COVID-19 Stimulus and Community Response

April 7, 2020

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Disclaimer

Information about all programming discussed today is current as of 4/7/2020. Due to the rapidly changing environment and dynamic nature of the COVID-19 crisis and response, plan for ongoing communications and monitoring about program updates.
Learning Objectives

• Increase your awareness of the concerns of Minnesota businesses
• Increase your knowledge of state, federal and local programming options available for businesses affected by COVID-19
• Consider options for connecting businesses in your community to resources
• Agenda
  – Each panelist will provide 8-10 minutes of introductory remarks
  – 20 minutes of Q and A
• Pose questions in chat
• Slides will be shared after the session
OUR MEMBERS

BY INDUSTRY

- PROFESSIONAL SERVICES:
  Finance, insurance, associations, advertising, legal services, engineering, real estate.

- MANUFACTURING: 28%
- WHOLESALE: 7%
- HOSPITALITY AND RETAIL: 7%
- CONSTRUCTION: 7%
- TRANSPORTATION: 4%
- HEALTH SERVICES: 3%
- UTILITIES: 10%
- AG/FORESTRY/FISHING/MINING: 3%
OUR MEMBERS

BY NUMBER OF EMPLOYEES

- 1-99: 11%
- 100-199: 10%
- 200-999: 4%
- OVER 1,000: 75%
COVID-19 FOCUS AREAS

• Information and Resources
  • Webinars
  • Toolkit – https://www.mnchamber.com/blog/covid-19-business-toolkit
  • Business Assistance – one-on-one, customized resources
  • Economic data – surveys; Grow Minnesota! Partnership

• Advocacy
  • Policy development
  • Governor’s COVID-19 Advisory Council

• MN Supplier Match – supply chain

• Workforce development

• Local chamber network
SMALL BUSINESSES WERE REPORTING SLOWING GROWTH HEADING INTO COVID-19 CRISIS

Net percentage of businesses with increased revenue

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<tbody>
<tr>
<td>0 to 10</td>
<td>55%</td>
<td>59%</td>
<td>49%</td>
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<tr>
<td>11 to 50</td>
<td>59%</td>
<td>66%</td>
<td>58%</td>
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<tr>
<td>51 to 100</td>
<td>68%</td>
<td>71%</td>
<td>51%</td>
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## HOW MANY MINNESOTANS WORK IN CRITICAL INDUSTRIES?

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<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
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<tr>
<td>Critical Industries</td>
<td>2,089,933</td>
<td>79.2%</td>
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<tr>
<td>Industries * (dependent on CISA guidance)</td>
<td>539,142</td>
<td>20.4%</td>
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<tr>
<td>Industries not specified by DEED</td>
<td>8,127</td>
<td></td>
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<tr>
<td>Local, State, Federal Government (Not specified in NAICS Industry List)</td>
<td>425,891</td>
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*Percentages are of total private sector employment.*
WHAT ARE THE BIGGEST INDUSTRIES NOT LISTED AS CRITICAL? (*DEPENDENT ON CISA GUIDANCE)

Total Minnesota Employment, 2019

- Employment Services: 56,428
- Services to Buildings & Dwellings: 32,912
- Other Amusement & Recreation: 32,753
- Support Activities - Printing: 25,699
- Retail - Automobile Dealers: 23,313
- Traveler Accommodation: 22,778
- Retail - Clothing Stores: 18,138
- Wholesale - Machinery & Equipment: 16,901
- Advertising & Related Services: 16,778
- Personal Care Services: 15,248
WHICH MINNESOTA REGIONS HAVE THE HIGHEST SHARES OF WORKERS IN CRITICAL INDUSTRIES?

Critical Industries as a share of Total Private Employment

- Southwest: 84.6%
- Southeast: 82.2%
- West Central: 81.1%
- Northwest: 80.6%
- Northeast: 79.5%
- Twin Cities: 78.4%
- Central: 78.1%
SMALL BUSINESSES IN MINNESOTA

- 520,110 small business in Minnesota. (2019)

- Small businesses make up **99.5%** of all Minnesota businesses, and employ **47.2%** of all workers.

*Source: SBA, State Profiles, 2019*
Q11 How has COVID-19 affected sales/revenue in your business so far this year, and what impact do you expect in the near future?
Q13 What effect has COVID-19 had on current staffing levels at your firm and what impact do you expect in the near future?
Q17 Has the COVID-19 outbreak changed your company's outlook for 2020?
Main Street Business in Greater MN - Essential Worker

“We’ve lost more than 80% of our normal revenue during the last two weeks. We can’t afford to stay open – can’t afford to close. We don’t qualify for many of the state or federal loan/grant programs. Time and cash is critical.”

Non-essential business - 26 locations nationally – 674 employees (mostly all part-time 6 to 8 hours per week)

“We qualify for nothing. We’ve been shut down and our largest revenue cycle is spring. Our business will never survive this crisis.”

Small Business – Metro area – Non-essential -

“We have been waiting for more than a week to hear back on our loan application and can’t make payroll and monthly rent. We don’t want to lay-off our employees because we are afraid we will never get them back again.”
Small Business Emergency Loan Program

Program Purpose:

Following [Executive Order 20-15](#), DEED established a loan program to assist small businesses directly and adversely affected and whose industry is named in [Executive Orders 20-04](#) and [20-08](#) following the COVID-19 pandemic:

- Range from $2,500 to $35,000 and will be based on the firm’s economic injury and the financial need
- Be interest free
- Be paid back monthly over five (5) years and the first payment will be deferred six (6) months
- Partial forgiveness may be available
- Be provided to only Minnesota-based businesses
Program Eligibility:

• Be current on financial obligations as of March 1, 2020
• Be an existing small business (whatever the form of their organization)
• Have been operating in Minnesota long enough to demonstrate financial viability
• Be willing to provide collateral or personal guarantee for at least 20% of loan
• Be unable to qualify for a standard loan through a bank, credit union, or nonprofit lending organization
• Pay-off the emergency loan if financing is received subsequent to loan approval.

A list of Qualifying business types is here: https://mn.gov/deed/business/financing-business/deed-programs/peacetime/
WARNING:

This Program ONLY covers businesses in the industries listed in EO 20-04 and 20-08. Subsequent EOs asked for the closure of other business types, but they are not eligible for this program.

Please do not apply unless you clearly fit one of the business types listed. If your business does not qualify, your application cannot be considered. Please note that if you do not qualify but you apply anyway, you are simply adding to a backlog that will delay getting needed funding to your friends and neighbors.

Sample Ineligible businesses:
- Non-profit organizations
- Event centers
- Food trucks (unless at least 51% of revenue was from a qualified restaurant operation)
- Catering (unless at least 51% of revenue was from a qualified restaurant operation)
- Medical type businesses, e.g. chiropractic, acupuncture, physical therapy (unless their business is at least 51% revenue from “spa” type services such as massage therapy)
- Bed and breakfasts
FAQs:

• Sole proprietors are eligible as long as the business can demonstrate a history of operations and provide supporting documentation.

• Lenders are limited to not-for-profit community lenders identified by DEED.

• To be eligible, a business needs to file applicable insurance claims and be ineligible for a standard loan from a lender.

• All businesses are encouraged to apply for SBA assistance as the overall financing and associated terms may be better than the SBEL and would not be considered a "bridge loan" like the SBEL is.

• Each business may only receive one SBEL loan, even if there are multiple locations.

• Rent or mortgage payments, payroll for current employees and working capital are some of the expenses that a SBEL can be used to fund. The loans cannot be used to pay or refinance past debt.
Revolving Loan Funds

• Any local unit of government or lending partner that has revolving loan funds that were provided by the Minnesota Investment Fund program appropriations or Minnesota Investment Fund Disaster program appropriations, may over the next 90 days issue loans to retail and service providers.

• DEED estimates that up to $28 million in capital could be accessible through local revolving loan funds and local governments through this action. Local partners will be looking at ways to deploy these resources to support their local businesses.
Program Purpose:

To help Minnesota lenders provide capital to small businesses in Minnesota (fewer than 250 employees) affected by COVID-19.

Allowable loan uses must be exclusively in Minnesota and include machinery or equipment purchases, maintenance, or repair; expenses related to moving into or within Minnesota; and working capital when the working capital is secured by fixed assets when possible.

The program will provide an 80% guarantee up to a maximum of $200,000 via banks and community lenders (not DEED directly). A fee of .25 percent on the guarantee loan principal will be charged for each loan enrolled into the program.
FAQs:

• The rate, term, and collateral requirements will be set by each individual lender's policies.

• Lenders will not be given an allocation (unlike SBEL) and loans will be enrolled into the program on a first come, first served basis as funds are available.

• There are no job creation or wage requirements associated with enrolled loans, nor are matching private funds.

• The following businesses would not be eligible: those that derive income from passive investments without operational ties to operating businesses, primarily generate income from gambling activities, and/or generates any part of its income from adult-oriented activities.
Traditional DEED programs like: Emerging Entrepreneur Loan Fund, Minnesota Investment Fund, Job Creation Fund

Peacetime Emergency Child Care Grants

• Selected applicants will receive an award on a month-to-month basis. Monthly grant awards start at $4,500. All providers awarded a grant are also eligible to receive an additional $1,000 per month if they meet one or more of the following criteria:
  • Are open during non-standard hours (defined according to the Child Care Business Survey as open before 6 a.m., after 6 p.m., and/or on weekends), including overnights and weekends
  • Serve children whose first language is other than English
  • Serve children with special needs

• Providers that are licensed to serve 15 or more children will be eligible for an additional amount of up to $15,500 per month. The maximum grant a provider is eligible for is up to $21,000 in one month. Providers may be eligible to receive grants for more than one month. However, grant award amounts are subject to change (increase or decrease) on a month-to-month basis.

Details: https://www.childcareawaremn.org/providers/emergency-child-care-grants/
SBA Disaster Loan Programs

U.S. Small Business Administration
SBA’s Disaster Declaration Makes Loans Available Due to the Coronavirus (COVID-19)

- Economic Injury Disaster Loan (EIDL)
- Economic Injury Disaster Loan (EIDL) Advance
- Paycheck Protection Program (PPP)
- SBA Debt Relief
- SBA Express Bridge Loan
Economic Injury Disaster Loan Eligibility

FOR-PROFIT SMALL BUSINESS
• Small business with less than 500 employees
• Businesses over 500 that meet size standards
• Tribal small business concerns under 500 employees

NON-PROFIT ORGANIZATIONS
• Private non-profit organizations
• Faith-based organizations

Visit: https://www.sba.gov/size
Ineligible Entities

What are some of the businesses that are ineligible for an Economic Injury Disaster Loan?

• Agricultural Enterprises - If the primary activity of the business (including its affiliates) is as defined in Section 18(b)(1) of the Small Business Act, neither the business nor its affiliates are eligible for EIDL assistance. Please contact USDA or the State of Minnesota for agriculture-related assistance.

• Businesses considered hobbies

• Gambling Concerns - more that 1/3 of annual gross revenue from legal gambling activities.

• Speculative real estate businesses
Economic Injury Disaster Loan Terms

How much can I borrow?

- Eligible entities may qualify for loans **up to $2 million**.
- The interest rates for this disaster are **3.75 percent for small businesses** and **2.75 percent for nonprofit organizations** with terms up to 30 years.
- Repayment will start 12 months from date of the note
- No pre-payment penalties

How can I use the loan funds?

- Payroll costs, salaries, sick leave
- Rent or mortgage payments
- Material costs
- Pre-existing debt
Economic Injury Disaster Loan Criteria

Credit History and Repayment Ability
Applicants must have a credit history acceptable to SBA and is assessed in a case by case basis. SBA must determine that the applicant business has the ability to repay the SBA loan.

Personal Guarantees
• There are no personal guarantees for loans $200,000 or less
• Personal guarantees are required for loans >$200,000

Collateral Requirements
• Economic Injury Disaster Loans over $25,000 require collateral
• A blanket UCC-1 will be filed on business assets
• Real estate may be required as collateral on loans over $500,000
Economic Injury Disaster Loan Advance

Any entity that is eligible to apply for a COVID-19 Economic Injury Disaster Loan is eligible for the loan advance

• Up to $10,000
• Will be deposited within 3-5 business days
• No requirement to repay advance, even if denied for a disaster loan
• Applications submitted prior to March 30, 2020 need to reapply at the new portal for the Advance.

How can I use the loan advance funds?

• Payroll costs, salaries, sick leave
  • Rent or mortgage payments
    • Material costs
    • Pre-existing debt
Streamlined Application Process

Covid-19 Economic Injury Disaster Loan Application

https://covid19relief.sba.gov/#

ELIGIBLE ENTITY VERIFICATION

Choose One:

- Applicant is a business with not more than 500 employees.
- Applicant is an individual who operates under a sole proprietorship, with or without employees, or as an independent contractor.
- Applicant is a cooperative with not more than 500 employees.
- Applicant is an Employee Stock Ownership Plan (ESOP), as defined in 15 U.S.C. 632, with not more than 500 employees.
- Applicant is a tribal small business concern, as described in 15 U.S.C. 657a(b)(2)(C), with not more than 500 employees.
- Applicant is a business, including an agricultural cooperative, aquaculture enterprise, nursery, or producer cooperative, that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a business with more than 500 employees that is small under SBA Size Standards found at https://www.sba.gov/size-standards.
- Applicant is a private non-profit organization that is a non-governmental agency or entity that currently has an effective ruling letter from the IRS granting tax exemption under sections 501(c),(d), or (e) of the Internal Revenue Code of 1954, or satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law, or a faith-based organization.
Paycheck Protection Program (PPP)

- **Eligibility (in operation 2/15/2020)**
  - Under 500 employees, or over 500 but small by size standards
  - Tax-exempt nonprofits 501(c)(3)
  - Veterans organizations 501(c)(19)
  - Tribal concerns
  - Sole proprietor, independent contractor, self-employed (4/10)

- **Purpose**
  - Payroll, interest on mortgage, rent, utilities
  - **Forgiven if used substantially for payroll – some requirements**
Paycheck Protection Program (PPP)

- Up to $10M, 2-year term, 1% interest
  - Loan payments deferred for 6 months, interest will accrue
- Required documentation
  - Payroll records or tax filings
  - Form 1099-MISC
  - Income expense for sole proprietorship
- No Fees, Collateral or Personal Guarantees
- Apply directly with Lender - https://www.sba.gov/content/minnesota-lenders-list
- You can see sample documents at the PPP website (Forms 2483, 2484)
Paycheck Protection Program (PPP)

Some employees make more than $100,000, outstanding EIDL loan of $10,000

- Annual payroll: $1,500,000
- Subtract compensation amounts in excess of annual salary of $100,000: $1,200,000
- Average monthly payroll: $100,000
- Multiply by 2.5 = $250,000
- Add EIDL loan of $10,000 = $260,000
- Maximum loan amount is $260,000
SBA Debt Relief

Eligibility
- Current 504, 7(a) and Microloan borrowers are eligible
- New 504, 7(a) and Microloan loans between 3/27/2020 and 9/26/2020 are also eligible

Loan Specifics
- Size of loan, interest rate, term, fees, use of proceeds, and collateral are determined by the loan program
SBA Debt Relief

- Personal guarantees are required
- **SBA will cover principal, interest and fees for 6 months**
- Apply with a lender that participates in the loan program
  - Participating Lenders - [https://www.sba.gov/sites/default/files/articles/Complete_Lender_List_2020april2.pdf](https://www.sba.gov/sites/default/files/articles/Complete_Lender_List_2020april2.pdf)
- Deadline to apply for new loans is 9/26/2020

SBA Express Bridge Loans

- **Current customers of SBA Express Lenders are eligible**
  - Loan amount up to $25,000 for up to 7 years
  - Interest rate is Prime +6.5%
  - Guarantee fee – 2% on guaranteed portion of loan
  - Use for working capital
  - Collateral not required
  - Personal guaranty is required
  - **Lender can require loan to be repaid with disaster funds.**
No-cost technical assistance, consulting, and mentorship from any of SBA’s Resource Partners:

- Small Business Development Centers (SBDCs) - [https://mn.gov/deed/business/help/sbdc/](https://mn.gov/deed/business/help/sbdc/)
- SCORE - [https://www.score.org/](https://www.score.org/)
- Women’s Business Centers (WBC)
  - WomenVenture - [https://www.womenventure.org/](https://www.womenventure.org/)
- Veteran’s Business Outreach Centers - [https://www.wwbic.com/veterans/](https://www.wwbic.com/veterans/)
Other Financial Resources in Minnesota

DEED, MN Dept. of Employment and Econ. Development
State of Minnesota

**Small Business Emergency Loan**
Up to $35,000 through state certified lenders

**Minnesota Small Business Loan Guarantee Program**
Up to $200,000 for businesses with < than 250 employees

**Frequently Asked Questions for Employers and Businesses**

**Unemployment Insurance**

**Health Insurance Resources**
Health Resources in Minnesota

Minnesota Department of Health

- MDH materials in Amharic, Arabic, Chinese, Hmong, Karen, Russian, Somali, and Vietnamese

Centers for Disease Control and Prevention

World Health Organization
BEWARE OF SCAMS AND FRAUD SCHEMES

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the largest financial assistance bill to date, includes provisions to help small businesses. Fraudsters have already begun targeting small business owners during these economically difficult times. Be on the lookout for grant fraud, loan fraud, and phishing.

From our Partners at IRS: BE AWARE OF SCAMS RELATED TO THE STIMULUS PAYMENT

- Government agencies will not call, text, or email you requesting information for stimulus payments.
- Be aware of phishing calls, emails, or texts that include language such as: “In order to receive your stimulus payment by direct deposit, you must confirm your bank information.”
Any Questions?

More information concerning SBA and its programs

Sign up for updates at www.sba.gov/updates
Follow us on Twitter @sba_minnesota

Send questions to:
Minneapolis.mn@sba.gov | 612.370.2324
disastercustomerservice@sba.gov | 800-659-2955
(800-877-8339 for the deaf and hard-of-hearing)
Big Stone Area Growth (BSAG)
COVID-19 Business Assistance Loan

Presented By:

Vince Robinson, President
Development Services, Inc.
BSAG COVID-19 Business Assistance Loan

• Purpose:
  – Provide Local Stop-gap Funds to Businesses Impacted by the Governor’s Executive Orders 20-04 & 20-08
  – Show Strong Community Support for Impacted Businesses
  – Create a Positive Contact Point to Address Additional Issues and Resources
BSAG COVID-19 Business Assistance Loan

• Eligible Businesses:
  – Those Specifically Named by Governor’s Exec Orders 20-04 & 20-08
  – Must Have a Physical, Commercially Approved Location within Big Stone County
  – Must Be Current with County Property Taxes
  – Business Must Be In Compliance with Government Regulations
BSAG COVID-19 Business Assistance Loan

• Eligible Uses of Funds:
  – Operating Capital to Cover Loss of Revenue
  – Other Activities as Determined by BSAG Board on a Case-by-Case Basis
BSAG COVID-19 Business Assistance Loan

• Loan terms:
  – Up to $5,000
  – Zero Interest
  – Up To 6 Months Deferral on Repayments
  – Loan to be Repaid in Full Within 24 Months of First Draw of Funds
  – Loan Due in Full if Business Closes or is Sold
  – Loan is Not Transferrable Without BSAG Board Approval
BSAG COVID-19 Business Assistance Loan

• Loan Security:
  – Blanket UCC
  – Personal and/or Corporate Guarantees

• Other Considerations:
  – Funds Available for Undetermined Amount of Time and Limited by BSAG Board at Their Discretion
  – BSAG Board Conflict of Interest Rules Apply
BSAG COVID-19 Business Assistance Loan

For Further Information Contact:

Vince Robinson, President

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Thank You!
Thank you to our sponsor, the speakers, and you all for joining us for this important conversation.

Check [www.edam.org](http://www.edam.org) for additional resources.

Next webinar will be on April 21, 9 a.m.
Lender’s Roundtable