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**LISTEN**

**THINK**

**SOLVE**



# Economic Security (CARES) Act - Loans

- Small Business Administration (SBA)
- Covered period for receiving a loan is February 15 to June 30, 2020. The maximum loan amount will be 2.5 times the trailing 12-month average of your payroll and payroll related expenses, including health and retirement benefits limited to compensation of employees up to a maximum amount of \$100,000 per employee.
- Loans will be forgiven if the proceeds are used within 8 weeks for qualified expenses. Qualified expenses include payroll, interest payments on mortgages, rent, utilities and interest on other business debt obligations.
- Forgiveness of the loan is still possible even if you have laid-off employees after Feb. 15, 2020, so long as you re-hire to the same number of full-time employees, at their full rate, by June 30, 2020.
- If you have not re-hired to the same number of full-time employees, a portion of the qualified expenses would not be forgiven based on a formula in the reduction of employees and their salary levels.
- Small businesses with fewer than 50 employees may qualify for exemption from the requirement to provide leave due to school closings or child care unavailability if the leave requirements would jeopardize the viability of the business as a going concern.
- <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>



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# Should My Company Lay Off Employees and What Are The Alternatives?



First question: Can I afford to keep idle employees? Has my business dropped off significantly?



# Advantages to Laying Off Employees (by March 31)

- If laid off by March 31, will avoid extra PTO. As of April 1, all employees who qualify will be entitled to two weeks PTO (or possibly 12 weeks if caring for child)
  - Employee's regular rate of pay if ill. Capped at \$511 per day or \$5110 total.
  - Child care or caring for another. 2/3 rate of pay; capped at \$200 per day or \$2000 total
  - Government will reimburse cost through payroll tax credits, etc.
- No adverse effect on unemployment insurance premium
- Opportunity to lay off employees who were "on the fence"
- Will still be entitled to loan forgiveness if rehire same number of employees by June 30





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# Reduce Hours or Reduce Salary?

## Reduce Hours

- Only benefits company for non-exempt (hourly employees)
- Exempt employees – required to be paid full week regardless of number of hours worked

## Reduce Salary

- Only necessary for non-exempt employees
- Combination of reducing hours and salary?





## WHAT STEPS MAY EMPLOYERS TAKE TO MONITOR SICK EMPLOYEES?

### **Should I allow an employee to work if they may be sick?**

No. The Equal Employment Opportunity Commission confirmed the following is allowable:

- Ask employees if they are experiencing symptoms of COVID-19, provided that the information is maintained as a confidential medical record

### **Can I require my employees to provide a doctor's note that they are fit to return to work after they have been gone during a pandemic?**

- In short, yes. According to the [EEOC's pandemic flu guidance](#) referenced above, employers *may* require a doctor's note.
- However, the CDC provides that a doctor's note should not be a prerequisite for returning to work. Employers should be realistic in their demands for an employee to see a medical provider under the current circumstances. The healthcare system may become overwhelmed and even now, many healthcare providers are using telemedicine to "see" patients. Thus, it may actually be impossible for an employee to get a doctor's note.

### **Is there a 72 hour waiting period when employees feel sick during the COVID-19 pandemic?**

The CDC has provided that employees with symptoms should stay home.

- *If they will not have a test* to determine if they are still contagious, they can leave home after these three things have happened: They have had no fever for at least 72 hours (that is three full days of no fever without the use of medicine that reduces fevers) AND other symptoms have improved (for example, when their cough or shortness of breath have improved) AND at least 7 days have passed since their symptoms first appeared.