

# South Florida Sun Sentinel

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## More businesses are folding and leaving laid-off workers in the lurch

By DAVID LYONS

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The number of businesses going under in South Florida is growing at an alarming rate, cutting the chances for laid-off workers to find other jobs during the COVID-19 pandemic.

According to Yelp, the national online business listing firm, nearly 3,000 businesses closed in the tri-county area between March 15 and July 1.

Owners are losing their investments. Employees are losing jobs. And lower income workers — among the most vulnerable to layoffs because they work in hard-hit service industries — are under severe financial pressure as they struggle to find new employment, according to ParentsTogether, a Washington, D.C.-based advocacy group for parents across the country.

In a survey conducted among its Florida members from July 16 to July 19, ParentsTogether found that “a vast majority of families,” including 73% in Miami-Dade, Broward and Palm Beach counties, consider themselves to be struggling economically as a direct result of the COVID-19 crisis, with many reporting that their finances are deteriorating rapidly.

Many said they’ve had to make trade-offs on essential items like food, medications and rent.

The organization’s bottom line: Congress needs to extend the \$600 federally funded unemployment payment now being debated among Democrats and Republicans, while there also is a need for additional federal relief to states and local governments. Of those surveyed, 84% also want Florida’s maximum unemployment payout to rise from \$275 to \$500 a week.

Most of those needs, of course, would not have been necessary but for the coronavirus and its effect on businesses, many of which have been forced to close or restrict their operations by local governments seeking to curb the spread of the illness.

“One thing we have found with this survey is that a little under half of the folks had their place of business closed or they were laid off,” said Raz Pollax, a strategist for the nonprofit group. “The same number lost incomes for other reasons.” They include the need to babysit children, worries about getting sick on the job or an illness in the household.

Reemployment challenge

Regaining a foothold in the workforce is a major obstacle for parents.

“I used to be a bartender and used to work with my sister to do nails,” said Candra Williams, a mother of four from West Park. “When the coronavirus came and shut everybody down it was very hard to get a job at a restaurant.

Her long-time employer in Pembroke Pines, whom she declined to identify, closed temporarily and reopened, but didn’t recall her. She’s been looking for a job. After three months of trying to break through the state’s byzantine unemployment claims system, she was declared ineligible.

Other workers find themselves in similar straits: They can’t return to work if there is no company to employ them. In other instances, hours have been reduced and operations cut back as companies have fought to preserve cash to stay alive.

Robert Dugger of West Palm Beach said he formerly worked in tele-sales but lost his job when his employer reduced staff. “Now, my wife and I are living in a week-to-week hotel room and doing DoorDash to make ends meet,” he said. “We have a 5-month-old, and our day care facility shut down due to a scare when one of the care providers tested positive. So now we alternate DoorDash trips so that one of us can watch the baby while the other is out delivering food.”

Florida fourth in business closures

According to a survey by Yelp, 2,991 businesses closed — permanently or temporarily — in the Miami-Fort Lauderdale-West Palm Beach area between March 1 and July 10. Of those that closed, 417 were restaurants and 285 retail stores. The survey did not offer a breakdown of how many people were thrown out of work.

Statewide, Florida ranked fourth nationally in total closures with 8,600. Of that figure, 5,300 were permanent.

The survey was based on owners who listed their businesses on the Yelp service as closed. For each date, starting with March 1, Yelp has been counting U.S. businesses that were open and closed. Closures

can be permanent or temporary “and is signaled by a business owner marking the business as closed, including by changing its hours or through a COVID-19 banner on its Yelp page,” the company said.

A Yelp spokeswoman declined to say how many businesses are listed on its platform, but said “tens of millions” registered.

Yelp said it counted only those closures that were vetted by its staff or were updated directly by a business owner. One-day closures that appeared to be unrelated to the pandemic, such as a holiday, were not counted.

Nationwide, permanent business closures accounted for 55% of all of the shutdowns during the March-July period. There were 140,000 closures nationally on June 15 and another 147,000 on June 29. Closures as of July 10 totaled more than 132,500.

Yelp said that a curve in business closures was “rapidly changing” because of “evolving situations at the local level.” Some states that saw COVID-19 cases on the rise started to see increases in closures. The company said in its analysis that only 24% of the 175,000 businesses that closed in April have reopened.

Yelp added that there was a “statistically significant correlation” between consumers going to restaurants, bars and gyms in May and then COVID-19 cases increasing in June. Florida, it said, was one of 10 states where that happened.

Staying power

The unpredictability of COVID-19, coupled government restrictions, has made it difficult for business owners to plan for even the short term, economists say. Many businesses lack the financial staying power to sustain themselves over the longer term, even if they participated in the federal Payroll Protection Program, which expires in two weeks.

“The Disneys and Deltas are going to be able to ride these shutdowns and ride this pandemic out,” said Sean Snaith, director of the Institute for Economic Forecasting at the University of Central Florida.

“Small businesses are walking the line during good times but have revenues stopped by restrictions.

“These little ice cream shops by the beach or T-shirt stores or resale shops that depend on foot traffic — they’re getting hammered,” Snaith added. “They’re not sitting on big piles of cash they can use for further lockdowns.”

While large companies have had access to investor funding, bank loans and large government programs, many smaller firms have not gotten a dime in rescue money.

“The issue is simple,” said Paul Singerman, a South Florida bankruptcy attorney. “The highly [indebted] companies without access to additional capital are at grave risk.”

Thus far, an outpouring of business failures has not shown up in South Florida bankruptcy filings as many operators who closed decided not to reorganize or restructure. In addition, many marginal companies have received a temporary reprieve through government loan programs, lawyers and analysts say. New bankruptcies will flow, they say, when the assistance stops.

Chad Van Horn, another bankruptcy attorney, said he is meeting with 15 to 20 clients daily to discuss strategies for repairing finances. He’s worried about the day a Florida moratorium on evictions expires for good. Extended twice by Gov. Ron DeSantis, the next expiration date is Aug. 1. Of landlords trying to evict tenants, he said: “Kicking out my client isn’t going to get you more money right now.”

Through June of this year, 114 businesses have filed for Chapter 11 protection from creditors in the Southern District of Florida, just six more than the year before. The 4,379 liquidation filings this year under Chapter 7 of the U.S. Bankruptcy Code are trailing 2019 by more than 600 cases.

Holding on to cash

While companies that did have access to emergency capital have been able to persevere through the crisis thus far, they’re not built to sustain long stretches of time without customers coming through the door.

Ashlie Forum, a tax partner at the Marcum business advisory firm, said clients are still receiving loans from the PPP program, which has been extended until Aug. 8. “Another option is the Main Street Loan program, which is backed by the Federal Reserve. This is not a forgivable loan and does not seem to be as popular due to higher interest rates,” she said.

“We’re seeing more clients hold on to cash flow,” she said. “They’re watching every penny that goes out the door.”

Despite the surge of closed businesses between the spring and summer, there are retailers, restaurants and others that are hiring, including those opening new locations. Aventura Mall, for example, recently signed up two shoe brands, Michele Lopriore and Paloma Barcelo, fashion brands Eden Park and Elie Tahari, the Get Lashed beauty boutique and five restaurants.

And Candra Williams is gravitating toward one of the strongest retailers in the country. On Tuesday, she has an in-person interview with Walmart.