

# MEETING THE COVID-19 CHALLENGE

Government agencies rush to help struggling companies

By Phillip M. Perry

*Editor's note: It is critical to know about the financial assistance and programs that are available to garage door and access companies. Award-winning journalist Phil Perry offers key information that may allow your business to successfully rebound—and possibly survive.*

## Help is on the way

Garage door and access companies large and small, battered by the effects of the COVID-19 outbreak, are seeking assistance to deal with mandated closures and quarantines, increasing numbers of employee illnesses, and reduced customer counts. Employees are also grasping for lifelines to deal with their own illnesses or that of a loved one or child.

Elected officials have rushed to the rescue. Federal, state, and local governments are rolling out grants, offering low-interest loans, funding sick pay, and beefing up unemployment insurance programs.

The sheer number of available programs can be a little daunting. Businesses should discuss the following opportunities with their accountants or attorneys:

### 1. Paycheck Protection Program (PPP).

The federal government has earmarked \$349 billion for forgivable SBA 7(A) Paycheck Protection Program loans (PPP). This program is open to any business with under 500 employees. "The whole purpose of these loans is to bring everybody back to work," says Frank Boutillette, a Partner in Financial Services at Withum, a nationwide accounting firm.

The PPP funds may be used for payroll costs of \$100,000 in wages per employee per year, as well as for other uses such as mortgage, lease and utility payments; state and local compensation taxes; parental, family, medical or sick leave; group health care; and retirement benefits.

**Tip: The PPP Loans must be obtained prior to June 30, 2020, unless the program is extended.**

### 2. The SBA Economic Injury Disaster Loans (EIDL)

The federal government has committed \$10 billion to expanded SBA Economic Injury Disaster Loans (EIDL). Garage door and access businesses with under 500 employees may use the loans to pay fixed debts, payroll, accounts payable, and other bills that otherwise would go unattended to because of the disaster's impact. The maximum loan is \$2 million, the term is up to 30 years, and the interest rate is 3.75%.

The government has also allocated \$10,000 per eligible business for emergency cash grants. Businesses can roll the funds over into PPP loans if desired.

**Tip: Businesses may obtain more information online at the U.S. Small Business Administration website ([www.sba.gov](http://www.sba.gov)).**

### 3. Funds for expanded sick leave

The federal Families First Coronavirus Response Act (FFCRA) mandates and funds two weeks of paid sick leave for workers affected by the COVID-19 outbreak, and an additional 10 days of unpaid and 10 weeks of paid family and medical leave for workers who must care for a child whose school or childcare center is closed due to COVID-19. (The law exempts some businesses with fewer than 50 workers from the expanded family leave mandate if compliance would jeopardize operations.)

"The provisions of the law allow employers to keep their workers on payroll and ensure that they are not forced to choose between their paychecks and public health measures needed to combat the coronavirus,"

says Bill Hagaman, CEO of Withum.

Businesses can get reimbursed dollar-for-dollar for both the expanded sick leave and expanded family leave. "Businesses can use the money they have set aside for payroll taxes to pay for the leave," says Robin Samuel, partner in the Employment Practice Group of Baker McKenzie's Los Angeles office. "If they do not have enough cash on hand, they can apply for an advance refund and receive the money in a couple of weeks."

**Tip: Employees able to work from home are not entitled to emergency sick leave.**

### 4. State workshare programs

State and local governments are introducing more comprehensive "workshare" or "employee retention" programs designed to help employers avoid layoffs by bolstering the amount of unemployment insurance available for workers with reduced hours. The programs allow employees to collect such insurance even when they are still earning more pay than the statutory maximum for traditional unemployment.

"Workshare programs are intended to let businesses cut their labor costs without incurring the stigma and disruption of layoffs," says Samuel. "The federal legislation incentivizes states that don't have workshare programs to put them in place, as well as making the terms of existing programs more attractive to employers."

**One final thing: Garage door and access businesses should also look into new state and local government programs for low-interest loans and grants designed to keep workers on the area's payrolls. ■**

