

## California Pollution Control Financing Authority

### Reporting Number of Employees of a Small Business Concern and Related Affiliates

To report the number of employees of a borrower, the lender will request that the borrower count all individuals employed on a full-time, part-time, or other basis. If a borrower owns multiple businesses, has acquired an affiliate, or been acquired as an affiliate, the employees counted to determine size status include the employees of all affiliates. Employees obtained from a temporary employee agency, professional employment organization, or leasing concern that received payment directly from the borrower will be included. The borrower should consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes, to determine whether individuals are employees of their business. In general, an individual is considered an employee of a borrower if their compensation is issued by the borrower. Volunteers (i.e., individuals who receive no compensation, including no in-kind compensation, for work performed) are not considered employees.

### Reporting Full Time Equivalency

The number of an employer's Full Time Equivalent (FTEs) is determined by dividing the total hours for which the borrower pays wages to all employees during the year by the number of employee work hours per year. The standard calculation for employee work hours per year is 2080: calculated by multiplying 52 weeks by 40 hours per week.

#### *Example:*

In a single year a borrower pays 5 employees wages for 2,080 hours each, 3 employees wages for 1,040 hours each, and 1 employee wages for 2,300 hours. The borrower's FTEs would be calculated as follows:

1. Total hours not exceeding 2,080 per employee is the sum of:
  - a. 10,400 hours for the 5 employees paid for 2,080 hours each (5 x 2,080)
  - b. 3,120 hours for the 3 employees paid for 1,040 hours each (3 x 1,040)
  - c. 2,080 hours for the 1 employee paid for 2,300 hours (lesser of 2,300 and 2,080)These add up to 15,600 hours
2. FTEs: 8 (15,600 divided by 2,080 = 7.5, rounded to the nearest whole number)