



Focus on Restaurants: Small Business Assistance in Response to COVID-19

Thursday, April 23

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CA Policy & Engagement

Small Business Majority



Agenda for today's webinar

- Loan forgiveness, tax credits and express loans
- Cost saving alternatives to layoffs
- Work Share Program through the Economic Development Department (EDD)
- Unemployment insurance
- Resources, tools and how to get involved



About Small Business Majority

- **Small business education and advocacy organization** – founded and run by small business owners. Been in business since 2005.
- **National** – 6 offices in Washington, D.C., California, Colorado, Illinois, Maryland and Virginia
- **Focus on issues of top importance to small businesses** (<100 employees) and the self-employed, including access to capital, healthcare, retirement, entrepreneurship, taxes and more; work supported by extensive research
- Our online resource hub located at [Venturize.org](https://www.venturize.org) brings resources and education to small business owners in key areas of running and growing a small business.

About Small Business Majority: Our Model

RESEARCH

Start with extensive research (polling, economic studies) to gauge small business owner views and speak to their bottom line



EDUCATION

Partner with business groups to hold seminars and roundtables to educate small business owners and get their personal views



ADVOCACY

Enact change by elevating small business views in public policy debates



NETWORK

Use real small business voices with lawmakers and the media



(more than 20,000 earned media hits)



The power of small businesses

Small businesses by the numbers

Small business owners are the nation's leading job creators.

- They represent 99.7% of all employer firms
- Six million small businesses **employ 40 million Americans**
- Roughly half of America's private-sector workforce



The power of small businesses

Small businesses in California

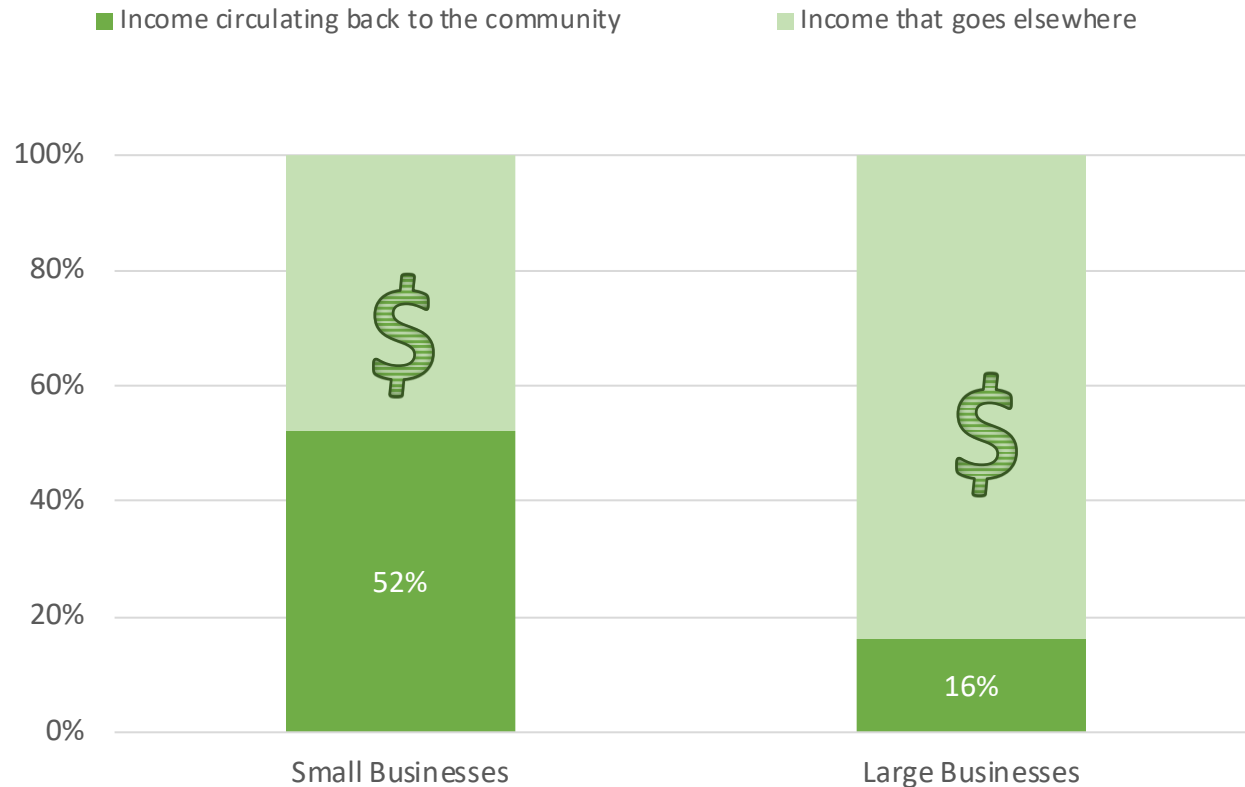
There are 3.9 million small businesses in California

- **1.6 million** of those businesses are minority owned
- Small business owners created more than **280k net new jobs** since the Great Recession



The power of small businesses

The role of small businesses in our communities



Small business owners recirculate 52% of their revenues locally, compared with 16% of revenues from national store chains.

Policy updates

Developments and recommendations to support small business

- **Phase 1:** President signed Coronavirus Preparedness and Response Supplemental Appropriations Act
 - Provides **\$8.3 billion** in emergency funding for federal agencies to respond to the coronavirus outbreak
 - Enables the Small Business Administration to make an estimated \$7 billion in low-cost loans to affected small businesses
- **Phase 2:** President signed the Families First Coronavirus Response Act
 - Creates the Emergency Family and Medical Leave Expansion Act and the Emergency Paid Sick Leave Act
 - Secretary of Labor can **exempt** businesses with fewer than 50 employees from the emergency family and medical leave expansion's requirements

Policy updates

Phase 3: Coronavirus Aid, Relief and Economic Security (CARES) Act

Congress recently passed **Phase 3** of the stimulus package, the CARES Act. The spirit of the legislation is **to keep American workers paid and employed**.

- The 800+ page stimulus package includes the following for small business owners:
 - **\$349 billion** in loan guarantees through the **Paycheck Protection Program (PPP)**
 - Loan forgiveness may be available to qualifying businesses. More on that later.
 - **\$10 billion** for the **emergency Economic Injury Disaster Loans (EIDL)**
 - \$17 billion to provide six months of forbearance for current SBA loans
 - \$240 million for small business development centers
 - Includes women's business centers and other technical assistance providers.



The CARES Act provides a subsidy for **all current SBA loan borrowers** under the 7(a), 504 and microloan programs covering six months worth of payments on **pre-existing loans** (taken before March 27, 2020).

Policy updates

Phase 4: Coronavirus Aid, Relief and Economic Security (CARES) Act 2

The Senate passed on Tuesday **Phase 4** of the stimulus package totaling almost \$500 billion.

\$310 billion to replenish the Paycheck Protection Program

- \$30 billion for community based lenders, small banks and credit unions
- \$30 billion for mid-sized banks and credit unions
- \$50 billion for the Small Business Administration's disaster relief fund
 - Includes help for farmers
- \$75 billion for hospitals & \$25 billion for testing

We need your support RIGHT NOW. Here's why:

- Pass a sizeable **bailout for small businesses** so they can keep making payroll, keep their doors open and avoid mounting debt.
- Make the Paycheck Protection Program and Economic Injury Disaster Loan (EIDL) **efficient and quick!**
- Businesses cannot wait months to keep their businesses afloat.



Topics for Discussion

Loan forgiveness, tax credit and express loans

Loan forgiveness, tax credit and express loans

SBA Loan Relief Program

SBA debt relief efforts:

- The SBA will automatically pay the principal, interest and fees of current 7(a), 504 and microloans for a period of six months.
- The SBA will also automatically pay the principal, interest and fees of new 7(a), 504 and microloans issued prior to September 27, 2020.



Loan forgiveness, tax credit and express loans

Employee Retention Credit

What is it?

- A fully refundable tax credit for employers that equals 50% of wages paid to workers
 - Applies to wages paid after March 12, 2020
 - Maximum credit of \$5,000

Who is eligible?

- Businesses that:
 - Fully or partially suspend operation during any time in 2020 due to orders from a governmental authority limiting commerce, travel or group meetings due to COVID-19
 - Experience a significant decline in gross receipts during the calendar quarter
 - Note: Self-employed individuals are not eligible for this tax credit

How to get the refund

- Report your total qualified wages and the related credits on your federal employment tax returns (form 941)



Claiming the tax credit makes you ineligible for the Payroll Protection Program

Loan forgiveness, tax credit and express loans

Express Bridge Loan Pilot Program

- If your business already has a relationship with an SBA Express Lender, you may be able to access up to \$25,000 in loans quickly.
- It is meant to bridge the capital gap while applying for Economic Injury Disaster loans (EIDL).
- This loan will be repaid at least in part if not in full by your EIDL loan once you receive it.



Topics for Discussion

- Cost saving alternatives to layoffs



Reductions in pay and hours

What to consider

Fair Labor Standards Act – Be mindful of your obligations under the Fair Labor Standards Act (“FLSA”)

- **Non-Exempt Employees:** For non-exempt hourly employees, reducing pay rates prospectively generally does not pose any issues, provided that the employee is paid **at least the minimum hourly wage and overtime** when due. If a non-exempt employee performs any work during a day, even if he or she is not scheduled to work, he or she must be paid for that time worked.
- **Exempt Employees:** Generally, to qualify as “exempt”, an employee must perform exempt duties and be paid on a salary basis



Reductions in pay and hours

California state law

- California labor laws are complex and are highly in workers' favor. You may need to provide employees with advanced notice of changes in pay and hours depending on the applicable state law. Additionally, local city laws may impose requirements on employers (*e.g.*, notice requirements) beyond obligations under state and federal law.
- California has interpreted the wage-and-hour laws in a different manner than the U.S. Department of Labor (“DOL”)
- There are no predictive scheduling requirements in California but there is reporting time pay considerations, split shifts, etc.

Reductions in pay and hours

Temporary furloughs and shutdowns

You must ensure:

- Reduction decisions made indefinitely or on a long-term basis (e.g., for a three-month or six-month period), rather than a short-term (e.g., re-evaluating day-by-day or week-by-week) basis
- Reduction decisions made on a company-wide, or department-wide basis, rather than on an employee-specific basis
- Reduction decisions are occasional, not frequent
- Changes in hours established and announced well in advance of implementation
- Employees are paid according to work performed. That means, for example, that exempt employees must receive a weekly salary of at least \$684 (or higher under the laws of certain states, *g.* New York) to preserve the exemption for that week.



Topics for Discussion

- Work Share Program through the Economic Development Department (EDD)

Purpose:

- Sustains economic prosperity in California communities.
- Employees “share” a reduction in hours and wages until business conditions improve.
- Pays employees a percentage of UI benefits based on percentage of reduction in workweek.

Advantages:

- Minimizes or eliminates the need for layoffs.
- Allows you to retain trained employees.
- Avoids the cost of recruiting, hiring, and training new employees.
- Employees do not have to apply for full unemployment.
- Any business or industry can apply.



Employment Development Department

Work Sharing Employer Plan Eligibility

- At least 2 employees participating.
- At least 10% of the workforce or work unit(s)
- Must maintain same level of retirement and health benefits as prior to the start of the program.

Employment Development Department

Work Sharing Employer Plan Eligibility

Reduction in Work and Wages

Not Eligible

Not Eligible

<10%

Eligible for WS

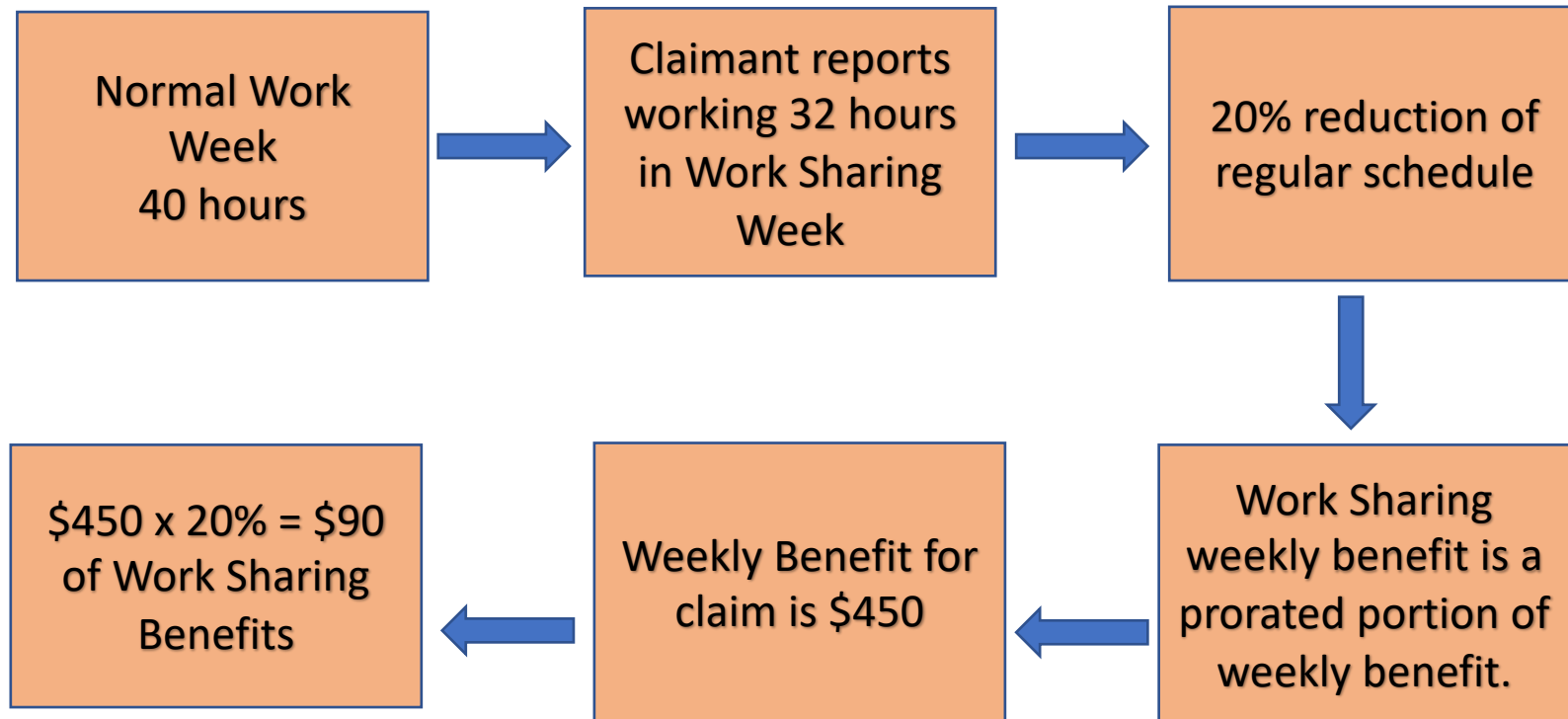
>60%



Employment Development Department

Calculating Work Sharing Benefit Payment

- Example (assuming \$450 Weekly Benefit Amount):





Employment Development Department

Employee Eligibility

The employee must:

- Be regularly employed by an employer whose Work Sharing Plan Application has been approved by the EDD.
- Be a part of the employer's permanent, regular workforce and not a leased, intermittent, temporary, or seasonal employee.
- The employee must have completed a normal work week (with no hour or wage reductions) prior to participating in Work Sharing.

Employment Development Department

Work Sharing Resources

- To learn how your company can get started in the Work Sharing Program:
- Visit EDD's Work Sharing Program Webpage: edd.ca.gov/Unemployment/Work_Sharing_Program.htm
- Work Sharing Employer Requirements and Criteria (DE 8686RQ): edd.ca.gov/pdf_pub_ctr/de8686rq.pdf
- Work Sharing Plan Application (DE 8686): edd.ca.gov/pdf_pub_ctr/de8686.pdf
- Unemployment Insurance, An Alternative to Layoffs: Work Sharing (DE 2329): edd.ca.gov/pdf_pub_ctr/de2329.pdf
- Work Sharing Unemployment Insurance Program Fact Sheet (DE 8714BB): edd.ca.gov/pdf_pub_ctr/de8714bb.pdf



Topics for Discussion

Unemployment insurance

- Pandemic Additional Compensation program (EDD)
- Pandemic Unemployment Assurance program (EDD)

Pandemic Additional Compensation program

What is it

- Pandemic Additional Compensation, created through the CARES Act, is a federal program that provides \$600 to each PUA weekly benefit amount or traditional state Unemployment Insurance benefit you may be eligible to receive.
- Under the CARES Act, additional benefits are available through 07/31/20 but for most Californians, the last full week of benefits will end on 7/25/20.



Topics for Discussion

Unemployment insurance through the EDD

- Pandemic Additional Compensation program
- **Pandemic Unemployment Assurance (PUA)**

Expansion to Unemployment Insurance

Pandemic Unemployment Assurance (PUA)

- Created by CARES Act, it is a federal program that enables states to expand their own unemployment insurance programs.
- PUA will help unemployed Californians who are **not usually eligible for regular state UI benefits**, who are out of business or whose services are significantly reduced as a direct result of the pandemic.
- In California, self-employed, independent contractors and those with a limited work history are typically ineligible for unemployment benefits because their employers have not paid into unemployment insurance.

Expansion to Unemployment Insurance

Eligibility requirements

Who can apply for PUA?

- Part-time workers; furloughed employees; anyone who can no longer physically go into work; self-employed; gig workers; independent contractors; freelancers; people who just started a job, but lost it due to COVID
 - Anyone who lost their job starting on Jan. 27, 2020 because of COVID
- Application opens Tuesday, April 28
- PUA issued within 24-48 hours – not the traditional 21 days for regular UI claims.



All verification for unemployment **is done online or via mail**. If someone calls you or HR staffer and asks for employee information on the phone **it is a scam**.

Expansion to Unemployment Insurance

How it works

- **How much can I receive and for how long?**
 - State amount (which varies by state) + \$600/week =total amount until July 31st
 - After July 31st, you'll continue to receive the normal benefit amount administered by your state
 - If your state benefit runs out, you can apply for a 13-week extension from the federal government
 - If you're already on unemployment, you can apply for an extension
 - Similarly, the PUA program has a legislative end date of 12/31/20, but for Californians the last full week of benefits will end on 12/26/20.



All verification for unemployment **is done online or via mail**. If someone calls you or HR staffer and asks for employee information on the phone **it is a scam**.

Pandemic Unemployment Assurance

What will PUA look like in California?

- Phase 1
At least **\$167 per week** for each week you were unemployed from **February 2, 2020 to March 28, 2020** (due to a COVID-19 related reason)
- Phase 2
At least **\$167 plus \$600 per week** for each week you were unemployed from **March 29, 2020 to July 25, 2020** (due to a COVID-19 related reason)
- Phase 3
At least **\$167 per week**, for each week from **July 26, 2020 to December 26, 2020**, that you are unemployed (due to a COVID-19 related reason)
 - Up to a total of 39 weeks (minus any weeks of regular UI and certain extended UI benefits that you may have received).

Pandemic Unemployment Assurance

What if I'm not sure?

- If you are unsure if you are an independent contractor or an employee who could be eligible for benefits, [file for regular Unemployment Insurance benefits](#) and EDD will determine your eligibility.
- After you have filed, refer to EDD's [step-by-step UI claims process](#). You'll learn what to expect and the actions you need to take through the course of your claim for receiving benefit payments as long as you're eligible.

COVID19 Displaced Workers

New site



Governor Newsom joined Bitwise Industries in announcing [OnwardCa.org](https://onwardca.org), a platform connecting COVID-19 displaced workers with more than 70,000 job opportunities in critical industries.

Pandemic Unemployment Assurance

Note

! Because this is a brand new program, each state will need time to develop all of the necessary system programming, forms, processes, and procedures.

! We have to wait for information to become available, including **when and how to apply** for these benefits.

! Once this new complex program is built and staffed, it will likely rival the size of the regular UI program the EDD already administers (ie, huge).



Topics for Discussion

Resources, tools and how to get involved

Resources, tools and how to get involved

COVID-19 resource portal

Visit our online resource hub:

smallbusinessmajority.org/covid-19-daily-updates-for-small-businesses

Find resources, links to upcoming webinars and policy updates surrounding the COVID-19 outbreak on our website.



Resources, tools and how to get involved

Venturize

Visit our online resource hub to find info on state and local emergency relief funds:
venturize.org

Venturize.org is a free online resource hub for small business owners like you who need help accessing tools and resources to grow their businesses. Venturize offers unbiased information about small business loans, retirement and healthcare.

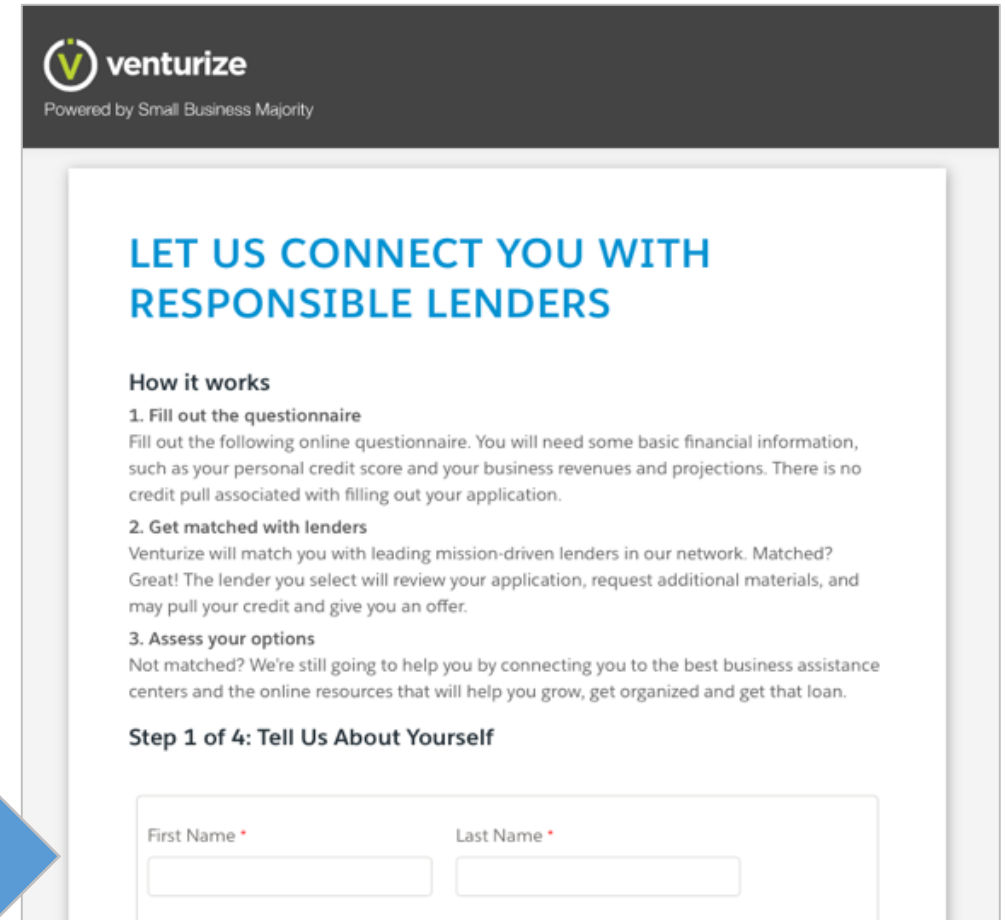


Resources, tools and how to get involved

Appear on MatchFinder

- **For California businesses:** A short set of questions will connect **small businesses** to lenders that prioritize supporting small businesses and offer more affordable terms than many traditional financial institutions.
- All lenders are long-standing partners who share our mission: to ensure small businesses get affordable, responsible sources of capital to start, grow and sustain their enterprises.

matchfinder.venturize.org



The screenshot shows the MatchFinder website interface. At the top, there is a dark grey header with the 'venturize' logo (a green 'V' in a circle) and the text 'Powered by Small Business Majority'. Below the header, the main content area has a white background with a blue heading: 'LET US CONNECT YOU WITH RESPONSIBLE LENDERS'. Underneath the heading, there is a section titled 'How it works' with three numbered steps: 1. Fill out the questionnaire, 2. Get matched with lenders, and 3. Assess your options. At the bottom of the screenshot, there is a form titled 'Step 1 of 4: Tell Us About Yourself' with two input fields for 'First Name' and 'Last Name'.

venturize
Powered by Small Business Majority

LET US CONNECT YOU WITH RESPONSIBLE LENDERS

How it works

- 1. Fill out the questionnaire**
Fill out the following online questionnaire. You will need some basic financial information, such as your personal credit score and your business revenues and projections. There is no credit pull associated with filling out your application.
- 2. Get matched with lenders**
Venturize will match you with leading mission-driven lenders in our network. Matched? Great! The lender you select will review your application, request additional materials, and may pull your credit and give you an offer.
- 3. Assess your options**
Not matched? We're still going to help you by connecting you to the best business assistance centers and the online resources that will help you grow, get organized and get that loan.

Step 1 of 4: Tell Us About Yourself

First Name * Last Name *

Resources, tools and how to get involved

Help us find spokespeople

- We're dedicated to ensuring that lawmakers and the media hear from real small business owners about how they're being impacted by COVID-19.
- Join our [sign on](#) campaign and call on **Congress to bail out Main Street.**
- Will you share a story of how COVID-19 has impacted your client?





Stay in Touch!

Bianca Blomquist

CA Policy & Engagement

(612) 309-0095 | bblomquist@smallbusinessmajority.org

Online Community Forum

community.smallbusinessmajority.org

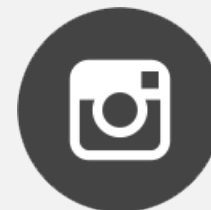
Connect with us!



Small Business Majority



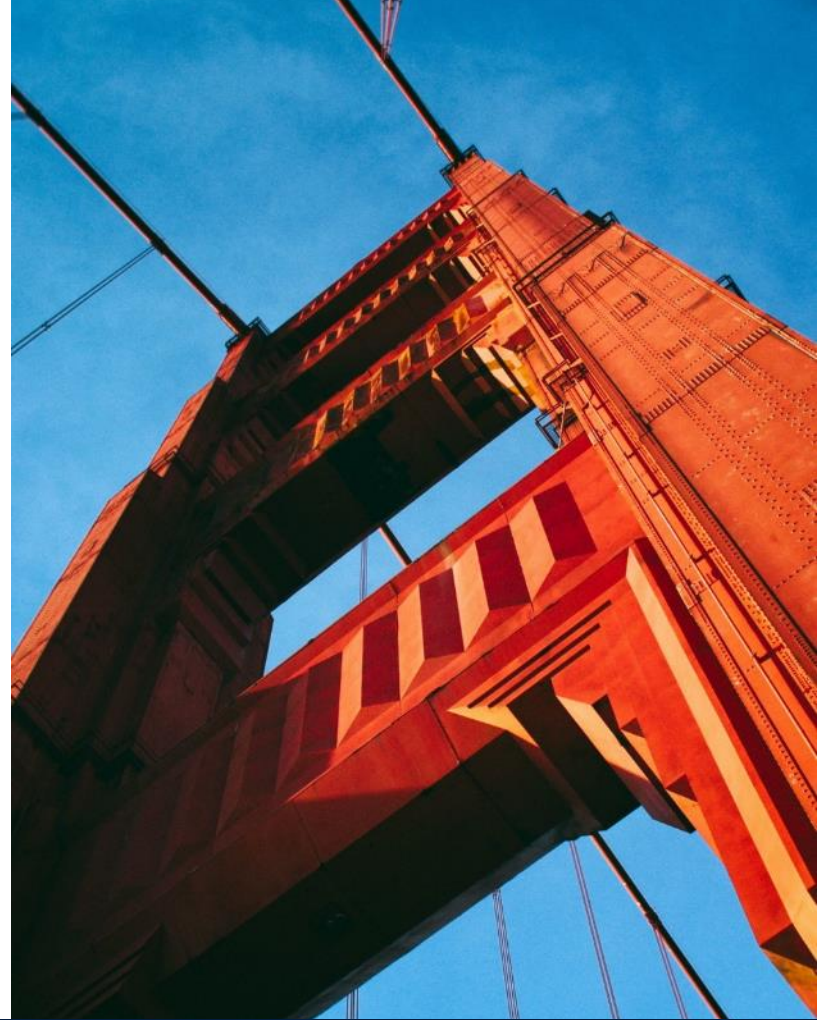
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COVID-19 Small Business Update



We are all in this together

Introduction

- **Northern California SBDC**
 - Supported by the SBA and State of California
 - No Fee Advising for Small Business
- **The Restaurant Program**
 - Louise Dawson – Director
- **The Finance Center**
- Specializing in getting loans for small businesses
 - Scott Rogalski – Director

Disclaimer

- Things are changing all the time.
- This information was correct when we put it together but....
- Things are changing all the time.
- Don't hesitate to apply for either the EIDL or PPP when it comes available again. *Always check with your investors or partners before applying for any debt.*
- We do not have access to check on status of your submitted SBA EIDL loan request – Please be patient.
- SBA states that loans in queue will be reviewed for possible loans

\$380 Billion New Funding Coming

- Overview:
 - \$320 Billion for PPP
 - *\$60 Billion*
 - \$50 Billion for EIDL Reserves
 - *\$400 Billion for Loans*
 - \$10 Billion for EIDL Advance

Forms May be Needed for (EIDL) After Apply

- **SBA Forms**

- ❖ 2202 – Schedule of Liabilities for the business
- ❖ 1368 – Month to Month – Year to Year Sales for business
- ❖ 413D – Personal Financial Statement – no business info
 - ❖ *To be completed by all owners with 20% or more interest*
- ❖ 4506T – IRS Tax Transcript Request Form
 - ❖ *To be completed by all owners with 20% or more interest*
 - ❖ *Sole Proprietors and 1099 complete one as an individual*
 - ❖ *Complete one for each business entity that's not a sole prop*

Forms Needed for the PPP Loan

- ❖ Universal Form – Ask your local SBDC office or loans@asksbdc.com
- ❖ Sole Props – 2019 (1099's)
- ❖ All other entities – 2019 (W2's/941's or 940's)
- ❖ Sole Proprietors need to look at line 31 on Schedule C to calculate the following:
 - Loan amount – take line 31 divide by 12 and multiply by 2.5
 - Forgiveness – take line 31 divided by 52 and multiply by 8

We Will Help You Find PPP Lenders

- Link to find lenders – Just type in Zip Codes
 - <https://www.sba.gov/paycheckprotection/find>
- Non-Customer lenders
 - Lendistry.com
 - FundingCircle.com
 - United Business Bank
 - Poppy Bank
 - Radius Bank
 - Centerstone Lending
 - T Bank
 - Ameris Bank
 - Berkshire Bank

CA State Guarantee Disaster Loan Options

- **Current Loans offered:**

- ❖ Up to \$50,000 Micro-Loan – Ibank.ca.gov to find out info
- ❖ Up to \$1,000,000 – Financial Development Corps Process
 - *Solano South* – chorton@nor-calfdc.org
 - *Yolo North* - loans@asksbdc.com

- **Eligibility**

- Disqualify for the EIDL & PPP

- *Credit Issues*

- *Non-US ID*

- *501C-6*

- *No payroll*

- *Other reasons as to why one can't qualify for the PPP & EIDL*

Gather Financials For Other Loans

- Last 3 years of business taxes
- Last 3 years of personal taxes for all owners over 20%
- 2019 Year to Date Income Statement and Balance Sheet
- 2020 Year to Date Income Statement and Balance Sheet
- Personal financial statement for all owners over 20%
- Business Debt Schedule
- Credit report from either of the following:
 - www.annualcreditreport.com
 - www.creditkarma.com

Question & Answers



833-Ask-SBDC

AskSBDC.com

Loans@AskSBDC.com

Español@AskSBDC.com



SBA Disaster contact info:
800-659-2955
disastercustomerservice@sba.gov



Start. Grow. Thrive.

Thank you.



Start. Grow. Thrive.

Thank you, Small Businesses – We're here for you!

View the latest news, financial assistance, and other helpful resources for employers, employees, and local small businesses affected by the pandemic at

www.cupertino.org/covid19businessinfo

or contact: Cupertino Economic Development Manager
Angela Tsui at angelat@cupertino.org or (408) 777-7607

