year. That means each quarter they have gross wages of $15,000. In Quarter 1 you could request half of the gross wages up to $5,000. In this case, half of the gross wages of $15,000 would be $7,500, so you could request the full amount for the year of $5,000.

If you had less than 100 employees on average in 2019, you can claim credit for every qualified employee whether they are working or not (but of course they need to be on your payroll and not unemployment). If you had more than 100 employees on average in 2019, you can only use payroll for those employees who are actively working.

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Some other important notes:

You cannot claim self-employment income. So, if you are a sole proprietor you can use the income from an employee, but not yourself.

If you have wages covered by the Families First Coronavirus Response Act, Paid Family and Medical Leave, or through a Work Opportunity Tax Credit, they will not count for the program.

How do I get reimbursed?

You get reimbursed through a "refundable tax credit." That's a technical way of saying the United States Treasury pays you using money from employment taxes. Think of this term as simply a "reimbursement" for the applicable wages.

You can get reimbursed in two ways:

- First, you can take the money owed off your quarterly employment tax returns (this is typically through an IRS form 941). Any credit above what you are paying in federal employment tax can be requested using the IRS Form 7200.
- Second, you can request payment any time (even more than once in a quarter) using the IRS Form 7200 (even if you didn't withhold your payroll taxes). The Form 7200 is easy, and since it can be done as many times as you want, it's an easier way to ensure a positive cash flow for your business.

What else should I know?

Remember, the Employer Retention Tax Credit is only for full- time employees. Also, if you received a Paycheck Protection Program Loan, you are ineligible for the Credit.

For more information:

Visit the US IRS website.

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Applying for the **Employee Retention Tax Credit 2021**

We are still waiting on final direction for the Employee Retention Tax Credit (ERTC) for 2021, but this will likely be the process.

The maximum credit **per employee** between January 1, 2021 and June 30, 2021 is $7,000 based on the amount you paid employees. **You cannot count your income as a sole proprietor or self-employed individual. So, if you are a solo owner, unfortunately you can't use the ERTC**.

Also, if you are a nonprofit you need to have fully or partially ceased operations at some point in 2020 or 2021.

The ERTC works for the quarters which show a 20% decline and the following quarters until there is less than a 20% decline. So that means if you have a 20% decline in 2020 Quarter 4, you can apply for the following quarter — 2021 Quarter 1. If you have another 20% decline in Quarter 1 2020, you can apply for Quarter 2.

Is my business eligible?

To be eligible for the Employee Retention Tax Credit you must have either:

- **Completely or partially suspended business operations** during any calendar quarter in 2020 due to orders from a government authority. The one exception — if your employees are working from home instead of an office, this is not considered to be a partial suspension of your business operations.
- **Experienced a "significant decline in gross receipts"** during a calendar quarter equal to less than 50% of gross receipts in the same quarter in 2019. If you qualify based on a decline of gross receipts, you can use this qualification until one quarter of your gross receipts is greater than 80% of the same quarter in 2019.

How does it work?

The Employee Retention Tax Credit is equal to 50% of up to $10,000 in qualified wages (including amounts paid toward health insurance) per **full-time employee** (part-timers are not eligible) for all calendar quarters **beginning March 13, 2020 and ending December 31, 2020**. The maximum credit per employee between March 13, 2020 and December 31, 2020 is $5,000.

Here's an example:

Let's say you have an employee who has gross wages of $60,000 per year. That means each quarter they have gross wages of $15,000. In Quarter 1 you could request half of the gross wages up to $5,000. In this case, half of the gross wages of $15,000 would be $7,500, so you could request the full amount for the year of $5,000.

If you had less than 100 employees on average in 2019, you can claim credit for every qualified employee whether they are working or not (but of course they need to be on your payroll and not unemployment). If you had more than 100 employees on average in 2019, you can only use payroll for those employees who are actively working.

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Some other important notes:

You cannot claim self-employment income. So, if you are a sole proprietor you can use the income from an employee, but not yourself.

If you have wages covered by the Families First Coronavirus Response Act, Paid Family and Medical Leave, or through a Work Opportunity Tax Credit, they will not count for the program.

How do I get reimbursed?

You get reimbursed through a "refundable tax credit." That's a technical way of saying the United States Treasury pays you using money from employment taxes. Think of this term as simply a "reimbursement" for the applicable wages.

You can get reimbursement in two ways:

- First, you can take the money owed off your quarterly employment tax returns (this is typically through an IRS Form 941). Any credit above what you are paying in federal employment tax can be requested using the IRS Form 7200.
- Second, you can request payment any time (even more than once in a quarter) using IRS Form 7200 (even if you didn't withhold your payroll taxes). **The Form 7200 is easy, and since it can be done as many times as you want, it's an easier way to ensure a positive cash flow for your business.**

What else should I know?

Remember, the Employer Retention Tax Credit is only for full- time employees. Also, if you received a Paycheck Protection Program Loan, you are ineligible for the Credit.

For more information:

Visit the US IRS website.

PRO TIP If you have a PPP, you cannot "double count" the money. Make sure that the salary you are counting for the ERTC is not the same as the PPP. For example, if you are claiming PPP forgiveness for all your salary in May 2020, you cannot also claim an ERTC.

EXAMPLES OF PARTIALLY SUSPENDED BUSINESS OPERATIONS

A partial closure can include a restaurant that cannot seat customers — or as many customers — because of pandemic-related government order, but can still provide take-out service.

A child care provider who must have fewer children per classroom due to government social distancing orders would qualify for the ERTC.

EXAMPLE OF A SIGNIFICANT DECLINE IN GROSS RECEIPTS

Let's say in Quarter 2 your gross receipts were 35% of 2019 levels. Then, in Quarter 3 you jumped up to 95% of gross receipts from 2019. You still qualify in Quarter 3 because of the reduced Quarter 2 levels. In Quarter 4, you will no longer qualify if your gross receipts are still more than 50% of 2019 levels.

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Applying for the
Targeted Economic Injury Disaster Loan

The new stimulus includes a Targeted Economic Injury Disaster Loan program specifically for businesses in low-income communities (this is a government term, not ours). The term "low-income community" means any population census tract if the poverty rate for such tract is at least 20 percent, or in the case of a tract not located within a metropolitan area, the median family income for such tract does not exceed 80 percent of statewide median family income, or in the case of a tract located within a metropolitan area, the median family income for such tract does not exceed 80 percent of the greater of statewide median family income or the metropolitan area median family income.

We are still awaiting final guidance. In the meantime:

STEP 1

Find your census data by going here and follow these steps:

1. Select 2020 as the year.
2. Enter your address.
3. Hit search.
4. Hit income data.
5. When the results come up, go to the Income Tab.
6. Scroll under the income tab to "% Below Poverty Line."

STEP 2

Get evidence of a decline in gross receipts for an 8-week period between March 2, 2020, and December 17, 2021 compared to the 8-week period immediately preceding March 2, 2020 or one during 2019.

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Applying for the
Families First Coronavirus Relief Act Leave

The new stimulus extends the ability to get funds through the Families First Coronavirus Relief Act Leave. Business are no longer required to provide this leave, but can take it voluntarily and receive the tax credits through March 31, 2021.

Is my business eligible?

If you have fewer than 500 employees, you can take advantage of the FFCRA. **Even if you are a sole proprietor or self-employed and it is just you — you can take advantage of the program.**

How does it work?

The FFCRA covers leave taken between April 1, 2020 and December 30, 2020.

THERE ARE TWO TYPES OF LEAVE AVAILABLE.

Emergency Paid Sick Leave Act (EPSLA)

First, the Emergency Paid Sick Leave Act (EPSLA) provides up to 80 hours of sick leave for employees:

- **At their regular rate of pay** (up to $511 per day with a cap of $5,110 for the whole 80 hours) if the employee is quarantined for potential COVID-19 exposure or has COVID-19 symptoms.
- **At two-thirds their regular rate of pay** (up to $200 per day with a cap of $2,000) if the employee is caring for someone under quarantine or a child (under 18) whose school is closed due to COVID-19 or the employee is experiencing symptoms of COVID-19 and seeking diagnosis. **A school closure includes remote learning situations where the child is at home.**

Emergency Family and Medical Leave Expansion Act (EFMLEA)

Second, the Emergency Family and Medical Leave Expansion Act (EFMLEA) provides up to **12 weeks** of expanded family and medical leave with 10 of those weeks paid at **two-thirds the employee's regular rate of pay** (up to $200 per day with a cap of $2,000) if the employee is unable to work (including telework) to care for a child whose school or childcare provider is closed due to COVID-19. **A school closure includes remote learning situations where the child is at home.**

PRO TIP If you have a PPP, you cannot "double count" the money. Make sure that the salary you are counting for the ERTC is not the same as the PPP. For example, if you are claiming PPP forgiveness for all your salary in May 2020, you cannot also claim an ERTC.

EXAMPLES OF PARTIALLY SUSPENDED BUSINESS OPERATIONS

A partial closure can include a restaurant that cannot seat customers — or as many customers — because of pandemic-related government order, but can still provide take-out service.

A child care provider who must have fewer children per classroom due to government social distancing orders would qualify for the ERTC.

EXAMPLE OF A SIGNIFICANT DECLINE IN GROSS RECEIPTS

Let's say in Quarter 2 your gross receipts were 35% of 2019 levels. Then, in Quarter 3 you jumped up to 95% of gross receipts from 2019. You still qualify in Quarter 3 because of the reduced Quarter 2 levels. In Quarter 4, you will no longer qualify if your gross receipts are still more than 50% of 2019 levels.

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How do I get reimbursed?

You get reimbursed through a "refundable tax credit." That's a technical way of saying the United States Treasury pays you using money from employment taxes. Think of this term as simply a "reimbursement" for the applicable wages.

Reimbursement is handled differently if the employee taking the leave is a "W-2 employee" or a sole proprietor/self-employed individual.

FOR W-2 EMPLOYEES

You can get reimbursement for W-2 employees in two ways.

1. You can take the money owed off your quarterly employment tax returns (this is typically through an IRS form 941). Any credit above what you are paying in federal employment tax can be requested using the IRS Form 7200.
2. You can request payment any time (even more than once in a quarter) using the IRS Form 7200 (even if you didn't withhold your payroll taxes). **The Form 7200 is easy, and since it can be done as many times as you want, it's an easier way to ensure a positive cash flow for your business.**

FOR SOLE PROPRIETORS & THE SELF-EMPLOYED

You can get reimbursed by withholding the money equal to the leave (per the limits above) from your quarterly estimated tax payments or by claiming it at the end of the year when you do your annual tax filing.

What else should I know?

Employers may exclude healthcare providers or emergency responders from EPSLA and EFMLEA leave, and businesses with less than 50 employees can qualify for an exemption if the leave would jeopardize the viability of the business.

For more information:

Visit the US Department of Labor website.

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About the Organizations

Child Care Associates is a non-profit organization based in Fort Worth, Texas committed to strategically investing in the future of young children, families, and communities. CCA understands that educating children in the early years leads to healthier, more successful adults and stronger, more productive communities. CCA operates 20 early education campuses and 62 Pre-K partnership classrooms caring and educating over 1,800 children 0–5. CCA serves another 12,000 families annually through Child Care Management Services helping offset the high cost of care for low-income families, improving the quality of 197 child care programs through Texas Rising Star, and coaching 404 early ed teachers. For information about the organization and its outreach, visit www.childcareassociates.com.

Civitas Strategies is a national management consultancy established in 2009 to increase the impact of public serving organizations. Civitas Strategies strives to improve outcomes for marginalized children and families through high quality management consulting services including strategic planning, evaluation, and talent recruitment and management. To learn more about Civitas Strategies' services and work visit www.civstrat.com.

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