



Transcription details:

Date: 26-Apr-2020  
Input sound file: The Stimulus Package Uncovered Webinar

Transaction results:

S1: 00:14

First, I wanted to thank everybody for joining us and signing on. Really appreciate you being here and joining us for a very important conversation that Impact's very happy to host, The Stimulus Package Uncovered. It's a webinar brought to you with the head of the US Small Business Administration. We have a amazing set of panelists, and we have a ton of questions that we're hoping to get through. So really appreciate all of you joining us and helping us work through all of these questions from our audience. I'll be kind of kicking us off with some brief introductions of our panelists, and then I'm going to get right into the questions. We have so many questions. I hope we can get through all of them. We're going to work very hard to do so. But if we run out of time, we will loop back with you all and see if we can answer them after today's session, which will run till 1:45 PM eastern time. Let me kind of just take a quick minute to introduce you to Impact. Impact is a nonprofit organization that works to bring important issues to our communities and present them in a nonpartisan, analytical, open-minded way to discuss what matters and help our communities engage on problems that are most relevant to them. We're very lucky to be joined by an extremely special set of experts today to talk about small business, the stimulus package in our economy. I also want to thank Sandesh Kataria and Kimberly Kyle Hall for all their work, helping us set this event up. And I'm very eager to get us started. Our panelists today include Maria Contreras-Sweet, the former Administrator of the Small Business Administration, the 24th, appointed by President Barack Obama and served from 2014 to 2017. She was formerly the Executive Chairwoman and founder of ProAmerica Bank, commercial bank focusing on small to mid-sized businesses with a specialty in the Latino community.

S1: 02:02

We're also blessed to have Ann Marie Mehlum here. Ann was the former director and founding President and Chief Executive Officer of Summit Bank. And she also served as the Associate Administrator of Capital Access at the US Small Business Administration, where she's oversaw SBA programs that provide access to capital for American small businesses and a portfolio that exceeded \$100 billion. And we have finally, Tom Sullivan. Tom Sullivan is the Vice President of the Small Business Policy at the US Chamber of Commerce, and he served under President George W. Bush as the Chief Counsel for Advocacy at the US Small Business Administration. Welcome panelists. Really appreciate you all being here and taking time. Okay, I'm going to jump into the questions, and I'm going to work with Administrator Maria to help me kind of get them to the right person. But let's just start it off with a set of background questions that a lot of our audience has been asking in some shape or form. And if any of the panelists want to start with just an overarching set of quick comments, we'd love that as well. But Administrator Maria, what are the key benefits being offered to small businesses via the CARES Act? And how should they think about that today?



S2: 03:08

Well, thank you so much, Mike. First, let me just say how delighted I am to have encountered Impact and to learn more about what you're all doing and how wonderful it is to be able to team with you to present this panel today. I'm delighted first to say what a pleasure it was to serve as the 24th Administrator over the US Small Business Administration. It was a great joy of my life to be able to speak for the 30 million small businesses across the country, representing them domestically and abroad, and to learn about the many fold-- the labyrinth of resources that are available for small businesses. But lamentably, so many small businesses aren't familiar with them. And so I'm hoping that in the first question, what we can do overall first, would be just to ask Anne Marie to sort of describe overall, some of the federal resources that are available within SBA, and then any other programs in the federal government, such as in the agriculture, commerce, and some of the others. I think just because of the quality of questions that I see here, I can tell that some people are not as familiar with the resources available at the federal government. So I thought that it would be really nice to give that broad view first, and then we can get into the specificity. If you can help us out, Ann Marie, that'd be great.

S3: 04:26

Sure, thank you, Maria. And also, thank you to Impact for having this panel, and I hope that we can shed some light on some things. So the Small Business Administration, and I also felt very fortunate to spend some time there at the-- towards the end of my career. And I thought I knew about the SBA because I had been an SBA lender most of my life as a banker. And so I knew about the lending programs: the 7(a) program, that's the flagship program, the 504 program for purchasing real estate small businesses, Microloan program was a Community Advantage program. But I didn't know much about the rest of the SBA, and there's a lot more to it. SBA makes sure that the entire government uses small businesses when they contract for work, which is a huge job, and it's very helpful to small businesses. And they have huge resource centers, Small Business Development Centers, Women's Business Resource Centers, veterans, centers for veterans, and then certainly, all the SBA offices, regional and local offices. So there are a myriad places for small business to go, just to get support and counseling. And it's an amazing resource to our country's small businesses.

S2: 05:44

Well, thank you, Anne Marie. She's been so humble. We always called it the 3 Cs, right? And one is the Capital that we're going to describe a little bit more, and that was the big behemoth office that you ran over the SBA, Access to Capital programs. The second was the contracting. Few people realize, and I think this is important for us to get out, that the federal government is the largest procurer in the world, and it directs through Congress. There's a mandate on SBA to direct-- 23% of the Federal Procurement program needs to be purchased from small businesses. So this is also an opportunity for a lot of small businesses to think about doing business with the federal government. And then the third portion is the network of counseling centers, as you described throughout the country. I am not a computer whiz, and so my husband helped me do a little-- I don't know if you can see it here. But it's my version of a [Kryon?] that says, you can go to the Treasury and look up small business, the SBA, the Small Business Development Centers, the Veterans Business Outreach Centers, and the Women Business Centers. There are many more, but these are some of the key ones that we use, and so I think it's really important. Department of Agriculture has something simila



S2: 06:58

And again, just as a matter of introduction, for those who are in private equity and venture capital, the SBA also has what we call SBIR, the Small Business Innovation and Research office, as well as the SBICs, the Small Business Investment Companies. The SBIR is like a grant for somebody who wants to respond to a request from the federal government to be able to come back with innovation. And so it's a, if you will, non-dilutive investment. The SBICs are also like the loan program, which is you can go to the federal government at SBA, start a fund, have a fund - if you have experience in a fund and then ask for two-to-one match. And the SBA serves again as a guarantor. So if you have \$20 million of fund, you can then make it a \$60 million fund by the leverage that SBA affords you. So I really do encourage everybody to go to the SBA and to learn more about all these programs. With that, Tom, I know that you have been an ardent spokesperson at the Chamber of Commerce-- at the US Chamber of Commerce on behalf of small businesses, and that you're familiar also with the big behemoth programs that exist in the federal government. Are there others that you think should be brought to our audience's attention?

S4: 08:26

Well, administrator [concur?]. You've covered the landscape. I think the one thing to keep in mind is that there are billions of dollars intended to help small businesses survive the pandemic. And by going to [sba.gov](https://www.sba.gov), the information is there, and it's easy to understand as possible so that the most number of small businesses know what's available. And so I joined you and Ann Marie and the folks at Impact, really trying to get the word out, but also try to drive as much traffic to that incredible resource that is there to help small businesses. There are loan programs. There are lending programs. There are many other state and local programs, all designed to help small businesses survive the pandemic.

S2: 09:31

Thank you.

S4: 09:32

Be right back.

S2: 09:32

We're going to go to round two now, and I'm going to turn to Ann Marie again, because now we want to get to the specificity in round two to talk specifically about what Tom just alluded to. And that's the program that everybody's calling us about, and that's the Payment Protection Program. And Ann Marie, again, this is your bailiwick, you-- well, we didn't have this program in particular, but overall, you had the relationship with banks. Could you take us through the general rubric of the PPP?

S3: 10:03

Sure, thank you. I mean, the interesting thing is I think the first round of PPP may be done today or tomorrow. The Paycheck Protection Program was passed by Congress about three weeks ago. And about a week and a half ago, the SBA stood up a brand new program, which is a loan program under the 7(a) program, but with most of the rules stripped away, and a 100% guarantee when borrowers use the money for payroll and other certain operating costs. So it's almost more like a grant if it's used appropriately, and it's very quick. They've allocated \$350 billion. And so far as of yesterday, about 1,000,002 small businesses received word that their banks had received guarantees so that they could loan them this money for their shortterm capital to try to keep their staffs intact through



this short-term crisis. Hopefully, it will be funded more because there's a lot more demand. A/s the administrator knows, and I think she's already mentioned, there are 30 million small businesses in this country. So there are a lot more small businesses that need this money. I wanted to provide one more resource because for me, it's just a little clearer, and I don't mean that in a negative way.

S3: 11:29

Treasury has been working very closely with SBA on this program. And if you go to [treasury.gov](https://treasury.gov), on their first page, right at the homepage, there's a red stripe that says, small business help. If you hit that button, it lists all the tools for small businesses. And one of the things that they're doing is-- it includes the application forms. One of the things they're doing there is they have been updating an FAQ almost every other day. That FAQ gets longer and more questions get answered, and they have kept that very current. The only reason I think that's a little easier to find is because that's the only thing there about small business. When you go to [sba.gov](https://sba.gov), there's so much there. But that's another good resource to try to get the current details on eligibility and the rules for borrowers and also for lenders, but also for borrowers.

S2: 12:24

Ann Marie, many of the questions that are coming in are asking about whether private equity funds are qualified for this program. Could you do a little more unpacking for us about-- take us down another level?

S3: 12:38

Yes, companies that have-- if private equity funds have invested in companies, they can still be eligible in certain circumstances. The private equity funds cannot be controlling unless they were funded themselves by an SBIC, which is an interesting carve-out. It's a little technicality. It is allowing more companies to be eligible. But once again, if you go to that FAQ, there is a specific question there that answers that more specifically.

S2: 13:10

One of the questions that just came in is, would we define what a small business is? Because there is a lot of rumor about what a small business is. Could you even unpack a little further [laughter]?

S4: 13:24

That's a really hard one. And that's one that the SBA has worked hard. And to define in there-- it's not an easy question. However, again, go to the FAQ, because they have made it easier. If you qualify under the SBA, small business rules, you're eligible, which are very difficult because there's all kinds of standards for different industries. But you can find those, and most small businesses know who they are. But they've also said if you have less than 500 employees and-- that you also qualify and with those ownership rules that I talked about. Go to the FAQ. They're updating it almost every day. You can find it on both websites. It specifically talks about size.

S2: 14:08

Right. And when you complete the application, it does ask for the NAICS code, the North American Industry Classification System. And so what Ann Marie's alluding to is that small businesses, generally, we described them as 500 employees or less, but there's also financial cap. And in each category, sometimes you can be a little larger, but depending on the industry that you find yourself in. And so what you can do is just google your industry, the North American Industry Classification System, to see where you fit in that. And I think that will give you some guide because the bank application



And so I think that would be one way to get it as well. Thank you for that. Did you want to address the affiliate rule? Because some of the private equity folks here that I'm seeing, some have two or three investments in different companies. Could you please speak to the affiliate rule?

S3: 15:00

Affiliation rules are still in place, except for some carve-outs. And again, I'm not totally, totally in the weeds here, but I can tell you that the hospitality industry has been basically carved out from the affiliation rule. So whereas, you may not have qualified as a small business before, if you were a franchisee of a franchisor, there might have been considered an affiliation there. Now, for restaurants and hotels and hospitality concerns, that's been relaxed. So that also opens up the window for a lot more small businesses. And there is more on the FAQ on affiliation, but they have-- if anything, they've relaxed affiliation requirements. So it's definitely worth it to check to make sure that you're still not-- that you are being considered a small business with some relaxed affiliation rules.

S2: 16:01

Right. So largely speaking, we're talking about sole proprietors, independent contractors, small businesses, as we said, under 500. That's largely the rubric, as I understand it. Right, Ann Marie?

S3: 16:15

Yes.

S4: 16:15

Very good.

S2: 16:15

Okay. Well, super. So what they're asking is how do you determine how much of the loan is forgivable?

S3: 16:25

Are you talking to me still, again?

S2: 16:28

Yes, I'm sorry. Yeah. Yes.

S3: 16:29

I'll keep going. Okay. It sounded so simple, right? It sounded so simple. Two and a half months of payroll-related costs with certain stipulations that you couldn't be paying more than 100,000 on an annual basis to an employee. But as it turns out, as everything-- the devil is in the details. And there have been a lot of questions about, how do you calculate that? And they have also addressed that with examples in the FAQ, which is very helpful. So if you go to that FAQ at [treasury.gov](https://treasury.gov) or [sba.gov](https://sba.gov), there are examples now of how to calculate what you can get and how to ensure that what you-- how you use that money will be guaranteed.

S2: 17:16

Very good. So another question that's coming in, Tom, is, "Is there going to be a second package?" We hear in the press. We're reading quite a bit. But the second package that they're working on, people, as Ann Marie just alluded, it appears that the money that was made available, the \$350 million, is almost used up. What can you tell us, Tom, about the second package? And what might be included in that?

S4: 17:42

Thank you, Maria. So two things. First of all, we keep giving out URLs and information. I think one o





things that a lot of small businesses are facing when they talk with me is, they're hanging by a thread. They're working 20 hours a day, like we all are, trying to get through this. And they get so frustrated reading all of this legalese. So we've tried to dense it down into a four-page guide that is shared on the platform right now. And it answers many of these questions in a way that even I understand. You don't need to be a CPA or an attorney to understand. As far as your question goes about-- well, there isn't enough. So what's Congress going to do? And when I say there isn't enough, I'm not-- this isn't fiction. I mean, President Trump's top economic adviser, Mr. Kudlow, had said that the loan money's likely going to run out tomorrow. So this isn't some way off, distant thing where we run out of money. Mr. Kudlow is saying, "Tomorrow." The data that I saw from the agency you used to head was that 75% of that \$349 billion had been allocated as of noon yesterday. So the money is almost gone. And there are two things that are likely going to happen. There will likely be an immediate extension to give more money into what's called the PPP loan program that Ann Marie just talked about. No elected official wants to tell that person waiting in line, "Sorry. Your business is done because you didn't get in line fast enough." It's not going to happen.

S4: 19:55

The other component though that you alluded to is what about the rest of the picture, the rest of the economic picture that we're dealing with? Whether it's hospitals, emergency workers, how America actually gets back to work as we kind of phase into a get our economy back. All of those things will rely on federal help. And so a lot of us in Washington DC are referring to that as Phase 4. The reason we call it Phase 4 is - as you know, because you were part of this effort - in March, which seems like a year ago, but it was just two weeks ago, they passed three laws in three weeks. And so now, more and more people realize that there is a fourth bill that has to take care of a lot of things that maybe were left out, but also looking forward what need to be done to get the economy going again after the pandemic. That's going to be part of Phase 4. It's going to be a massive undertaking, but we're trying to be very clear that in between now and then, Congress has got to put more money into the PPP loan program because it's going to run out. If it's not going to run out tomorrow, it'll certainly run out over the weekend because many nonbank lenders like Square, Kabbage, OnDeck, Intuit QuickBooks, and Newtek, which you worked with as SBA administrator, they're all coming online, and they're going to be able to get money out. But that's going to depend on Congress putting more towards that \$349 billion that's going to run out very, very shortly.

S2: 21:44

Well, thank you, Tom, because you answered one of the questions that was coming in was, "If you can't get through your bank, are there other avenues through which somebody could apply for these loans?" And what we all understand now is that indeed, that some have now been approved, and you've just outlined some of those outlets. So thank you for that.

S4: 22:03

You're welcome.

S2: 22:04

Thank you. Just again, I know that I'm repeating myself in some instances, but I think it's really important to stress that conventional loans through SBA still exist. The 504, one that you use for real estate, for big equipment, that still exists. The 7(a) program still exists. And then of course, when we have economic injury, disaster loans. When we have regional disasters, those loans still exist. And



so this is on top of all of that, the P3, PPP, the Payroll Protection Program. And so that's the one that we're referring to today. This is a part of the \$2 trillion stimulus program. And Ann has given us clear direction as to where to go to get more of the FAQs addressed within that, but we're going to take a few questions here as well. Tom, before we break up, the next thing I wanted to ask you about is-- you just started to lean into that direction, which is, "So now, I've done what I could to keep my employees in place." And now, we're going to begin to talk about onboarding and beginning to reopen small businesses. What are the challenges you're hearing? The California governor, for example, is talking about the six steps that Californians are going to have to take. How is the Chamber thinking about these new governance models and the new social norms?

S4: 23:33

Oh, Maria, thank you for asking. Just yesterday, we formally announced a project we've been working on for several weeks. We're calling it Path Forward. That Path Forward is a convening because that's really what local and a national chamber like ours does best. And Maria, you've been a part of this. We convene leaders. We convene governors. We convene parts of the White House and others to examine, what will it look like? And I'll give you a for-instance. A small movie theater wants to reopen. How do they do that? Do they seat every other row, every other seat? Yet, they're paying rent for every seat that's in the theater. What does that mean? Will they need more assistance from the federal government? In a manufacturing situation, will personal protective equipment be required? And where's that balance between protecting workers and the federal government saying, "You have a legal responsibility to take care of certain things." All of these things aren't known, and we know that there's going to be a phased-in approach. And so as a national business leading organization, we're dedicated to convening as part of this Path Forward initiative, and then taking these comments from all involved, and then convene again, so we can make the sausage. We make the sausage that makes new laws and gets this economy back on track.

S2: 25:15

That's exactly right, Tom. Thank you for that. I can see how, as an employer, I would be concerned with protecting HIPAA, the Privacy Act, and employees want to keep their own health status private. And on the other hand, the employer is trying to say, "I want to accommodate and make sure that I keep you safe," and wanting to know if you've already been exposed, "Do you have immunity? Do you have elements that we should know?" That means that your immunity is compromised until we can make accommodations for that. And so I think that that balance is going to be a challenge for small businesses in particular, right?

S4: 25:49

It will. It will.

S2: 25:50

Just how we [manage?] privacy versus responsibility as an employer to make sure that we have a safe workplace for our workforce. And for small businesses, these in large measure are sometimes our family members. And so it's even more personal to us. And so I can see how all of this is going to be a big challenge for us. And they say, Tom, I may not be able to shake your hand anymore.

S4: 26:15

That's all right. We'll each other some six-foot elbow bumps [laughter].



- S2: 26:21 There you go. Okay, that's very good. Mike, whenever you're ready, we're ready to open up to the QA. And we'll take the questions from you.
- S1: 26:29 Thank you, and really appreciate all the time from you. Let me just start getting into them because there's so many that are coming in, and we're unable to handle them all. But we'll do our absolute best. One of the questions really comes from the nonprofit sector, and frankly, a bunch of entrepreneurs. Is there going to be a requirement to have agents under provisions of the law to get access to capital? How should that whole world be thought of in terms of brokering and agent support or not allowing that for helping to secure PPP loans, whether it's a nonprofit or another for-profit company?
- S2: 27:01 Ann, I'm going to look to you on this one.
- S3: 27:03 Okay. And I apologize. A gardener or someone just showed up outside my window, cutting trees. And if I take time to go out there, I don't even know what to tell you. I'm sorry if you can't hear me. So agents. Agents definitely are still in the mix. There are a lot of agents that are involved with SBA lending, and there are agents involved with PPP lending. The guidelines specifically talked about how much agents could charge for their service in helping package or refer PPP loans. So that is still workable, and I'm sure there are agents that are helping. About nonprofits, something that Tom said reminded me to mention that one of the things that is also new for the Small Business Administration is that nonprofits, 503(c)(3)s, are eligible.
- S2: 27:59 503(c)(3), yes.
- S3: 28:00 So yes. And I've been thinking about-- for example, I'm aware of symphony organizations. You talked about a movie house, and it reminded me of symphonies and other venues, many times, which are nonprofit organizations. They are eligible for the PPP. And they definitely should be applying to try to keep their businesses and their people employed for at least two months and if program the goes on for longer.
- S1: 28:28 Thank you. We have a couple other questions around-- Administrator Maria, if a business is predominantly 1099 contractors or if for some reason, they're mostly self-employed, what are some of the best strategies that they can take to take advantage of the PPP or other benefits? Whether it's the EIDL or other items like that, but may not have as many W2 workers.
- S2: 28:49 Right. Well, that's the good news, is that independent contractors also qualify for this program, sole proprietors. And so they should go to their banker and submit-- and you go through-- they got to submit Schedule C. But that again, the rubric, the outline of the guidelines are all included in the FAQ's as Ann Marie suggested, both at [sba.gov](https://www.sba.gov) as well as the US Treasury. And many of the banks have direct links to them as well. But your banker ought to be able to guide you through that. The application is pretty clear for those of you who have seen it. And so you just-- you would check the sole proprietorship box or the independent contractor box, and it has the different boxes. You check





that, and then you answer the questions that are appropriate for your division, your NAICS code. And then you attach the schedule C, as I mentioned. And so it's pretty straightforward. And most of the bankers have been guiding their clients through that process. But yes, that's available.

S2: 29:50

I would just say one loan that we haven't talked about for a sole proprietor is also the microloans. There is also a network of nonprofit lenders that have microloans available for somebody who just wants to start. I think, Mike, that this is a really good time for somebody who says, "I may not get hired back by my employer," because of the reasons that Tom just outlined, where they may have to hire only half of their earlier workforce. And so many of us now have an opportunity to say, "How do I pivot and do that exciting thing that I always dreamed of doing? And let me pivot and go to the SBA," one of these counseling centers that I described for women, for veterans, for seniors, for just everyday businesses across America, the Small Business Development Centers, and get guidance on how to stretch your business plan, how to get access to capital. And we take people through their entire life cycle. The federal government has the privilege to take you through the entire life cycle. And particularly for sole proprietors, I think that this is a really great time to think about expanding your business and using the resources available through these programs.

S1: 31:04

Thank you, administrator. Another question coming in. It's been reported that many banks have been seeking clarity regarding loan documents and safe harbor issues, and it has slowed funding. For those who are maybe having problems getting their loan application through, is there any information on how those issues are being addressed? And do agents help speed this up? And if so, are there any good agents you'd recommend? Or is it nothing to do with that?

S2: 31:30

Anne Marie?

S3: 31:30

That sounds like the problem that banks were having-- all banks were having until about three days ago, because there was no guidance about the note itself and whether a bank needed an authorization specifically as they do for 7(a) loans. Those questions were answered just recently. That's why banks are really starting to fund now this week. The money is starting to flow to the businesses because the banks are able to write the note and have a contract with the borrower and know that they can participate with the borrower without a specific authorization form from the SBA. So those questions were really holding things up, and they've been answered, and I think funds are flowing now. To me, the next big question at the SBA is the guarantee. When the money has been spent, and the borrowers go back to their banks and say, "Here, I used it appropriately," and the bank goes to the SBA and says, "Okay, please provide the funds that you've promised to guarantee this loan," I hope that's going to be a very smooth process at the SBA. I really hope that the requests just go directly into the system for funds to be sent. If they take it upon themselves to try to review over a million loans, that will be definitely problematic. I can't imagine they're going to do that. But that has not been done yet. So we'll see how that works.

S2: 32:57

Yeah. Just to elaborate because I think Ann Marie is spot-on, and that is that as a-- I have the prism from SBA as well as having been a community banker, as does Anne Marie. And for me, when I put



out an SBA loan with the SBA guarantee, I was happy to process the loan, happy to make the disbursement. But when I went to collect-- if the loan defaulted, and I went to collect the guarantee from the SBA, they would say, "Well, maybe the application wasn't completed correctly. Maybe--" And so there were challenges in settling up and making certain that the bank was reimbursed. And so those are some of the things that Ann Marie is talking about. The second part that small banks are particularly challenged with is the secondary market. And that is that banks, particularly community banks, have a lending cap based on their capital levels. And so once they reach that, they can't do any more lending. And so the only way they can continue to put out these loans is if somebody buys the loans off their books and takes it off their balance sheet, so they have more capital available. And what often happens is if you don't find a secondary market, you're stuck with these loans. And so that's the other part. I think the Treasury was addressing to have the secondary market as I understand, Ann Marie, and did say that they would create that secondary market so banks could offload them.

S3: 34:22

The Federal Reserve has created a window to lend against these particular loans. So that will be helpful. And I understand there is being work done on a second market.

S1: 34:32

Administrator Maria, Tom wanted to make one comment around the 1099 earners, and I think that's a common theme throughout our questions. Tom, did you have that?

S4: 34:41

Sure. Thank you, Mike. This is a common question that we get from small businesses who are excited that independent contractors are able to access the PPP loan, but then get confused about, "Well, what does that mean?" And there's two things that we really got to be very clear about. First of all, if you're a small business, and you rely on 1099 earners, you cannot count them in your calculation for payroll that defines the amount of money that you're asking for, for a loan. However, those earners, the freelancers, the independent contractor, the sole proprietor, who received the 1099, they are able to apply for loans themselves. And this is what Administrator Contreras-Sweet talked about a little bit, is that if they go in with a 1040-C, I think it's in line 31, it's net income. That's what is needed to calculate what your loan amount should be for a PPP loan. But again, it's caused enormous confusion. 1099 earners are not part of the calculation for a small business. We do see many small businesses help those 1099 folks with their application to the bank, but that does not mean that they can include it in the payroll calculation for their own loan.

S1: 36:20

Right. Another question coming in. Administrator Maria, do small businesses or self-employed individuals who have had to suspend operations due to supply chain disruptions but don't pay themselves a salary, qualify for unemployment?

S2: 36:35

My understanding is if they're playing-- or if they are not paying into the program, then I don't think they can subscribe. That's my understanding, Ann Marie, unless they're paying into it. I don't know that they can draw from it. Is that your understanding?

S3: 36:51

You know what, Mike? I didn't fully understand the question. Can you repeat that?

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- S1: 36:54 Do small businesses who the proprietor owner is not paying themselves or they're self-employed individuals, and they have a problem with their business, are they able to qualify for unemployment?
- S3: 37:07 You know what? I don't know the answer to that. There [crosstalk] a good job.
- S2: 37:11 Tom has the answer.
- S4: 37:13 So this is where it's helpful to have colleagues who are experts on this stuff because I just learned this this morning. There actually is a provision under the CARES Act where individuals like you described are able to receive benefits under what's called the Pandemic Unemployment Assistance Program, PUA. The benefits are 100% federally funded. And this is something that comes out of Department of Labor. And we have information about it at our small business digital portal of [uschamber.com/co](https://uschamber.com/co). But this particular circumstance was something that legislators thought about. They created this Pandemic Unemployment Assistance, and that is administered through the United States Department of Labor.
- S1: 38:17 Thank you, Tom. Administrator Maria, the questions keep coming in. Maybe if I step back and look at probably about 5 or 10 themes that are common across them. There are a lot of kind of specific questions for S Corps, LLCs, people who have part of their equity-owned offshore. And it seems like there may be a gap in understanding this very complex legislation and the business-specific elements or architecture of companies in the country. What do you recommend or advise a small business owner to do to help kind of bridge that gap of how their unique configuration, their loan application and then getting to capital? Do they need an agent? Do they need an accountant? Are there experts or companies that are coming up that you think that you could point them to that are really special? We're really trying to help them kind of close this information gap that seems to be a current theme across a lot of questions.
- S2: 39:06 Right. Well, the law was designed so that you wouldn't have to pay to process these loans. And they were very intentional about making these applications as easy as possible. You actually downloaded the application. It's very straightforward, very straightforward. So if the system is designed not to have to pay to get for your-- to get your loan. But I'm going to let Anne Marie elaborate because I know she's doing a little bit of this work.
- S3: 39:35 Well, you're absolutely right on the process once you know you're eligible. But for these eligibility questions, I would suggest the SBA resource groups, the counseling centers that the administrator talked about before. There are so many of them. Those people really understand eligibility rules, because it sounds like you're getting questions from companies that might have little quirks or little things that have kept them from being a small business defined as such and eligible for SBA loans in the past. Maybe not now, because there has been some relaxing. But companies do have to be American companies. There are some sort of old, solid requirements that are still in place. And I would suggest going to one of the SBA experts in SBA regional office if there's true eligibility questions that you can't figure out.



- S1: 40:36 Thank you. I think maybe one more, and then we can do a wrap. When we step back and just-
- S2: 40:41 Tom just added a clarification. I thought, just on that answer, I-- Tom, I know that you wanted to add something to that.
- S4: 40:48 Sure. So just to reiterate both what Ann Marie and you had already said, really, the decision ultimately is going to be between the banker and the small business owner. And both of you, as former bankers, know that that relationship between the banker and small business is important. There's never been a time where that relationship is more important than right now. As far as foreign companies go, and this gets into some of the complexity, Department of Treasury is allowing foreign-owned companies who have subsidiaries based in the United States to receive PPP loans. The subsidiary in the United States must have 500 or fewer employees who live in the United States to be eligible for a PPP loan. But that was something that was different from an early version to, I think, late last Thursday night where they clarified that.
- S1: 41:56 Thank you. Maybe one more question before we wrap. I know your time is precious. You all have been through many multiple economic cycles, this one being a very unique one. Having kind of come through a few of these, what is kind of your general advice to small businesses as they navigate this time? In terms of what's on the road for each of us, what do you think are some of the likely things that may not have happened yet that may be in our future to prepare for as a small business?
- S2: 42:24 I'm going to go ahead and let Tom go first.
- S4: 42:28 This is a time where communities are banding together to help each other as neighbors, friends, and family members. There is no part of the fabric of a community that is more intertwined than small business. And because of that, neighborhoods and communities will get through it. And we will again see those leaders emerge who all of us on this call know are the small business leaders. Through thick and thin, they breed optimism, and this is no different. And so I expect an optimistic future, and it's going to be really hard to get there, but small businesses will lead the way.
- S2: 43:10 Ann Marie?
- S3: 43:12 Well, ditto. And I would say, stay-- make sure you have good lines to your bankers and your lenders, conserve cash. But take care of your core team so that you can find opportunities and look for ways to grow through this, and find new ways to do business in the event that you have business that's just totally shut down. I'm on the board of a restaurant franchisor that also owns a lot of its own restaurants, and the challenges they're facing are amazing. They're practically closed down. But I can tell you, they have found so many new revenue sources and so many ways to keep people busy. It's amazing. And it's because yes, they're entrepreneurs. They're creative. They're positive, and they're finding ways to continue to serve their clients and find new clients. So yes, we will get through it. It might take a little bit longer. I would say, [inaudible] taking a little longer. Thank you.



S2: 44:18

Thank you so much. I really appreciate that. I can't tell you what a pleasure it's been to work with all of you. Ann Marie, again, is just so noble, so committed to this small business community. And Tom is an ardent voice on everybody's behalf here that's connected. So thank you both for all of your work, and to Impact for convening this. I just want to say for my part that I have such admiration for the small business community, the 30 million across the country. When you think about a town, and you think about visiting a town, you go to the mall, and the malls all begin to look alike. And the thing that distinguishes and makes a community attractive for tourists, for visitors, for community is its local businesses. It's the main street. And so we want to preserve small businesses. And we know that after 30 days, 25% of them are likely not to come back online. After 90 days, we learned that about 50% of them are not likely to come back online. So these interventions, these programs are essential to make sure that we have higher success rates.

S2: 45:28

The other reasons small businesses are important to support is because so many of the large corporations-- and Tom will, I'm sure, talk to this, is that so many large companies now say that their new Research and Development departments or R&D departments are now called M&A. They look to small businesses for innovation, for disruption. And so I think this is a tremendous opportunity for small businesses that have always been the disruptors, the innovators, the ones that know how to hack to find new solutions for things. This is an opportunity for them to step up and say, "What are going to be my pain points--" as Ann Marie said, "--in my new life, as my new business? And how can I find a solution to address that pain point?" And so this is an opportunity to really innovate. And I invite and challenge all the small businesses that are listening within our reach here to think hard about what solutions they can come up with.

S2: 46:24

And lastly, I wanted to say that-- I mentioned earlier that small businesses have an opportunity to procure from the federal government at a 23% level. And I think for Tom, and for so many of us on-- that think about policy, it's an opportunity to say, "If we want to create a strong America, maybe 23% isn't enough." Maybe this is a time for the federal government to step up and say, "Why aren't we buying more from small businesses?" Because we know that small businesses are probably employing local American workforce. And so it's an opportunity for us to think hard about what policy opportunities there are too. And so I would encourage Tom and all of us to think about how we can amplify the ideas that will come from meetings like this with Impact and propose them because that's the only way things become possible. So again, I think that in terms of our community and our culture, in terms of the resources that the small businesses provide in our community to us, the local jobs, our first jobs in many instances, and then finally, the part of the supply chain and the disruption. For all these reasons, sessions like this are important because we want small businesses to endure and to be part of our future, and to create wonderful things that we all love to purchase and enjoy in our homes. I want to thank Impact and everybody who joined us today. And you let us know, Impact, if there's an opportunity to answer more questions at another time as these programs evolve. We're happy to come back.

S1: 47:58

Administrator Maria, thank you so much. And Ann and Tom, thank you so much for giving us the time. This was really an incredible session. And to all of our attendees, we really appreciate it.





Hope you all have a blessed day, and appreciate all the time you've given us.

S2: 48:10

Great panel. Thank you all for joining us. Thank you. Have a great day

S1: 48:13

Cheers, everybody. Bye-bye.

S4: 48:15

Thank you.