



Options for Small Businesses During COVID-19

CARES Act

The CARES Act amends the Small Business Act to create the Paycheck Protection Program (PPP). Under the program, eligible businesses—or those with fewer than 500 employees—can quickly receive loans up to a maximum amount to eligible businesses to help pay up to eight weeks of payroll costs. The loans can also be used for rent, health benefits, insurance premiums, utilities, etc. You can apply with this application for the program.

***PPP loans are out of funding, but it is speculated that the government may add more funds into it.*

SBA's Economic Injury Disaster Loans

The SBA is planning on offering low-interest federal disaster loans for eligible small businesses and non-profits reeling from the financial impact the coronavirus is causing.

The program is being developed in real-time, but you can learn more about your eligibility and how to apply by calling their customer service number (1-800-659-2955) or emailing this address.

- Eligible small businesses can receive loans of up to \$2 million.
- The loans may be used to pay fixed debts, payroll, accounts payable, and other bills that can't be paid because of COVID-19.
- The interest rate is 3.75% for small businesses without other credit options, and 2.75% for non-profits.
- A long-term repayment plan of up to 30 years can help keep payments affordable.

Small Business Relief Initiative

Intuit Quickbooks teamed up with GoFundMe and Yelp to launch the Small Business Relief Initiative to provide small business owners with the financial support and resources needed to continue running their businesses during and after the coronavirus crisis.

Each company has donated \$500,000 to start the fund, which will provide grants to small businesses across the United States, starting with the hardest hit areas. The fund will also issue \$500 matching grants to qualifying businesses that raise at least \$500 on GoFundMe.



What businesses are eligible to receive a grant from the Small Business Relief Fund?

To be eligible for a grant from the Small Business Relief Fund, the business needs to meet the following requirements: have been negatively impacted by a government mandate due to the COVID-19 pandemic; be independently owned and operated; not be nationally dominant in its field of operation; intend to use funds to either help (a) care for its employees/workers or (b) pay ongoing business expenses; raise at least \$500 for the business through its own GoFundMe fundraiser, which fundraiser it started because of the COVID-19 pandemic; and have no fraud reports made against it. Only one grant per business.

To qualify and be considered for a grant, your small business must meet certain criteria. Please visit our Small Business Relief Initiative FAQ page to learn more: <https://www.gofundme.com/c/small-business-relief-initiative-and-fund-fags>

Connecticut

Disaster Relief Fund

Small businesses and nonprofit organizations in Connecticut that have been impacted by COVID-19 are eligible for disaster relief loans of up to \$2 million from the U.S. Small Business Administration. Apply for funding by visiting the SBA Disaster Assistance page.

Tax Extensions

Deadlines for filing and payments associated with certain state business tax returns due on or after March 15, 2020 are extended by at least 30 days. You do not need to take action to receive the extended due date, but if you have questions, visit the Connecticut State Department of Revenue Services website to learn more.

Shared Work Program

The Shared Work Program allows an employer to divide the available work or hours of work among a specified group of affected employees in lieu of a layoff, and it allows the employees to receive a portion of their Unemployment Insurance benefits while working reduced hours.

All employers with at least two employees are eligible. The reduction in work cannot be less than 10% or more than 60%, and you cannot eliminate any fringe benefits during the duration of the plan.

You can find the application for the program at the Connecticut Department of Labor's website.



New York

Shared Work Program

The Shared Work Program allows an employer to divide the available work or hours of work among a specified group of affected employees in lieu of a layoff, and it allows the employees to receive a portion of their Unemployment Insurance benefits while working reduced hours.

You must have at least two employees working in New York State to apply, and you must have paid UI contributions or elected reimbursement of benefits paid to your former employees for four consecutive quarters.

Visit your Employer Information page on UI Online Services to apply.

New York City

Loans and Grants

New York City businesses with fewer than 100 employees who have seen a sales decrease of at least 25% because of COVID-19 are eligible for up to \$75,000 in interest-free loans to make up for profit losses.

Small businesses with fewer than 5 employees are being offered a grant to cover 40% of payroll costs for up to two months. If you're interested in either one of these programs, fill out the COVID-19 Business Assistance Survey using the survey monkey link below:

<https://www.surveymonkey.com/r/N336ZYB>

Alternatives to Layoffs:

<https://www.thehartford.com/business-insurance/strategy/alternatives-layoffs/furlough-program>

Work Share Programs

If you're planning to reduce your employees' hours, there's probably no option with less impact on your business and your employees than the federal Work Share program. More than half of U.S. states offer it. Also known as short-time compensation (STC), the point of this program is



to save jobs during business disruptions by reducing employees' hours, with unemployment insurance making up part of the difference in pay.

If your business qualifies for the state-administered STC program, the employee hours that have been cut would be eligible for unemployment compensation (UC).

Eligibility

To see if your business is located in a state that participates in the STC program, [check here](#). You must apply through your state's governing labor agency, and the reduced hours you propose must be in lieu of a layoff. Some states dictate that this hourly reduction be no more than 20% of the average workweek.

How Employees' Benefits Are Calculated

STC benefits are calculated on a pro rata basis and paid through your state's unemployment insurance trust fund.

Let's say one of your employees is working a 40-hour workweek, but you plan to cut her hours by 20 percent. If she were to be laid off, let's say that she would qualify for a regular UC payment of \$250 a week (payment varies by state – this is an example). Since she's losing just 8 hours (20 percent) she would receive 20 percent of \$250 to compensate her for her lost weekly wages (\$50). She'd receive that \$50 UC in addition to the wages she'd receive for working a 32-hour workweek while participating in the program.

Reducing Hours

Reducing your employees' working hours is a simple cost-cutting strategy in terms of execution. If your employees can afford the cut in take-home pay that results from working fewer hours, this strategy may offer the least long-term consequences to your business. Still, the big overarching concerns you'd need to consider are:

- How will reduced hours impact your business operations?
- How will this change affect your employees' morale? Are they going to be expected to work harder in a condensed workweek?
- Will reducing hours prompt your best workers to seek work elsewhere?

Legally, cutting employee hours is well within your rights as an employer. Although, if you plan to reduce the hours of salaried (exempt) employees, you'll need to pay attention to how this



change will affect their exempt status. Since your exempt employees are paid a set salary no matter how many hours they work, cutting their hours obviously will not benefit your bottom line, as they'd still be making the same amount. If you negotiate with them to pay them less for working fewer hours, you may end up making things worse for your bottom line, as they may lose their exempt status and thus be eligible for overtime pay. Not an optimal strategy, to say the least.

Furlough

What does furlough mean?

A furlough is “a temporary layoff from work.” People who get furloughed usually get to return to their job after a furlough.

In general, people are not paid during a furlough but they do keep employment benefits, such as health insurance. Furloughs are mandatory meaning that workers are ordered not to do anything work-related while they are on furlough. Employees effected by a furlough will be able to file and collect unemployment benefits.