

Mayor's Economic Resiliency Task Force (ERTF)

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The recently passed Coronavirus Aid, Relief and Economic Security (CARES) Act included several desperately needed programs to help small businesses and nonprofits survive and continue to pay their employees during this unprecedented emergency. The Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) and the EIDL Loan Advance programs administered by the Small Business Administration (SBA) were deployed to provide funding and support for businesses and nonprofits across the country.

The demand for these programs was so large that both ran out of funding within weeks of being made available. According to data from the SBA, hundreds of billions of dollars in applications were received that can't be processed due to last week's lapse in appropriations. This is in spite of the fact that many businesses and nonprofits were unable to apply for the programs due to the short window of availability or due to eligibility requirements.

As Congress considers the passage of additional relief bills - including additional funding for the PPP and the EIDL - there are several aspects of the programs that this Task Force believes should be altered in order to make them more accessible and impactful to businesses and nonprofits. The Anchorage Economic Resiliency Task Force urges the US Congress to make the following changes to the assistance programs:

EIDL Loan Advance

- The Loan Advance program should be separated from the main EIDL program. This will allow the loan advance to be better targeted to intended recipients.
- The loan advance should make small grants of up to \$20,000 available to small businesses and nonprofits under a separate standalone program with a focus on organizations with 50 or fewer employees.
- Create a separate relief program or allocate a specific amount of the total funding for nonprofits to address the unique business models of nonprofits. This will remove them from trying to compete with businesses on platforms designed to process for profit organization applications resulting in less confusion and better results.
- Allow states to advance these grants to employers before they receive the funds and receive reimbursement by the federal government in order to speed the capital deployment.

Economic Injury Disaster Loan Program

- Congress should allocate significantly more funding to the EIDL program. The EIDL is the more flexible finance option for businesses, especially those in seasonal industries, and is more

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- useful to smaller employers who are unable to take full advantage of the PPP funding.
- The amount of funding allocated to EIDL should be approximately equal to the funds allocated to PPP.
- The additional funding should be in addition to the provision of enough funding to cover the current amount of EIDL applications as well as additional funds to allow for new applications.
- Extend the current 12-month deferment for EIDL repayments to 24 or 36 months to better suit highly seasonal businesses and the general economic uncertainty impacts revenue projections.
- Make a portion of EIDL loans forgivable for businesses and nonprofits meeting a set of established criteria.

Paycheck Protection Program

- The PPP eligibility should be expanded to include 501c6 and 501c4 nonprofit entities.
- Allow for recipients to delay the loan origination date in case they employ seasonal employees.

State and Local Funding

- In future relief packages, additional funding should be included for state and local governments to provide direct aid.
- The threshold for local governments to receive direct aid should be lowered from the 500,000-population limit in the CARES Act. The Taskforce proposes making cities with 200,000 residents in each state eligible to receive funding.

The Anchorage Economic Resiliency Task Force believes that the changes outlined here would help small businesses and nonprofits survive the current emergency while responding to some of the concerns and difficulties that were encountered in the implementation of the CARES Act.

We hope that Congress will make these changes and pass a comprehensive relief package as quickly as possible to protect the economy and help keep even more Americans from losing their jobs.