

CAMEO Listening Session: COVID-Related Employment Issues

Thursday, April 22 , 2020

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CA Policy & Engagement

Small Business Majority

> Topics of discussion

- Loan forgiveness, tax credit and express loans
- Work Share Program through the Economic Development Department (EDD)
- Unemployment insurance
 - Pandemic Additional Compensation program (EDD)
 - Pandemic Unemployment Assurance program (EDD)
- 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** 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)



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Resources, tools and how to get involved

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.

Learn more at: sba.gov/funding-programs/loans/coronavirus-relief-options/sba-express-bridge-loans

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Purpose of the Work Share Program

Purpose:

- Sustain economic prosperity in California communities
- Employees “share” a reduction in hours and wages until business conditions improve
- Pay 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

Work Sharing employer plan eligibility

Reduction in Work and Wages

Not Eligible

<10%

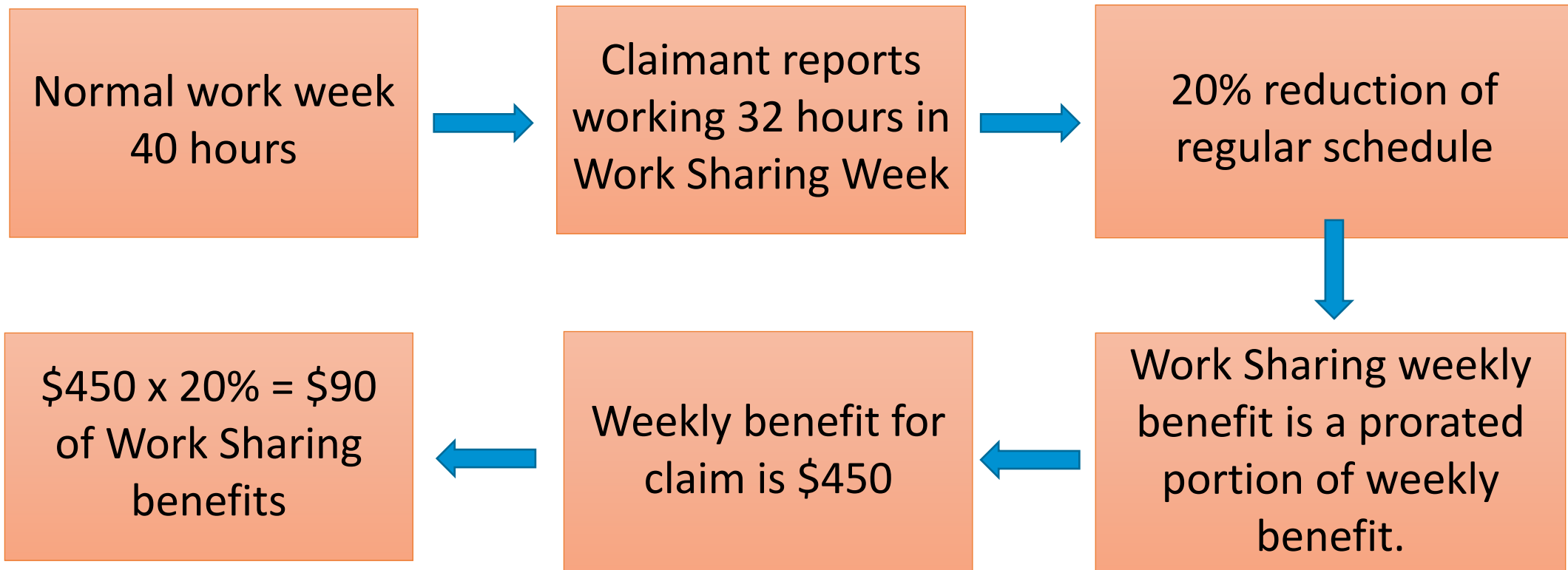
Eligible for WS

**Not
Eligible**

>60%

Calculating Work Sharing benefit payment

Example (assuming \$450 weekly benefit amount):



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.

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

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

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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.

Learn more at: https://www.edd.ca.gov/about_edd/coronavirus-2019/pandemic-unemployment-assistance.htm

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Pandemic Unemployment Assurance



What is it

- Pandemic Unemployment Assistance (PUA) is a program created by the federal CARES Act. It is a federal program that enables states to expand their own unemployment insurance programs.
- PUA will help unemployed Californians who are business owners, self-employed, independent contractors, have limited work history, and others that are **not usually eligible for regular state UI benefits**, who are out of business or who's 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 (often - themselves) have not paid into unemployment insurance.

Expansion to Unemployment Insurance

Eligibility requirements



Who can apply?

- 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



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)

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.

Pandemic Unemployment Assurance



Note

- Because this is a brand-new program, each state will need time to develop all the necessary system programming, forms, processes and procedures
- We must 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)



Call **1-833-ASK-SBDC** for free one on one support.

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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

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](https://go.smallbusinessmajority.org/I/229072/2020-03-19/6z7mt) campaign and call on Congress to bail out Main Street.
go.smallbusinessmajority.org/I/229072/2020-03-19/6z7mt
- Will you share a story of how COVID-19 has impacted your client?





Stay in Touch!



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CA Policy & Engagement

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Online Community Forum

community.smallbusinessmajority.org

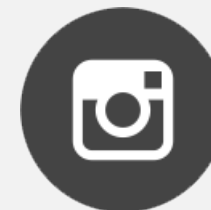
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