

COVID-19: FAQs & Tips for Small Businesses and Nonprofits

Notes

1. *This document is a compilation of information from various sources and is being updated as more information is available, but should not be construed as legal advice. If you have specific questions relating to your business or organization, please contact your advisors, including your accountant or attorney.*
 2. *Many of the links and references in this document are for Minnesota resources. You should search your state's available information to find state specific info for each item. Any questions about this resource can be directed via email to [Davis Senseman](mailto:Davis.Senseman@mainstreetalliance.org).*
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FAQS:

1. What can I do if I need to close my business or organization or reduce hours and can not pay my staff?

Depending on the laws in your state, you may be able to announce a furlough or temporary layoff, and your employees may then be eligible to apply for unemployment benefits. You should check your state's unemployment website to see what options are available for businesses reducing workforces due to COVID-19. You should share information with your employees as soon as you are able if you anticipate needing to reduce hours or temporarily close your business.

To reduce costs, some employers require workers to take time off without pay (sometimes referred to as a furlough). The intent is to avoid having to permanently layoff workers. Furloughs may be for one day or several days. For example, employers may require workers to take one day off per week, or they may lay off workers for a full week. This may occur once or it may occur on a regular schedule (intermittent).

For intermittent (recurring) layoffs, it is probably best to continue to request benefit payments even when you are working your normal schedule. Report the hours you worked and the gross amount (before taxes or any other deductions) of your wages. Payments will be issued for the weeks you are laid off or hours are reduced and no payment will be made when you are working your normal schedule.

2. Are there any other programs available to avoid a layoff?

Depending on your state there may be! Some states offer "shared work" situations, which are designed to help employers avoid layoffs during times of slow down. There are a lot of specifics to

each of these programs, but looking into your state's version ASAP and ensuring you may qualify if you need it is probably a good idea.

Benefits of Shared Work

- Keep experienced and trained staff
- Avoid future hiring and training costs
- Increase operations quickly when business conditions improve
- Avoid a layoff which creates goodwill and financial stability for the workforce and the community
- **Example - Shared Work in MN**

You submit an application and a list of the selected employees that will work reduced hours during a temporary slowdown. They are paid unemployment benefits to offset part of their reduced wages.

- You divide available work hours among a group of employees instead of a layoff.
- You pay wages for the hours the employees work.
- Employees receive partial unemployment insurance benefits while working reduced hours. The benefits usually pay about one-half of the employees lost income due to the reduced hours.
- Additional requirements in MN:
 - Health and pension benefits for participating employees must continue with the same terms and conditions as before you reduced their hours.
 - You must provide written notice to each participating employee after we approve your application but before the start date.
 - You are responsible for administering your plan (see [Manage your plan](#))

3. What help is available for folks who freelance or business owners?

Some states may be setting up relief for business owners or freelancers who do not have access to unemployment benefits. Keep an eye out for advisories from your state's Governor and Legislature (and your specific City or Town) as these programs are often just coming online.

Disaster Unemployment Assistance - NOT YET AVAILABLE, BUT A POTENTIAL PROGRAM THAT COULD HELP FROM THE FEDERAL GOVERNMENT

- Disaster Unemployment Assistance is a form of federal disaster assistance for individuals that provides temporary income assistance to both workers and self-employed individuals whose work has been lost or interrupted as a direct result of a major disaster and would not otherwise be eligible for regular unemployment insurance benefits.

4. Do I need to be taking any extra precautions for my employees? Is there any guidance about what that should be?

You should provide your employees ample time to wash their hands and implement additional cleaning protocols at your business if they continue working on site. *Additional guidance can be found below from MNOSHA, but you should check your state's guidance as well.*

[MNOSHA COMPLIANCE: NOVEL CORONAVIRUS \(COVID-19\)](#)

Minnesota OSHA (MNOSHA) has been following the novel coronavirus (COVID-19) outbreak currently occurring globally. This is a new virus; new information about the outbreak and guidance about control and prevention is being updated frequently. Some of the best sources for information related to COVID-19 are linked below.

Resources

- Centers for Disease Control and Prevention: Coronavirus disease 2019
- Federal OSHA: COVID-19
- Minnesota Department of Health: Coronavirus disease 2019 (COVID-19)

More information

- MNOSHA Compliance: If you have workplace safety or health questions or concerns, contact MNOSHA Compliance at 651-284-5050 or osha.compliance@state.mn.us.
- MNOSHA Workplace Safety Consultation: If you would like to request workplace safety or health assistance, contact MNOSHA Workplace Safety Consultation at 651-284-5060 or osha.consultation@state.mn.us.

5. Should I consider taking a loan from my credit card company, PayPal or other financing option?

This should be a last resort because this money is EXPENSIVE. The interest rates on these types of cash advances or loans can be 10-15% higher than the rate you would obtain from your bank. Sometimes these types of financing are the only options, but if you are anticipating that you may need additional cash, speak with a bank about potential lines of credit, check with your City, State or Federal Disaster notices (see Question 6 below for additional details) to see if emergency funding has been made available to businesses affected by COVID-19, and exhaust every other option before taking one of these offers. The money will likely arrive quickly, but it comes at quite a price, even if you pay it off early or end up not needing it.

6. What options are available for assistance if my company's revenues decrease because of COVID-19?

The Federal Small Business Administration does have a program of low-interest long-term loans for businesses that suffer physical or economic damage due to declared disasters, and states are being added daily to the disaster declarations that make these funds available. [See the full press release from the SBA \(released Thursday March 12th\) here.](#)

Certain states have begun to be declared eligible for disaster funds from the SBA. NOTE - These loans may have different terms from traditional SBA loans - even if your business has been denied SBA funding in the past, you should check eligibility for these funds. Please check this link for updates. - <https://disasterloan.sba.gov/ela/>

Process to apply for SBA Disaster Assistance Loans for Small Businesses Impacted by COVID-19

SBA's Economic Injury Disaster Loans offer up to \$2 million in assistance for a small business. These loans can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

Process for Accessing SBA's Coronavirus (COVID-19) Disaster Relief Lending

- The U.S. Small Business Administration is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). **Upon a request received from a state's or territory's Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.**
- Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19).
- SBA's Office of Disaster Assistance will coordinate with the state's or territory's Governor to submit the request for Economic Injury Disaster Loan assistance.
- Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities.
- These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible. The interest rate for non-profits is 2.75%.
- SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.

- SBA's Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government's coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.

For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 (TTY: 1-800-877-8339) or e-mail disastercustomerservice@sba.gov.

7. If my employees can work from home, is there anything I should do?

One very important step is to let your insurance companies (particularly worker's compensation and liability insurance) know that your team will be working from home. They can likely add your employees' home addresses as insured locations, which will make sure your employees will have coverage/be able to make a claim if something happens to them or their work equipment, etc while they are working at home. We have already heard of small business owners successfully completing this and their Workers Comp insurer was happy to add the temporary locations to the coverage.