

Demystifying COVID-19 Resources:
How Glendale Small Businesses Can Access Federal Relief Funds
Webinar Question & Answer– April 8, 2020

1. Do you have information on lenders or just information on the PPP and EIDL programs?

Based on feedback received from the webinar, Economic Development staff will contact to banks in Glendale to identify lenders that are currently processing PPP loans, and to whom. A “working list” of participating banks is available [here](#).

2. I submitted the SBA Disaster Relief Loan application. What is the turnaround time once it's in review? When can we anticipate a decision and disbursement of funds if approved? What is the best way to check the status?

Per our guest speaker Ben Raju, Deputy District Director of the Small Business Administration – LA District Office, if you have not heard back and it has been more than a week since you submitted your application, please allow for another seven days.

The best way to check the status is to email the Small Business Administration at disastercustomerservice@sba.gov

3. What assistance is available if we are self-employed?

Self-employed individuals are eligible to apply for both the EIDL and PPP. The loan amounts are based on operating expenses for the EIDL and payroll costs for the PPP. If you have documented expenses of each, you should apply for both. Your salary counts as payroll for PPP and operating expenses for EIDL. Do not count independent contractors as employees, or the money you pay them as payroll under PPP, BUT the money you pay them does count as operating expenses for EIDL. All SBA programs and resources are available to self-employed individuals. Eligibility for specific loan programs related to COVID-19 can be found at sba.gov/coronavirus.

4. There are many programs for financial assistance, such as work sharing program, EIDL, and LA County Employer Assistance, can a small business apply to multiple programs? Can you specify what these program require and how are they processed differently?

Yes, you may and are encouraged to apply for multiple relief programs and grants. Each program has its own process. The City of Glendale has been monitoring the various County, State & Federal Resources. Learn more at our [Emergency Business Resources](#) page.

5. What can essential businesses do if we are essential but are not in food delivery, and offer a service that can only be obtained at the business (no delivery or virtual option available)? Customers are scared to leave their homes especially the elderly population. What options do we have?

The types of “[essential business](#)” are limited and determined by City and County orders. These businesses are required to adhere to very specific social distancing guidelines established by local authorities. By making every effort to abide by these guidelines, you can help boost consumer confidence. If you are doing your part to ensure the safety of your clientele and would like to discuss alternative marketing strategies or ways they City could support your efforts, please email us at chooseglendale@glendaleca.gov.

6. How can I correct an error I made on an EIDL application that has already been submitted?

Please send an email to the Small Business Administration at

disastercustomerservice@sba.gov. Be sure to include your case number and clearly explain the corrections or changes that need to be made to your application.

UNEMPLOYMENT INSURANCE BENEFITS & EDD

1. What options are available for post-employment health insurance coverage?

These are two options you can explore for post-employment health insurance coverage:

- Covered California Special Enrollment
Due to COVID-19, you can apply for health coverage through Covered California if you are uninsured regardless of enrollment period. To see if you are eligible, please visit: <https://apply.coveredca.com/lw-shopandcompare/>
- COBRA Continuation Coverage
For workers and their families who have had a lapse of employment or who have become unemployed during the outbreak, COBRA Continuation Coverage may be the right choice for you. More information is located at: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra>

2. Any other resources on how employers can help furloughed employees with EDD?

Employees that are furloughed may be eligible to apply for Unemployment Insurance (UI). They should apply directly online at: https://www.edd.ca.gov/Unemployment/UI_Online.htm

PPP & EIDL

1. Lenders are not accepting PPP applications from new clients. Where can we apply for PPP?

Over 400,000 loans valued at over \$100 billion have been approved across the country. To find an SBA PPP lender near you, please visit sba.gov/paycheck-protection/find. The Los Angeles lending market is abundant and competitive, and we encourage small business owners to reach out to lenders until they find one that meets their needs.

- Zenenfits.com's [Top 100 SBA Lenders](#) list from 4/7/20

2. Could we reclassify our 1099 employees as payroll to be eligible for the Paycheck Protection Program? They are part-time employees, would we have to rehire them as full-time?

That is a business decision we recommend small business owners review with their accountant. Part time employees are eligible under PPP. PPP loan forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels.

3. What types of expenses can be counted toward EIDL's \$10,000 forgivable advance? For example, can payment of an upcoming business insurance bill be counted towards the \$10K? What about a business owner's salary?

The Economic Injury Disaster Loan Advance is a forgivable up to \$10,000 in an effort to help small businesses overcome the temporary loss of revenue they are experiencing. The funds may be used in the manner allowed by Economic Injury Disaster Loans (ordinary and necessary financial obligations that cannot be met as a direct result of COVID-19).

There are multiple interpretations of the advance's forgiveness. Here is what we know for sure:

- If you are declined for an EIDL loan, then the advance is 100% forgiven.
- If you spend the advance on payroll, then it is forgiven.

There will be more guidance on this soon as advance payments are made. NOTE: even if the advance is not forgiven, the interest on the loan... 3.75% for 30 years with a 1 year deferment (interest accrues).

4. I am the owner of a small business and work alone. The PPP loan application asks about employees. I'm not able to submit my documents to the bank because I cannot answer the questions about employees or payroll. Is there anyone I can speak to for help?

For technical assistance questions, you are encouraged to reach out to local organizations such as the Small Business Development Centers (SBDC). The SBDCs closest to Glendale are:

- Small Business Development Center – Pasadena City College: (626) 585-3105 sbdc@pasadena.edu
- Small Business Development Center – Bixel Exchange: bixelexchange@lachamber.com

Do you pay yourself a salary or just take distributions? If you pay yourself a salary, then you have 1 employee and payroll expenses. Note: some people believe distributions count as salary, but don't assume so without discussing with the case manager.

5. I can't pay my employees right now but am applying for PPP. Do I need to keep my employees at 40 hours while the PPP application is being processed or can I reduce their hours? Will the loan be based on last year, and can I bring them back to 40 hours after receiving the PPP loan?

The loan must be spent on allowable expenses during the 8 weeks following the origination of the loan, so that is when you can bring them back. You may bring them back sooner, but you will need to use other funds to cover those expenses. If you bring back fewer employees or reduce their wages by more than 25%, then you will only receive partial forgiveness. You can get more detail from your lender.

6. What if an employee went somewhere else and I find a replacement? Does that still qualify for forgiveness?

PPP loan forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Visit sba.gov/coronavirus, or reach out to an SBA Resource Partner for case by case assistance.

7. Many lenders do not have a website on the SBA Lender Finder List and they do not answer their phone. Are we supposed to physically go to them to apply?

The SBA Lender Finder list is a list of existing SBA lenders. Small business owners may choose any bank approved for PPP. We encourage small business owners to continue reaching out to banks until their needs are met.

8. If I am an independent contractor, is there an income limit that may disqualify me from PPP or EIDL program?

The income limit under PPP is \$100,000. If you pay yourself \$10,000 per month (\$120,000 annually), you may only count \$8666 per month (\$100,000 annually) in the historical payroll calculation.

9. I have S Corp, and am a shareholder. I don't have payroll. Can I qualify for PPP or do I have to have a payroll?

PPP is specifically for payroll, lease/mortgage interest and utilities. EIDL covers ordinary and necessary financial obligations that cannot be met as a direct result of COVID-19. Expenses for health insurance and retirement would count, but double check with the lender to confirm.

10. Even if the business is temporary closed, should I continue to pay employees with the Payroll Loan to be eligible for forgiveness?

Yes. To be forgiven, the loan must be spent on allowable expenses during the 8 weeks following the origination of the loan. Yes, some employees may be paid even when the business is closed. Keep in mind that the objective is to protect their paycheck during this difficult time. Some employees may be paid to stay home.

11. What does the job # refer to in a PPP loan application? Is that the # of employees we had on a specific date?

The number of employees box on the PPP loan application refers to how many employees the business has on its payroll.

12. We outsource our workforce and pay another company for services such as customer service, tech support. The employees are not on our direct payroll but we pay their salaries and payroll taxes. Can we use these expenses as part of our payroll for the PPP program? Also, we have workforce based outside of the US and we pay for them directly and their payroll taxes. Can we count them as employees and can we claim them as part of our payroll expenses in the PPP application?

SBA recognizes that eligible borrowers that use Professional Employer Organizations (PEO) or similar payroll providers are required under some state registration laws to report wage and other data on the Employer Identification Number (EIN) of the PEO or other payroll provider. In these cases, payroll documentation provided by the payroll provider that indicates the amount of wages and payroll taxes reported to the IRS by the payroll provider for the borrower's employees will be considered acceptable PPP loan payroll documentation.

13. How will the loan amount be calculated/decided? Or will all applicants that apply for the PPL receive \$10,000?

This question is confusing two separate programs. EIDL loan amounts are determined by the total actual amount of economic injury to the business as determined by SBA, minus business interruption insurance and other recoveries up to the administrative lending limit. PPP loan amounts are calculated using the following methodology:

1. Aggregate payroll costs from the last twelve months for employees whose principal place of

residence is the United States.

2. Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.
3. Calculate average monthly payroll costs by dividing the amount from Step 2 by 12.
4. Multiply the average monthly payroll costs from Step 3 by 2.5.
5. Add the outstanding amount of any Economic Injury Disaster Loans (EIDL) received between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan (because it does not have to be repaid).

14. We are a husband and wife run small business. We employ 2 additional 1099 family employees on a part-time as-needed basis. We do not have enough employees to qualify for the Paycheck Protection Program given that 75% of the loan must go towards payroll and we have a \$17,000 commercial rent. Secondly, my understanding of the \$10,000 Economic Injury Disaster Loan Emergency Advance can only be forgiven \$1,000 per employee for up to 10 employees. What would you recommend for a situation like us? We are not interested in pulling out \$17k for multiple months as we'd be in debt forever. Are there any grants we could qualify for?

If PPP is utilized to pay for utilities, rent/mortgage payment and payroll, it may be forgiven. For more information, please work directly with your lender.

As more resources become available we will provide more information on our [Emergency Business Resources](#) page. Also, please sign up for our [newsletter](#) to stay connected and to receive our regular COVID-19 Business Resource Updates.

OTHER QUESTIONS

1. Can sole proprietors apply for SBA loans?

Yes. Sole proprietors can apply for EIDL and PPP. Note that without payroll expenses (wages and benefits), there will be very little the PPP loan for you. If you pay yourself a salary and benefits, then a PPP loan may work for you.

2. Can you change an independent contractor from 2019 to a payroll employee in 2020 to be eligible?

See Question 2 above but note: No, the loan calculations are based on what you paid in 2019.

3. Is the SBA Disaster Program different than the L.A. County Employer Assistance Program?

Yes, these are two different programs. The EIDL and the PPP are loan programs from the SBA, the Federal Government. The Employer Assistance Program is a grant program from Los Angeles County.

4. Is there any assistance for low interest loans to help catch up with payments or refinance loans and credit card balances that are being deferred right?

There are many loan programs available today, but neither the EIDL nor the PPP may be used to refinance or pay off old debt. They may be used to service existing debt payments, but not refinance old debt.

We encourage you to contact your personal bank to discuss any additional business loan programs available. As more resources become available we will provide more information on our [Emergency](#)

Business Resources page. Also, please sign up for our newsletter to stay connected and to receive our regular COVID-19 Business Resource Updates.

5. I applied for the Verizon-LISC Small Business Recovery Fund. Is that just one of the many \$10k loan programs available?

Yes, the Verizon-LISC Small Business Loan is just one of several grant programs that have been announced.

6. Is the money that is awarded through these programs "taxable" for tax filing purposes?

No. Funds received through the PPP or EIDL Programs are not taxable, loans must be repaid or forgiven.

7. How do we receive money for rent and utilities?

Glendale Water and Power will not shut off or stop services due to non-payment through the end of April. For more information, please visit

<https://www.glendaleca.gov/government/departments/glendale-water-and-power>.

The City Council issued an Emergency Order for temporary moratoriums on evictions on residential and commercial tenancies for non-payment of rent due to COVID19 related circumstances. More information can be found here:

<https://www.glendaleca.gov/government/departments/glendale-water-and-power>.

However, grant funding available through the federal government, such as EIDL, can help pay for rent and utilities.