

Covid-19 Dorchester County Business Update

The Webinar will begin momentarily, please note the following:

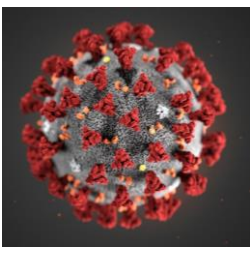
- Please place your device or phone on mute
- If you are on a slow connection turning off your camera may help your performance
- You should minimize the video panel by clicking the dash in the upper left corner of the panel – this will allow you to see larger slides
- We will be recording the webinar to be shared
- You can use the Chat feature to ask a question – we will do our best to answer during the webinar but if we cannot we will follow-up with you
- After the webinar we will be emailing copies of the presentation to those that registered



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Covid-19

Dorchester County

Business Update

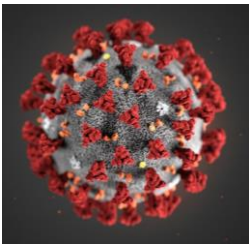
March 30, 2020



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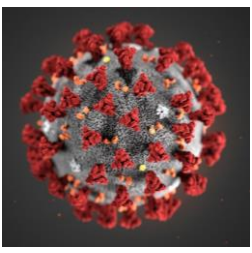
www.marylandsbdc.org/covid-19-assistance



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Agenda

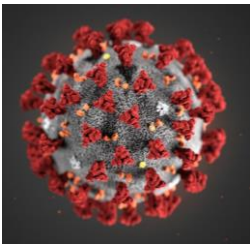
- **Highlight of Governor's Hogan Executive Orders**
- **FMLA/Sick Leave Changes**
- **Unemployment Expansion**
- **Financial Options State Level**
- **Financial Options Federal Level**
- **Continuing Business Operations**



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Highlight of Governor Hogan's Executive Orders

- Stay Home
- Closure of non-essential businesses
- Schools Closed until April 24th
- No public gatherings of more than 10 people
- Child Care Centers Closed
- Elections postponed
- Maryland Received Major Disaster Declaration



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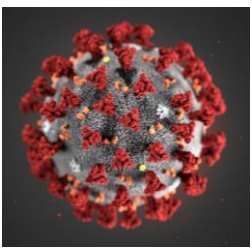
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FMLA/Sick Leave

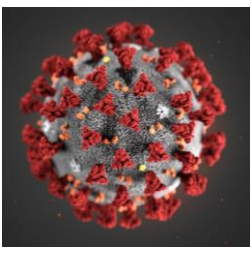
- President signed into law on March 18th
- Requires certain employers to provide employees with
 - Two weeks of emergency Paid Sick Leave
 - An additional 10 weeks of Paid Family and Medical Leave Act (Expands FMLA)
- *Reimbursement to Employers for Paid Leave as Tax Credits
- Emergency Unemployment Insurance Stabilization And Access Act of 2020
- In effect from now till 12/31/2020



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Emergency Paid Sick Leave

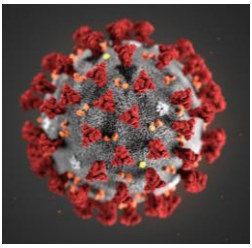
- Applies to employers with 1-499 employees
- Any employee who works for employer is eligible
- No minimum days/hours of employment
- If the EMPLOYEE is sick, employee is entitled to:
 - Full-time Employees –80 hours of paid sick leave
 - Part-time Employees –Paid based on the average number of hours the employee worked for the six months prior to taking this paid sick leave
 - Or, if employed for less than 6 months, the average number of hours per week the employee would normally be scheduled



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Emergency Paid Sick Leave - Exemptions

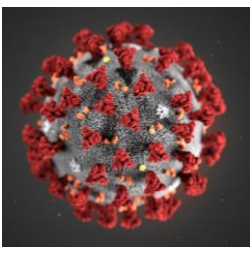
- An employer of an employee who is a health care provider or an emergency responder may elect to exclude such employee from the application of this section.
- Secretary of Labor has the authority for good cause to issue regulations:
 - *To exempt small businesses with fewer than 50 employees from leave to care for a son or daughter if school or childcare is closed/unavailable when the imposition of such requirement would jeopardize the viability of the business as a going concern.*



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Emergency Paid Sick Leave - Qualifications

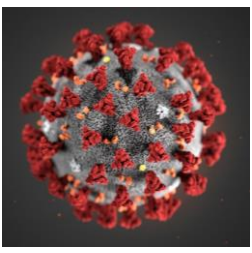
- **Must provide paid sick time to the extent the employee is unable to work (or telework) because of one of the following reasons:**
 - **1-The employee is subject to a federal, state or local quarantine or isolation order related to COVID-19.**
 - **2-The employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19.**
 - **3-The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.**
 - **4-The employee is caring for an individual who is subject to an order or self-quarantine as described above.**
 - **5-The employee is caring for a son or daughter if school or childcare is closed/unavailable.**
 - **6-The employee is experiencing “any other substantially similar condition” specified by HHS**



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Emergency Paid Sick Leave – Rate of Pay

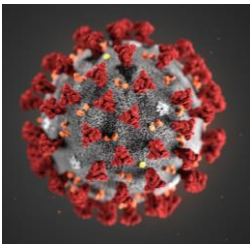
- Employee's regular rate for qualifying reasons (1), (2) or (3)
 - Compensated at HIGHER of their regular rate, federal minimum wage or local minimum wage
- 2/3 the employee's regular rate for qualifying reasons (4), (5) or (6)
- Capped at the following levels:
 - \$511 per day and \$5,110 in the aggregate per person for qualifying reasons (1), (2) and (3)
 - \$200 per day and \$2,000 in the aggregate per person for qualifying reasons (4), (5) and (6)



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Emergency Paid Sick Leave – Tax Credits

- Employers are entitled to a refundable tax credit equal to the amount of the qualified paid sick leave requirements paid by the employer per quarter
- The tax credits for qualified paid sick leave wages are capped at
 - \$511 per day per person for qualifying reasons (1), (2) and (3)
 - \$200 per day per person for qualifying reasons (4), (5) and (6)
- The tax credits are applied against employer Social Security taxes, but employers are reimbursed if their costs for qualified leaves exceed the taxes they would owe



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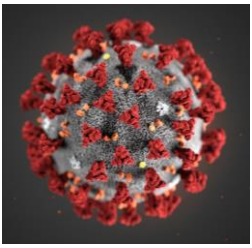
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Family Medical Leave (FMLA)

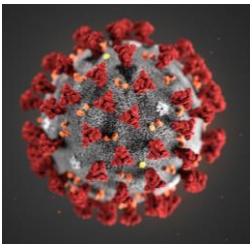
- **Employers with 1-499 employees:**
 - **A corporation is a single employer, rather than its separate establishments or divisions**
 - **Separate entities will be one employer if they meet either the joint employer or integrated employer tests**
- **Employee who has been employed for 30 days prior to leave and has a qualifying reason is eligible**
- **Provides up to 12 weeks of job-protected leave (paid after the first 10 days)**



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Family Medical Leave (FMLA)

- **12 weeks of job protected leave when:**

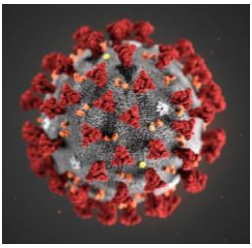
“The employee is unable to work (or telework) due to the need for leave to care for the son or daughter under 18 years of age of such employee if the school or place of care has been closed, or the child care provider of such son or daughter is unavailable, due to a public health emergency.”



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Family Medical Leave (FMLA)

- **First 10 days of EFMLA may be unpaid.**
- **An employee may elect to substitute accrued PTO, vacation, or sick leave to cover any portion of first 10 days, but employer cannot require an employee to substitute accrued paid leave.**
- **After the first 10 days:**
 - **Compensated at 2/3 of the regular rate.**
 - **Part-time employees/irregular schedule entitled to be paid based on average number of hours employee worked in prior 6 months, or if employed less than 6 months, average number of hours employee would normally be scheduled to work.**
- **Pay capped at \$200 per day and \$10,000 in aggregate per employee.**



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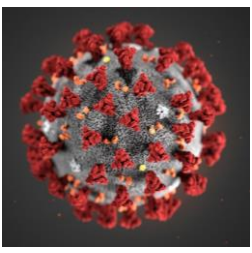
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Unemployment Expansion

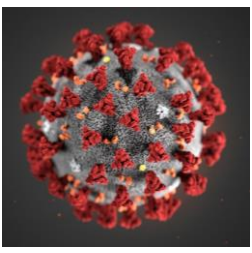
- **New pandemic unemployment assistance through December 31, 2020 to provide unemployment benefits for those individuals that lose their job as a direct result of COVID-19 and are not eligible for other unemployment compensation such as self-employed, independent contractors, and those with limited work history**
- **An additional \$600 per week payment to each recipient of Unemployment Insurance or Pandemic Unemployment Assistance for up to four months**
- **Federal Government providing funding to assist States with extended coverage**
- **Provides an additional 13 weeks of unemployment benefits through December 31, 2020 to help those who remain unemployed after the state unemployment benefits are no longer available in states that enter into federal-state agreements**



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State Financial Relief Programs

- **Maryland business and individual income taxpayers will be given a 90-day extension for tax payments. No interest or penalty for late payments will be imposed if 2019 tax payments are made by July 15, 2020.**
- **Extended business-related tax filing deadlines to June 1**
- **Businesses who paid their Maryland Sales & Use Taxes for March early may request a refund of their payment**
- **All licenses, permits, registrations, and other authorizations issued by the state, its agencies or any political subdivision that would expire during the current state of emergency will be extended until at least the 30th day after the state of emergency is lifted.**



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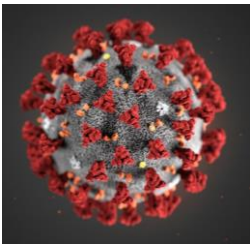
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State Financial Relief Programs

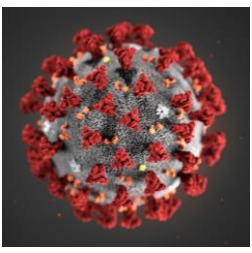
- **Maryland Small Business COVID-19 Emergency Relief Loan Fund** - This \$75 million loan fund offers no interest or principal payments due for the first 12 months, then converts to a 36-month term loan of principal and interest payments, with an interest rate at 2% per annum.
- **Maryland Small Business COVID-19 Emergency Relief Grant Fund** - This \$50 million grant program offers grant amounts up to \$10,000, not to exceed 3 months of demonstrated cash operating expenses for the first quarter of 2020.
- **Maryland COVID-19 Emergency Relief Manufacturing Fund** - This \$5 million incentive program helps Maryland manufacturers to produce personal protective equipment (PPE) that is urgently needed by hospitals and health-care workers across the country



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State Financial Relief Programs - Emergency Relief Loan Fund

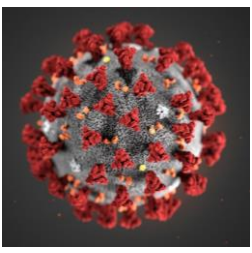
- Loans up to \$50,000 (not to exceed three months of cash operating expenses) open to Maryland for profit businesses impacted by the COVID-19 with fewer than 50 employees
- 0% for the first 12 months, and 2% for the remaining 36 months
- Deferral of any payments for the first 12 months, and straight amortization beginning in the 13th month through the 36th month
- Business must be established prior to March 9, 2020 and in good standing
- Applicants must have employees on their payroll for whom they have had payroll taxes withheld (i.e. W-2 employees)
- Two years of historical financial statements and most recent interim statement to benchmark revenue against
- Six month pro forma of estimated lost revenue or other documented loss evidence.
- Minimum personal credit score of 575.
- No collateral requirements.
- Eligible uses include working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of operations.



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State Financial Relief Programs - Emergency Relief Loan Fund

The business must demonstrate financial stress or disrupted operations, which may include but are not limited to:

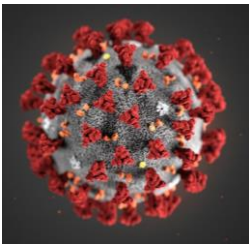
- Notices from tenants closing operations and not paying rent caused by loss of income
- Notice of inability to pay rent or make loan payments due to reduced sales, suspended operations
- Increased cost related to COVID-19 prevention measures
- Notice of disrupted supply network leading to shortage of critical inventory or materials
- Other circumstances subject to review on a case by case basis



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State Financial Relief Programs - Emergency Relief Grant Fund

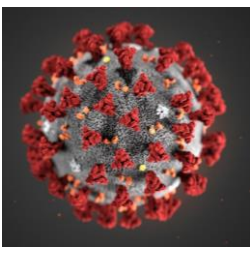
- Grants up to \$10,000 not to exceed 3 months of cash operating expenses for Maryland businesses and nonprofits impacted by the COVID-19 with 50 or fewer employees.
- Must be established prior to March 9, 2020.
- Business must be in good standing.
- Applicants must have employees on their payroll for whom they have had payroll taxes withheld (i.e. W-2 employees).
- Annual Revenues of the business or nonprofit not to exceed \$5 million as evidenced by Financial Statement or other financial documentation.
- Business or nonprofit is expected to seek longer term funding through its bank, SBA, or other source.
- Eligible uses include working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses that occur in the ordinary course of operations.



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State Financial Relief Programs - Emergency Relief Grant Fund

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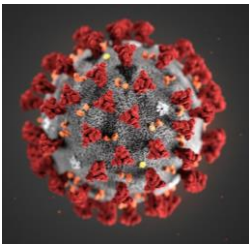
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State Financial Relief Programs - Emergency Relief Manufacturing Fund

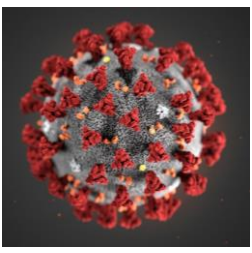
- Grants of up to \$100,000 will be made available to manufacturers to 1) increase existing capacity to produce these critical need items or 2) quickly pivot operations to produce these critical need items.
- Grant awards will vary based on the applicant's total investment.
- Applicants must be an established Maryland business and demonstrate experience, technical expertise and financial stability to implement the proposed project.
- Eligible costs include but are not limited to capital expenses such as machinery and equipment, raw materials needed for production, and operating expenses associated with increased production.
- Funding decisions will be made based on a variety of evaluation criteria, including but not limited to technical capability, operational experience, and the priority purchasing needs of the State of Maryland, with priority given to the product areas of greatest need within the Maryland healthcare system.
- Funds will be disbursed as follows: 50% at notice of award, with remaining 50% paid upon completion with proof of expenses.



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State Financial Relief Programs - Emergency Relief Manufacturing Fund

To be eligible the business must meet the following:

- Currently be located, and plan to manufacture the products, in Maryland.
- Be in good standing with the State of Maryland and with OSHA and MOSH regulations.
- Demonstrate an ability to quickly implement the proposed project in order to meet the urgent needs resulting from the COVID-19 response.



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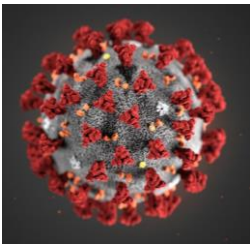
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Federal Financial Relief Programs

- The federal tax filing deadline has been moved to July 15
- Multiple enhancements to unemployment benefits
- Disaster Area Declarations
- Cares Act - H.R. 748 (aka Covid III)



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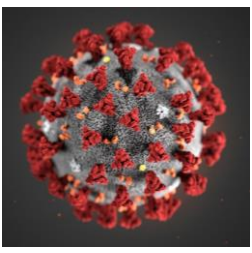
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Federal Financial Relief Programs – Cares Act

The Bill provides over \$2 trillion dollars in stimulus funds to ease the burden of the pandemic on families and businesses.

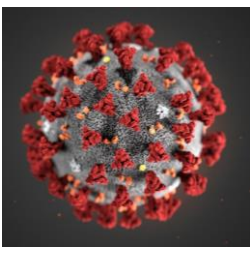
- **Cash payments direct to residents**
 - **Includes all taxpayers with a work eligible SSN, including those with low or no income**
 - **Anyone making \$75,000 or less as individual or \$150,000 or less as a couple will receive a check for \$1,200.**
 - **Amount decreases by \$5 for every \$100 over the threshold until \$99,000 for individual and \$198,000 for couples then no payment**
 - **An additional \$500 will be given for each child per household**



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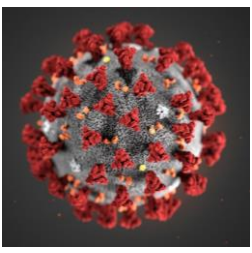
- Economic Development Administration (EDA) received \$1.5 Billion
- Community Development Fund (CDBG) received \$5 Billion
- USDA Rural Development (USDA-RD) receive \$145.5 Million
 - \$100 million to be used for rural broadband grants
 - \$25 million to be used for distance learning and telemedicine grants
- Federal Emergency Management Agency (FEMA) received \$45.4 Billion
- Department of the Treasury and Federal Reserve received \$500 Billion
 - To be used for stabilization of key businesses for US economy



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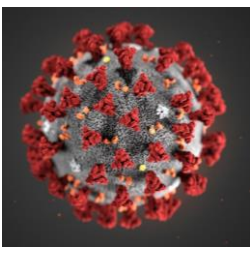
- **Minority Business Development Agency - Received \$10 Million**
 - To provide grants to Minority Business Centers and Minority Chambers of Commerce for counseling, training and education on gaining access to federal resources and business response to COVID-19 for small businesses
- Provides hospitals and health care facilities with \$100 Billion to be used by local hospitals to address medical surge capacity issues and offset the cost of increased healthcare related expenses and loss revenue.



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Federal Financial Relief Programs – Cares Act

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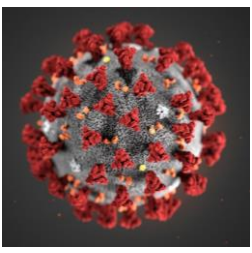
- **Small Business Administration (SBA)**
 - \$349 billion in loan guarantees
 - \$265 million for Small Business Entrepreneurial Development Programs
 - \$10 billion for Small Business Administration – Emergency EIDL Grants
 - \$17 billion in additional funding for Small Business Administration – Business Loan programs



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Federal Financial Relief Programs – Cares Act

Paycheck Protection Program (PPP)

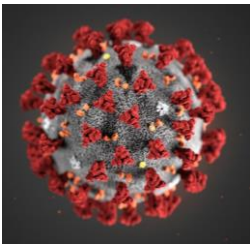
- Loans will be eligible for firms that meet SBA small business size standards, self-employed, sole proprietors, independent contractors, and certain nonprofits including 501(c)(3)s, 501(c)(19)s, and tribal business concerns with fewer than 500 employees.
- Loans would be equal to 250% of an employer's average monthly payroll with a maximum loan of \$10 million.
- Entities need to have been operational by February 15, 2020.
- Eligible expenses include payroll, insurance, rent, mortgage, and utilities.
- Some of the amount spent by the borrower in the first eight (8) weeks from loan origination may be forgiven based on percentages of reductions in the workforce compared to the previous year. Also allows forgiveness for additional wages paid to tipped workers.



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Federal Financial Relief Programs – Cares Act

Paycheck Protection Program (PPP)

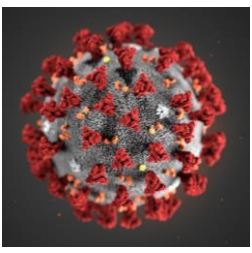
- Waives borrower and lender fees
- Waives collateral and personal guarantees
- Loans carry a maximum interest rate of 4%
- Borrower must certify in good-faith that the funds are needed for Covid-19 related purposes, the funds will be used to retain workers, and that the request is not duplicative with other SBA funds for same purpose
- No Prepayment fees
- Defers payments on PPP loans for 6-12 months
- Authorizes all existing 7(a) lenders to expedite approvals and distribution
- Authorizes new bank and non-bank lenders to participate in PPP
- Anything not forgiven or repaid by 12/31/20 will convert to max 10-year loan at a max of 4% and will remain 100% guaranteed



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Federal Financial Relief Programs – Cares Act

Emergency EIDL Grants

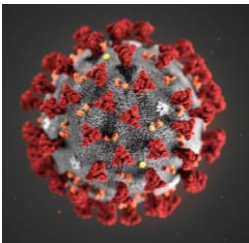
- EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment at the Administrator’s discretion, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.
- Those eligible are the following with 500 or fewer employees:
 - Sole proprietorships, with or without employees
 - Independent contractors
 - Cooperatives and employee owned businesses
 - Tribal small businesses
- One year in business requirement waived for loans under \$200k
- Small business concerns and small agricultural cooperatives that meet the applicable size standard for SBA are also eligible, as well as most private non-profits of any size



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Federal Financial Relief Programs – Cares Act Small Business Administration (SBA)

**SBDC is Hosting a Webinar with more details on
SBA processes**

Tomorrow, Tuesday, March 31st at 1:30 pm

<https://mdsbdc.ecenterdirect.com/events/16171>

**You can also find the link to sign-up for the webinar on the
Chamber website under the calendar of events**

Also on the Facebook pages for the partners presenting this webinar



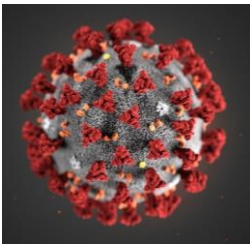
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Other Programs

- APG Chesapeake (publisher Star Democrat and Dorchester Star) has established a \$500,000 grant fund to assist locally owned businesses during this challenging situation. <https://www.apgchesapeake.com/grant>
- Facebook is offering \$100M in cash grants and ad credits to help during this challenging time. <https://www.facebook.com/business/grants>



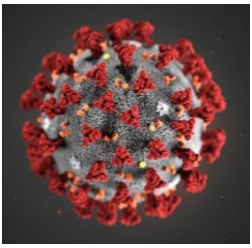
Economic Development
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DORCHESTER COUNTY MARYLAND
DORCHESTER COUNTY ECONOMIC DEVELOPMENT DEPARTMENT



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Continuing Business Operations

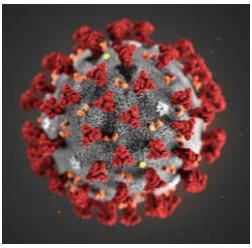
- County wide Chalk Art campaign
- Gift certificates program
- E-commerce thoughts
- Other tips for supporting small businesses



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Continuing Business Operations

If you are identified as an essential business and are continuing operations, please be sure to consider the following:

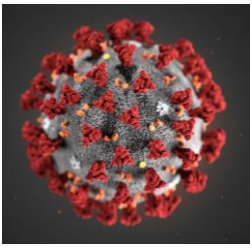
- Have employees that can work from home do so
- Consider shift work/hours to minimize number of employees in your facility while operating
- Practice social distancing in the workplace – put up signs to remind staff
- Post signs to remind all members of your team to:
 - Not come to work if feeling ill
 - Wash their hands often
 - Cover mouth and nose when coughing or sneezing (even if allergies)
- Clean and disinfect frequently touched surfaces and objects often



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Consideration and Warnings

- **If you are going to have issues making payments on outstanding debt be proactive and reach out to the lender/landlord/vendor to discuss options. Do not wait for them to call you to ask for payment.**
- **Consider applying for a line of credit for personal and/or business use.**
- **Communicate with the team at your organizations frequently**
- **Follow the recommendations provided by the CDC and mandated by the State**

You can find posters and signs to use on the Covid-19 page of the Chamber website. You will find other links on the page to help you access guidance from the CDC and State.



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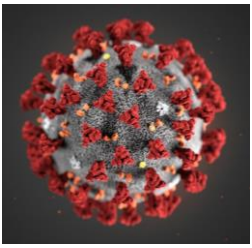
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DORCHESTER
CHAMBER OF COMMERCE



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Consideration and Warnings

Unfortunately, while disasters help bring most of us together to work towards a common good, they also bring out those that want to take advantage of the situation. Couple of tips:

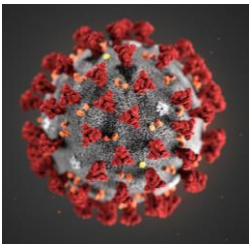
- Hackers have increased their efforts and they have gotten better
 - Make sure all your new remote workers that are spending more time online are aware and take care when opening attachments
 - Make sure your virus protection software is up to date
 - Review firewall settings (if you do not know what a firewall is you may want to make sure you have IT support on staff or contact one of the local IT firms for help)
- Be sure to vet any new partners before providing confidential information or signing any agreements
 - Many online scammers looking to setup “e-commerce” for you
- Remind your staff not to share passwords and not to send in clear text emails or text (or post them on Facebook)



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