



Surviving the Financial Crisis - COVID-19

What Every Employer Needs to Know

Click on each title to link to additional information

Federal Laws & Programs

[Families First Coronavirus Response Act](#)

- An expansion of the Family and Medical Leave Act (FMLA)
- Applies to companies with 50–500 employees (some exceptions exist)
- Changes apply after first ten days of sick leave
- Quarantined employees get 2 week's pay at full pay rate
- Other reasons, such as caregiver requirements, get paid at 2/3 pay rate (caps exist)
- After two weeks, applicable persons can be paid at 2/3 rate up to 10 more weeks
- IRS will reimburse for wages, payroll taxes and benefits
- Expires 12/31/20

[IRS](#)

- 2019 tax filing/payment deadline has been moved back to July 15, 2020
- New tax credits for providing sick leave. Pays 100% of wages and healthcare benefits costs. Can be applied for immediately.
- Employer share of payroll taxes are deferred until the end of 2020. 50% due on 12/31/21 and the other 50% due on 12/31/22

[Paycheck Protection Program](#)

- Designed to keep employees employed
- 100% federally guaranteed loans to small businesses
- Applies to for-profit and non-profit entities with less than 500 employees (exceptions exist)
- Loan amounts can be 2.5x average monthly payroll costs. (Can't exceed \$2 million)
- Pay per employee is capped at \$100,000
- Some, or all of this loan may be forgiven. Loan is forgiven only on amounts spent in the eight weeks after the loan.
- Additional guidance is still being provided

[Employee Retention Credit](#)

- Refundable payroll tax credit for 50% of wages paid from 3/13/20 through 12/31/20.
- Credit is based upon payroll taxes paid
- Credit is capped on the first \$10,000 of payroll per employee during applicable period



More Information on Page 2

Small Business Administration Loans

Check your business insurance first. Do you have interruption insurance that applies?

SBA Emergency Economic Injury Disaster Loans (EIDL Grants)

- For companies suffering economic injury
- Funds may be used for fixed debts, payroll, Accounts Payable and other reasons
- Up to \$2 million at 3.75%
- No personal guaranty
- Up to 30-year repayment schedule
- Advance of up to \$10,000 available in three business days

SBA Express Loans

- Can be used for a variety of business purposes
- Maximum loan amount is \$1 million at a variable interest rate
- SBA guarantees 50% of loan; other guarantees may be required
- Loan can be a term loan or a line of credit
- 36-hour application turnaround time
- Funds available within 90 days



Michigan State Laws & Programs

Shared Work Program

- Allows employers to decrease hours of work while granting partial UI benefits to employees with reduced hours
- Experience account balance must have a “positive” reserve; As a result of Executive Order 2020-10, UI may approve a work share plan regardless of whether the employer has a positive reserve until April 14, 2020.
- Must certify that participation in a plan is in lieu of a temporary lay-off which reduces employees’ normal work hours by at least 15% but not more than 45%

Business Accelerator Fund

- Business Accelerator Fund expanded to allow SmartZone business accelerators to provide services to tech startups with technologies that can support COVID-19 response efforts and non-tech companies that can manufacture or distribute critical medical supplies and personal protection equipment
- Also allows business accelerators to use the BAF to provide services not typically supported through the BAF program, such as utilities and rent, for current or past accelerator clients

Michigan Treasury Small Business Tax Assistance

- Small businesses who have been disrupted by COVID-19 have additional time to file sales, use, withholding taxes
- The State Treasury Department is currently waiving all penalties and interest for 30 days

Work Opportunity Tax Credit

- Federal tax credit available to employers for hiring individuals from specific target groups who have consistently faced significant barriers to employment

GoFundMe Small Business Relief Fund

- GoFundMe is providing \$500 relief grants to qualifying small businesses who raise \$500 or more on GoFundMe

On-The-Job Training

- Provides 50% wage reimbursement for eligible new hires for up to 6 months
- Dependent upon local approval

Other Guidance

- Top SBA lenders in Michigan are Huntington National Bank, Chemical Bank, Chase Bank, and Citizens Bank



Strategies for Managing Through Financial Distress Caused by COVID-19

EDSI's Consulting Team has worked with hundreds of financially distressed companies across the country. During this time of crisis and uncertainty, we recommend taking action on the following strategies.

1. Manage Cash Flows closely. Cash is King!
2. Create a 13-week cash forecast to provide visibility in cash needs.
3. Use the cash forecast to determine the extent of cash needs and cost cuts required.
4. Take advantage of the numerous local, state and federal programs. Unprecedented programs and funding exist to help your business at this time.
5. Solicit feedback from your employees and ask for their help and creativity.
6. Meet with the lenders (banks, investors, etc.) immediately to discuss waivers or modifications for formulas, covenants and payments. Try to gain a payment cessation or interest only payments for a limited period of time.
7. If possible, retain key talent within the organization. However, make difficult calls on staff reductions quickly. Right size the organization for the projected revenue, not the dream revenues. (Again, see new federal programs to help with payroll costs!)
8. If possible, contact customers to discuss the issue, delivery performance and limitations. They can help, so ask for their understanding and assistance. They want you to succeed too.
9. Speak openly and honestly to your suppliers as they can help mitigate the stress. Silence is not golden in this situation. Do not be afraid to negotiate temporary price and terms structures.
10. Negotiate temporary rental or lease payment cessations or reductions.
11. Stop ALL non-critical spending.
12. Get creative! Look for alternative ways to generate revenues, cut costs and accelerate cash flows.
13. Generate a plan to implement the turnaround objectives including an aggressive plan for execution. Rely on your key staff to help create the plan that gets costs in-line with revenues. You want key staff to be bought-in to the plan so they "own it."
14. Change the plan as internal and external factors require. Flexibility is key, but don't lose sight of the goal. Don't change the plan in a vacuum. Talk though it with key staff and plan implementors.

