On March 31, the Small Business Administration released its sample application for the Paychecks Protection Program loan established in the recently passed COVID-19 CARES Act, which President Trump signed into law March 27, 2020. While the Federal Government through the SBA provides a 100% guarantee of these loans, businesses must still go through a traditional private lender such as bank, community bank, credit union, etc. that is authorized to provide an SBA loan—a nation-wide network with more than 1,800 certified lending institutions.

Please contact your lender immediately. More information on the loan is found on the SBA website and below; please note, the Paychecks Protection Program loan is separate from the SBA Disaster Loan Program previously created. The Department of Treasury also posted information sheets for borrowers and lenders.

Lenders may begin processing loan applications as soon as April 3, 2020, and loans under the Paycheck Protection Program are available through June 30, 2020. This loan has a maturity of 2 years and an interest rate of .5% and with businesses up to 500 employees eligible, though SBA has made exceptions for certain industries that meet specific size standards.

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

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.

Applicants will use the loan funds based upon the average payroll for 2019, permitting salaries up to $100,000 covered under this loan (a company with an employee making $120,000 salary can use up to $100,000 from the loan to cover up to that portion).

(continued on page 2)
The CARES Act, continued

Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

To the extent feasible, the applicant will purchase only American-made equipment and products. The applicant must affirm to and comply with the following statements:

- Current economic uncertainty makes this loan request necessary to support the ongoing operations of the applicant.
- The funds will be used to retain workers and maintain payroll or make mortgage payments, lease payments, and utility payments; the borrower understands that if the funds are used for unauthorized purposes, the federal government may pursue criminal fraud charges.


Below is a summary of two different provisions affecting tax credits and tax payments as contained within the CARES Act.

Employee Retention Credit for Employers Subject to Closure or Experiencing Economic Hardship

This provision would provide a refundable payroll tax credit for 50 percent of wages paid by eligible employers to certain employees during the COVID-19 crisis. The credit is available to employers, including non-profits, whose operations have been fully or partially suspended as a result of a government order limiting commerce, travel or group meetings. The credit is also provided to employers who have experienced a greater than 50 percent reduction in quarterly receipts, measured on a year-over-year basis.

Wages of employees who are furloughed or face reduced hours as a result of their employer's closure or economic hardship are eligible for the credit. For employers with 100 or fewer full-time employees, all employee wages are eligible, regardless of whether an employee is furloughed. The credit is provided for wages and compensation, including health benefits, and is provided for the first $10,000 in wages and compensation paid by the employer to an eligible employee. Wages do not include those taken into account for purposes of the payroll credits for required paid sick leave or required paid family leave, nor for wages taken into account for the employer credit for paid family and medical leave (IRC sec. 45S). The credit is not available to employers receiving assistance through the Paycheck Protection Program. The credit is provided through December 31, 2020.

Delay of Payment of Payroll Taxes

This provision would allow taxpayers to defer paying the employer portion of certain payroll taxes through the end of 2020, with all 2020 deferred amounts due in two equal installments, one at the end of 2021, the other at the end of 2022. Payroll taxes that can be deferred include the employer portion of FICA taxes, the employee and employer representative portion of Railroad Retirement taxes (that are attributable to the employer FICA rate), and half of SECA tax liability. Deferral is not provided to employers receiving assistance through the Paycheck Protection Program.

Additional CARES Act Resources

- Small Business Frequently Asked Questions (FAQ)
- Paycheck Protection Program and Loan Forgiveness
- CARES Act – Detailed Funding Summary
- CARES Act – Appropriations Highlights
- Education and Labor Provisions
- Transportation and Infrastructure Committee Related Provisions
- CARES Act – Jobs & Economic Importance of U.S. Infrastructure Network
- Frequently Asked Transportation Questions
Small Business Disaster Assistance in Response to the Coronavirus

The U.S. Small Business Administration (SBA) is offering designated states and territories low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). Upon a request received from a state’s or territory’s Governor, SBA will issue under its own authority, as provided by the Coronavirus Preparedness and Response Supplemental Appropriations Act that was recently signed by the President, an Economic Injury Disaster Loan declaration.

Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by the Coronavirus (COVID-19). SBA’s Office of Disaster Assistance will coordinate with the state’s or territory’s Governor to submit the request for Economic Injury Disaster Loan assistance.

Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on the SBA website, SBA.gov/disaster.

SBA’s Economic Injury Disaster Loans offer up to $2 million in assistance and can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. These loans may be used to pay 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 without credit available elsewhere; businesses with credit available elsewhere are not eligible. 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.

SBA’s Economic Injury Disaster Loans are just one piece of the expanded focus of the federal government’s coordinated response, and the SBA is strongly committed to providing the most effective and customer-focused response possible.

For additional information, please contact the SBA disaster assistance customer service center. Call 1-800-659-2955 or e-mail disastercustomerservice@sba.gov. Visit SBA.gov/disaster for more information.

NFFS Statement: Non-Ferrous Foundries are Critical Infrastructure


The Non-Ferrous Founders’ Society (NFFS) recognizes the need for federal, state and local governments to implement policies that protect the American public from the risks of COVID-19. This includes limiting large gatherings of people and requiring many workers to not report to work as normally scheduled to help slow the spread of the virus and to ‘flatten the curve’ of the rate of infection.

As many states begin to implement social controls that mandate non-essential workers in non-essential industries to stay at home, foundries are left with multiple conflicting statements regarding whether they are essential and should continue to operate. This statement is intended to help you communicate to your federal, state and local leaders why non-ferrous foundries are considered a critical manufacturing industry and must maintain operations during any state ordered shutdown.

On March 16th, the President issued updated guidance for the American public regarding COVID-19. In part, the guidance states: “If you work in a critical infrastructure industry, as defined by the Department of Homeland Security, such as healthcare services and pharmaceutical and food supply, you have a special responsibility to maintain your normal work schedule.”

According to the Department of Homeland Security (DHS) Cybersecurity and Infrastructure Security Agency (CISA) website, non-ferrous foundries are a part of the critical manufacturing sector. The website states, in part, “The Critical Manufacturing Sector is crucial to the economic prosperity and continuity of the United States. A direct attack on or disruption of certain elements of the manufacturing industry could disrupt essential functions at the national level and across multiple critical infrastructure sectors.”

It further elaborates “Products made by these manufacturing industries are essential to many other critical infrastructure sectors. The Critical Manufacturing Sector focuses on the identification, assessment, prioritization, and protection of nationally significant manufacturing industries within the sector that may be susceptible to manmade and natural disasters.”

Metal castings, the products created by foundries, are particularly important for a number of other critical infrastructure sectors, including fluid and chemical handling, communications, defense and military, emergency services, energy production and distribution, food and agriculture, healthcare, nuclear and transportation industries. Without the necessary metal castings available, each of these critical manufacturing sectors will be at serious risk of failure and at risk of not being able to adequately support and protect the American public. The impact of a failure in any one of these sectors would be disastrous for our country and its efforts to address the COVID-19 pandemic.

CISA has issued guidance regarding the identification of critical infrastructure during the COVID-19 outbreak. This guidance specifically identifies non-ferrous foundries as a part of the critical manufacturing sector, and accordingly are included in the list of workers and industries that should continue to report to work during any COVID-19 related shutdown.

Non-ferrous foundries should consider this information, in conjunction with the statements and requirements of their State and Local officials, as they determine if they will maintain production operations in the event a ‘stay at home’ order is issued in their state.
Leitelt Brothers, Inc. Creates Bracket for Medical Facilities that Helps Prevent the Spread of COVID-19

“Doing our part to fight this nasty virus,” said a representative from Leitelt Brothers, Inc., a NFFS member foundry located in Chicago.

The company was recently contacted by a doctor from the University of Chicago about making an aluminum casting from a 3-D printed plastic part. The part is a bracket that goes on the door handle to a hospital operating room, allowing the door to be opened with the forearm rather than the hand, reducing the chance of spreading the highly infectious SARS-CoV-2 virus that causes COVID-19.

The plastic bracket design was slipping, so Leitelt Brothers went to work improving the design and producing ten sets for rush delivery the following day. The new aluminum brackets worked so well that Leitelt immediately began making an additional 50 sets for delivery later that same week.

NFFS Board of Directors member Paul F. Leitelt, President of Leitelt Brothers, commented, “Leitelt Brothers is happy to provide critical product and manufacturing support to our front line health care workers as they work to keep our community safe from COVID-19.”

Leitelt Brothers is donating the cost involved in creating the necessary tooling and producing the brackets.

COVID-19 Webinars Available to NFFS Members

On Tuesday, March 31, 2020, NFFS and the Steel Founders’ Society of America (SFSA) hosted a joint webinar to provide foundries with the critical OSHA guidance related to the COVID-19 pandemic. Topics included what to do if an employee is confirmed with the virus, when a sick employee must be list on your OSHA 300 log, and what to do if some personal protective equipment is not available due to national shortages. On Friday, April 3rd, 2020, NFFS and SFSA will hold another joint webinar on the Families First Coronavirus Response Act. Topics covered will include required communications, potential exceptions if you have less than 50 employees, tax credits which may be available, and common questions related to the application of the Act.

The webinar recordings will be made available to NFFS members at www.nffs.org/webinars. NOTE: You will need to log in as a NFFS member to access the webinars using this link. If you have not yet created login credentials for the new NFFS website, please see page 5 for instructions.

REMINDER: Families First Posters

The Department of Labor today has issued posters under the Family First Coronavirus Response Act (FFCRA). Covered employers are required to post this poster no later than April 1, 2020, the effective date of the FFCRA. You can find the poster at https://www.dol.gov/agencies/whd/posters.

Send us Your News!

Has your company released a new product or hired a new key employee? Has someone from your company been profiled in the media, celebrated an anniversary, or won an award? Send us your press releases so that we can share your news with other NFFS members and industry leaders. Photographs are encouraged! The deadline for the next issue is April 10, 2020.

NON-FERROUS FOUNDERS’ SOCIETY
INTEGRATED CASTING ORDER NETWORK
Connecting Foundries with custom Defense and Military related sales opportunities

In 2019...
2,279 contracts worth $45 million were awarded to ICON users!
Learn more today at ICON.nffs.org
REMINDER! Create Your Member Account Login at the New NFFS Website

Last month, NFFS launched a new website at www.nffs.org. The new, modernized design will improve the user experience and include new features and content. For security reasons, account login credentials from the old site could not be transferred. As a result, all NFFS members will need to create new login credentials.

To set your new username and password, follow these step-by-step instructions:

1. Go to www.nffs.org and click Sign In at the top of the screen.
2. Click the link that says Forgot Username? under the Sign In button.
3. Enter your e-mail, and click Submit.
4. If you had an account at the old NFFS website, you will receive an e-mail containing your username. Click the link in your email to return to nffs.org and create your new password.
5. If your e-mail states that a username could not be found, click the link in the e-mail to create a new account.

If you have questions or need assistance, e-mail erin@nffs.org or call (847) 299-0950. Once you have created your new account login, you can:

• View and update your company profile. If you are the primary contact at your company, you are designated as a “company administrator” in the NFFS website. This allows you to edit your company’s online profile, which includes your company description, your manufacturing capabilities, and your company contacts. Company admins can also designate additional or replacement admins. Please take this opportunity to make additions or corrections to your company profile!
• Access “members-only” content. The new NFFS website contains links to resources that are accessible only to logged-in members, including environmental health & safety, economic, and technical information and publications.
• Register for events and webinars. The NFFS website requires users to create an online account in order to register for NFFS conferences, events, and webinars. Your login will recognize that you are an employee of a NFFS member company, and you will be charged the appropriate member rates.
• Renew your NFFS membership. Company administrators can renew their company’s membership online in real time—no need to wait for mail delays.
• View your committee page(s). If you are a member of a NFFS committee or a member of the board of directors, you can access a special page accessible only to members of your committee. To access committee pages, go to About > NFFS > Committees.
MAKE YOUR MOVE™
COVID-19–related shutdowns and the Saudi Arabia–Russia oil price war will likely delay the onset of recovery in U.S. Industrial Production to 2021. However, leaders should remain calm and confident, as this is not the first time the economy has faced black swans.

MACROECONOMIC OUTLOOK

The spread of COVID-19 across the globe has had a dramatic impact on the economy, financial markets, and general sentiment as leaders attempt to slow the spread of the virus via a variety of restrictions. The human impact is sobering, and our thoughts and prayers are with the suffering. Nevertheless, our job is to assess the impact to businesses, industries, and the economy, so that you can make calm, informed business decisions during these difficult times.

COVID-19 is impacting a wide swath of industries—airlines, restaurants, cruise ships, entertainment venues, and more. What has been underreported, in our view, is the second black swan event: the oil price war between Saudi Arabia and Russia following the two countries’ failure to agree on the scope of production cuts. Oil prices plunged from the low $40s to the low $30s per barrel as the market digested nearly simultaneous demand and supply shocks via COVID-19 and increased oil production, respectively. As of this writing, prices had fallen into the teens.

We have seen this movie before (think 2015-2016). The oil and gas industry is now a key part to the U.S. economy; it uses products from other sectors and drives local economies in several areas of the country. A significant portion of our industrial client base here at ITR experienced the fallout of low oil prices in 2015-2016 and is again poised for that. Keep an especially close eye on your cash position and ensure access to liquidity in the coming quarters.

Prior to the arrival of these black swans, several global and U.S. leading indicators were rising in support of what was then our outlook: a second-half-of-2020 recovery in U.S. Industrial Production. While the swans have increased the probability that recovery will be delayed until later in 2020 or into 2021, demand will nevertheless return, and your business will need to be ready to meet it. This is not only our view, but also that of Federal Reserve Chairman Jerome Powell: “I don’t think anybody knows how long [the COVID-19 economic impact] will be. I do know the U.S. economy is strong and we will get to the other side of this.”

So, as words such as “unprecedented,” “historic,” and “once in a lifetime” color the headlines, remember that the U.S. economy has endured and subsequently recovered from other unprecedented black swan developments. The 1987 stock market crash, the September 11 terrorist attacks, and the sovereign debt crisis of 2011 come to mind. Avoid letting the fear of the moment color your business decisions. Take into account the probability of a weaker 2020, but do not lose sight of preparing for a busier U.S. economy in 2021.

ITR ECONOMICS’ LONG-TERM VIEW


LEADING INDICATOR SNAPSHOT

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
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<tr>
<td>ITR Leading Indicator™</td>
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<td>ITR Retail Sales Leading Indicator™</td>
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<td>The Conference Board’s U.S. Leading Indicator</td>
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<td>U.S. ISM PMI (Purchasing Managers Index)</td>
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<tr>
<td>U.S. Total Industry Capacity Utilization Rate</td>
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Green denotes that the indicator signals cyclical rise for the economy in the given quarter. Red denotes the opposite.

• Normal business cycle activity and the leading indicators were suggesting that U.S. Industrial Production would be rising in the second half of 2020.
• Two black swan events, COVID-19 and the Saudi Arabia-Russia oil dispute, suggest that many leading indicators will “lose” previously established lows.
• The ITR Leading Indicator™ and the U.S. ISM PMI 1/12 will likely keep their lows, but current events will impact these indicators’ lead time to the industrial economy.
• Overall, expect a weaker second half of 2020 than we had previously anticipated, with rise returning in 2021.
A CLOSER LOOK: Current Events

Black Swans and Fragile Solutions
By: Connor Lokar

What you need to know: Ultimately, black swan events awaken us to the vulnerabilities of fragile solutions, whether it be single-source supply chains at the company level or insufficient contingency plans at the government level.

As economists, and especially as ITR economists, we work to detach ourselves from the emotion of the business cycle. That is precisely what many of our clients most value about us: our objective, data-driven perspective. When times are calm and prosperous, we are looking ahead to what can go wrong in the next phase of the business cycle. Not surprisingly, we are less popular during those times. On the flip side, when conditions deteriorate, we cannot help but peer through the rubble for hints of light and opportunity. It is at this point in the economic cycle that we get more popular. Incidentally, my immediate and extended family have taken great interest in what I do for a living over the last several weeks. Funny how that works.

On to black swans: Neither the human nor the economic toll of COVID-19 is to be trivialized. We at ITR are thinking of the individuals, families, and businesses impacted by the worst of the outbreak. That being said, we are here to tell you that even this black swan reveals some opportunities.

Amid all the fear of the moment, opportunities may not seem possible. The volatility we have witnessed in financial markets this March is without precedent. The CBOE Volatility Index – essentially Wall Street's fear index – closed at an all-time high March 16, surpassing even the Great Recession peak. This is occurring as global governments adopt drastic measures to mitigate the outbreak. While we applaud the effort to protect human life, we as economists must also note the noticeable impact to consumer and industrial activity. While there will be pain, and very real human and economic costs, pain highlights lessons to be learned and areas for improvement.

Even when it was largely confined to China, the COVID-19 outbreak brutally exposed the fragility of just-in-time inventory management when coupled with transnational supply chains, especially for those that put all their eggs in the China basket. Several of our clients are in the painful process of absorbing this lesson and are taking steps to address the vulnerability in their supply chains. In the longer run, and layered on top of tariffs and politics, this crisis will hasten the shift away from relying on China as a lone supply source. Accordingly, many businesses will have more resilient supply chains, and this is good!

Our reflection goes beyond vulnerable supply chains. It is becoming painfully clear that our current infrastructure is fragile and ill-prepared to handle pandemics. Italy is the most notable case to this point; there is much to be learned from that country's tragic experience. More positively, South Korea's aggressive and coordinated early action has seemingly proven effective and staved off the need for the most extreme and economically disruptive mitigation measures. There is an old saying: “You do not need insurance until you need insurance.” The same would apply to planning for a pandemic. Each nation will have successes and failures in dealing with COVID-19, and the world as a whole will be better prepared for the next crisis as a result.

Ultimately, black swan events awaken us to the vulnerabilities of fragile solutions, whether it be single-source supply chains at the company level or insufficient contingency plans at the government level. In your business, you and your team must identify the imperfect systems and inefficiencies that, thanks to our long run of economic expansion following the Great Recession, have been allowed to persist. Maybe you already know what they are, or maybe they will become apparent in the difficult months ahead. Your task is to look at your business, find your vulnerabilities, and address them.

READER’S FORUM

Should I consider refinancing my fixed-rate loans in response to interest rate cuts?

Lauren Stockli, Economist at ITR Economics™, answers:

Thank you for the question. This is a good thought, as rates are currently very low. However, a fair number of people have had similar thoughts. A 79% spike in refinancing applications last week, as well a spike in traditional mortgage applications, is deterring banks from lowering their rates. In some cases, banks are even raising rates to stem demand. Run the numbers. If the rate you are offered is not significantly lower than the rate you have, then paying the application and processing fees – not to mention resetting the amortization schedule – may not be worth it.

To view the full March 2020 Industry Economic Advisor, log in and go to: www.nffs.org/EconAdvisor.
Hazardous Chemical Inventories

**Date:** Tuesday, April 14, 2020  
**Time:** 2:00 p.m. ET (1:00 p.m. CT)  
**Cost:** Included with NFFS membership, $199 for guests  
**Presenter:** Martha Guimond, Joseph Guimond & Associates

The EPA requires foundries to maintain an inventory of hazardous chemicals used and stored within their facilities. An accurate chemical inventory is the foundation for compliance with many different reporting regulations, including Tier II reports, R Forms, emissions reporting, TSCA and more. But what needs to be included, and in what quantities? Join NFFS for an important conversation regarding how to develop a complete hazardous chemical inventory, and how this data can be used as part of the regulatory reporting process.

Register: [www.nffs.org/NFFSummit0420](http://www.nffs.org/NFFSummit0420)