



Today's FAQ focuses on how your organization and employees may be affected by unemployment. We received clarification on how employers can notify the state of any employees that refuse to return to work after work is made available for them. Additionally, the Small Business Administration (SBA) and Department of Treasury provided further information regarding Paycheck Protection Program (PPP) loans in their Frequently Asked Questions document released on May 6, 2020.

**Q: How do states treat unemployment for nonprofits that elect to not pay state unemployment tax (SUI) and go with the direct reimbursement method?**

A: As a result of the pandemic, many nonprofit organizations that utilize the direct reimbursement method are concerned with the significant amount of unemployment bills they may have. The CARES act provides for the Federal Government to pay 50% of all state unemployment benefits from March 13, 2020 through December 31, 2020. The intent behind the CARES act is to give states flexibility in collecting the remaining 50% of unemployment bills from nonprofit employers.

The CARES act offers expanded benefits to employees including \$600 extra per week and an extended 13 weeks of unemployment. These benefits will be paid by the government and are not required to be reimbursed by nonprofit organizations.

**Q: Are employees who are receiving social security benefits required to report those wages to the state for unemployment purposes?**

A: In most states, you are not required to report social security income to unemployment offices. However, a few states require that you report your social security income, which may reduce your benefit. In the state of Tennessee, you are not required to report your social security income to unemployment.

Any benefits you do receive from unemployment insurance will not reduce your social security payments. Social security does not count unemployment benefits as earnings, as earnings are defined by the Social Security Administration (SSA) as wages and self-employment income that you get from working.

**Q: If my employee is on unemployment, and we recall them to work, but they refuse, how will their unemployment payments stop?**

A: The state of TN has released a new form, [Refusal of Callback to Work](#), that employers can complete and submit on the Jobs4Tn.gov website. This allows employers to notify the state of employees who are refusing to return when work is available for them.

If you are experiencing this situation, whether in Tennessee or in another state, please reach out to your HR manager so they can assist you in completing this form or any other state-specific requirements.

**Q: Will my PPP loan forgiveness amount be reduced if I laid off an employee, offered to rehire the same employee, but the employee declined the offer?**

A: No, your forgiveness amount will not be changed by this. The SBA and Department of Treasury will issue an interim final rule which excludes employees that were laid-off and then offered to rehire as part of the loan forgiveness calculation. It's important to note that the offer of rehire must be for the same salary/wages and same number of hours. Additionally, you must document both the written offer of rehire and the employee's rejection of the offer.

**Q: Has the SBA provided any further information regarding the deadline to return PPP loan funds if my business determines they no longer need the loan? Am I able to request an extension to this deadline?**

A: The SBA announced they are extending the repayment date to May 14<sup>th</sup>, 2020. Further, the SBA confirmed that borrowers do not need to apply for this extension, that it will be implemented through an interim final rule revision providing the safe harbor.

**Q: If I repay my PPP loan by the safe harbor deadline, will I be eligible for the Employee Retention Credit?**

A: Yes. If you repay the loan by the May 14<sup>th</sup> deadline, you will be treated as though your company did not receive a covered loan under the PPP for purposes of the Employee Retention Credit. Therefore, you will be eligible for the credit as long as you are otherwise an eligible employer for purposes of the credit.