

**THE DIXIE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(amounts in thousands, except per share data)  
(Continued)

second quarter for existing agreements. The Company is taking advantage of payment deferrals and credits related to payroll taxes under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act as well as deferring payments into its defined contribution retirement plan. The CARES Act also provides for an employee retention credit, which is a refundable tax credit against certain employment taxes of up to \$5 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees, capped at \$10 of qualified wages per employee throughout the year. The Company qualified for the tax credit in the second, third and fourth quarters of 2020 and recognized \$2,100 in the fourth quarter of 2020, related to the Employee Retention Credit. Of the \$2,100 credit, \$1,500 million was recorded to Cost of Sales and the remaining \$600 was recorded to Selling and Administrative Expenses.

Costs related to the facility consolidation plans are summarized as follows:

	Accrued Balance at December 28, 2019	2020 Expenses (1)	2020 Cash Payments	Accrued Balance at December 26, 2020	As of December 26, 2020	
					Total Costs Incurred to Date	Total Expected Costs
Corporate Office Consolidation Plan	38	6	44	—	835	835
Profit Improvement Plan	305	1,376	1,577	104	10,176	10,176
COVID-19 Continuity Plan		\$ 2,370	\$ 1,916	454	\$ 2,531	\$ 2,531
Total All Plans	\$ 343	\$ 3,752	\$ 3,537	\$ 558	\$ 13,542	\$ 13,542
Asset Impairments	\$ —	\$ —	\$ —	\$ —	\$ 3,323	\$ 3,323

  

	Accrued Balance at December 29, 2018	2019 Expenses (1)	2019 Cash Payments	Accrued Balance at December 28, 2019		
Corporate Office Consolidation Plan	98	13	73	38		
Profit Improvement Plan	846	\$ 5,006	\$ 5,547	305		
Total All Plans	\$ 944	\$ 5,019	\$ 5,620	\$ 343		
Asset Impairments	\$ —	\$ 3	\$ —	\$ —		

(1) Costs incurred under these plans are classified as "facility consolidation and severance expenses, net" in the Company's Consolidated Statements of Operations.

**NOTE 22 - DISCONTINUED OPERATIONS**

The Company has either sold or discontinued certain operations that are accounted for as "Discontinued Operations" under applicable accounting guidance. Discontinued operations are summarized as follows:

	2020	2019	2018
Income (loss) from discontinued operations:			
Workers' compensation costs from former textile operations	\$ (60)	\$ 38	\$ 212
Environmental remediation costs from former textile operations	(60)	(386)	(117)
Income (loss) from discontinued operations, before taxes	\$ (120)	\$ (348)	\$ 95
Income tax benefit	—	—	—
Income (loss) from discontinued operations, net of tax	\$ (120)	\$ (348)	\$ 95

Undiscounted reserves are maintained for the self-insured workers' compensation obligations related to the Company's former textile operations. These reserves are administered by a third-party workers' compensation service provider under the supervision of Company personnel. Such reserves are reassessed on a quarterly basis. Pre-tax cost incurred for workers' compensation as a component of discontinued operations primarily represents a change in estimate for each period from unanticipated medical costs associated with the Company's obligations.