



BULLETIN #49/2020 APRIL 22, 2020

_CORONAVIRUS UPDATE #35

CV STIMULUS #4 TEED UP FOR HOUSE APPROVAL TOMORROW

MORE PAYCHECK PROTECTION PROGRAM INFORMATION

GOV. BAKER: COVID SITUATION WILL DICTATE ECONOMIC RE-OPENING

NADA WEBINAR REGISTRATION FOR FRIDAY, APRIL 24

[This bulletin supplements our previous bulletins #11 and #16 through #48 on this subject matter. These bulletins are intended to be cumulative so we can avoid repeating the same information.]

PPP Loan Suggestions and Reminders

[Courtesy of our MSADA accounting partner O'Connor & Drew]

Yesterday the U.S. Senate approved an agreement on a fourth stimulus package to address the Coronavirus crisis. The package includes replenishing the funding for the PPP program. The U.S. House of Representatives is expected to vote its approval tomorrow. President Donald Trump has said he will sign the legislation.

While borrowers wait for additional guidance and clarifications on the PPP loan program, we wanted to address some common questions and reminders for those that receive loan funding.

Best Practices

- Budget your expenses for the 8-week period post-funding and monitor your actual expenses against these figures periodically to avoid unpleasant surprises;
- Maintain separate bank account and general ledger accounts to track inflow and outflow of PPP loan funds;
- Political rumblings over the weekend suggest more stringent forgiveness policies may be forthcoming. We suggest a well-documented and conservative approach to the PPP loan program.

Expenses Incurred & Paid During 8-Weeks Post-Loan

- FAQ guidance from the SBA confirms that the 8-week period for measuring forgivable expenses begins on the date of PPP loan disbursement;
- The CARES Act bill-text measures the expenses during the 8-week period based on expenses **incurred** and **paid** during this timeframe;
- Absent further guidance, we suggest borrowers only include expenses associated



- Absent further guidance, we suggest borrowers only include expenses associated with the 8-week period and paid by the end of this period; to be conservative, do not include payments of payables originating before the 8-week period or prepaids originating after the 8-week period, in your forgivable expenses calculation;
- Consider planning for a special payroll payable before the end of the 8-week period.

Forgiveness & FTE Count

- The CARES Act bill-text "suggests" that a borrower that restores FTE count to 2/15/20 levels by 6/30/20 avoids any reduction to loan forgiveness for decrease in FTE as a result of COVID-19. This exemption would presumably relieve the borrower from comparing the post-funding 8-week FTE average against pre-COVID-19 periods.
- Until SBA/Treasury releases additional guidance clarifying this "6/30/20 exemption" we strongly recommend borrowers continue to assume that the **average** FTE count for the 8-week period following PPP loan disbursement will directly impact the amount of loan forgiveness. Accordingly, borrowers should attempt to restore FTE count during this timeframe.

Rent Expense

- Reminder: Rent expense may only be treated as a forgivable expense if the rent was paid subject to a leasing agreement in force before 2/15/20. We suggest that borrowers locate their lease agreements and follow the payment terms as specified

What is in Stimulus #4?

Over a week since the PPP funds were depleted, Congress now is poised this week, finally, to send a bill to President Trump with additional monies for PPP loans for small businesses. The Stimulus #4 legislation totals almost \$485 billion. Please note: The current bill does not make any changes in the PPP loan process, but the next round of stimulus negotiations has already begun. There will likely be efforts to create additional transparency for recipients of the PPP loans, as well as changes to the eligibility rules for small businesses to receive a loan.

If you were curious as to what the Democrats held out for while delaying the PPP replenishment, here you go (breakdown courtesy of our associate member Albin, Randall & Bennett):

- PPP lending limit increased \$310 Billion from \$349 billion to \$659 billion;
- Economic Injury Disaster Loan (EIDL) program grants available to the SBA increased from \$10 billion to \$20 billion;
- Expanded eligibility for PPP loans and the EIDL grant programs to include farms;
- Increased the amount appropriated to the EIDL loan program by \$50 billion (this is in addition to the extra \$10 billion for grants)

A breakdown of the amounts allocated to the various healthcare programs is as follows:

- \$75 billion allocated to healthcare professionals fighting the spread of COVID-19;



- \$25 billion to expand the development of testing for COVID-19;
- \$11 billion allocated to states to help fund the costs associated with testing for COVID-19;
- \$4.25 billion allocated to states to assist with the fight against COVID-19 based on the proportionate number of COVID-19 cases in that state;
- \$750 million allocated to supporting health initiatives of Indian tribes;
- \$5.43 billion to various other health related agencies for the purpose of fighting COVID-19 and testing for COVID-19.

Updated FAQs from NADA

- [CARES Act FAQs](#) (updated April 21, 2020)
- [FFCRA Emergency Employee Leave Mandates FAQs](#) (updated April 21, 2020)

Baker Keeping Close Eye on COVID-19 Hospitalization Rate

[Courtesy of the *State House News Service*]

APRIL 22, 2020.....The number of new cases of confirmed Coronavirus infection declined five straight days in Massachusetts before inching up Wednesday, but Gov. Charlie Baker said it's too soon to tell if this is a positive development in the state's fight against the virus, or a blip in the data due to the limited nature of testing.

The number of new positive tests for COVID-19 fell daily from 2,262 last Thursday to 1,556 on Tuesday, according to data reported daily by the Department of Public Health. While the cases climbed back up to 1,745 new on Wednesday, a steady decline in confirmed new cases will be a key metric for the state to understanding where in the trajectory of the virus's spread Massachusetts is situated and when to begin to thinking about reopening parts of the economy.

Baker, who described Massachusetts as "now a national hot-spot for COVID-19 infections," said the limited sample size, coupled with the fact that hospitalizations climbed by 83 on Tuesday and 105 on Wednesday to 3,977, meant that it was too early to feel confident that Massachusetts was on the other side of the surge.

The White House has urged states to consider reopening parts of the economy after witnessing 14 days of declining caseloads, but Baker said hospitalization rates are the "piece of data we watch most closely." The governor said 56 percent of the state's 18,000 available hospital beds are unoccupied.

"We think it's too soon to draw a conclusion from that data," Baker said. "First, a few days does not represent a trend. We've seen this data bounce around before. And secondly, the number of positive tests is entirely dependent on who you test."

To increase the volume of testing, Baker announced a new partnership between the private lab Quest Diagnostics and the Massachusetts League of Community Health Centers focused on "areas of high need," including densely populated urban areas.



Quest plans to send 2,200 tests per day to 12 community health centers with the capacity to increase testing, including centers in Quincy, Brockton, Lowell, Fall River, New Bedford, Worcester Provincetown and multiple sites in Boston, including Codman Square Health Center, Whittier Street Health Center, DotHouse Health and East Boston Neighborhood Health Center (EBNHC).

Manny Lopes, the CEO of EBNHC, said the partnership will support his center's efforts to test at its emergency department, adult and pediatric flue clinics and its drive-through and walk-through testing sites. The East Boston center also plans to soon launch a mobile testing van with the help of Cataldo Ambulance.

"As we all know, testing will be critical for the well-being of our residents and to the overall statewide response to COVID-19. Testing leads to detection, which allows us to keep sick individuals at home in quarantine and reduce exposure to our community members and slow the spread of the outbreak," Lopes said. "Having this reliable consistent supply of test kits will allow us more consistently to test those in need."

Lopes said the Quest tests will help his health center, which has already tested 3,000 residents, increase its testing capacity to 500 per day. While EBNHC continues to follow DPH and CDC guidance on testing individuals who are symptomatic, Baker said that as the state's contact tracing program grows he hopes that people who are identified as having come in contact with a positive case will also be able to get tested.

The governor's briefing on Wednesday afternoon was the first since Baker issued an order to keep all public and private school buildings closed for the remainder of the school year.

Health and Human Services Secretary Marylou Sudders said that for the half-a-million low-income students who will no longer be able to access free or reduced-price lunches at school the state had been approved by the USDA, along with three other states, to participate in a pilot program to send families a stipend to buy healthy foods.

The pandemic electronic benefit program will allow qualifying families to access \$5.70 per child per day, or \$28.50 per week, to buy healthy foods for as long as the schools are closed. This program, Sudders, said, will supplement the more than 1,300 "grab-and-go" lunch sites set up across the state.

"It also brings more than \$100 million in the commonwealth's economy, supporting our local grocery stores or bodegas, our corner stores, and their employees," Sudders said.

While grocers and convenience stores remain open as "essential businesses," Baker said the state was not ready to begin talking about opening other parts of the economy, including salons, to consumers.

The governor was asked about an online petition urging him to allow salons and barber shops to open if they only take one customer at a time so people can get their hair cut.

"First of all, we're not going to do that until we get over the hump of the surge, period. Okay?" Baker said. "No one anywhere in the world, much less in the United States, has suggested that it's a good idea to get into the business of giving up on distancing and the



stay at-home advisories and all the rest until you get to the other side of the surge."

Once Massachusetts does get to that point, however, Baker said it's likely that businesses will no longer be divided along essential and non-essential lines. Instead, Baker said the state will likely develop a set of safety protocols to protect workers and consumers, and it will be up to businesses to figure out if they can adhere to those guideposts. He predicted that "pretty forceful guidance" would govern permissible activities once the state reaches the other side of the COVID-19 curve.

One of the complications arising from the fact that Massachusetts is a hotspot for infection nationally is that states around Massachusetts are in different positions with respect to the spread of infection, and thinking differently about how and when to reopen commerce.

In New Hampshire, Gov. Chris Sununu has put together a task force to help develop a plan to reopen Granite State businesses, and Baker said the only thing he can do is ask that Massachusetts not get caught off guard by what neighboring states do.

Baker said he was on a conference call Tuesday with Maine Gov. Janet Mills, Vermont Gov. Phil Scott, Connecticut Gov. Ned Lamont, and Rhode Island Gov. Gina Raimondo when this issue came up. He did not mention Sununu.

"I just want to make sure we know what their next move is and they know what we're up to so that people don't end up surprising each other and creating what I talked about when we decided to join that larger northeastern coalition, which is a decision that somebody makes that creates tremendous difficulty for somebody else," Baker said.

Baker said he didn't want to "speculate" on whether he would consider a travel ban if New Hampshire or another neighboring state reopened its businesses before Massachusetts. He also declined to predict how the virus would impact July 4 celebrations.

At his afternoon briefing, Boston Mayor Martin Walsh said he's aware of the increasing talk about reopening the economy and said the city is developing public health criteria for what steps would be taken and when.

"Certainly reopening is a top priority of all of ours," he said.

"But the fundamental requirement for public health progress is a significant increase in testing," he said. "We need to know the full picture before we take those steps. Only testing can tell us what we need to know about how this virus is affecting different parts of our community."

A conservative talk radio host Dianna Ploss sent out an email on Wednesday seeking to organize a protest outside Baker's house in Swampscott on Thursday morning under the banner of "Liberate Massachusetts."

The email laid out anger with Baker's decision to shutter the economy, particularly churches and gun shops, and suggested that the virus's spread in China had been exaggerated and was being used in the United States to instill fear in the public and consolidate power.



Asked about the protest at his home, Baker went into a long explanation of why he has taken many of the steps he has to protect the public, including his recommendation to wear masks and the potential prevalence of carriers of the virus who show no signs of infection.

"This isn't being done to punish anybody, okay?" Baker said. "It's being done to try to keep people safe and it's being done based on data and information on an unprecedented virus as we gather it and as it comes together."

A Swampscott Police spokesperson said various reports have shown similar events to be peaceful, however, the department is working with state police to monitor the situation and make sure people are practicing social distancing.

NADA's Dealership Lifeline Series Continues on Friday, April 24

NADA is bringing you the information you need to navigate today's business realities. Register today for the next round of webinars this week. Spaces fill quickly. All webinars in the Dealership Lifeline Series are available on [NADA's Coronavirus Hub](#).

- [The Best Ideas from NADA 20 Groups, Part 2: In Times of COVID-19 Pandemic](#) (Friday, April 24, 1pm-2pm ET) NADA 20 Group consultant Tim Gavin, will highlight new ideas from NADA 20 Groups to help dealers successfully navigate the pandemic.