COVID-19

SMALL BUSINESS RESOURCE GUIDE

Indiana
SMALL BUSINESS DEVELOPMENT CENTER

SBA
U.S. Small Business Administration

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Indiana Small Business Development Center

The Indiana Small Business Development Center (Indiana SBDC) was created to have a positive and measurable impact on the formation, growth, and sustainability of small businesses in Indiana, and to help Hoosier Entrepreneurs start stronger, grow faster, and work smarter.

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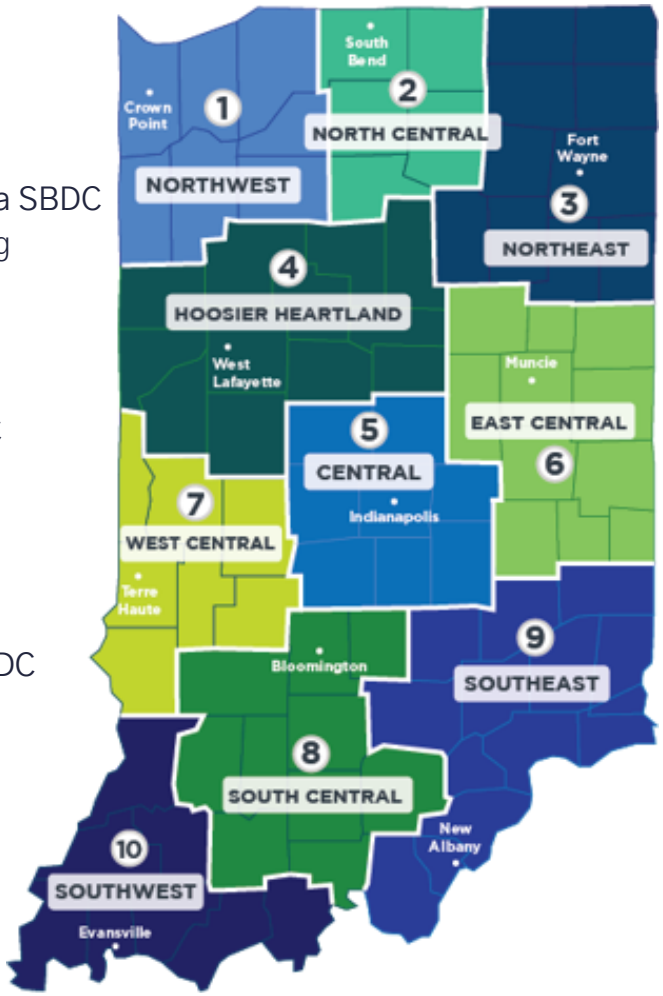

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Economic Injury Disaster Loans (EIDL)

If you have suffered substantial economic injury due to COVID-19 and are one of the following types of businesses, you may be eligible for an SBA Economic Injury Disaster Loan (EIDL).

- Small Business
- Small Agricultural Cooperative
- Most Private Nonprofit Organizations

LOAN AMOUNT AND USE

Substantial economic injury means the business is unable to meet its obligations and to pay its ordinary and necessary operating expenses. EIDLs provide the necessary working capital to help small businesses survive until normal operations resume after a disaster. EIDL may be used to pay fixed debts, payroll, accounts payable and other bills incurred during this public health emergency.

The SBA can provide up to $2 million to help meet financial obligations and operating expenses that could have been met had the disaster not occurred. Your loan amount will be based on your economic injury and your company's financial needs.

ELIGIBILITY AND TERMS

The loan interest rates for small businesses and private nonprofits are 3.75% and 2.75%, respectively, with terms up to 30 years. The repayment term will be determined by your ability to repay the loan.

HOW TO APPLY

STEP 1: Apply online at SBA.gov/Disaster

STEP 2: Provide any additional documentation requested

STEP 3: Receive approval or denial notification from the SBA

For additional information, please contact the SBA disaster assistance customer service center.
1-800-659-2955
disastercustomerservice@sba.gov.

SBA.GOV/DISASTER

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Economic Injury Disaster Loan (EIDL) Advance

ADVANCE AMOUNT AND USE

Small businesses that apply for EIDL are eligible to be considered for a $10,000 loan advance while waiting for their application to be processed. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available within three days of a successful application. This loan advance will not have to be repaid whether you are approved for EIDL or not.

HOW TO BE CONSIDERED

At the end of the EIDL application at SBA.gov/Disaster, you will be asked whether or not you would like to be considered for advance funds. If you would like to be considered, then check that box and provide your bank information for direct deposit. If approved for an advance, funds will be made available within three days of a successful application.

KEY TAKEAWAYS

- Must submit a successful EIDL application to be considered.
- The loan advance does not need to be repaid whether you are approved for EIDL or not.
- Funds will be made available within three days if approved.

☑ **I would like to be considered for an advance of up to $10,000.**

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Payroll Protection Program (PPP)

IThe Paycheck Protection Program (PPP) is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. Loans are processed through participating SBA lenders. You should speak to your current lender about applying for PPP or use Lender Match to be connected to an SBA lender.

LOAN AMOUNT AND USE

Loans can be for up to two months of your average monthly payroll costs from the last year plus an additional 25% of that amount. That amount is subject to a $10 million cap. If you are a seasonal or new business, you will use different applicable time periods for your calculation. Payroll costs will be capped at $100,000 annualized for each employee.

SBA will forgive the loan if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.

ELIGIBILITY AND TERMS

The loan interest rate is 0.5% with a two year term. Payments are deferred for 6 months. No personal collateral or guarantee is required for PPP. The PPP will be available through June 30, 2020.

Small businesses, nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors are eligible to apply.

The U.S. Department of Treasury PPP FAQ can be found at home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf

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HOW TO APPLY

STEP 1: Find a participating lender

STEP 2: Complete the PPP application with your lender

STEP 3: Collect required payroll documentation

STEP 4: Submit application with your lender

STEP 5: Wait for notification of acceptance or denial from the SBA

STEP 6: Request loan forgiveness from your lender

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Loan Comparison
EIDL, PPP, EBL

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	Economic Injury Disaster Loan (EIDL)	Paycheck Protection Program (PPP)	SBA Express Bridge Loan (EBL)
Eligibility	Self-employed individuals, independent contractors, sole proprietors, and businesses, Tribal business concerns, ESOPs, cooperatives and private/501(c)(3) non-profits with 500 or fewer employees	Self-employed individuals, independent contractors, sole proprietors, and businesses, Tribal business concerns and private/501(c)(3) non-profits with 500 or fewer employees	Any business in operation before March 13, 2020, that has fewer than 500 employees or otherwise meets the SBA's existing Size Standard (predicated or NAICS code and annual revenue). Credit not available elsewhere.
Lender	SBA	SBA-certified Lenders including Banks, Credit Unions	SBA-Certified Lenders
How to Apply	Online: https://covid19relief.sba.gov/#/	SBA-certified Lenders	SBA-Certified Lenders
Term	30 years	2 years	Maximum of 7 years. Must be structured as a term loan.
Amount	up to 2 million	250% of average monthly payroll from the past year, up to 10 million	up to $25,000
Interest Rate	3.75% for small businesses, 2.5% for private non-profits	0.50%	Not to exceed Prime + 6.5%, fixed or variable
Security	Unsecured up to 25K; loans of over 25K will need to give the SBA access to collateral, that does not mean that you need to have your loan fully collateralized, but if you have collateral it will be used.	None	None
Payment Deferral	1 year	6 months	N/A
Forgiveness	If approved for EIDL, the $10,000 advance will be applied to the loan. The advance does not need to be repaid.	The amount spent by the borrower during an 8-week period after the origination date of the loan on: payroll costs, interest payment on any mortgage incurred prior to February 15, 2020, payment of rent on any lease in force prior to February 15, 2020, and payment on any utility for which service began before February 15, 2020. Employee and compensation levels must be maintained and payroll cost capped at $100,000 on an annualized basis for each employee. Any advance amount received under the Emergency Economic Injury Grant Program will be subtracted from the amount forgiven.	None
Loan Availability Period	January 31, 2020 – December 31, 2020	February 15, 2020 - June 30, 2020	March 13, 2020 - September 13, 2020
Prohibitions	Cannot be used to pay off existing debt	Borrower cannot use EIDL or 7(a) loan for the same expenses.	Borrower may obtain only one EBL.

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Additional Funding Resources

1. TALK TO YOUR EXISTING LENDER OR COMMUNITY BANK

If you have an existing lender or community bank, reach out to see if additional funding is available. If you have an existing loan, be sure to ask about payment deferment.

2. USE LENDER MATCH

Lender Match is SBA's free online referral tool that connects small businesses with participating SBA-approved lenders. Lender Match can be accessed by small businesses any time. SBA.gov/lendermatch

3. CONTACT YOUR LOCAL CHAMBER OR ECONOMIC DEVELOPMENT ORGANIZATION

Many local organizations are offering assistance to small businesses located within their region. Please contact your local Chamber of Commerce to see if programs are available.

4. UTILIZE ADDITIONAL LOAN AND GRANT RESOURCES

The Indiana SBDC is maintaining a list of additional loan and grant resources at tinyurl.com/ISBDCFundingResources. This list will be updated as we become aware of additional resources. Reference in the document to any specific product, process, or service, or the use of any trade, firm or corporation name is for the information and convenience of the public, and does not constitute endorsement, recommendation, or favoring by the Indiana SBDC.

5. SPEAK WITH AN ADVISOR

Indiana SBDC advisors are available to assist you with financial forecasting and recovery planning. Connect with a regional office nearest to you to meet with an advisor.

Additional advising resources can be found at SBA.gov/Local-Assistance

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Indiana Unemployment Insurance

Information provided by the Indiana Department of Workforce Development

1. **If an employer temporarily lays off employees due to the loss of production, lack of demand for their products/services or out of precaution caused by COVID-19, will the employees be eligible for unemployment insurance benefits?**

   Indiana unemployment benefits are available to any individual who is unemployed through no fault of his/her own. If an employer must lay off employees due to the loss of production caused by the COVID-19, individuals may be eligible for unemployment benefits if they meet the monetary criteria and the weekly eligibility criteria. Employees must stay in contact with their employer and be available to work when called back.

2. **How much is an individual entitled to receive in unemployment benefits?**

   To determine an individual's weekly payment, divide the total wages earned in the four quarters (12 months) prior to the last quarter the individual worked by 52. Then multiply the sum by 0.47. For example, if the individual earned a total of $30,000 in the four quarters prior to the last quarter worked: $30,000 ÷ 52 = $576.92 x 0.47 = $271 (weekly benefit amount). The weekly benefit amount should be rounded down to the next whole dollar amount and will not exceed $390.

3. **When will an individual receive his/her first unemployment insurance payment?**

   An individual should receive their first payment within three weeks if there are no issues on the claim for benefits. There is a one week waiting period for payment of unemployment insurance. This means that benefits are not paid for the first week of eligibility. Individuals must still file a voucher for that week.

For more information, visit Indiana Unemployment at the Indiana Department of Workforce Development website: IN.Gov/DWD

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H6201 Families First Coronavirus Response Act

Emergency Paid Sick Leave

Covered Employers

- Private sector employers with fewer than 500 employees
- Public sector employers with more than 1 employee
- Exemption available to employers with fewer than 50 employees (applies only to #5 in qualifying reasons for leave below)

Duration of Leave

- Employer must provide two weeks of paid sick leave for full-time covered employees
- Special rules apply for part-time employees

Qualifying Reasons for Leave

1. Employee is subject to a Federal, State, or local quarantine related to COVID-19.
2. Employee has been advised by a health-care professional to self quarantine.
3. Employee is experiencing symptoms of COVID-19 and is seeking a medical diagnosis.
4. Employee is caring for an individual who is subject to quarantine pursuant to 1 and 2 above.
5. To care for a child or children whose school or care provider is unavailable due to COVID-19.
6. Employee is experiencing similar condition as specified by the Department of Health and Human Services, Department of Labor, or Department of Treasury.

Required Wage Replacement

- Reasons 1-3: Employee's regular rate of pay- capped at $510 a day and $5,110 total
- Reasons 4-6: 2/3 of employee's regular rate of pay - capped at $200 a day and $2,000 total
- Special rules apply for part-time employees

Applicability of Division G Tax Credits

Private sector employers with fewer than 500 employees may obtain a credit for wage replacement. Employers receive 100% payroll tax credit (refundable as needed) for required sick leave wages plus certain health care expenses of the employer. Special rules apply for self employed.

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H6201 Families First Coronavirus Response Act

Emergency Family and Medical Leave

Covered Employers

- Private sector employers with fewer than 500 employees
- Exemption available to employers with fewer than 50 employees

Duration of Leave

- Employer must provide ten weeks of paid family and medical leave for employees that have been employed at least 30 days
- Special rules apply for part-time employees

Qualifying Reasons for Leave

Employee is unable to work or telework due to a need for leave to care for a son or daughter under 18 years of age if the school or place of care has been closed, or the childcare provider is unavailable, due a public health emergency.

Required Wage Replacement

Not less than 2/3 of regular rate of pay based on the number of hours scheduled to work. Capped at $200 a day and $10,000 total. Special rules apply for part-time employees.

Applicability of Division G Tax Credits

Private sector employers with fewer than 500 employees may obtain a credit for wage replacement. Employers receive 100% payroll tax credit (refundable as needed) for required paid family and medical leave wages plus certain health care expenses of the employer. Special rules apply for self employed.

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Business Resiliency

Business resilience is the ability an organization has to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets and overall brand equity. Below are steps that you can take now to safeguard your business.

LOOK AT YOUR FINANCIALS AND CASHFLOW

How long can you sustain in case of a quarantine, lost wages, employee absenteeism (when you are paying for sick leave AND not bringing in revenue)? What do you need to bridge the gap? Plan on a 6-8 month drop in revenues, and map out your cash flow.

CUT YOUR OVERHEAD

Take a look at your spending and cut the things you do not have to spend money on.

COMMUNICATE

Keep staff and customers informed about your operations. Use tools like social media, Google Business, and your website to update your hours, answer questions, and share up-to-date information.

UNDERSTAND YOUR INSURANCE

Business interruption insurance can help cover operating expenses, a move to a temporary location if necessary, payroll, taxes, and loan payments. Check with your insurance provider to understand coverage and what, if any, claims you may have.

KEY TAKEAWAYS

- Take a look at your books- map your cash flow and cut overhead.
- Use online tools to communicate changes with your employees and customers.
- Talk to your insurance provider about potential business interruption insurance claims.

Continued on the next page.

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Business Resiliency Continued

Business resilience is the ability an organization has to quickly adapt to disruptions while maintaining continuous business operations and safeguarding people, assets and overall brand equity. Below are steps that you can take now to safeguard your business.

LOOK AT YOUR SUPPLY CHAINS

Are your supply chains diversified or are you relying on one source for your products? Supply chain management is essential in any global pandemic. Travel, workforce absenteeism, and financials will impact supply chains across the world. It's important you have multiple providers of a resource that is the core of your business.

DEVELOP AN INCIDENT RESPONSE PLAN

- How will you reach customers in case of closure?
- Can your employees work remotely?
- Can you still operate in case of employee absenteeism?
- Do you have back-up vendors in case of supplier disruption?

CONSIDER FUNDING OPTIONS

Consider applying for the SBA Economic Injury Disaster Loans (EDIL) outlined on page 3-5, or reaching out to your current lender for additional funding and payment deferrals.

ASK FOR HELP

You don't need to do this alone. The Indiana SBDC has business advisors available to assist you with recovery planning, financial projections, and more. Connect with one of our 10 regional offices to meet with an advisor nearest to you.

KEY TAKEAWAYS

- Don't be reliant on one supplier. Look for alternatives.
- Plan how your business will survive a potential closure, absent employee, or supplier loss.
- Consider funding options like EIDL to help your business survive.
- Ask for help!

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