



**Special Communication to City of Burlington
Emergency Operations Center and Mayor
Regarding COVID-19**

To: Mayor Miro Weinberger, Luke McGowan, CEDO Director

From: David White of City Analytics Team

RE: Business Assistance Briefing Memo – Federal and State Programs

Date: March 19, 2020, 4:00pm

Overview:

- Federal Bill#1 approved by Congress 3/6 provides \$8.3 billion in emergency funding for federal, state and local agencies to respond to the coronavirus outbreak. Among other things, the bill provides supplemental appropriations for **the Small Business Administration Economic Injury Disaster Loans (EIDL)** (see more below under State)
- Federal Bill#2 approved by Congress 3/18 includes several assistance initiatives aimed at providing **testing**; food security and **extended/expanded benefits to low income families**; **emergency and paid leave benefits** to employees along with associated **payroll tax credits** for businesses, and **expanded/extended unemployment**. Much of this assistance will flow through the state.
- Federal Bill #3 being framed now is likely to include one or more **direct payments to individuals** (means tested), further **expansion of paid leave and unemployment insurance** and **SBA loan program modifications** to increase flexibility.
- Much of the funding coming from the Federal gov't is flowing to/through the state. The State is collecting information from businesses suffering substantial economic injury as a result of the disaster in order to demonstrate federal eligibility for SBA Disaster Assistance Loans (approval expected later this week), and taking new claims for expanded/extended unemployment.

Key Take-Aways:

Primary benefits currently available are:

- Expanded Unemployment Insurance
- Emergency Leave (FMLA job protection)
- Emergency Sick Leave
- Payroll Tax Credits
- SBA Disaster Loans

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Summary of Key Sources of Assistance

FEDERAL:

H.R. 6201, Families First Coronavirus Response Act (*approved by Senate*)

Business-specific provisions ONLY (there are others related to Medicaid, testing, nutrition and WIC/SNAP benefits)

Coronavirus Emergency Leave

Would create an emergency paid leave program where private sector employers with fewer than 500 workers and government entities would have to provide as many as 12 weeks of job-protected leave under the Family and Medical Leave Act (FMLA) for employees who have to:

- Comply with a requirement or recommendation to quarantine because of exposure to or symptoms of coronavirus.
- Provide care to a family member who's complying with such a requirement or recommendation.
- Provide care for child younger than 18 whose school or day care has closed because of coronavirus.

The first 10 days of leave could be unpaid, though a worker could choose to use accrued vacation days, personal leave, or other available paid leave for unpaid time off. Following the 10-day period, workers would receive a benefit from their employers that will be at least two-thirds of their normal pay rate.

The measure also would modify the FMLA to allow individuals to use unpaid leave if they are diagnosed with the virus, caring for a family member, or caring for a child whose school or day care has closed because of a public health emergency through Dec. 31, 2020.

The Labor Department would be authorized to issue regulations to:

- Exclude certain health-care providers and emergency responders from paid leave benefits.
- Exempt small businesses with fewer than 50 employees from the paid leave requirements.

Workers under a multi-employer collective bargaining agreement and whose employers pay into a pension plan would have access to paid leave.

Emergency Sick Leave

Private sector employers with fewer than 500 workers and government entities would have to provide employees with paid sick time off to:

- Self-quarantine.
- Obtain a medical diagnosis or care for coronavirus.
- Provide care for a family member who has been diagnosed or is in quarantine or for a child whose school or day care has closed due to coronavirus.

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Full-time employees would receive 80 hours of sick leave under the new emergency leave program and part-time workers would be granted time off that's equivalent to their scheduled or normal work hours in a two-week period. Paid sick time could be carried over from year to year.

Employers with less than 50 employees may be exempt if they can show it would threaten the viability of their business, and health care and employers of emergency responders are exempt.

Workers would have to be paid at least their normal wage or the federal, state, or local minimum wage, whichever is greater. They would be paid, however, at two-thirds of their regular earning for providing caregiving to a family member.

Employers with similar existing paid leave policies would be required to provide workers with the emergency paid sick time. An employer couldn't require a worker to use any other available paid leave before using the sick time.

Employers would be prohibited from:

- Requiring a worker to find a replacement to cover their hours during time off.
- Discharging or discriminating against workers for requesting paid sick leave or filing a complaint against the employer.

An employer could be subject to civil penalties for a violation of paid sick leave requirements.

Workers under a multi-employer collective bargaining agreement and whose employers pay into a pension plan would have access to paid emergency leave.

Employer Tax Credits

The measure would provide payroll tax credits to employers with fewer than 500 employees to cover wages paid to employees while they are taking time off under the bill's sick leave and family leave programs.

Employers must offer 10-days of emergency paid sick leave for employees who cannot work or telework because of COVID-19 including:

- Subject to a quarantine or isolation order
- Advised by a doctor to self-isolate
- Experience symptoms
- Caring for someone in quarantine or isolation
- Caring for a child when a school or daycare has been closed

The sick leave credit for each employee would be for wages of as much as \$511 per day while the employee is receiving paid sick leave to care for themselves, or \$200 if the sick leave is to care for a family member or child if their school is closed. The limit would be the excess of 10 days over the aggregate number of days taken into account for all preceding calendar quarters.

The family leave credit for each employee would be for wages of as much as \$200 per day while the employee is receiving paid leave, or an aggregate of \$10,000. The credit would be refundable if it exceeded the amount the employer owed in payroll tax.

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Employers couldn't receive the credit if they're also receiving a credit for paid family and medical leave established by the 2017 tax overhaul (Public Law 115-97). They would have to include the credit in their gross income.

State and local governments couldn't receive the credit.

The credit would be in effect for wages through the end of 2020.

Self-Employed Tax Credit

The measure would provide a similar refundable credit against self-employment tax. It would cover 100% of self-employed individuals' sick-leave equivalent or 67% if they were taking care of a sick family member or child if their school was closed.

Their sick-leave equivalent amount would be the lesser of their average daily self-employment income, or \$511 per day if caring for themselves or \$200 if caring for a family member. It would be available for 10 days over the number of days taken into account in preceding years.

Self-employed individuals could receive a family leave credit for as many as 50 days for the lesser of \$200 or their average daily self-employment income.

Self-employed individuals would have to submit documentation, as required by the Treasury Department.

The measure would establish alternate requirements for self-employed individuals who also receive sick-leave pay from an employer. It would also establish rules for the credit to be provided in U.S. territories.

Unemployment Insurance

Emergency Transfers: The measure would provide as much as \$1 billion for emergency transfers to states in fiscal 2020 to process and pay unemployment benefits.

States could modify certain unemployment policies, including rules related to job searches and initial payment waiting periods, on an emergency temporary basis to address the effects of Covid-19. The Labor Department announced guidance March 12 to clarify that states can make other changes to their unemployment policies to cover affected workers. For instance, current law allows states to pay benefits when workers are quarantined, or when they leave their jobs due to a risk of exposure or to care for a family member, the department said.

Extended Benefits: Eligible laid-off workers can receive regular unemployment benefits for as long as 26 weeks in most states.

After exhausting those benefits, individuals in states with rising unemployment can qualify for an additional 13 weeks of benefits — or 20 weeks in some states — through the Extended Benefits (EB) program.

The bill would waive a state matching requirement and provide full federal funding for the EB program for the rest of 2020. To qualify, states would need to experience a 10% spike in

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unemployment claims over the past year and qualify for a full emergency funding transfer under the measure.

STATE

SBA Economic Injury Disaster Loans (EIDL)

- SBA is providing up to **\$2 million in assistance per Vermont businesses** overcome the loss of revenue they are dealing with to the coronavirus under previous federal appropriation (HR 6074).
 - Loans may be used to pay for working capital 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. 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.
 - Loans are serviced through the SBA
 - Typical timeline for approval is 2-3 weeks and disbursements can take up to 5 days
- ACCD is working to identify businesses that meet the Small Business Administration's threshold for SBA disaster loan assistance. Businesses suffering substantial economic injury as a result of the disaster are asked to complete an assessment form (available on the ACCD website at <https://accd.vermont.gov/content/sba-worksheet>) and return it to commerce.covid19@vermont.gov as soon as possible to help us advocate for eligibility. (The Agency has also established a hotline so that businesses may call to report impacts and be directed to resources: (802) 461-5143) They are looking for data on impacts in the following areas:
 - Economic Injury
 - Supply Chain
 - Workforce (Including that caused by lack of childcare)
 - Business Travel
 - Visitor Travel and Tourism Activities
 - Remote Work Capabilities
- Areas eligible State has provided request for eligibility to SBA and anticipates a response by the end of this week

Expanded Unemployment Benefits ([VT Dept. of Labor](#))

- Dept. of Labor is already making available expanded and extended unemployment through federal funding already made available and pending. Specific expansions include:
 - Able and Available Determinations Waived: Claims will not be denied for able and available issues due to a claimant being isolated or quarantined at the

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direction of a health care official due to potential or verified exposure to the COVID-19 disease. These individuals shall be treated as temporarily unemployed through no fault of their own, and able and available, for the purpose of UI benefits.

- Work Search Requirement Waiver: For employees who are impacted by a temporary closure of a business and have been provided with a return to work date within the current ten-week period. Work search requirement waive also for the time the individual is in isolation/quarantine.
- Expedited Payment of Benefits to the greatest extent possible

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