



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business,  
Individuals, and Non-Profits”**

**Featuring:**

Lucy Gettman, Executive Director, Women In Government  
Tennessee State Senator Becky Massey, WIG State Director  
Katie Vlietstra Wonnenberg, Principal at Public Private Strategies

**Lucy Gettman:** Welcome to WIG Wednesday, our weekly virtual series delivering timely information to women state legislators and other policy leaders. I’m Lucy Gettman, Executive Director of Women In Government, a non-profit, non-partisan organization by and for women state legislators across the country. At the helm of WIG is a Board of women state legislators from all over the nation.

We are so glad you’re here! Today’s topic is: “What the CARES Act Means for Small Business, Individuals and Non-Profits,” and the topic is doubly important because the second version of the CARES Act is being implemented this week. So we would like to know is this - how many of you are small business owners or non-profit leaders in your communities? If you could, please answer the polling question that is currently on your screen asking, “Are you a small business owner or non-profit leader?”

While we’re doing that, it’s time for our “Good Deed Done” feature! This week we are recognizing WIG Board Director Senator Mattie Hunter, Senator Cristina Castro and Representative Sonya Harper, who distributed bleach to constituents in underserved areas in Illinois.

If you have done something to connect with your constituents during COVID-19 and would like to be featured, be sure to reach out to the WIG. There are lots of ways to stay in touch with WIG - Follow us on social media or email us at the address on the final slide - [rsvp@womeningovernment.org](mailto:rsvp@womeningovernment.org)

Let’s see, okay, 100% of us are small business owners. Good, that is great because this roundtable is pretty much all about you.

At this time I am honored to introduce our moderator today. Tennessee State Senator Becky Massey was first elected to the Tennessee Senate in 2011. She chairs the Senate Transportation and Safety Committee and is a Member of the Health and Welfare Committee. In addition, Senator Massey is a business leader and former Executive Director of the Sertoma Center, a company that provides residential and day services to individuals with intellectual and developmental disabilities in Knoxville.

Senator Massey, thank you for being here, and the virtual podium is all yours.

Senator Becky Massey: Thank you, Lucy. For those of you new to Women In Government, I've been involved with WIG for a while now. I'm honored to serve as a State Director for Tennessee, and I've had the opportunity to present at conferences and on podcasts. It's always fun to go to Wake Up With WIG breakfasts when we're at NCSL, CSG, and other conferences.



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

Over the years I've enjoyed being a part of a variety of policy activities at WIG that provide important resources and networking opportunities for fellow legislators and I encourage everyone on this call to learn more about how you can get involved with this great organization.

Before I introduce today's speaker, I'd like to point out a quick housekeeping item. All participants are muted through the system, If you have questions or comments during the presentation, please be sure to write them in the Chat Box below in the Zoom Meeting Toolbar and make sure that you have selected "To Everyone" from the drop-down menu. We've reserved time for questions after the presentation and if you are a state legislator, please feel free to let us know in the body of your question who you are and from what state. This virtual roundtable event will be recorded and provided on [the Women In Government website](#) once the event is over.

Now, please join me in welcoming Katie Vlietstra Wonnemberg, Principal at Public Private Strategies. She has 14 years of government relations and public affairs experience, including working with private companies, membership organizations, state government, local municipalities, and facilitating public-private partnerships. In her most current role as Vice President for Government Relations and Public Affairs for the National Association for the Self-Employed, Katie led the association's federal advocacy and public affairs strategy in representing the 27 million self-employed.

With that very impressive bio, I am thrilled to welcome Katie to present on today's WIG Wednesday topic.

**Katie Vlietstra Wonnemberg:** Well, thank you, Senator Massey. I appreciate it. Lucy Gettman is a long-term mentor of mine, and we have been involved in organizations in Washington, DC, so I'm thrilled I could be here and be with all these amazing women today. So thanks for having me.

I just want to start at the top of the call with just a little bit of TLC. I know that this has been a really challenging time for so many of us, and those of you who are elected officials, business owners, and in some cases both have been on the front lines of trying to serve your constituents, trying in some ways to save your business - and I know it's just been a really challenging time. I think that as a friend reminded me when this crisis started, we're all at different stages of grieving as it relates to how is impacting every aspect of our lives. So I certainly hope that you are all well and safe and healthy.

I think as women too we tend to shoulder a lot of responsibilities in our households and in our businesses, so I certainly also hope that everyone is taking some time for themselves and practicing some good self-care, whether that's working out, going for a walk, or relaxing to the latest binge worthy show on any of our streaming platforms. I just wanted to start that off at the top of the call, knowing that it's a trying time for all of us.

We can start talking a little bit about the legislation that has been passed over the last six weeks. What most people may forget is to date we've actually passed four pieces of legislation that have been aiming to support our country as we navigate this COVID-19 crisis. The original piece of legislation was



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

money that was being directed to federal agencies to support their work during COVID-19, and then we transitioned into what has been two very well-known popular pieces of legislation, and then the fourth was passed last week and signed into law just last Friday.

The second piece of legislation, which is what I wanted to describe for you all, was the Families First Act. The reason why this is important is that it included provisions primarily for small businesses to offer Emergency Family and Medical Leave so that business owners could support and provide a pathway to support their employees who contract COVID-19 or have to care for a family member with COVID-19 or is otherwise experiencing hardship in their household due to caring for children who have been displaced because both schools and daycares have closed.

This is pretty - I think I would use the word provocative - in the sense that paid leave as it relates to small business ownership has been challenging because of the complexity of it and the cost of it. I know that for many of you who are working with small businesses or are a small business owner, this is something that you should be aware of. It does apply to companies with 500 or fewer employees. It's a tax credit, so the business owner will see the credit when they file for their taxes in the next calendar year.

There has been quite a few Department of Labor proposed rules that exempt businesses with fewer than 50 employees. So you really need to make sure that you're working with trusted counsel. You probably don't have an in-house attorney, but if you have a legal counsel that advises your business operations or in some cases a consortium of a HR function, make sure that you're following that.

The other big piece that was included in the Families Act was a new program that is tied to the Economic Injury Disaster Loan program. Unfortunately, Senator Massey had a situation where in Tennessee they had tornadoes before the COVID-19 tragedy, and so you'll know that those areas in Nashville or in Tennessee that were impacted would be eligible for what is called the Economic Injury Disaster Loan. This is a program that has long existed and supported small businesses who have unfortunately had an economic disaster.

This new program is an emergency advance ([Economic Injury Disaster Loan Emergency Advance](#)) and was primarily targeting small businesses. You could apply for this without a lot of paperwork. I guess it was meant to be a very quick turnaround, and you would be able to receive a \$10,000 emergency grant that does not need to be paid back.

If you access the loan, that is a different program. You could get a loan up to \$2 million, and you have to pay it back over 30 years. This Emergency Advance was supposed to be a great pipeline for small businesses to access and get this \$10,000 grant in hopes of being able to retain their employees and pay their bills. It was for businesses with 500 or less employees. The other thing that was attractive about the Emergency Advance was that it's open to all businesses, including all the nonprofits, so it was a very attractive program. We can talk a little bit about what happened with the program and where we're at now, but I think we can advance to the next slide.



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

So then the third piece of legislation that people have become very familiar with since it was passed - the program opened on April 2 - is the CARES act and primarily the [Paycheck Protection Program](#), which first provided \$349 billion for small businesses to apply through the Small Business Administration to receive a loan. You could receive a loan up to \$10 million based on the size of your business. So if you're a business with 499 employees, you could receive \$10 million.

If you're a sole proprietor or independent contractor you apply for 250% of one's month payroll – so wages, tips, that sort of thing for small business. This was important because it did include sole proprietors and independent contractors. There are some different rules for how those payroll expenses are calculated and what they could be used for. It was a huge sign to our vibrant, micro business solo entrepreneur community that they recognized how important they are to keep the economy going.

The one thing about the Paycheck Protection Program - and it still stands to this day - only 501 (c)(3) nonprofits are eligible to access the program. [All the other C's](#) are ineligible, and that's why the Economic Injury Disaster Emergency Grant is a program that is open to all of them.

So the other two things that I wanted to flag in the CARES Act was the [Employee Retention Credit](#), which is a refundable payroll tax credit for 50% of wages for certain employees to help employers to retain their employees. You could either go the Payroll Protection Program route or the Employee Retention Credit route. The Employee Retention Credit was set up to support those businesses that fortunately, maybe because of the business they were in, were not seeing the decline in business sales but nonetheless wanted to incentivize and ensure that as many employers as possible were retaining their current workforce. This is also a credit provided through December 31, 2020.

As of right now we have three programs: the Economic Injury Disaster Emergency Grant, Payroll Protection Program, and the Employee Retention Credit.

The other thing that I wanted to flag is the Delay of Payment of Employer Payroll Taxes through the end of 2020. The deferred amounts will be due in two equal installments at the end of 2021 and at the end of 2022. It will allow employers to space that pain and to retain that cash in their accounts through 2020, and then you'll work through your tax filings to kind of shore up those dollars into the relevant accounts.

So then the fourth piece of legislation that I like to call CARES Act 2.0, which was approved and signed into law by the President last Friday, was specifically providing additional funding for the Payroll Protection Program, the Economic Injury Disaster Emergency Grant program and then further carved out some additional funding for CDFIs (Community Development Financial Institutions) in targeting financial resources for minority owned businesses where we are seeing a lot of challenges with business owners of color accessing funds through traditional banks. So there was \$30 billion set aside for banks and credit unions that were dealing with businesses that were between \$10 and \$15 million;



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

there was \$30 billion for even smaller institutions and then \$60 billion in loans for the Economic Injury Disaster Loan program. They also provided an additional \$350 billion in sum total to the Payroll Protection Program (PPP).

The Payroll Protection Program reopened for applications on Monday, April 27. So my understanding is that if you had submitted a PPP loan that then the lending institutions were advancing those applications through the Small Business Administration portal in hopes of securing approval for those loans. I do know that on Monday there was a pretty big hit to E-Tran - it's the software and the portal they use to communicate - and so there was some slowing of applications getting to the Small Business Administration, but as of Wednesday, I have not heard that that's been such a challenge.

I think the other big thing in the news was that the legislation always included a caveat that if you were applying for a PPP loan that you had to certify through your application that you were actually in need of those dollars. I'm sure many of you have seen that there have been some pretty high profile examples of I would say some public shaming of businesses - Ruth's Chris, Shake Shack and now even the L.A. Lakers NBA team - who applied and received the max \$10 million in a PPP loan and have been asked to basically return that money.

One of the challenges is that the law and then the rules did not certify that you had other means of securing financing. So in a lot of cases, the criticism has been that these are publicly traded companies, they have other ways to raise capital, and they shouldn't be accessing a program that was set up to really support businesses that have no other ways to do credits.

We're seeing the Treasury Department come out with a little bit more of a tightening of the language where borrowers “must certify in good faith” that the loan request is “necessary.” That has been a big change to the CARES Act 2.0, and I want to show that.

I do see a question in here about unemployment insurance. I'm happy to read the question and then answer it if that's ok. It's a question about unemployment insurance and many of you probably also saw that in the original CARES Act there's an emphasis placed on unemployment insurance and supporting states with additional funds. Those funds also include the self-employed and sole proprietors. So my understanding is that the employer is not actually taking the hit as they would when a usual unemployment situation occurs.

I think that the question is pretty interesting about if an employee is offered work but refused because of decreased hours or concerns related to coronavirus. I do think that that's actually an interesting question that I have not asked. And so I'm happy to investigate that further and try to get an answer to the Women In Government team.

I do know that I did hear from some sole proprietors or self-employed that because they had not filed for unemployment before, they didn't know how to check the box about actively looking for work because as a self-employed or sole proprietor independent contractor their hope is that once there's



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

opening up of our economies that they'll actually be able to go back to their job. And so then they were denied unemployment.

But I'm happy to ask this question of a few people and see if I can get an answer because I think it's an interesting one. I was just talking with a colleague of mine about this - there was a story in Detroit about a baker who had about 130 employees. They're down to one employee, and the challenge that she's having is that her employees for very practical and reasonable reasons are not feeling safe returning to work. And so what is that pressure happening on small businesses? So I'm happy to dig into that for you.

On this next slide I included just a snap polling up some small business owners. We, Public Private Strategies, did a poll, and I wanted to share some results as of April 6th. This will be updated. We had asked the question, “How long can you wait for the money from a PPP loan before your business fails?” 75% of respondents said they need money from the PPP loan within a month or their businesses will fail, and 21% have a week or less. And we asked the question, how long you can wait? Some lending institutions were not participating, there were additional rules at the bank, and so this was interesting.

I just also wanted to share this last slide with the snap poll results when we asked, “What specific business concerns do you have in relation to the pandemic?” As you can see, this is paying employees, cash flow challenges, paying overhead, business closure, lack of customers, and inability to pay debt.

And 90% of Americans do support providing the financial assistance to small businesses. I had those two interesting tidbits especially for those of you who are elected officials on the call to really understand or to further validate what you've been hearing from your constituents about the challenges that small businesses are having when it comes to their cash flow situation, as seen in the last two slides of my presentation.

**Senator Becky Massey:** Thank you very much for this important and timely presentation!

We'd like to take this time now to answer a few questions from the audience. If you haven't submitted any yet, please submit them now using the Chat Box below and please be sure to select “To: Everyone” from the drop-down menu in.

One of the things about that refusing to go back to work – I know some employers are concerned that because people are getting that extra \$600 over their unemployment that they may not want to go back to work. It may have to do with economics, but if they refuse, will they lose their unemployment? I think that's something you said you're going to do a little more research on.

**Katie Vlietstra Wonnberg:** Yeah, I definitely think that we're all trying to balance through policy - both on the federal and for you on the state level - the mechanism. And we do know that the additional \$600 for some of our states is – and I want to be careful how I use this - a very generous benefit. And so I do think that there are some situations where, because someone's concerned about



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business, Individuals, and Non-Profits”**

the health or for other purposes, they are weighing their options, but I do think that the intent of it was to support our families who couldn't return to work for various reasons or because their industry has been deeply impacted. The benefit actually carries through July, and I don't think that there will be an extension of that. Now, some states may do additional work or reform it, but I do think that the federal dollars for that \$600 does conclude on July 31<sup>st</sup>.

**Senator Becky Massey:** Right. I know some people are concerned that as your state's reopening if you can't get your workers back to work - if they're making more staying home basically - that it's going to be hard to reboot your economy.

But here's one question that we have. Just what strategies can states deploy to encourage small businesses to rebound our start past COVID-19?

**Katie Vlietstra Wonnberg:** I think actually the pivot on their conversation even about unemployment is really states being effective in coordinating and working with small business owners to make sure that they're providing direction as to how a business can return safely so that we can bring our economies back together. And so I think that you've seen this with some of the regional pacts that have been happening with states, but really working to ensure that you're not skipping over small businesses and saying, “How can we support them in developing a safety plan?” so that their workers can return and the businesses can return and there can be you some level of assurances that everyone is trying to do their best to continue social distancing, to put into place rotating shifts for people.

I know that the White House did include some small business owners yesterday in a meeting as it relates to that, but I think states are where it's at. States are going to be the people who bring their citizens back to work, are going to bring their economies back to work - and so don't forget about how you are including the voices of small businesses in those discussions about returning to work in a safe way.

I think there's a lot of creativity and innovation that happened over the last couple of months in those businesses. So I think further supporting them and allowing the most flexible ways in which they can also remit their sales tax - that's a huge issue for how small businesses are looking at their cash flow - is how can the state be a partner? Then in helping them with their cash flow as it relates to state taxes, maybe there are some periods of forgiveness that can be offered and/or delays to that. I think that will be beneficial. I think some of the other things could be requirements as it relates to operating licenses, how can states be really looking at a cost of doing business, and what are the attorney fees.

**Senator Becky Massey:** Right, well I know Tennessee was one of the first states to start the rebooting because we tested a ton here. And we started our phased in rebooting in it with lots of safety measures, but just me personally, I did a couple of zoom calls with just 10 people so they could all talk - but 10 small business operators to get their input as we were developing the safe plans to phase in. So that was a good way that I reached out to them.



## #WIGWednesdays

April 29, 2020

### “What the CARES Act Means for Small Business, Individuals, and Non-Profits”

I think we're close to finishing up, so let me let me get this last question, and it's kind of a two parter. They wanted to know how many responses you got on this the polls that you showed, and were they across all states? And then also was there anything hyper relevant to the state of New York that you have comments on? She's from the Senate Majority conference asking on behalf of some of the state's senators in New York.

**Katie Vlietstra Wonnberg:** That snap poll, if you can believe it, is actually still open. We got over 8,000 small business owners to reply. As you all know, polling at a level of 500 respondents is when you can actually reasonably put out a poll and say this was the response. But yeah, we got 8,000 people spread all across the country. Our database is actually all 50 states plus the District of Columbia and the territories, so it's a pretty robust survey of sentiment across that. I think just from the state of New York, I think we're all in the same place of how can we provide action and resources to small businesses as they open up?

I know that there's been a lot of conversations about restaurants. How do restaurants open up? How can they be safe and reasonably invite people back in for a meal? I think that's something that's really important. I think industry wise, all of our states are so diverse with their population of business sectors, and so it's not a one size fits all, and we all know this. What's going to work in New York City is going to be different than what's working in Ithaca, New York.

I think states have great leaders like you all to be involved in that discussion and make sure that there's accommodations being made for across your state and across your sectors and not forgetting the small businesses who are trying to survive.

There was another question about unemployment [“Will Unemployment Insurance (UI) benefits start to ‘count’ against the employer’s UI contributions instead of federal UI benefit money?”] and I agree with you about the tallying against the employer contributions, because the self-employed and independent contractors were included. They actually don't pay unemployment benefits. And so I know that that's been a struggle with some of the state systems to figure out how to bring it all together. And so you have seen a delay for that population of people impacted, but I actually do want to dig into that just so I can understand more what is happening because I think that is going to be something that future small businesses are going to have concerns about.

**Senator Becky Massey:** Very good. Katie. Thank you. And if you didn't get your question answered, WIG will get back with you and try to get you more information. We'll be posting that, so I want to thank everyone for joining us today on WIG Wednesday.

Resources from all WIG Wednesdays and registration links for upcoming events are on WIG's website at [www-dot-Women In Government-dot-org](http://www-dot-Women In Government-dot-org).

Please stay tuned for upcoming WIG Wednesday sessions:



**#WIGWednesdays**

**April 29, 2020**

**“What the CARES Act Means for Small Business,  
Individuals, and Non-Profits”**

**May 6, 2020: “Disparities in COVID-19 Among People of Color”**

Moderated by Georgia State Senator Gloria Butler and Maryland State Delegate Sheree Sample-Hughes  
Featured Speakers Dr. Sandra Ford, CEO of Georgia’s DeKalb County Health Department and Dr. Leana Wen, Visiting Professor at the School of Public Health and George Washington University

On May 6<sup>th</sup> we will also have a special presentation on FirstNet, the First Responders Network created after 9/11 and put to the test by COVID-19

**May 13, 2020: “The Value of Good Chemistry During Challenging Times”**

Featured Speaker Komal Jain, Executive Director of the Center for Biocide Chemistries, American Chemistry Council

More sessions will be announced in the coming weeks, so keep an eye on your inboxes and on WIG social media hashtag WIG Wednesdays for more!

We greatly appreciate your support of Women In Government and look forward to seeing everyone again next Wednesday!