



AMGA Advocacy Webinar

Understanding Federal Assistance for Guides and Guide Services

Presenter: Matt Wade, AMGA Advocacy & Policy Director

Plan for the Webinar

Goal: Provide more detailed information on the stimulus assistance available to AMGA members and answer questions

Topics

- Paycheck Protection Program Loans
- Economic Injury Disaster Grants & Loans
- Expanded Unemployment Benefits

Format

- Brief intro to each topic (25 minutes)
- Answers to questions already submitted (30 minutes)
- Open Q&A (30 minutes)

Paycheck Protection Program (PPP)

Overview

- A new type of loan created by CARES Act
- Available to small businesses and non-profits with fewer than 500 employees, independent contractors, sole proprietors, and other self-employed individuals
- Max loan amount is equal to:
 - average monthly payroll in 2019 x 2.5 for annually operating businesses
 - OR
 - average monthly payroll Feb 15–June 30, 2019 x 2.5 for seasonal businesses
- Loan amounts used for payroll costs, interest on mortgage payments, rent, and utilities for an 8-week period can be forgiven (do not have to be repaid)

Paycheck Protection Program

To receive forgiveness, a recipient must:

- **Maintain the same number of full-time equivalent (FTE) employees during the 8-week loan period as the business had**
 - from Feb 15 – June 30, 2019 or January 1 – February 29, 2020 for businesses that operate annually
 - from Feb 15 – June 30, 2019 for seasonal businesses
- **Maintain salary/wage levels (can't reduce more than 25%)**
- **At least 75% of the forgivable amount must be used for payroll costs (max of 25% used for rent, utilities, mortgage interest)**

Paycheck Protection Program

PPP loan details:

- Fees are waived
- No requirement to first seek credit elsewhere
- No collateral is required
- No prepayment penalty

Loan terms for any outstanding balance after forgiveness:

- 1% interest rate
- 2-year loan term
- Payments can be deferred for 6 months (but interest accrues)

Paycheck Protection Program

How to apply:

- Contact your bank to apply
- If your bank is not a participating lender, you can find a lender using the SBA Lender Finder Tool:

<https://www.sba.gov/paycheckprotection/find>

- Download the application and prepare your materials

[https://www.sba.gov/sites/default/files/2020-04/PPP Borrower Application Form.pdf](https://www.sba.gov/sites/default/files/2020-04/PPP_Borrower_Application_Form.pdf)

- Interested? Apply now. Funds are running out fast.

Economic Injury Disaster Loan & Grant

EIDL Loan

- Part of the SBA Disaster Loan Program
- Loans available for up to \$2 million
- Similar eligibility as PPP (small biz, non-profit, self-employed)
- Loans can be used for fixed debts (rent, etc.), payroll, accounts payable, bills that could have been paid had the disaster not occurred (insurance premiums, permit fees)
- Term up to 30 years, 3.75% businesses and 2.75% non-profits

EIDL Grant

- Applicants for an EIDL loan can request an emergency grant up to \$10k

Economic Injury Disaster Loan & Grant

EIDL Emergency Grant Details

- Funds sent to applicants within 3 days of application processing
- Can be used for:
 - Providing paid sick leave to employees unable to work due to the direct effect of the COVID-19
 - Maintaining payroll
 - Making rent or mortgage payments
 - Repaying obligations that cannot be met due to revenue losses
- The grant does not need to be repaid
- Apply at <https://covid19relief.sba.gov/#/>

EIDL and PPP Loans Together

- You can apply for a PPP loan and an EIDL Grant and Loan
- If you receive an EIDL grant, it will be deducted from the forgivable amount of your PPP loan
- If you had an EIDL prior to the PPP program but before January 21, 2020, you can refinance the EIDL into a PPP loan
- An EIDL grant/loan and a PPP loan cannot be used for the same purpose in the same time period (i.e. both cannot be for payroll in April)

Unemployment Benefits

Standard unemployment benefits

- State-based programs that provide compensation for workers who have been laid off or whose work has been reduced
- Traditional employees are eligible (but not self-employed)
- Benefits may provide up to 50% of average weekly earnings but amounts vary from state to state
- If you have already lost work, you can apply now
- If you haven't lost work yet, you must wait until work is lost to apply
- Contact an unemployment office or your employer to determine where to file your claim

Unemployment Benefits

New benefits available through CARES Act:

- Eligibility for unemployment assistance is expanded to include sole proprietors, part-time workers, and independent contractors through December 31, 2020
- Unemployed workers get an additional \$600/week from the federal government on top of the amount paid by the state in which they file
- The additional \$600/week will be available through July 31, 2020
- Unemployment benefits will be available for an additional 13 weeks beyond the regular number of weeks allowed by the state in which the worker files

Unemployment Benefits

CARES Act unemployment benefits continued:

- States can waive the requirement to actively search for work
- States can waive traditional waiting periods (the “waiting week”)

When can I apply for the new benefits?

- It is unknown when the new benefits will be available
- States are working hard to update their systems to account for the new benefits
- Check state unemployment websites for updates (or sign up for automated updates)

Your Questions

- Answers to your questions submitted prior to the webinar
- Open Q&A Session

Your Questions

How can the PPP loans and disaster loans be used?

- PPP - Payroll costs, group health care benefits including insurance premiums, retirement benefits, rent, utilities, and interest payments on mortgages.
- EIDL loan uses - Fixed debts (rent, etc.), payroll, accounts payable, some bills that could have been paid had the disaster not occurred.
- EIDL Grant - providing paid COVID-19 sick leave, payroll, rent or mortgage payments, and repaying obligations that cannot be met due to revenue losses.
- If you have a PPP loan and an EIDL loan, you cannot use them both for the same purpose at the same time.

Your Questions

- **I own a small guide service, which is an LLC, but I file taxes as an S-Corp. As an S-Corp, I pay myself a salary. Does this mean I fit into the "self-employed" category? Or am I technically an employee of my own business? Since I am the principal wage earner in my business, I am wondering if I can use PPP loan funds to pay myself, or if they are only to pay other employees?**
- If you are filing your business taxes as an S-Corp, and paying yourself a salary as an employee, you fit into the small business category. You can use a PPP loan to pay your own wages.

Your Questions

PPP program applications supposedly opened last week, but I can't find a bank willing to take applications. Is there one the AMGA recommends or has a relationship with? I bank with Chase... you'd think a huge national bank would be ready, if anyone was. Maybe all the banks are overwhelmed?

- Yes, the banks are overwhelmed with applications.
- If you bank with Chase, it may be easiest to work through them once they are available. If you want to look for other options, you can find participating lenders using the [SBA Lender Finder](#) tool.
- While you are waiting to get a call back from a lender, start compiling [your application](#) information and stay in touch with your banker.

Your Questions

What is the waiting period for unemployment benefits?

- The waiting period is a period of time after you submit your unemployment application that you must wait before you can receive benefits. Usually one or two weeks. *[varies from state to state]*
- The CARES Act has given states the authority to waive the waiting period and many states are starting to do that.

Your Questions

When and how is any of the money expected to be delivered?

- After you are approved for a PPP or EIDL loan, the funds will be deposited directly into the bank account of your choosing. *[contact your lender for specifics]*
- The individual stimulus payments (approximately \$1200 adult, \$500 child) will be deposited by direct deposit for those who e-file their taxes. Those who do not utilize the e-file system will receive a check.
- If you are approved for unemployment, the benefits are typically provided on a prepaid debit card or deposited directly into your bank account. *[varies from state to state]*

Your Questions

What are the resources (if any) for a guide on a 1099 platform?

A guide who is paid on 1099s has several options:

- You can apply for unemployment for some or all of your lost earnings.
- You could apply for a PPP loan to cover your wages for an 8-week period.
- You could apply for an EIDL grant for up to \$10k and use that money to cover wages and/or operating expenses for as long as the grant will last.
- You could also get an additional EIDL loan at 3.75% for up to 30 years.

Your Questions

What about a guide in the process of starting up a new business with a formed LLC and insurance scheduled for May?

- The same options as we just discussed for a 1099 platform exist for the owner of a new LLC. However, if the LLC receives a PPP loan, it would not be able to receive forgiveness for any rent or utility payments, or mortgage interest, unless the contracts were in place prior to February 15, 2020.

Your Questions

If I file for unemployment, what do I need from my employer?

- If you are applying for unemployment, you do not need anything from your employer.
- However, it could be helpful to receive a letter from your employer describing that you have been laid off or furloughed. This will help your unemployment officer understand your claim.

Your Questions

PPP question. How do they calculate the number of employees needed to qualify for loan forgiveness? Is it a head count or hour count?

- The correct way to count employees is still unclear for businesses that operate on a seasonal basis.
- The CARES Act indicates a loan applicant should calculate the number of FTE employees that it had during the period February 15 – June 30, 2019 and then maintain that same amount during the 8-week PPP loan period.
- It is challenging for businesses to calculate FTEs for guides who work irregular schedules. Some businesses are comparing the hours guides worked to a traditional full-time employee and coming up with partial FTE calculations (.25 FTE, .5 FTE, etc.). Others are going by head count.
- Ultimately, it may be up to your lender. Talk with your bank and ask them if they will allow you to use the method that makes the most sense for your situation.
- Note - a loan recipient does not need to retain the same individuals, only the same number of FTE employees.

Your Questions

How does the \$600 dollar per week work and who can it be allocated to?

- The federal government will be providing an additional \$600/week on top of any unemployment benefits already provided by the state. The increased benefit will be provided to all recipients of unemployment. Unemployment benefits can be allocated to employees, sole proprietors, independent contractors, and other self-employed individuals.
- Benefit payments under the new federal unemployment program are [retroactive for weeks of unemployment](#), partial employment, or inability to work due to COVID-19 reasons starting on or after January 27, 2020.

Your Questions

In addition to the Federal unemployment assistance (extra \$600.00/week) supporting state managed unemployment, what are the other benefits available to individual guides? I have heard grants loans, etc. mentioned - but have yet to find all the details...

- If you work solely as a W-2 employee, the main option available to you is unemployment benefits.
- If you work as an independent contractor or sole proprietor for some or all of your work, you can apply for a PPP loan and/or EIDL grant and loan.

Your Questions

My partner and I own a limited liability partnership. For tax purposes my partner owns 70% of the company. Almost all my employment is in the 1099 and paid to our partnership. I am unsure if I apply for unemployment if I am eligible, and to what extent.

- A partner in an LLP who is working as an independent contractor is eligible for unemployment under the expanded unemployment benefits enacted by the CARES Act.
- You will be able to file for unemployment benefits that will make up for some or all of your lost earnings. Note – the new federal unemployment benefits are not available yet but should be very soon.
- Call your unemployment office to inquire.

Your Questions

What forgivable loans are available for a Sole Proprietor LLC without employees? Is an EIDL forgivable without a payroll? Are permit expenses and liability insurance forgivable? How are these expenses reported to the lender?

- A sole proprietor without employees can apply for a PPP loan and receive forgiveness for the amounts spent on payroll costs, mortgage interest, rent, and utilities.
- Alternatively, a sole proprietor could apply for an EIDL grant for up to \$10k that does not have to be repaid. An EIDL grant can be used for payroll costs, rent or mortgage payments, COVID sick or family leave, and paying obligations that can't be met due to revenue losses – like permit expenses and liability insurance premiums.
- Your lender will have specific guidance on how the expenses should be reported.
- Note - all these options also apply to independent guides working under single-member LLCs, as independent contractors, etc.

Your Questions

How long will it take to get support?

- For unemployment benefits, we are hearing it will take 4-6 weeks for a claim to be processed and the first check to arrive.
- For PPP and EIDL loans, it is unknown how long it will take. However, some businesses have just recently received notice that their PPP loan requests have been approved.
- You can check on the status of your PPP application by contacting your lender. You can check on the status of your EIDL grant/loan application by calling the SBA customer service center at 1-800-659-2955.

Your Questions

**I am a w-2, 1099, sole proprietor LLC, internationally working guide.
How does unemployment apply to me?**

- You can apply for unemployment based on all of your lost earnings through W2s, 1099s, your LLC, and any other sources of income you have. All are eligible toward an unemployment claim under the new federal rules.
- However, as of right now, it is only possible for traditional employees to file for unemployment because the new federal rules for self-employed individuals haven't kicked in yet.
- If you have already lost work as an employee, submit your unemployment application now. If you have lost self-employment work, you will need to wait until the unemployment portals are set up to accommodate self-employed individuals.

Your Questions

- **With the 3 options of the EIDL, PPP, and Unemployment, as a sole proprietor LLC, I'm trying to figure out how the 3 fit together and what the most strategic way forward would be. Does accepting an EIDL affect unemployment status? Should I apply for PPP and then when it runs out, apply for unemployment?**
- In order to receive unemployment, you have to be partially or completely out of work. If you are out of work, you will be able to apply for unemployment as soon as the state unemployment portals are open for self-employed individuals (any day now).
- You could also apply for a PPP loan and/or an EIDL grant and loan. If you get a PPP or EIDL loan and you use either for your own compensation, you will need to report that compensation to your unemployment officer.
- The compensation you receive through the loans could cause you to lose eligibility for unemployment. However, after the loan proceeds are exhausted, if you are still out of work, you could apply for unemployment again.

Your Questions

I live out of my van. I have no home address (currently hunkered down in WA), but mostly work in Nevada (where I can use a friend's address) where all but one guide employer operates in different states (NM, WA, and WY). Can I apply in any of those states or do I apply in NV? How/can I apply for benefits under this program?

- There is not a definitive answer to this question but we can offer some suggestions. Since most of your work is in Nevada, and most of your employers operate there (and therefore pay unemployment insurance in Nevada), you might want to contact an unemployment office in Nevada first.
- Given the complexities of your situation, it will be very helpful to speak directly with an unemployment officer.

Your Questions

In the past year, I have worked in Utah (w2, 1099), New Hampshire (w2), and Maine (w2). My most recent gig was a 6 month contract in Maine. My plans were to work in NH this summer. I am currently staying in New York but I have not worked in the state in years. Do you have any information regarding filing for unemployment in confusing situations like this for people without one permanent place of residence?

- This is a very similar situation as the previous question. Since your most recent work was in Maine, and you will be officially out of work after that contract ends, you might begin by contacting an unemployment office in Maine.

Your Questions

If we cannot get a CARES Act loan, should I as an owner who receives a W2 file for unemployment?

- If you have lost work and you are unable to get a PPP loan or an EIDL loan, you can file for unemployment.

Your Questions

Can PPP 7A loan funds be used to pay debt/bills other than utilities and payroll expenses and still be forgivable if documented correctly?

- For a PPP loan to be forgiven, the loan funds must be used for payroll expenses, mortgage interest, rent, and utilities. If you need to make payments on fixed debts and other obligations that cannot be met due to revenue losses, you might consider applying for an EIDL grant and loan (which can be used for these purposes).
- An EIDL grant up to \$10k does not need to be repaid.

Your Questions

What opportunities/benefits are available for a seasonal business that currently has no employees on payroll, but is still expected to be negatively impacted by COVID19 losses in the coming months. (Employees don't typically start until mid-May.)

- A PPP loan may not be an option because it appears it is not possible to pick a loan origination date and the funds are only forgivable for an 8-week period after the loan begins.
- In contrast, the funds received in EIDL grant/loan do not have to be used within a certain time frame. You could apply for an EIDL grant/loan now and save the funds until you need them in May.
- Consider applying for an EIDL grant/loan now and then discuss your situation with the loan officer when they follow up on your application.

Thank You!

- Understanding has been improved through collaboration
- The AMGA is here to assist you

Additional Resources

- This slide deck and FAQs will be uploaded to [AMGA Coronavirus Resources page](#)
- Detailed PPP, EIDL, and Unemployment FAQs coming soon
- Contact the Advocacy Department with questions