



# Finance Office Hours

May 29, 2020



# The Whole Picture



# What is on everyone's mind

1

- Changing service delivery and staffing shifts

2

- I have all this new money.... Will I have to give it back?

3

- Compliance in silo's vs overlapping rules

4

- Spend the money..... but do it wisely

5

- How do I track all of this.....



# **Paycheck Protection Program**



# Paycheck Protection Program

- Approaching the forgiveness calculation
- Multiple decision points
  - Covered period v. Alternative covered payroll period
  - Forgiveness reduction factors
    - Level of compensation
    - FTE methodology
    - FTE exceptions
    - FTE safe harbor

# When did it all begin....

- Standard Covered Period
  - 56 day covered period begins on the PPP loan disbursement date
- Alternative Covered Payroll Period
  - 56 day covered period begins on the first day of the first payroll period beginning after the proceeds are disbursed
  - Offered to those with bi-weekly (or more frequent) payroll cycles
  - Meant to allow for administrative convenience
- Alternative is only available for payroll costs. Non-payroll costs remain on the standard covered period timeline

# A moment on eligible payroll costs

- Cap on individual cash compensation eligible for forgiveness
  - Set at \$15,385 per employee during the covered period ( $\$100\text{K}/52*8$ )
  - Specific to cash compensation (gross payroll earned)
- *Unusual* language included in the SBA guidance
  - Payroll costs paid (cash basis) **AND**
  - Payroll costs incurred (accrual basis\*)
- Be strategic about what you apply to the program
  - At least 75% of forgiven amount must be qualified payroll
- Continued emphasis regarding no “double dipping”
- Monitor future guidance

# Eligible non-payroll costs

- Apply the standard covered period
- Several categories of qualifying non-payroll expenses
  - Interest on mortgage obligations on real or personal property\*\*
  - Rent payments on leases\*\*
  - Utility payments\*\*
- Follows a similar timing thought process
  - Paid during the covered period
  - Incurred during the covered period and paid on or before the next regular billing date
  - Maybe be subject to proration

\*\*Incurred/dated/under agreement before 2/15/2020



# Other decision points and requirements

- Maintain staffing levels (FTEs)
  - Average FTE options (calculated or simplified)
  - Rejected offers to rehire
  - Terminations for cause
  - Voluntary resignations
  - Voluntary requests for reduced hours
  - FTE safe harbor
- Maintain level of payroll (salaries and wages)
  - Evaluated for those making less than \$100,000 per year
  - Forgiveness affected if an employee's compensation is reduced > 25%

# Ongoing Issues

# Refine/revise your grants strategy..

1

- Analyze funding streams and restrictions (**subject to change!**)

2

- Forecast future pool of expenses based on current knowledge...

3

- Develop a plan for match most restrictive funding streams to expenses first – **ORDER OF SPENDING**

4

- Prepare budgets that align with step 3

5

- Follow **Grants Management Principles** while spending HRSA and other funds available to your Health Center

# Overview of Funding Overview / Possible Order of Spending

1

- Families First Corona Virus Response Act (FFCRA)

2

- Payroll Protection Program (PPP)

3

- Telehealth Grant Funding

4

- Capital Assistance for Disaster Response and Recover Efforts (CADRE) Funding

5

- COVID-19 Award #3 – Expanded Capacity for Coronavirus Testing (ECT)

# Overview of Funding Overview / Possible Order of Spending

6

- HRSA COVID-19 Awards - #1 and #2

7

- 330 Grant Supplemental Awards - IBHS, Quality, SUD-MH (year 2)

8

- 330 Grant (base funds)

9

- CARES Act Provider Relief Funds - Distributions 1 and 2, Rural, High Impact Areas, Others...

10

- Stay tuned.... And be prepared to re-analyze funding and order of spending!!

# Accounting for COVID

- Paycheck Protection Program (PPP) loans liability on your balance sheet until repaid or legally released by the financial institution
  - Expect expense/revenue timing differences
- Provider relief funds
  - Grants/contributions - conditional
  - Operating revenues (FASB) – not patient service revenue
- Provider relief COVID-19 uninsured portal = patient service revenue
- CARES Act Grants – traditional accounting guidance
  - Reminder to match expenses

# CARES Act Grants

- Document, document...document!
- Federal grants management rules
  - No Double dipping
  - Budgeting...rebudgeting
  - Capital/fixed asset strategies
  - Salary cap (2020 - \$197,300 - prorated)
- Unobligated funds
- H8E Grants – testing & related activities
- CHC grant

# Provider Relief Funds

- Attestation and reporting
- What if I still haven't received the money?
  - Reported revenue?
- Rules to follow versus rules that are enforced
- Currently expected to be on the single audit schedule of expenditures of federal awards
  - Expected CFDA # 93.498
  - Testing? Will 2 CFR (uniform grant regulations) parts B, C, D & E apply?