Sen. Wirch: Helping small businesses survive coronavirus shutdowns

Posted on Thursday, Apr 2, 2020

Kenosha – In addition to the serious health concerns associated with the COVID-19 outbreak, the impact to our economy, particularly small businesses, will have long-lasting consequences. Employees and owners alike are struggling with how to keep their families and businesses afloat until some normalcy returns. Both the state and federal governments have set up programs in an attempt to help small business owners keep their doors open.

Here are some of the most important things to know:

State Resources

- The Wisconsin Economic Development Program (WEDC) has established a $5 million program called Small Business 20/20. Businesses with twenty or fewer employees and meeting certain other requirements can apply for grants of up to $20,000 to pay for rent and/or payroll expenses, including sick, family and other leave related to COVID-19. More information about this and other WEDC resources can be found at: https://wedc.org/programs-and-resources/covid-19-response/,
- The Wisconsin Small Business Development Network (SBDC), an partner of the federal Small Business Administration, is helping small businesses apply for federal disaster loans to mitigate some of the damage done by the outbreak. They have set up a website to help business owners understand the qualifications and application process: https://wisconsinsbdc.org/services/covid-19/disasterloans/.

Federal Resources

- Governor Evers has requested that Wisconsin businesses affected by COVID-19 be given access to federal disaster loans through the Small Business Administration, and the request was approved. As a result, Wisconsin small business owners can apply for the federal Economic Injury Disaster Loan (EIDL) program. Businesses and non-profits may qualify for up to $2 million in loans to cover losses resulting from the pandemic. The interest rate on the loans is 3.75% for for-profit businesses and 2.75% for non-profits. Repayment on the loans can be extended for up to 30 years. More information can be found at: www.sba.gov/disaster.
- The recently-passed stimulus legislation includes an estimated $377 billion in relief for small businesses.

o   The Paycheck Protection Program allows eligible businesses to obtain loans up to $10 million. Loan proceeds can only be used to support payroll, including employee wages, paid sick and medical leave, insurance premiums, and mortgage, rent and utility payments. Borrowers must certify that the loan is necessary due to economic conditions created by COVID-19 and that they will use the funds to retain workers and maintain payroll, lease and utility payments. Under certain conditions, these loans may be forgivable. Eligible entities include businesses, non-profits, veterans' organizations, and Tribal business operations with 500 or fewer employees, as well as sole-proprietors, independent contractors and self-employed individuals. Loans under the program will be made through SBA-approved lenders; you can find a lender at https://www.sba.gov/funding-programs/loans. More information on this program is available at https://www.sba.gov/funding-programs/loans/paycheck-protection-program. The Wisconsin SBDC is also available to help applicants through the process.

o   Small businesses with existing SBA loans are also eligible for relief. The SBA will be subsidizing some of those loans; it will pay the principal, interest and any associated fees that are owed on an existing covered loan for up to 6 months. Small businesses with these existing covered loans should contact their lenders directly for additional details regarding this SBA subidy program.

- The federal Small Business Administration has a district office located in Milwaukee that may be able to provide additional guidance and information; they can be reached at https://www.sba.gov/offices/district/wi/milwaukee or (414)297-3941.

This is just a start. There will be overwhelming demand for assistance, and additional state and federal stimulus programs may well be necessary. Check my website, http://legis.wisconsin.gov/senate/22/wirch, for future updates or to sign up for my email list.