

# Greater Sacramento Economic Council: Board Leadership Experts Answer Critical Small Business Questions

April 15, 2020

Webinar Q&A Notes

[VIEW AN ONLINE RECORDING](#) of this program.

- 1. How quickly do you think that the current PPP funding available will run out? What do you anticipate in terms of timing and amounts for another round?**

*At this time, the PPP funding has run out – we are hoping to see an additional round announcement soon. However, there are other resources that exist for businesses. Congress is working on a second package, but we are uncertain on status or timing. It is important to contact congressional representatives to encourage that this moves forward quickly. Banking institutions will continue to process applications and put them on hold in hopes of additional funding.*

- 2. Why can't I use my credit union for stimulus related loans? Is there a list or clarity anywhere on which banks will do business with non-banking customers?**

*Credit unions do have the ability to offer loans, but this is an opt-in process for participating in the PPP. Some credit unions were not set up and have to go through an approval/certification process. Please refer to the SBA website for a list of approved lenders.*

- 3. What materials should any business have in hand to be as prepared as possible?**

*Most banking institutions, if not all at this point, have a defined package and a list of documents required. Call ahead and ask for this as it will save significant time. In addition, if they ask for material, it is not optional, and every bank will have a slightly different set of requirements. Banks*

have put programs together in under two weeks with very little guidance, so many are taking a conservative approach but often the request is for readily available data.

**4. Are the PPP loans forgivable if there is no demonstrated hardship? In addition, what would constitute hardship and who determines and evaluates that?**

*The PPP loans are forgivable and there are specific criteria. The specifics are included in the application which requires businesses to certify that the current economic uncertainty makes this request needed. It is a broad statement and there is uncertainty across the entire economy. These loans are POTENTIALLY forgivable, but funds must be used for approved uses. Banks are not questioning intent, but it is important to remember that the goal of the program is to keep people employed.*

**5. I have no idea what the best course of action for my business is right now – do I try to take advantage of the Paycheck Protection Program, or seek a disaster advance loan?**

*If you are eligible for PPP, it should be taken advantage of if possible. **Be sure to look at additional programs to keep things going longer term, such as the [IBank program](#) offering a 3-year line of credit converting to a 3-year loan.** The PPP gets businesses immediately through 60-90 days, the line of credit can get you through 18 months, and then as recovery occurs repayment can happen. There are other programs available offering credits up to \$10,000 for payroll tax credits for those that do NOT apply for PPP. For most businesses, PPP will be preferable if funds are available.*

**6. How does this apply to nonprofit corporations?**

*Currently it is open to veteran, tribal and 501c3 organizations. At this stage, legislation has only called out three categories and 501c6 corporations are not included at this stage. A number of advocacy organizations have submitted letters to congressional representatives urging them to make this correction to include other nonprofit types in future allocations. Under the IBank program nonprofits such as 501c6 are eligible.*

**7. Do we jeopardize PPP forgiveness if we wait until we reopen for business to rehire and put laid off employees back on payroll?**

*All banks and lenders are still waiting for more explicit guidance on the topic of forgiveness, however, most of the requirements include using the funds 75% for payroll within 8 weeks of receipt and maintenance of the same level of employees and salary level from prior. A lot more will be coming out; be very cognizant that the funds must be used quickly. You are liable to a challenge if you do not. Banks are not giving explicit advice as it is still an unknown.*

**8. Is there a definition of what constitutes ‘utilities’? Does it include phone, internet and waste removal?**

*Interpretations found online include reference to business related expenses such as electricity, gas, water, transportation, telephone or internet access to which service began before Feb. 15, 2020*

**9. What type of proof is required to use the 10 days of extra paid sick leave? Are those extra days only for use for an employee that has COVID?**

*There are a number of circumstances. Documentation is required which includes a healthcare provider's orders, caring for an individual who is subject to an order or who has experienced treatment documentation should be provided. If someone cannot telework but must stay home to care for their children, they must provide verification that school is closed.*

**10. What are some general types of advice in relation to employees who have been exposed to COVID-19?**

*It is permissible to ask employees if they are experiencing symptoms, but it is important to be aware of privacy concerns and ask questions in a discrete manner. Many employers are using checklists for employees to fill out as they come in. Answers should not be shared among employees. However, an employer is entitled to find out.*

*If an employee contracts COVID-19 at work, it is generally an issue covered by workers' compensation. It will also be difficult to establish where someone contracted it.*

*If an employee is ill and seeking a diagnosis, it is important to review benefits available. Employers are sending people home from between 72 hours to 14 days.*

*If an employee confirms that someone they live with has been symptomatic, it is advisable to keep them out of the office and to find out more information. It could be an opportunity to take advantage of paid sick leave. Continue to be gentle and discrete.*

*If an employee has tested positive, they should stay home for 14 days. To the extent that you can obtain information per the response act (statement from employee, doctors notes, other documentation) begin doing so in order to claim tax benefits down the road. It is acceptable to share with employees that someone has been exposed, but not advisable to disclose the individual's name. Some employers may also want to send proven contacts with that employee home as well to reduce risk of exposure to others. This is very dependent on social distancing and workforce interactions.*

**11. Laying off versus furloughing – which is advisable and when?**

*This is very fact dependent. For businesses that see themselves being able to move back into action quickly, a workforce will be needed. If you want to take advantage of the PPP, you need to have the same headcounts as when you got the loan. Pitfalls related to a furlough can occur as it is important to clarify with employees. With a date certain of return, you can guarantee healthcare. It is*

*important for a furlough to not be structured or appear as a layoff. If you do not plan to be able to reopen, a layoff allows employees to access the expanded federal benefits available.*

## **12. When can non-essential businesses open?**

*We wish we knew! It will likely be some time but will be determined through a number of factors which Governor Newsom outlined. Beginning now to develop plans for rotating staff shifts, spacing out employees to ensure distancing in the office, etc. will help non-essential businesses open up quickly when permitted.*