



# Updates- Covid-19 and Relief Opportunities

APRIL 2, 2020

OPRA DAY ARRAY COMMITTEE

# CARES Act- Payment Protection Program (PPP) Loans

- ▶ Cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency,
- ▶ Forgiveness of up to 8 weeks of payroll based on employee retention and salary levels
- ▶ No **SBA** fees and at least six months of deferral with maximum deferrals of up to a year.
- ▶ Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program is would be retroactive to February 15, 2020 **Loans are available through June 30, 2020.**

*U.S. House of Representatives Committee on Small Business*

# PPP Continued

**QUESTION: How is the loan size determined?**

**Answer:**

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always **\$10 million**.

**If you were in business February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.

**If you were not in business between February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.

**If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020** and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

# PPP Continued



Loans may cover:

Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)

- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums
- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

# Economic Injury Disaster Loans & Emergency Economic Injury Grants

- ❑ The Economic Injury Disaster Loan Program (EIDL) can provide up to \$2 million of financial assistance (actual loan amounts are based on amount of economic injury) to small businesses or private, non-profit organizations that suffer substantial economic injury as a result of the declared disaster, regardless of whether the applicant sustained physical damage.
- ❑ Small business are eligible to apply for an Economic Injury Disaster Loan advance of up to \$10,000.
- ❑ To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

# EIDLs Continued

## **What is an EIDL and what is it used for?**

Answer: EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment available for up to 4 years, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

## **Who is eligible for an EIDL?**

Those eligible are the following with 500 or fewer employees:

Small business concerns (including sole proprietorships, with or without employees)

Independent contractors

Cooperatives and employee owned businesses

Private non-profits

Tribal small businesses

**These organizations are excluded to participate in the Paycheck Protection Program.**

# Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

- ▶ Refundable payroll tax credit for 50 percent of wages paid by eligible employers to certain employees during the COVID-19 crisis.
- ▶ The credit is available to employers, including non-profits, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50 percent reduction in quarterly receipts, measured on a year-over-year basis.

# Retention Credit Continued

- ❑ Wages of employees who are furloughed or face reduced hours as a result of their employer's closure or economic hardship are eligible for the credit.
- ❑ For employers with 100 or fewer full-time employees, all employee wages are eligible, regardless of whether an employee is furloughed. The credit is provided for wages and compensation, including health benefits, and is provided for the first \$10,000 in wages and compensation paid by the employer to an eligible employee.



# Mid-Size Business Loan Program



The CARES Act requires the Treasury Secretary to ask the Federal Reserve to create a special direct loan program for businesses and nonprofit organizations with between 500 and 10,000 employees. The interest rate on such loans would be capped at 2% per annum, and for the first six (6) months no principal or interest would be due.

# FFCRA- Emergency Paid Sick Leave

Agencies with fewer than 500 employees. Up to 80 hours for 6 reasons;

1. When the employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19.
2. When the employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.
3. When the employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
4. When the employee is caring for an individual (note, not just family members) who is subject to a quarantine order or health care provider advice to self-quarantine.
5. When the employee is caring for his or her child if the school or place of care of the child has been closed, or the childcare provider of such child is unavailable due to COVID-19 precautions.
6. When the employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.

# FFCRA- Emergency FMLA

Up to 10 Weeks for 1 Reason;

**When the employee is caring for his or her child if the school or place of care of the child has been closed, or the childcare provider of such child is unavailable due to COVID-19 precautions.**

# Small Business Exemption from FMLA+, and EPSL #5

- small employers (those with fewer than 50 employees) – including religious or nonprofit organizations – may claim an exemption under FMLA+ and EPSL if the employer’s authorized officer determines *one of the following* applies:
- Providing FMLA+ and EPSL reasons #5 leave (school closures and child care unavailability) would cause the business’s expenses and financial obligations to exceed its revenues and cause the business to cease operating at a minimal capacity;
- The employee’s absence would entail a substantial risk to the business’s financial health or operational capabilities because of specialized skills, knowledge of the business, or responsibilities, the employee possesses; or
- There are insufficient workers who are able, willing, and qualified to perform the labor or services provided by the employee(s) requesting child-care leave, and these labor or services are needed for the business to operate at a minimal capacity.

# Health Care Provider Exemption

This DOL guidance states that “a health care provider is anyone employed at any doctor’s office, hospital, health care center, clinic, post-secondary educational institution offering health care instruction, medical school, local health department or agency, nursing facility, retirement facility, nursing home, home health care provider, any facility that performs laboratory or medical testing, pharmacy, **or any similar institution, employer, or entity.**” This definition includes “any individual employed by an entity that contracts with any of the above institutions, employers, or entities institutions to provide services or to maintain the operation of the facility.”

Based on the DOL guidance and the essential nature of services and supports to people served in the disabilities system, DODD concludes that DSPs and SSAs are health care providers and are thus exempt from the paid sick leave and expanded family and medical leave provisions of the FFCRA.

► **DODD MEMO MONDAY**

# From the Governor

- ▶ Governor DeWine announced the establishment of the Ohio Manufacturing Alliance to fight COVID-19. This is a collaborative public-private partnership tasked with coordinating efforts to provide health care workers and first responders the personal protective equipment (PPE) they need to safely care for patients. If manufacturers have the capability to produce any of the in-demand PPE supplies, we encourage them to visit [RepurposingProject.com](https://RepurposingProject.com).
- ▶ Governor DeWine signed an executive order to provide small businesses relief from commercial evictions and foreclosures. The order requests that landlords suspend rent payments for small businesses and also implement a moratorium of evictions for no less than 90 days. Lenders to commercial real estate borrowers with a commercial mortgage loan are asked to provide an opportunity for forbearance for at least 90 days. We would like to thank the Ohio Business Roundtable, Ohio Bankers League, Ohio Council of Retail Merchants, Community Bankers Association of Ohio, Ohio Restaurant Association, Ohio Realtors, and our other partners for their support. **Attached is a copy of the order and association statements. (Because of the volume we omitted the statements. Please let us know if you would like them.)**

# Questions?

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