

\$225 Million Grant Program for Pennsylvania Small Businesses Impacted by COVID-19

On June 7, 2020, Pennsylvania Governor Tom Wolf announced the creation of a new \$225 million statewide grant for small businesses negatively impacted by COVID-19. The grant is a result of the \$2.6 billion in federal stimulus funds received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Funds will be distributed in the form of grants and will be administered by Community Development Financial Institutions (CDFIs) under the direction of the Department of Community and Economic Development. The PA CDFI Network is a group of 17 PA-based community development financial institutions that focus on financing options for small businesses.

The funds will be allocated and available through three programs as follows:

- \$100 million to the Main Street Business Revitalization Program for small businesses that experienced a loss as a result of the statewide COVID-19 shutdown
- \$100 million to the Historically Disadvantaged Business Revitalization Program for small businesses that experienced losses due to COVID-19 and are socially and economically disadvantaged individuals owning at least a 51% interest in a business as well as controlling management and daily business operations
- \$25 million to the Loan Payment Deferment and Loss Reserve Program which will offer loan payment relief for existing businesses struggling due to COVID-19 shutdowns as well as shore up the financial position of the CDFIs defaults in existing loan portfolios

Eligible businesses receiving grants will be able to use the funds for operating expenses such as rent, health insurance premiums, insurance payments, local taxes, and other expenses, in addition to re-opening expenses.

At this time, operational details for the program as well as the application process are still in development. The goal of the state is to open the grant application window July 1st.

As for qualifications for eligibility, we are still awaiting more guidance, however we do anticipate at least the following criteria:

- Annual Gross revenues of businesses must be less than \$1,000,000
- The business must have had less than 25 employees
- Funds must be related to COVID-expenses
- Grants range from \$5,000 to \$50,000 based on Annual Gross Revenues
- Business must operate in PA and be current on all federal and state taxes
- You can only receive one grant under the program

It appears that businesses will be required to submit information that document losses, projected revenues, duration of closure and a list of any other state, federal and local government relief aid received. But again, what this will actually look like is still unknown.

CDFIs include community development banks and credit unions, and non-regulated institutions such as non-profit loan funds or venture capital funds. The 17 CDFI's in PA include:

Progress Fund
Bridgeway Capital
Northside Fund
Metro Action
Rising Tide
ASSETS
Community First Fund
Reinvestment Fund
PIDC Community Capital
Impact Loan Fund
Beech Capital
West Philadelphia Financial Services Institution
Enterprise Center Capital
Neighborhood Progress Fund
Entrepreneur Works
Women's Opportunities Resource Center
United Bank