

What Small Business Needs to Know

Congress passed emergency funding so that the U.S. Small Business Association (SBA) could offer disaster relief loans of up to \$2 million for merchants adversely impacted by the Coronavirus (COVID-19).

Congress also passed the Families First Coronavirus Response Act to provide support for employees affected by the economic impact of the Coronavirus including paid sick and family leave and availability of unemployment insurance.

Requirements for Small Businesses

Qualified Sick Leave Wages

- Businesses with fewer than 500 employees must pay up to 80 hours of emergency paid sick leave to full-time employees (pro-rata rules apply to part-time employees) who are home sick from coronavirus, complying with a quarantine, or taking care of an individual who has been infected. This leave also applies to working families who may be forced home due to school closures.
- Federal government will provide employers with a refundable payroll tax credit of 100 percent of the required wages.
- Employees are capped at \$200 per day (\$511 per day in the case of employees that are home sick from coronavirus or complying with a quarantine).

Qualified Family Leave Wages

- Businesses with fewer than 500 employees must provide an additional 12 weeks of paid leave due to caring for a child whose school is closed.
- The first 2 weeks of the leave, which is covered by the qualified sick leave described above, may be unpaid.
- During the remaining 10 weeks, the employer will pay 2/3 of the employee's salary, capped at \$200 per day for up to 50 days.
- Federal government will provide businesses with a refundable payroll tax credit of 100 percent of the required wages.
- Secretary of Labor may issue rules to exempt small businesses with fewer than 50 employees from these requirements when the imposition of such requirements would jeopardize the viability of the business as a going concern.

Unemployment Insurance for Workers

- Provides \$500 million for emergency administrative grants to states to support timely application, processing and payment of unemployment claims.
- Makes an additional \$500 million available for 100 percent federally funded Extended Benefits to support states that experience a spike in unemployment of at least 10 percent and eases some federal eligibility requirements to improve access.
- Allows states to access interest-free federal loans to pay unemployment benefits, if needed.

Resources for Small Businesses

Health and Safety in the Workplace

- It is important to note that OSHA has not issued any new regulations or legal obligations with regard to COVID-19, they have simply given best practices to ensure the health and safety of all employees.
- Businesses should, however, existing OSHA standards due to the fact that these standards may apply to protecting workers against COVID-19. For the most recent OSHA guidance on COVID-19, please see <https://www.osha.gov/Publications/OSHA3990.pdf>.

Access to Capital

- According to Secretary Mnuchin, the Administration is in the process of working on a regulation to allow some businesses who have large amounts of their workforce out to take the tax credit in advance. This is to ensure that businesses have enough payroll cash on hand to meet the leave requirements.

- **Economic Injury Disaster Loan Program** - The SBA will work directly with state Governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by the Coronavirus (COVID-19). The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

- For more information please visit <https://www.sba.gov/disaster-assistance/coronavirus-covid-19>.

- SBA provides a number of loan resources for small businesses to utilize when operating their business. For more information on loans or how to connect with a lender, visit: <https://www.sba.gov/funding-programs/loans>.

- How to get access to lending partners? SBA has developed Lender Match, a free online referral tool that connects small businesses with participating SBA-approved lenders within 48 hours.

7(a) program offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include: working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

Express loan program provides loans up to \$350,000 for no more than 7 years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.

Community Advantage loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan.

504 loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.

Microloan program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000.

Questions regarding benefits

1. Due to coronavirus (aka COVID-19), my employer has cut my hours, forced me to take unpaid leave, or terminated my employment. What can I do?

You may be eligible for partial unemployment benefits. You may file a claim for Unemployment Insurance benefits with the Virginia Employment Commission online: [File a new claim for unemployment benefits](#) or by calling 1-866-832-2363 Monday through Friday 8:30am – 5:00pm.

2. What if I'm quarantined for 14 days but I don't have any symptoms of illness, my office is closed because of the virus or my kids' schools are closed and I can't get childcare? Will I still get paid?

There is no Virginia or federal law requiring private sector employers to provide employees sick leave, paid or unpaid, although many employers do grant it as an important employee benefit. Your paid leave will depend on what benefits your company offers as well as any benefits mandated by the state or local jurisdiction.

Employers would likely consider being quarantined something for which workers can take paid sick leave. Your company may, however, offer other paid benefits that can cover your absence, such as emergency leave, vacation or a paid-time-off benefit or offer you the ability to telecommute.

(The Coronavirus relief bill requires employers with less than 500 employees to provide two weeks of paid, virus-related sick leave and family leave. It would cover people who become infected with the Coronavirus or have to care for someone who is, as well as people who are quarantined or whose place of work or children's school is closed due to Coronavirus. Self-employed workers would also get a tax credit equivalent to qualified sick leave.)

3. What if I need to take time off to care for a sick or ill family member?

If your children or your parents are sick, the federal Family and Medical Leave Act requires firms with 50 or more employees to provide eligible workers up to 12 weeks off to take care of themselves or family members with serious health conditions. But that leave is unpaid.