

# BPM

## **People Support and Cash Management Amid COVID-19**

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10:00 am – 11:00 am PT

## Our Panelists

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### Moderator

#### **Terry Hill**

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### Speakers

#### **Jill Pappenheimer**

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# People Approach FFCRA

# Emergency Paid Sick Leave (EPSL)

- **Effective Date:** April 1, 2020
- **Covered employers:** A private employer with fewer than 500 employees as of April 1, 2020
- **Includes:** All US employees, including FT, PT, seasonal, temporary
- **Exceptions:** Organizations with fewer than 50 employees
- EPSL provides up to 80 hours paid sick leave because the employee is unable to work due to 6 reasons below:
  1. Employee is subject to a quarantine or isolation order related to COVID-19
  2. Employee advised by a healthcare provider to self-quarantine
  3. Employee is experiencing COVID-19 symptoms and seeks medical diagnosis
  4. Employee is caring for individual subject or advised to quarantine or isolation
  5. Employee is caring for son or daughter whose school or place of care is closed, or child care provider is unavailable due to COVID-19 precaution
  6. Employee is experiencing substantially similar conditions as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Treasury

# Emergency Family and Medical Leave (EFMLA)

- Provides up to 12 weeks for employees unable to work/telework due to care/schooling of minor child being unavailable because of COVID-19.
- First 80 hours (two weeks) are unpaid EFMLA, but an employee has their EPSL (reason #5 above) paid at two-thirds their wages during that time. Both EPSL and EFMLA will run concurrently.
- The remaining 10 weeks are paid at two-thirds of the employee's regular rate of pay, for the number of hours the employee would otherwise be scheduled to work. The maximum payment is \$200/day and \$10,000 total.
- **Tax Credits for EPSL and EFMLA**
- Employers can take a refundable tax credit equal to 100% of qualified paid EPSL and EFMLA.

# Cash Flow Management SBA Programs

# Small Business Administration

- The new program, PPP, is different than existing disaster programs offering Economic Industry Disaster Loans (EIDLs).
- Eligible businesses @ 500 employees or less. 500 – 10,000 employees are defined as a mid-sized business under another program.
- Max loan amount is lesser of \$10M or 2.5x average payroll costs in period prior to loan date.
- Loan rates are TBD, but may be capped @ low rate based on conversations with qualifying lenders.
- Use of funds = payroll support, employee salaries, mortgage / rent, and utility payments.
- Employers may delay payroll tax payments. 50% due in 2021 with remaining 50% due in 2022.
- Some relief provided to existing SBA borrowers.

# Cash Flow Analysis

Cash Flow Analysis		(In '000 USD)												
13 Week Forecast														
Week Number		1	2	3	4	5	6	7	8	9	10	11	12	13
Month		2	2	2	2	3	3	3	3	3	4	4	4	4
Week Beginning	13 Wk Sum	02/03/14	02/10/14	02/17/14	02/24/14	03/03/14	03/10/14	03/17/14	03/24/14	03/31/14	04/07/14	04/14/14	04/21/14	04/28/14
<b>I. Collections</b>														
<b>Billings</b>														
Division 1	2,054.0	274.5	146.3	42.8	128.9	93.1	113.6	122.7	176.8	268.4	358.2	165.0	37.2	126.5
Division 2	261.0	8.7	22.2	5.6	30.0	8.2	5.0	29.4	8.2	27.2	4.1	-	18.6	93.7
	2,315.0	283.3	168.6	48.4	159.0	101.3	118.6	152.1	185.0	295.6	362.3	165.0	55.8	220.2
<b>Collections</b>														
Division 1	960.2	26.3	95.2	35.2	127.2	34.1	63.0	73.4	102.9	78.9	112.3	59.2	54.5	98.0
Division 2	347.7	82.4	50.4	7.2	9.2	43.7	31.0	22.4	12.8	27.8	28.7	-	28.7	3.4
<b>Total Collections</b>	<b>1,308.0</b>	<b>108.6</b>	<b>145.6</b>	<b>42.4</b>	<b>136.4</b>	<b>77.8</b>	<b>94.0</b>	<b>95.8</b>	<b>115.7</b>	<b>106.7</b>	<b>141.0</b>	<b>59.2</b>	<b>83.3</b>	<b>101.5</b>
<b>Accounts Receivable</b>														
<b>Division 1</b>														
Beginning Balance		932.8	1,228.2	1,191.1	1,183.7	1,177.8	1,233.4	1,275.2	1,298.5	1,337.5	1,445.8	1,676.1	1,769.0	1,743.4
+ Additions														
- Collections														
Ending Balance	-	1,100.3	1,175.9	1,182.3	1,080.1	1,238.3	1,250.1	1,271.4	1,266.8	1,283.9	1,391.4	1,666.0	1,753.6	1,704.5
Collections / Beg. A/R		3%	8%	3%	11%	3%	5%	0%	8%	0%	8%	4%	3%	0%
<b>Division 2</b>														
Beginning Balance		350.7	307.9	283.2	276.0	266.8	251.9	229.1	213.2	207.5	205.9	199.7	199.7	186.0
+ Additions														
- Collections														
Ending Balance	-	307.9	302.3	282.7	276.0	266.8	229.1	223.9	213.2	206.7	199.7	199.7	191.1	186.0
Collections / Beg. A/R		23%	10%	3%	3%	10%	12%	10%	0%	13%	14%	0%	14%	2%
<b>Total A/R Balance</b>	<b>-</b>	<b>1,478.2</b>	<b>1,465.0</b>	<b>1,356.1</b>	<b>1,505.1</b>	<b>1,479.3</b>	<b>1,495.3</b>	<b>1,480.0</b>	<b>1,490.6</b>	<b>1,591.1</b>	<b>1,865.7</b>	<b>1,944.8</b>	<b>1,890.5</b>	
<b>2. Total Disbursements</b>	<b>41.6</b>	<b>0.0</b>	<b>24.0</b>	<b>4.3</b>	<b>3.2</b>	<b>0.0</b>	<b>2.9</b>	<b>-</b>	<b>1.1</b>	<b>0.0</b>	<b>5.7</b>	<b>0.2</b>	<b>-</b>	<b>-</b>
<b>3. Cash Generation</b>														
<b>Operating Cash Generation</b>														
Collection	1,308.0	108.6	145.6	42.4	136.4	77.8	94.0	95.8	115.7	106.7	141.0	59.2	83.3	101.5
- Disbursements	(41.6)	(0.0)	(24.0)	(4.3)	(3.2)	(0.0)	(2.9)	-	(1.1)	(0.0)	(5.7)	(0.2)	-	-
<b>Oper. Cash Generation</b>	<b>1,266.3</b>	<b>108.6</b>	<b>121.6</b>	<b>38.0</b>	<b>133.2</b>	<b>77.8</b>	<b>91.1</b>	<b>95.8</b>	<b>114.5</b>	<b>106.7</b>	<b>135.3</b>	<b>59.0</b>	<b>83.3</b>	<b>101.5</b>
<b>Scheduled Debt Repayment</b>														
Interest	13.0			4.7				4.0					4.3	-
Principal	67.3			26.4				27.0					1.4	12.6
Payment Month	80.4	-	-	31.0	-	-	-	31.0	-	-	-	-	5.8	12.6
				1.0				2.0					3.0	
<b>Cash Used for Financing</b>														
Operating Cash Flow	1,266.3	108.6	121.6	38.0	133.2	77.8	91.1	95.8	114.5	106.7	135.3	59.0	83.3	101.5
- LOC Paydown	(685.7)	(5.2)	(3.3)	-	-	-	(302.9)	-	(274.3)	(100.0)	-	-	-	-
- Interest Payment	(13.0)	-	-	(4.7)	-	-	-	(4.0)	-	-	-	-	(4.3)	-
- Principal Payment	(67.3)	-	-	(26.4)	-	-	-	(27.0)	-	-	-	-	(1.4)	(12.6)
<b>CF aft. Fixed Financing</b>	<b>500.2</b>	<b>103.4</b>	<b>118.3</b>	<b>7.0</b>	<b>133.2</b>	<b>77.8</b>	<b>(211.8)</b>	<b>64.8</b>	<b>(159.7)</b>	<b>6.7</b>	<b>135.3</b>	<b>59.0</b>	<b>77.5</b>	<b>88.9</b>
<b>Cash Position aft. Financing</b>														
Beginning Cash	223.9	223.9	327.3	445.6	452.6	585.8	663.6	451.8	516.6	356.9	363.5	498.8	557.8	635.3
- Change in cash	500.2	103.4	118.3	7.0	133.2	77.8	(211.8)	64.8	(159.7)	6.7	135.3	59.0	77.5	88.9
<b>Ending Cash</b>	<b>724.1</b>	<b>327.3</b>	<b>445.6</b>	<b>452.6</b>	<b>585.8</b>	<b>663.6</b>	<b>451.8</b>	<b>516.6</b>	<b>356.9</b>	<b>363.5</b>	<b>498.8</b>	<b>557.8</b>	<b>635.3</b>	<b>724.2</b>



# **Tax Credits for EPSL and EFMLA**

# Credit Implications

- Employers can take a refundable tax credit equal to 100% of qualified paid EPSL and EFMLA.
- The EPSL credit is limited to the amount of paid sick leave wages (\$511 per day up to \$5,110 total per employee) and wages paid for the care of others and any other similar condition (\$200 per day up to \$2,000 total).
- The EFMLA credit is limited to the maximum amount paid (\$200/day and \$10,000 total possible).
- The credit is applied to the employer portion of Social Security taxes, however, should the costs for qualified sick leave or qualified family leave exceed the taxes owed by employers, the difference is eligible to be reimbursed.
- Employers will be able to keep a portion of the deposit they otherwise would pay as part of their employee's federal, social security and Medicare taxes. They can retain and will not be required to deposit these funds.

**Q&A**

# Resources

- [BPM COVID-19 Resource Center](#)
- [CARES Act Legislation](#)
- [Guidance to Understand FFCRA](#)
- [SBA Assistance](#)