

July 22, 2020

Dear Members of New York's Congressional Delegation:

As New York State continues responding to the evolving COVID-19 pandemic and the startling damage to our small businesses we are presented with challenges that cannot be solved by applying one-size-fits-all solutions. Unfortunately, many of the businesses in our communities may never recover or reopen again, leaving countless staff unemployed or underemployed.

Last month the Assembly continued its outreach, through a series of five regional public hearings, to the business community to ascertain what their top priorities are going forward as they struggle to keep their doors open and staff employed. Legislators heard from small business owners, agricultural representatives, business associations, and the banking industry to better understand the impact of federal policies to date. Pre-COVID-19, according to U.S. Census Employment and Wage Data, 98 percent of New York businesses had fewer than 100 employees (also the State's statutory definition of a small business), with the vast majority of those being micro-businesses that employ less than ten full-time equivalent employees (FTEs).

The one constant plea expressed by small businesses at all of our hearings was the need for additional assistance from the federal government – assistance critical to their survival moving forward. The following are some of the key takeaways and recommendations from the hearings regarding future federal assistance and response:

- Amend the business assistance loan programs received under the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan program (EIDL) enacted under the CARES Act.
 - Loans should be converted to grants or, at minimum, such loans should carry a zero-interest rate rather than charging interest to a struggling business.
 - Consistent guidance and simplified application processes need to be implemented for these or any other future funding or assistance.
 - Steps should be taken to increase transparency by documenting who has received assistance under the PPP and EIDL program and other forms of federal funding and assistance so that people can understand who is getting support and how.
- Future federal business assistance legislation should be tailored to those entities that have not received assistance to date, to true small businesses (under 100 FTEs) and micro-businesses (under ten FTEs), and to not-for-profits classified as 501(c)(6) professional associations that were barred from accessing assistance under PPP or EIDL. The following are some of the assistance needs specifically detailed by witnesses:
 - Direct grants to micro-businesses, rather than loan programs. If loans are unavoidable, then low- or no-interest rates, flexible cost eligibility requirements, and extended repayment schedules will be needed to make them useful to micro-businesses.

- Special funding directed to assist micro-businesses with less than ten FTEs as well as provisions for sole proprietor businesses, whose payroll costs are a small fraction of their overall costs.
- States and localities are best suited to pinpoint where critical needs are for any future funding distribution. Therefore, rather than distribution of funds solely through a one-size-fits-all federal entity such as the Small Business Administration or through big commercial banks, funds need to be administered through state and local channels, such as block grants and small community banks. Applications should be run through local chambers and other economic development organizations, especially in areas with a high percentage of businesses owned and run by immigrants. Language and culture were major impediments to immigrant businesses receiving assistance in previous legislation.
- In addition to payroll assistance, there needs to be flexibility in the use of funds to allow small businesses that have costs beyond payroll, such as rent or mortgages, utilities, logistics, and capital costs.
- Minority- and Women-Owned Business Enterprises (MWBEs) need financial assistance that is tailored to their needs. About half of the MWBEs have received work from governments, either the state or local governments. They will need funding to assist in adjusting to the new economic situation. Alternatively, more infrastructure spending would go a long way to ensuring work remains available for MWBEs. Supporting continued state and local government operations and bills like the Moving Forward Act would both keep MWBEs in business and paying their employees.
- Many not-for-profits that were excluded under parts of the CARES Act need the same assistance as other small businesses going forward. 501(c)(6) organizations (chambers of commerce), arts and cultural organizations, healthcare and other philanthropic professional entities all provide necessary services and need to be eligible for federal financial assistance. These organizations are similar to small businesses in that the COVID-19 public health emergency has had the same devastating impact on their day-to-day operations and ability to retain employees. Often, as in the case of chambers of commerce, they are the local entities helping any small businesses in their community, regardless of membership, to navigate this crisis.
- Other areas that need federal financial assistance and policy development:
 - Childcare

We heard time and time again during the recent hearings of the importance of childcare to the health of small businesses, and of the devastation wrought upon the childcare industry. Childcare is the small business that supports small business workers and their employers. This is an industry that was already in crisis before the pandemic, is in full disarray during it, and which New York cannot afford to lose, especially now. The reduced capacity necessitated by safety guidelines means many childcare programs will not be able to survive. This will force families to choose between work and safe childcare for their children, reducing the workforce available for small businesses. For every employee who cannot return to work due to a lack of childcare, a small business will need to spend time and money to find and train new employees, right when they can afford neither.
 - Retraining and skills development

New York State Department of Labor has reported that more than two million individuals filed for unemployment insurance since mid-March. Given that many businesses will be not

able to reopen, and that those which can reopen are likely to be doing so in a limited capacity, many individuals will be seeking new employment or to enhance their skills. Employers may also have different needs that will require that employees be retrained to match the needs of the company. Additional federal funding is imperative to assist the unemployed, underemployed and employers.

- Agriculture

It was emphasized during the regional hearings the need for Congress to provide federal funding to food distribution programs that is flexible and allows them to purchase regionally produced and processed food, thus ensuring food-insecure individuals and families have access to fresh products from New York farms. Further, future funding should allow, as an eligible expense, the purchase and installation of the infrastructure necessary to support local processing plants for meat and local food distribution programs to safely store food received from regional producers, such as additional cold storage for dairy products and foods that may only be available seasonally, such as apples and onions. State and local governments cannot alone be the investors in these regional and national significant assets; the federal government must share this responsibility to ensure food security and access.

- Personal Protective Equipment and Devices (PPE)

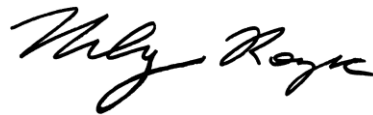
As businesses reopen, how business is conducted will be dramatically changed. The federal government must work with states to establish consistent business guidance. Further, funding for and reliable access to personal protective equipment and devices (PPE) needs to be guaranteed to businesses as they reopen. PPE will be necessary for the safety of both their employees and customers.

The assistance and advocacy of the New York Congressional Delegation on behalf of our state's small business community has never been more important than right now. New York is strong and resilient and will eventually overcome the challenges of this public health crisis. However, what is done now, in these early stages of re-engagement, will set the economic stage for decades to come. Please keep us apprised of any updates going forward and let us know how we can help all New Yorkers through this difficult period.

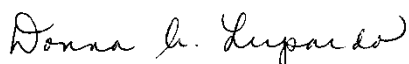
Sincerely,



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