ASSEMBLYMEMBER
Monique Limón
DISTRICT 37

COVID-19 VENTURA AND SANTA BARBARA COUNTIES TELECONFERENCE TOWN HALL #3: SMALL BUSINESS RESOURCES APRIL 1, 2020

Acronyms:

EDC – Economic Development Collaborative
EDD – Employee Development Department
EIDL – Economic Injury Disaster Loan
PPP – Paycheck Protection Program
SBA – Small Business Administration
SBDC – Small Business Development Center
SBM – Small Business Majority
WEV – Women's Economic Ventures

WELCOME BY ASSEMBLYMEMBER MONIQUE LIMÓN, SENATOR HANNAH-BETH JACKSON, and U.S. CONGRESSMAN SALUD CARBAJAL

Assemblymember Monique Limón

- Focus of this teleconference will be on small business resources.
- We want to make sure that small businesses can keep their doors open during this health crisis.
- We understand that times are tough for small businesses and their clientele. We continue to hear this on a regular basis. We have been hearing concerns about everything from cash flow, taxes, extensions, licensing, and many other issues, which are key issues to keeping businesses healthy.
- And we will continue to provide you with this information on the enacted CAREs Act and the Governor's Executive Order N-40-20 related to the California Department of Tax and Fee Administration. Effective March 30, 2020 all taxpayers who file a return less than $1 Million dollars will have an additional 3 months to file their return, between now and July 31, 2020.
- All three offices will continue to update as additional resources become available.

Senator Hannah-Beth Jackson

- These are very uncertain and challenging times for all of us.
- Our goal is to provide you with as many resources for our small businesses that were affected by COVID-19.
- $2.2 Trillion dollar package was passed last week that hopefully will give some reassurances to small businesses.
- It is crucial we get these resources to our small businesses that make up a large portion of the economy.
- The State of California has taken a number of steps to deal with this pandemic.
- As previously mentioned, the Governor has signed executive orders that expand tax regulatory and licensing extensions for businesses. Allowing the CA Tax and Fees Administration to offer these extensions for up to 90 days.
- If you have any further questions please visit my website: https://sd19.senate.ca.gov/coronavirus-resources

Congressman Salud Carbajal

- Our country and the entire world are experience a public health crisis like no other in recent memory.
- However, as all of this is happening we will get through this together.
- Businesses have been hit hard, they need local, state, and federal responses to keep their doors open when shelter at home orders are lifted.
- The federal government just passed the Coronavirus Aid, Relief, and Economic Security Act'' or the ''CARES Act''.
- A bipartisan $2.2 trillion package and continue to negotiate an additional relief package for the future.
- The CARES Act provides the following:
    - **Paycheck Protection Program Loan (PPP)** that provides cash flow assistance to 100% federally guaranteed loans for employers to maintain payroll during this emergency.
        - If employers maintain their payroll, the loans will be forgiven. This will help workers remain employed as well as help affected small businesses and our economy bounce back quicker after the crisis.
    - **Small Business Debt Relief Program**: provides immediate relief with non-disaster Small Business Administration (SBA) loans and micro loans. Under this program SBA will cover all loan payments on existing SBA loans including principal, interest, and fees for six months. This relief will also be available to new borrowers who take out loans within six months from the President signing the CARES Act.
    - **Economic Injury Disaster Loans Program (EIDL) and Emergency Economic Injury Grants** provide an emergency advance of up to $10,000 dollars to small businesses, and private non-profits harmed by COVID-19 within three days of applying for SBA EIDL loan.
- Counseling and training funding to support Small Business Development Centers, Women Business Centers, including Women's Economic Ventures (WEV), and SCORE Business Mentors.
- Our three offices will continue to update you as information becomes available from the state and federal level.

The goal for today's teletownhall is to provide answers question small businesses have Business Resources. Updates are changing on a regular basis.

PANELIST INFO:

Panelist 1: Victor Parker

Small Business Administration, District Director, Los Angeles District Office
LA District Office serves LA, Ventura and Santa Barbara Counties.
Contact Info: lado@sba.gov | (818) 552-3201

Panelist 2: Xiomara Peña

California Program Director
National Latino Entrepreneurship Director with the Small Business Majority

Contact Info: (818) 470-0377

Panelist 3: Clare Briglio,

Economic Development Collaborative (EDC) of Ventura County,
Director of Communications
Contact Info: Clare@edcollaborative.com | (805) 798-4445

Panelist 4: Nicki Parr,

Women's Economic Ventures, Associate Director of Strategic Initiatives.
Contact Info: nparr@wevonline.org | (805) 456-2348

Panelist 1: Victor Parker

- SBA is providing small businesses with technical assistance to navigate what is happening now.
- Two parallel loan tracks that are in process now that the District SBA office can help small business navigate:
  1. **Economic Injury Disaster Loan (EIDL):**
     a. Covers up to $2 Million dollars in assistance and can provide basic support to businesses as they overcome this pandemic.
     b. Can be used to pay debts, payroll, accounts payable, and other bills that can't be paid now because of the impact of COVID-19.
     c. Offers a long-term repayment process for up to 30 years.
     d. Interest rates for small businesses is 3.75%, and for non-profits it is 2.75%.
  2. **Payment Protection Program (PPP):**
     a. Eligible to all businesses including non-profits, veteran organizations, tribal concerns, sole proprietorships, self-employed individuals
     b. Up to $10 Million dollars
     c. There is a loan forgiveness component to this if the proceed are used for payroll costs and other designated business operating expenses in eight weeks following the date of the loan origination.
     d. All of these loans under the program have an interest rate of 0.5%
     e. Maturity date in two years.
     f. First payment is deferred for six months.
     g. This is done 100% guarantee by the SBA.
     h. No collateral, no personal guarantees, and no borrower or lender fees payable to SBA.
- These loans will be done through lending partners. In addition, SBA is currently in the process of recruiting additional lenders who may have not traditionally been participating in SBA loan programs, but for this response effort SBA is recruiting additional lenders that will be able to help put the money back into the hands of small business owners.

Panelist 2: Xiomara Peña

- Small Business Majority (SBM) is a national non-profit that helps small businesses navigate the complexity of running a business. SBM works to 1) address educational needs of small business owners, but 2) advocate for positive changes via CARES Act and other phases of the Federal Stimulus Package.

    1. Work products that exist in partnership with Small Business Development Centers and others that do technical assistance work.
    2. Also been working to advocate for more of these changes via the CARES Act, and other phases of the stimulus packages that have passed.
  - Regarding the PPP Program, is if you already have an established business account with a lender; most large banks are typically the SBA 7(a) approved lenders, small business should call them now and let them know that you are interested in this product.
  - The CARES Act includes:
    - $349 billion in loan guarantees through the PPP
    - $10 billion for the EIDL product
    - $17 billion for six months of forbearance for current SBA loans
    - $240 million for Small Business Development Centers (SBDC)
      - SBDCs are critical resources for small businesses to take advantage of.
  - In terms of the loan forgiveness program for PPP, there is a mathematical equation that looks at your loan qualifying amounts.
    - This is a monthly average of your payroll, multiplied by 2.5 that will essentially give you your loan fund amount. Please note that there are some exemptions, what is allowable and what is not.
  - There are also great guides in two portals online if you go to the SBM website: frequent webinars with guest speakers and documents.
- Treasury Department has also provided guidance to lenders around the PPP and some of those loans may start as early as April 3rd for businesses with employees and as early as April 10th for those who are self-employed or freelance that may also qualify.

Panelist 3: Clare Briglio

- Communications and Business Disruption District Director for the Economic Development Collaborative (EDC) serves Santa Barbara and Ventura County through the SBDC.
  - Provide free consulting services to about 900 firms a year.
  - Also work with other partners like the SBA.
  - We help communicate what state and federal programs are available to employers, self-employed individuals, employees, non-profits and provide guidance to help them choose what is best for them.
- What is currently happening locally?
  - In just the last two weeks, have engaged with over 1,000 businesses seeking assistance and access to capital.
  - Number of businesses seeking assistance will continue to grow as projections for unemployment for Santa Barbara and Ventura County will reach approximately 25% in April, compared to 4.6% in February.
  - This number does not include the number of self-employed individuals in both counties, which is estimated to be about 80,000.
  - Will be working on providing resources to a very large population of people.
- **Recommendations**:

    - ***Contact your insurance provider***. If you had business disruption insurance and the insurance provider is saying a pandemic is not included, the EDC is urging their clients to wait this out because they don't know when and how the federal government will step in to encourage or require insurance companies to cover losses at this time if you have that type of coverage.
    - ***Track your losses***. At any moment of disruption, it is important to track your losses. When you are applying for these types of programs, you will need to know what your losses were. In order to apply to certain programs you want to be able to give an estimate of what you are going to be asking for.
- If you are an employee, or self-employed, and you have lost wages or hours, under the CARES Act, the unemployment benefit has been extended to include self-employed individuals, so you are encouraged to apply. We know that people have applied that are self-employed and have already been denied, just wait. You are going to become eligible. EDD is having discussions to work this out to give you access. Don't lose hope in that benefit.
- As an employer, compare what programs are best for you. You do not have to navigate this alone, you can contact us or your local SBDC and we do this at no cost to you.
- If you need assistance please make sure to contact the Economic Development Collaborative at: https://edcollaborative.com/
- Resources:
    - Weekly webinars – One being held Friday, April 3.
    - Business resource hotline: (805) 409-9159

Panelist 4: Nicki Parr

- About Women's Economic Ventures (WEV)
    - A non-profit based in Santa Barbara and Ventura Counties
    - Provide small business guidance, consulting, and funding primarily for women-owned and minority-owned businesses but really to all small business owners.
    - Services are also available in Spanish
    - Work to provide accurate and up-to-date information to small business owners
- WEV Products and Resources:
    - Quick Response Loan
        - Up to $10,000 dollars
        - Over 59 applications already received
    - COVID-19 Response Line for Small Businesses Concerns
        - Phone number: (805) 456-2342
        - Phone number for Spanish speakers: (805) 908-0096
        - Callers can leave a message and will receive a call within one business day.
    - Weekly business webinars on issues that WEV is hearing.
        - Updated information and webinars are also available on their website at: https://www.wevonline.org/
    - Free Advisory Sessions

    - Call COVID-19 Response Line to schedule appointment
- Hearing the need for working capital is the number primary concern of small business owners.
- If you have cash flow questions, how to navigate the SBA EIDL vs. PPP loan provisions, available grants, WEV does have information and resources in English and in Spanish.
- Offers support for micro businesses, brick-and-mortar businesses, event-related companies, salons, estheticians, and everyone needing assistance.

Q&A

Q: My business struggles most with cash flow. What is the best program or product for me that is being offered by the Federal or State governments?

A (Nicki): This is a difficult question without getting into the details, but if the cash flow issues are related to payroll then it may be worth exploring the PPP. We encourage people to first go and apply to the SBA EIDL product. It is a ten-minute application process to get your details into the system. You then may be eligible for up to $10,000 of aid that is non-refundable portion of that loan. Overall, it is really valuable to speak to an advisor though the EDC or WEV to help you understand your numbers a bit better and establish what is the best product for you.

Q: Self-employed related - Are self-employed individuals eligible for unemployment? What are the eligibility determinations and steps for applying to these SBA products?

A (Clare, Victor): The CARES Act allows self-employed individuals to apply for unemployment insurance. EDD is currently working to update their system to allow self-employed individuals to apply, but there is a dedicated webpage to this particular group. Unemployed benefits have also been extended up to 39 weeks, which is important to know when applying for benefits. Self-employed individuals are also eligible for all tax filing extensions for business and personal taxes for both state and federal tax reporting purposes. The EIDL is also for self-employed individuals up to $2 million dollars, for up to 30 years at 3.75% for small businesses including independent contractors and self-employed individuals. Self-employed individuals can apply for the EIDL loan and request that $10,000 upfront grant (that if you apply and have been approved, you will subsequently receive). The PPP also applies to self-employed individuals, the loan is up to $10 million dollars. Self-employed individuals should seek assistance on determining

which programs work best for them – talk to an advisor. The terms and conditions of the two programs EIDL and PPP are different.

Q: Two individuals have been denied and referred to the EDC and both have been told the earliest appointment they can get is at the end of April. Knowing the ramification of waiting an additional month to submit a second application, what can be done to help?

A (Clare): There has been an unprecedented amount of calls and the EDC continues to expand their capacity to handle the call volume they are receiving. If anyone is interested in receiving no-cost consulting or advice on what loan products or resources are best for their business or their employees, contact the Small Business Hotline at (805) 409-9159. If you are not an EDC/SBDC client, there is a process to become a client online that you can do. Becoming a client will help speed up the process. EDC is working to schedule earlier dates for individuals who have already signed on. There are webinars being held that could be of help. EDC also offers guidance and advising in Spanish.

Q: My wife and I run a small business non-essential sole proprietorship with eight employees. For purposes of the bill, how is "full-time employee" defined? Does this bill cover part-time workers and their salary? Are those forgivable? As a sole proprietor are there any provisions in this, or in any other piece of legislation to replace my lost income during my business shutdown?

A (Xiomara, Nicki): For this bill, specifically on the PPP, those full-time employees and part-time employees are considered in terms of looking at their salaries in the payroll calculations to calculate your overall loan size. Those are both classified workers that you can incorporate into your calculation. In terms of being a business owner, if there is income that you have allocated for yourself that can also be included. However, this can depend on what documentation lenders will be using or asking for. Thus it is important to keep track of those records. The loans are not reimbursing lost revenue, the loans are to help cover overhead expenses, so it is really important to make that distinction.

Q: Are tenants able to defer paying rent due to the loss of income? Property owners face a very real problem maintaining ongoing expenses that have to be paid regardless of whether tenants pay rent or not. Fixed expenses like utilities, maintenance, mortgage payments, etc., continue on and can present significant cash flow challenges. What, if any, measures are going to be provided to help alleviate this burden for people providing critical housing during these difficult times?

A (Nicki): Landlords are encouraged to reach out to their mortgage providers. Some of the larger banks are offering mortgage deferments during this time, as well as reaching out to their utility providers to see if they have deferment options available. The SBA EIDL program covers overhead expenses and something like maintenance and utilities could be considered as overhead expenses for a property owner/landlord. Landlords are encouraged to apply for the SBA EIDL program through the SBA website.

Q: Would most businesses be more likely to be approved for an EIDL or PPP loan or both? Could you advise on deciding factors?

A (Victor): It depends on the structure of the business and where they are. It also depends on the business decisions that individuals will have to make. There are some limitations depending on where you are in the process. If you already applied for the EIDL for example, you still have the opportunity to apply to the PPP, but the application process will depend on which program you are enrolling in. EIDL is done directly with SBA but PPP must be navigated with some of SBA's providers—which is another layer of complexity. Reach out to your local SBA, WEV, and SBDC centers to help navigate you through the process and get you into the best loan program possible. Just note that there is no "double-dipping" into both loan programs to cover the same expenses. One thing that is also applicable between the two programs that the requirement is that the applicant must have been in business for one year.

Q: Our business applied for SBA support PPP loan yesterday through our bank. We received a letter denying our request. Verbally, we were told must have: A) a business account with the Bank and B) we must have about $2 million gross annual business to be eligible. Which banks do not have these requirements? Or, are 90% of all small businesses shut out of the opportunity to stay in business?

A (Victor): The guidance from the Treasury Department was released yesterday (03/31/2020) afternoon. Training for many loan officers still has to be done and yes, it is true that some financial institutions have requirements like already being a business client and having an online account in order to apply for the PPP through them. That is not the case with all the financial intermediaries that are SBA 7(a) lenders. There is a plan to expand financial intermediaries in the near future. Additional lenders are in the process of applying through SBA, which includes undergoing a vetting and training process. You are encourage to reach out to SBDC, Women's Center, or SBA Los Angeles District office to help you navigate and find lenders that are new and that will accept lenders outside their existing portfolio.

Q: We are a research and chemical technology company. We've closed our laboratories and R&D facilities since the Governor's order on March 19. We are small, we have 5 scientists and engineers and two administrators, and rely on laboratory work for meeting milestones on our funded projects. With our workspace we can make accommodations such that only two to three people come in at a time for conducting laboratory work, but separation through social distancing can be such that each person is in a different office and only one person in our large laboratory at a time. How do we obtain an exemption so that we can resume performing laboratory work to meet our grant deadlines and avoid going out of business?

A (Clare, Victor): The EDC has received similar questions. Individual businesses are encouraged to look at the guidelines for essential businesses and connect with their local County Health offices to clarify and communicate the necessity of their business, if they fall under the category of critical infrastructure business. You should also contact your local county and find out how they are enforcing the State Order. Another suggestion is to contact Go-Biz with the Governor's office (https://business.ca.gov/) and ask for the Small Business Advocate which may be able to give some direction as to how to obtain an exemption, navigate the Governor's Executive Order, as well as any local orders in the jurisdiction they are located.

Q: Is there a way to check the status of a loan application online? And will there be a list of PPP eligible banks in the district?

A (Victor): Yes. The website to check application will be going live on Friday April 3. At some point hopefully early next week, individuals will be able to go to the SBA Los Angeles District office website and they should be able to give them a list of lenders that are actively participating. Keep in mind that there may be lender requirements/preferences. The portal that SBA Los Angeles District office is setting up will have a search option to find the closest three or four SBA lenders to your business (still in test-mode). To check the status of your loan, depending on which programs you have applied for, there will be separate portals available for both the EIDL and PPP. EIDL will have a dedicated online portal which you will need to input your Application number in. PPP application status inquiries must be directed to your lender and their process on checking the status of your loan. I'm not 100% sure on that particular piece.

YOU CAN FIND MORE INFORMATION AND LINKS TO THE RESOURCES AVAILABLE TO YOU ON MY WEBSITE ASSEMBLY.CA.GOV/LIMON