



Memo

Date: May 25, 2020

To: All pastors, principals, parish and school business managers

From: Michael Warren, Director of Financial Services, Office of Finance

Re: PPP loan forgiveness guidance from SBA + accounting guidance for recording the loan

This is an update on the PPP Loan program.

SBA – NEW GUIDANCE ON PAYROLL PERIODS

The Small Business Administration (SBA) has now provided updated guidance on an “Alternative Payroll Covered Period” to be used in determining how to maximize payroll costs forgiven in the coming months.

Here is a copy of the SBA’s [Loan Forgiveness Applications Instructions for Borrowers](#) for your parish/school and financial advisors to review. It provides an example of how a parish/school might move to use of an “alternate” eight-week period that corresponds with standard payroll cycles, likely a few days after the loan “funding” date. That allows a location to match the eight-week requirements of the SBA rules with standard payroll cycles. The guidance also describes how to include non-payroll costs where possible and explains how “full-time equivalents” (FTEs) should be determined, which may decrease the amount of the loan that is forgivable.

Paychex is also expected to provide some updated guidance within the week about how to generate payroll reports that might help support payroll costs.

We had previously outlined another alternative for handling a split of payroll periods in the [Communiqué](#) one week ago.

Another option that might be considered is moving the last “check date” up, to be within the eight-week forgiveness period. If interested, you should consult with Paychex and Shannon Wiggins in HR. The “alternate” period described above and in the SBA attachment may be simpler.

ACCOUNTING TREATMENT OF PPP LOANS

Also, [here](#) is a summary of the recommended steps for recording the PPP Loan on the accounting system, and how to record the D&L asset. Patrick Warner has also described a method for tracking expenses within the ParishSOFT Accounting system, with more details to be sent directly to business managers.

We hope this is helpful.