

APRIL 7, 2020

COVID-19 BUSINESS SERIES

Workforce Continuity & Strategy





AGENDA

- 1 INTRODUCTIONS
- 2 PAYCHECK PROTECTION PROGRAM
- 3 WORKPLACE LIABILITIES: EMPLOYEES AND COVID-19
- 4 LATEST GUIDANCE ON EXTENDED FMLA
- 5 CROSS-WALKING AND TRAINING OPPORTUNITIES
- 6 NEW POLICY: UNEMPLOYMENT INSURANCE (UI) ELIGIBILITY

MEET THE EXPERTS



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Arizona Commerce Authority
EVP, Business Development



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*Assistant District Director –
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Partner



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Workforce Administrator



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Department of Economic Security
Assistant Director

A man with a beard, wearing a red and blue plaid shirt and a light-colored apron, is smiling and holding a weathered wooden sign. The sign has the words "We're OPEN" written on it in a mix of black and red paint. The background is slightly blurred, showing what appears to be a shop or restaurant interior.

COVID-19 PAYCHECK PROTECTION PROGRAM





SUSTAINING SMALL BUSINESS

PAYCHECK PROTECTION PROGRAM

\$349B

ALLOCATED FOR
SMALL BUSINESSES

\$5.6B

ESTIMATED AVAILABLE
FOR ARIZONA

100%

FEDERALLY GUARANTEED LOANS
FOR SMALL BUSINESSES THAT MAINTAIN THEIR
PAYROLL DURING THIS EMERGENCY



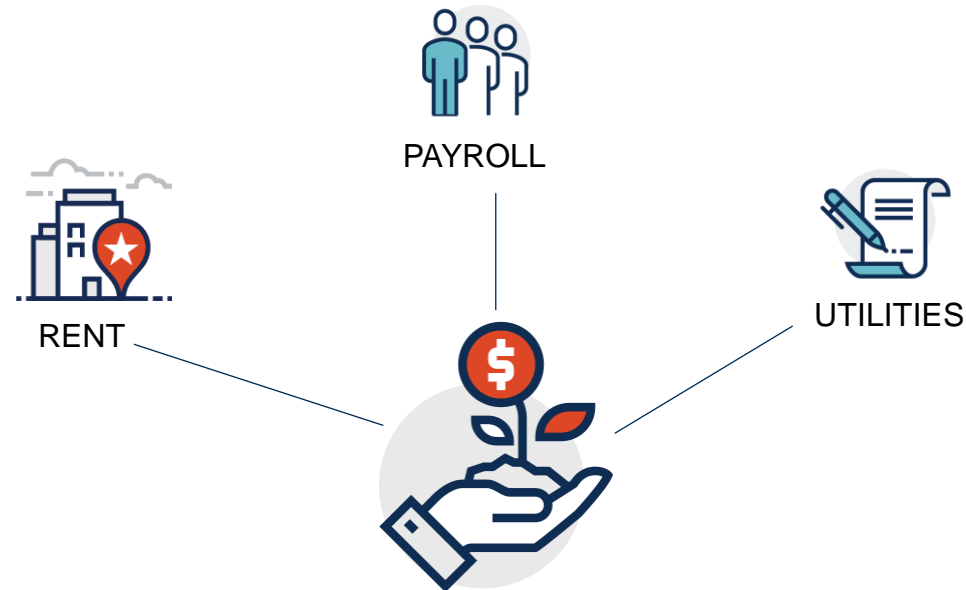
U.S. Small Business
Administration

ARIZONA
COMMERCE AUTHORITY

IMMEDIATE CASH FLOW

PAYCHECK PROTECTION PROGRAM

These loans may be **forgiven** if borrowers **maintain their payrolls** during the crisis or **restore their payrolls** afterward





ELIGIBILITY

PAYCHECK PROTECTION PROGRAM

- A small business with *fewer than 500 employees*
- A small business that otherwise *meets SBA's size standard*
- A *501(c)(3)* with *fewer than 500 employees*
- An individual who operate as a *sole proprietor*
- An individual who operates as an *independent contractor*
- An individual who is *self-employed* who regularly carries on any trade or business
- A *tribal business* concern that meets the *SBA size standard*
- A *501(c)(19) Veterans Organization* that meets the *SBA size standard*



PROGRAM FEATURES

PAYCHECK PROTECTION PROGRAM

Loans can be equivalent to **250%** of the borrower's average monthly payroll costs

NON-SEASONAL EMPLOYERS

Maximum loan =

2.5 x average total monthly payroll costs incurred during the year prior to the loan date.

For businesses not operational in 2019:

2.5 x average total monthly payroll costs incurred for January and February 2020.

SEASONAL EMPLOYERS

Maximum loan =

2.5 x average total monthly payments for payroll costs for the **12-week** period beginning **February 15, 2019** or **March 1, 2019** (decided by the loan recipient) and ending **June 30, 2019**.

ELIGIBLE PAYROLL COSTS

PAYCHECK PROTECTION PROGRAM

Sum of INCLUDED payroll costs

- **For employers:** Sum of payments of any compensation
- **For Sole Proprietors, Independent Contractors and Self-Employed Individuals:** Sum of payments of any compensation to or income of a sole proprietor or independent contractor that is not more than \$100,000 in one year, as pro-rated for the covered period

—

Sum of EXCLUDED payroll costs

- Compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the period February 15 to June 30, 2020
- Payroll taxes, railroad retirement taxes and income taxes
- Any compensation of an employee whose principal place of residence outside of the U.S.
- Qualified sick leave wages or qualified family leave

=

PAYROLL COSTS



EVALUATING ELIGIBILITY

PAYCHECK PROTECTION PROGRAM

Proof that the borrower was in operation before Feb. 15, 2020 **AND** had employees whom they paid salaries and payroll taxes or paid independent contractors

GOOD FAITH CERTIFICATION

- The uncertainty of current economic conditions makes the loan request necessary to support ongoing operations
- The borrower will use the loan proceeds to retain workers and maintain payroll or make mortgage lease and utility payments
- Borrower does not have an application pending for a loan duplicative of the purpose and amounts applied for here
- From Feb. 15, 2020 to Dec. 31, 2020, the borrower has not received a loan duplicative of the purpose and amounts applied for here



ELIGIBLE LOAN FORGIVENESS

PAYCHECK PROTECTION PROGRAM

A borrower is eligible for loan forgiveness equal to the amount the borrower spent on the following items during the **8-week period** beginning on the date of the origination of the loan:

- Payroll costs
- Interest on the mortgage obligation incurred in the ordinary course of business
- Rent on a leasing agreement
- Payments on utilities (electricity, gas, water, transportation, telephone or internet)
- For borrowers with tipped employees, additional wages paid to those employees

REDUCING FORGIVENESS

PAYCHECK PROTECTION PROGRAM

The amount of loan forgiveness is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.

Reduction based on reduction of number of employees

$$\text{PAYROLL COST} \times \left(\frac{\text{Average number of Full-Time Equivalent Employees (FTEs) per month for the 8 weeks beginning on loan organization}}{\text{Option 1: Average number of FTEs per month from February 15, 2019 to June 30, 2019}} \right)$$

Option 2: Average number of FTEs per month from January 1, 2020 to February 29, 2020

For Seasonal Employers: Average number of FTEs per month from February 15, 2019 to June 30, 2019

Reduction based on reduction in salaries

$$\text{PAYROLL COST} - \left(\text{For any employee who did not earn during any pay period in 2019 wages at an annualized rate more than \$100,000, the amount of any reduction in wages that is greater than 25% compared to their most recent full quarter} \right)$$

APPROVED ARIZONA LENDERS

PAYCHECK PROTECTION PROGRAM

Active SBA Lenders Located in Arizona

VERSION 16.6 Dated 1/1/2020

List includes conventional Banks, Credit Unions, Small Business Lending Companies, SBA funded Micro lenders, Certified Development Companies (504 loans), and out-of-state Banks or Credit Unions with a Loan Production Office in Arizona that have provided referral information. Lender credit preferences are subject to change by the participating lender without notice. Please note that some participating lenders prefer no referrals or did not respond to our survey. Lenders that offer only 3rd party loans under the 504 program are not listed. For additional questions contact SBA at 602-745-7200.

Product Codes- Standard Guaranty Loan Program (7(a)), SBA Express (X), Export Express (EX), Export Working Capital Program (EWCP), Community Advantage (CA)

Lender Status Codes- General Partner (GP), Preferred Lending Partner (PLP)

SBA 7(a) Loans LENDER	PHONE	PRODUCT	MARKET AREA	Lender Status	LENDER PREFERENCES							Industry Exclusion Codes	MIN. LOAN SIZE
					SMALL LOANS	SEASONAL LINE OF CREDIT	BUILDER LO	CONTRACT FINANCING	START-UPS New Businesses				
ALLIANCE BANK OF ARIZONA	(480) 998-6548	7(a), X, EX, EWCP	Statewide	PLP					L4				\$50,000
AMERICA FIRST CU	(602) 538-9671	7(a), X, EX	Statewide	PLP									\$100,000
ARIZONA CENTRAL CREDIT UNION	(602) 523-8342	7(a)	Central AZ	GP							F-G-S-A-N-V-H-C-D		\$100,000
ARIZONA FEDERAL CU	(623) 230-3508	7(a)	Statewide	GP									\$250,000
ATLANTIC CAPITAL BANK	(602) 577-7740	7(a), X, EX, EWCP	Statewide	PLP					L				\$350,000
BANK 34	(480) 795-6936	7(a), X, EX, EWCP	Statewide	GP					L				\$50,000
BANK OF AMERICA	(602) 695-0760	7(a), X, EWCP	Statewide	PLP							H-W		\$350,000
BANK OF ARIZONA	(602) 240-2751	7(a), X	Phoenix Metro Area	PLP					L4		F-G-B		\$50,000
BANK OF THE WEST	(602) 549-4860	7(a), X, EX, EWCP	Statewide	PLP									\$350,000
BBVA USA	(602) 522-2696	7(a), X, EWCP	Statewide	PLP	S						G-V-H-		\$50,000
BMO HARRIS BANK	(602) 330-4860	7(a), X, EX, EWCP	Statewide	PLP	S								\$25,000
BNC NATIONAL BANK	(602) 508-3773	7(a), X, EWCP	Statewide	PLP	S								\$100,000
CANYON COMMUNITY BANK	(602) 603-3524	7(a)	Statewide	GP									\$500,000
CENTERSTONE SBA LENDING	(602) 999-7108	7(a)	Statewide	PLP									\$100,000
COMERICA BANK	(714) 424-3838	7(a), X, EX, EWCP	Statewide	PLP	S						H-G		\$250,000
COMMERCE BANK OF ARIZONA	(480) 253-4505	7(a)	Statewide	GP							H		\$50,000
ENTERPRISE BANK	(913) 791-9112	7(a), X, EX, EWCP	Statewide	PLP	S				L				\$25,000
FIRST INTERNET BANK	(317) 372-7822	7(a), X	Statewide	PLP									\$500,000
HARVEST SMALL BUSINESS FINANCE	(602) 703-6301	7(a)	Statewide	PLP					L4		A-W-G		\$250,000
HORIZON COMMUNITY BANK	(928) 854-3000	7(a), X	Statewide	PLP	S				L4				\$50,000

SBA 7(a) Loans LENDER	PHONE	PRODUCT	MARKET AREA	Lender Status	LENDER PREFERENCES							Industry Exclusion Codes	MIN. LOAN SIZE
					SMALL LOANS	SEASONAL LINE OF CREDIT	BUILDER LO	CONTRACT FINANCING	START-UPS New Businesses				
IOWA STATE BANK	(520) 314-2597	7(a)	Statewide	GP									\$100,000
JOHNSON BANK	(602) 381-2152	7(a), X	Maricopa Co.	PLP									\$200,000
JPMORGAN CHASE BANK	(623) 337-9969	7(a), X	Statewide	PLP					L4				\$10,000
MEADOWS BANK	(623) 328-9770	7(a), X	Statewide	PLP									\$150,000
METRO PHOENIX BANK	(602) 346-1803	7(a), X	Statewide	PLP					L4				\$200,000
MIDFIRST	(602) 801-5713	7(a), X	Statewide	PLP	S								\$50,000
MIDWEST REGIONAL SBL	(480) 468-5180	7(a), EWCP	Statewide	GP									\$150,000
MOUNTAIN AMERICA CU	(480) 487-5577	7(a), X, EX	Statewide	PLP					L4		H-W		\$50,000
NATIONAL BANK OF ARIZONA	(602) 212-5545	7(a), X	Statewide	PLP							F-A-V-G-H		\$10,001
ONEAZ CU	(602) 467-4262	7(a)	Statewide	GP							F-G-W-V-H		\$10,000
POPPY BANK	(480) 346-1218	7(a)	Statewide	PLP									\$350,000
REPUBLIC BANKAZ	(602) 280-9402	7(a)	Statewide	GP									\$500,000
RADIUS BANK	(602) 635-6999	7(a), X, EX	Statewide	PLP					L4				\$250,000
READYCAP LENDING	(602) 538-9671	7(a), X	Statewide	PLP									\$200,000
STATE BANK OF ARIZONA	(928) 855-4050 ext.5201	7(a)	Statewide	GP									\$50,000
STEARNS BANK	(480) 391-5908	7(a), X, EWCP	Statewide	PLP									\$50,000
SUNFLOWER BANK	(602) 292-5886	7(a), X, EX, EWCP	Statewide	PLP							H		\$150,000
T BANK	(602) 206-1417	7(a), X, EX	Statewide	PLP									\$150,000
TEXAS CAPITAL	(602) 228-6647	7(a), X, EX, EWCP	Statewide	PLP									\$350,000
UMB BANK	(816) 860-5058	7(a), X, EX	Maricopa Co.	PLP	S				L4				\$25,000
U.S. BANK	(602) 222-4576	7(a), X, EX, EWCP	Statewide	PLP	S				L				\$100,000
VANTAGE WEST CREDIT UNION	(520) 617-4062	7(a), X	Major Counties	GP							F-V-G		\$100,000
WELLS FARGO BANK ARIZONA	(602) 378-5221	7(a), X	Statewide	PLP	S								\$25,000
WESTERN BANK	(575) 388-3521	7(a)	Cochise Co.	GP	S						H		\$25,000
WEST VALLEY NATIONAL BANK	(714) 862-7085	7(a)	Statewide	GP							F-V-H		\$50,000

[Access approved lender list](#)



COVID-19 WORKPLACE LIABILITIES



COVID-19 Workplace Considerations



A vertical image on the left side of the slide shows a person standing on a rocky cliff, looking out over a city at sunset. The sky is a mix of orange, yellow, and blue, and the city lights are visible in the distance.

FFCRA & CARES

EMPLOYMENT & LABOR

- Employers who keep employees get federal help
- Enhanced benefits for employees are relatively narrow

*FFCRA is the Families First Coronavirus Response Act
CARES is the Coronavirus Aid, Relief and Economic Security Act

SICK PAY FULL RATE

\$511/\$5,110 CAP

EMPLOYEE

Is subject to a coronavirus quarantine or isolation order

Has been advised by a health care provider to self-quarantine due to coronavirus concerns

Is experiencing coronavirus symptoms **and** is seeking a medical diagnosis

SICK PAY 2/3 RATE

\$200/\$2,000 CAP

EMPLOYEE

Is caring for an individual
subject to quarantine order
or self-quarantine
restrictions

Is caring for a child whose
school or childcare is
closed or unavailable due
to coronavirus

Is experiencing any other
substantially similar
condition specified by the
Secretary of Health and
Human Services

COVID-19 Emergency Paid Sick Leave Act





EMERGENCY PAID SICK LEAVE ACT

EMPLOYER CONSIDERATIONS

- Emergency Paid Sick Leave Act (**EPSLA**) requires certain employers provide up to 80 hours of paid sick leave to employees who need to take leave from work for certain specified reasons related to COVID-19. These reasons may include the following:

The employee or someone the employee is caring for is subject to a government quarantine order or has been advised by a health care provider to self-quarantine

The employee is experiencing COVID-19 symptoms and is seeking medical attention

The employee is caring for his or her son or daughter whose school or place of care is closed or whose childcare provider is unavailable for reasons related to COVID-19

- Provides direction for the effective administration of the Emergency Family and Medical Leave Expansion Act (EFMLEA), which requires that certain employers provide up to 10 weeks of paid, and 2 weeks unpaid, emergency family and medical leave to eligible employees if the employee is caring for his or her son or daughter whose school or place of care is closed or whose child care provider is unavailable for reasons related to COVID-19.



COVID-19 FMLA EXTENSIONS



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EXTENDED FMLA

EMPLOYMENT & LABOR

- Up to **12 weeks** of FMLA leave for employees who have been on the job for at least 30 days and who are **unable to work because they have to care for a minor child** if the child's school or place of care has been closed, or if the child care provider of that child is unavailable due to a coronavirus emergency
- The first 10 days of leave can be unpaid. Employees may use accrued vacation days or other available paid leave to cover those days
- For subsequent days, workers are entitled to two-thirds of their normal pay rate, capped at **\$200 per day** and **\$10,000 total**

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CONTINGENCY PLANNING

EMPLOYMENT & LABOR

It's not too late...

- Work from home policies (germ protection)
- Safe work practices
- Privacy issues
- New EFLMA/EPSSL policies
- Workers compensation and opt-out forms

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WORKPLACE SAFETY & UNEMPLOYMENT BENEFITS

EMPLOYMENT & LABOR LAWS

- Workplace safety issues for your business in light of COVID-19
- New changes to Unemployment Benefits



COVID-19 TRAINING OPPORTUNITIES





RESPOND TO DEMAND

WARN NOTICE

A common initiation of rapid response services occurs at the receipt of layoff notices, either through a filed WARN Notice or through other means:

FEDERAL LAW REQUIRES

EMPLOYERS THAT HAVE
MORE THAN

100+

EMPLOYEES

MUST NOTIFY DES
AT LEAST

60

DAYS PRIOR TO MASS LAYOFF

An exception to this rule is the **unforeseeable business circumstance** beyond the employer's control. Notice should be provided as soon as practicable. Please send WARN notices to wioa@azdes.gov or call **602-542-7966** with any questions.

*WARN is Worker Adjustment and Retraining Notification

COVID-19 RAPID RESPONSE TEAM

INITIATIVES

**Layoff
Aversion**

**Rapid
Re-Employment
Services**

**Employment
Training Services**

All factoring in **workforce retention** and **workforce transitions**

COVID-19 RAPID RESPONSE TEAM

ASSISTING COMPANIES

Funding

- Identifying the best use for the source of funds currently accessible
- Ex: Reviewing Job Training Grant tailored to meet new jobs created due to COVID-19

Cross-walking of Employers and Employees

- Partnering with large employers and employer-led collaboratives
- Working with DES and local and regional workforce leaders
- Virtual Training Programs
 - Ex: Working with major employers hiring during COVID-19
 - Ex: Working with the Arizona Office of Tourism

Prioritize Laid-Off Workers on Business Attraction/Expansion Job Opportunities

- Prioritizing training and sourcing of laid-off workers to prepare for new ACA client opportunities



COVID-19 RAPID RESPONSE SERVICES

GUIDING BUSINESSES THROUGH LAYOFFS

- Discuss rapid response activities, conduct a needs assessment and discuss layoff aversion opportunities

COVID-19 Layoff Aversion Strategies for Business

UI SHARED
WORKER
PROGRAM

SMALL
BUSINESS
LOANS

PAYCHECK
PROTECTION
PROGRAM

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COVID-19 RAPID RESPONSE SERVICES

INITIAL CONTACT WITH EMPLOYEES- VIRTUAL

We will provide information on and access to available employment and training opportunities, including but not limited to:

- Information on and referral to **career services**;
- Reemployment-focused workshops, services and training;
- **Convening**, **brokering** and **facilitating** the connections, networks and partners to ensure the ability to aid dislocated workers and their families such as home heating assistance, legal aid and financial advice



COVID-19 RAPID RESPONSE SERVICES

FINAL STEPS

**Establish a Labor-
Management
Committee**

**Provide Emergency
Assistance**

**Provide Assistance to
the Local Community**

For more information, contact us at
workforce.council@oeo.az.gov or visit arizonaatwork.com



COVID-19 UI ELIGIBILITY



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UNEMPLOYMENT INSURANCE

CARES ACT AUTHORIZATIONS

- CARES Act allows for up to 39 weeks of benefits versus 26 weeks under normal UI guidelines
- State of Arizona has temporarily waived the waiting period to apply for unemployment insurance
- Congress authorized additional **\$600 per week** in relief
 - For weeks ending before July 31, 2020
 - Point of consideration for owners paying minimum wages



UNEMPLOYMENT INSURANCE

CARES ACT AUTHORIZATIONS


- Which individuals may be eligible?
 - Those whose employers have **ceased or drastically reduced operations** due to COVID-19 resulting in a reduction of wages
 - Were **ordered to quarantine** and are unable to work even if the expectation is to return after quarantine is over
 - Voluntary terminations due to risk of COVID-19 exposure or infection **AND** are a member of a population that is particularly susceptible
 - Individuals who for any other scenario are **separated from work** for reasons related to COVID-19
 - Those made eligible by the **Pandemic Unemployment Assistance program** (e.g. self-employed, contract workers)

UNEMPLOYMENT INSURANCE

CARES ACT AUTHORIZATIONS

AZUI.com

- Apply online
- Frequently Asked Questions (FAQ)



DEPARTMENT OF ECONOMIC SECURITY
Your Partner for A Stronger Arizona

Unemployment Insurance Benefits Q&As

COVID-19 and Unemployment Insurance Benefits
Arizona Department of Economic Security

NOTE: The CARES Act has changed eligibility and benefit amounts for Unemployment Insurance.

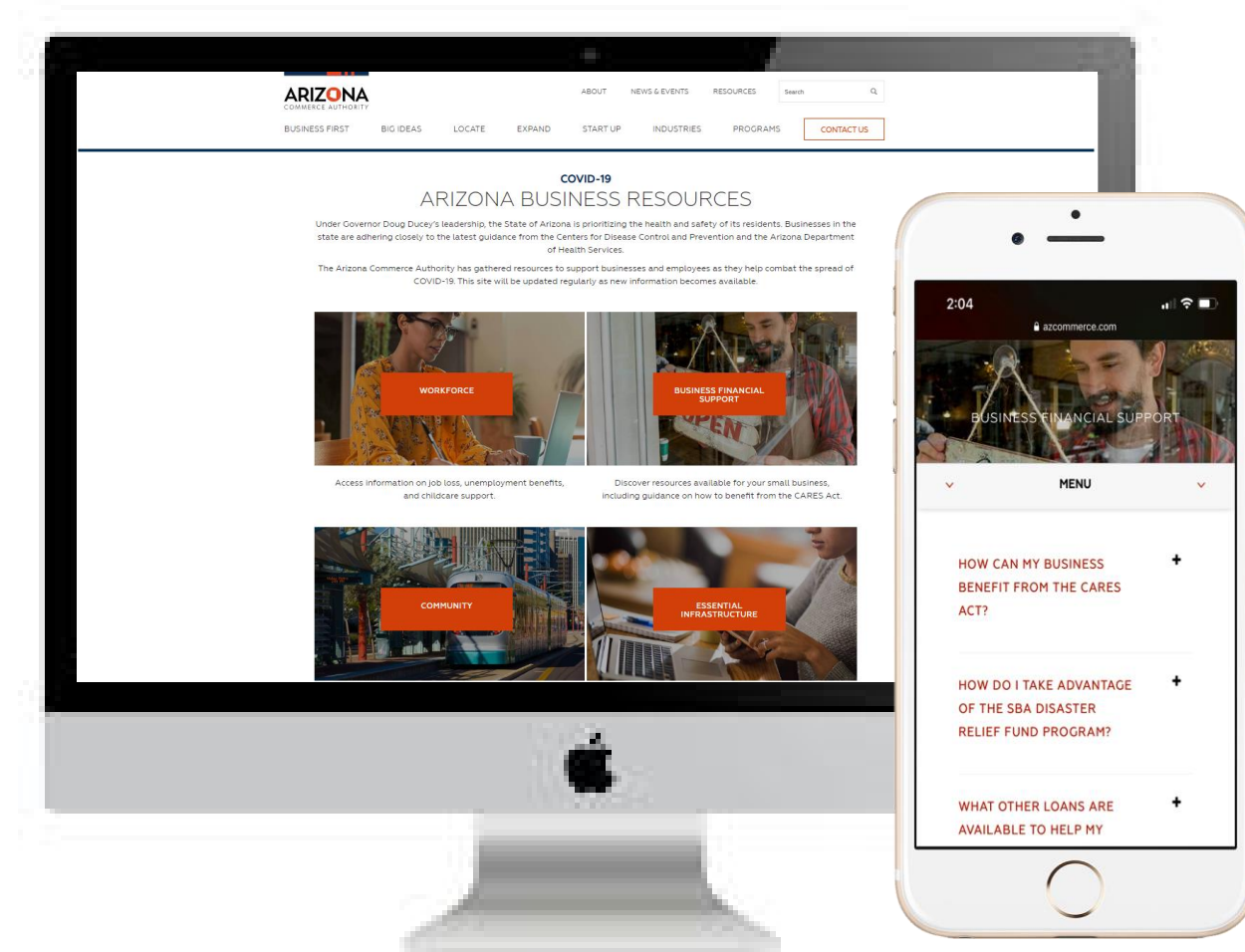
[View information on the CARES Act](#)

Questions and Answers

DES is committed to ensuring Arizonans get the help they need. The below questions reflect the requirements of the program under current law. However, we are monitoring potential changes in federal and state laws and regulations, which may impact funding, eligibility and requirements for unemployment insurance. If changes are enacted, DES will update its program requirements as soon as possible.

STAY INFORMED

MITIGATION MEASURES



AZcommerce.com/COVID-19



THANK YOU
PLEASE TEXT QUESTIONS

