

SOUTH FLORIDA SunSentinel

Coronavirus squeezes South Florida businesses

By David Lyons And Ron Hurtibise

Mar 17, 2020

The plea to Washington couldn't have been more direct: Silver Airways, the Fort Lauderdale-based regional airline that serves Florida and the Caribbean, needs financial aid to survive.

In a statement, CEO Steve Rossum asked local, state and federal governments Monday "to provide critical and immediate financial aid required in order for the airline to survive the most dire crisis the industry has ever faced."

The company, which **employs 1,000 people** and maintains a significant presence at Fort Lauderdale-Hollywood International Airport, did not say whether it is about to furlough people or eliminate jobs. But the implication was clear: Time is of the essence or drastic measures may be next.

"We are in dire need of any assistance you can provide that will allow us to continue flying and providing the safe, reliable air transportation that is critical to the Southeastern U.S., Bahamas and the Caribbean," Rossum said in a letter addressed to several high ranking officials including the secretaries of Treasury and Transportation, and members of Florida's congressional delegation. "We hope and trust you can be in a position to support this need."

The plea was probably among the most profound from a transportation industry that says it is unable to cope with the effects of the fast-moving coronavirus. As Silver publicized its letter, pilots unions were cutting modified labor deals with American Airlines and Delta Air Lines after both announced severe service cutbacks.

The moves are symptomatic of the cracks that are appearing elsewhere in South Florida's consumer service-heavy economy, where billions of dollars change hands annually among tourists, full- and part-time residents, business operators and investors.

Companies seeking help

Within the last week, companies large and small have resorted to self-help, meaning some have laid off employees, temporarily suspended service or borrowed more money. But many seemed to be stopping short of sizable layoffs to preserve their businesses. On Monday, Florida reported record low unemployment for January at 2.8 percent, a reminder that the labor supply in many industries such as lodging, construction and technology remains tight. As much as owners want to save money, many want to retain top talent.

Still, dark clouds continued to gather over South Florida's most important industries Monday as Silver released its call for help and Carnival Corp. announced **it expects to lose money** this year and intends to borrow \$3 billion over the next six months to meet general spending needs. The move came after Royal Caribbean said last week it would cut several hundred contract employees and borrow another \$550 million.

Lesser known businesses are following similar strategies, though the companies with access to millions to borrow are few and far between. Among small businesses, the defensive measures are not confined to bars, restaurants and entertainment venues.

Basic Fun, a toy maker based in Boca Raton, recently laid off 18 people, or 10 percent of its work force, due to reduced demand and disruption of supplies from China, where the coronavirus exploded, said its CEO, Jay Foreman.

"We're going to need support for small and medium-sized businesses by the government," Foreman told CNBC. "They're going to have to backstop the banks so the banks can backstop small business."

Warby Parker, the national eyeglass retailer, temporarily shut the doors of all of its stores around the country through March 27, including those on Las Olas Boulevard in Fort Lauderdale and at the Boca Town Center.

"COVID-19 is impacting all of us — as individuals and as communities — in unprecedented ways," the company said on its website. "Given the rapidly

changing environment, we have decided to temporarily close all of our stores ... for the safety of our customers, our employees, and the general public.”

Management said its retail employees will still be paid “as if they were working in stores during this time.”

Long-term damage

Not everyone was hedging their payroll bets. Humana said it is looking for 100 new workers to staff a call center in Miramar.

But South Florida financial experts who help companies fix their financial problems are doubtful the adverse economic impact of the virus will be short-lived.

Bankruptcy lawyer Paul Singerman of Berger Singerman worries about the staying power of vendors and other companies that support the hospitality, cruise line and aviation industries.

“These are going to be the front line of casualties,” he said. “As you know, it’s small business that employs the majority of employees in this country.”

He recalled the financial damage suffered by raw material suppliers and skilled workers in the construction industry after the **housing collapse of 2007**. “The ripple effect in the cruise, hospitality and aviation are bigger and that concerns me,” Singerman said.

Investment banker James Cassel of the Miami firm Cassel Salpeter sees the potential for a spike in jobless rates if the virus problem is prolonged.

“This is not going to be something that is over within two weeks, this is going to go on,” he said. “We’re going to see a huge increase in unemployment.”

And those unemployed workers are going to need financial help. Federal and state lawmakers, along with community-level nonprofits, are working on assistance packages meant to keep businesses and their employees afloat through the crisis.

Federal assistance

Help for employees who experience layoffs or severe pay cuts passed the U.S. House over the weekend but must still be approved by the Senate, which is under pressure to pass it as soon as possible. It’s part of a comprehensive

package of economic stimulus measures projected to be worth as much as \$800 billion.

As House and Senate leaders began negotiations Monday, **disagreements remained** over the scope of the assistance and which workers would be eligible.

For example, the House bill provides two weeks' paid sick leave and up to three months of paid family and medical leave equal to at least two-thirds of their pay. But those benefits would be available only to employees of companies that employ fewer than 500 people, and only if they get sick, quarantined, must care for a family member or are affected by school closings.

Employees of large companies would not be eligible, under the House proposal. One senator, Tom Cotton, R-Arkansas, said on Fox & Friends Monday that the bill "doesn't go far enough and it doesn't go fast enough."

The multibillion-dollar bill would provide \$1 billion for food aid, to be distributed through food banks, school lunch programs and the federal Supplemental Nutrition Assistance Program, or SNAP. It would also suspend work and work training requirements for SNAP recipients.

In Florida, Gov. DeSantis has asked all businesses to complete a Business Damage Assessment survey, managed by the Florida Department of Economic Opportunity, to help the state figure out how to most efficiently distribute the coming federal assistance, including economic injury disaster loans to made available through the federal Small Business Administration.

United Way chapters in Broward and Palm Beach counties are soliciting donations through their websites to help residents experiencing hardships because of the coronavirus.

Kathleen Cannon, president and CEO of the United Way of Broward County, said on a conference call of Broward business leaders Monday that the donations will help displaced workers make rent, mortgage and utility payments. "We want to prevent people from falling into poverty," Cannon said.

Donations can be made at **[unitedwaybroward.org](https://www.unitedwaybroward.org)** and **[unitedwaypbc.org](https://www.unitedwaypbc.org)**. Miami-Dade County's United Way chapter plans to roll out its own program soon, the chapter's executive director said Monday.

While federal relief programs remain under negotiation, workers who have already been laid off or had their hours cut are encouraged to begin applying for assistance through existing programs, such as Florida’s unemployment insurance benefits, as most new aid will be distributed through those channels.

Where to find help

Links to information about many types of federal and state benefits are compiled at the site [benefits.gov](https://www.benefits.gov).

Unemployment assistance: Available for workers who lost their jobs through no fault of their own. In Florida, a maximum of \$275 a week is currently available for a maximum of 26 weeks, though the federal assistance package will likely extend that eligibility. All claims must be completed online at [floridajobs.org](https://www.floridajobs.org).

Food assistance: The Florida Food Assistance Program administers the Supplemental Nutrition Assistance Program, known as SNAP. To apply, go to myflorida.com/accessflorida and click the link “Apply for Benefits.”

Feeding South Florida, a regional food bank serving about 300 nonprofit agencies, is distributing ready-to-eat food. To determine eligibility for food and other benefits, go to [feedingsouthflorida.org](https://www.feedingsouthflorida.org) or call 954-518-1857.

Homelessness prevention assistance, including Emergency Solutions Grant Program:

- Broward Homeless Initiative Partnership — [bphi.org](https://www.bphi.org) — 954-563-4357
- Palm Beach County Human & Veteran Services — <http://discover.pbcgov.org/communityservices/humanservices/Pages/Veteran-Services.aspx> — 561-355-4778 or 561-904-7900
- Miami-Dade Homeless Trust — [homelesstrust.org](https://www.homelesstrust.org) — 877-994-4357

Loans: Increased funding for low- or no-interest federal loans for small business owners will be distributed through the Small Business Administration. Find local signup centers at [sba.gov/local-assistance](https://www.sba.gov/local-assistance).

Florida plans to activate its Small Business Emergency Bridge Loan program, the governor said Monday. When it does, applications will be available at floridadisasterloan.org.

Other help: The Broward County Family Success Administration provides emergency assistance and case management services to prevent county residents from experiencing homelessness, evictions, foreclosures, loss of utility services and assistance with tuition, financial management, transportation, nutrition and child care. To find service centers, go to [**broward.org/familysuccess**](http://broward.org/familysuccess) or call 954-357-6367.