

Michigan Small Business Relief Program Q & A – March 22, 2020

Can a non-profit qualify for the program or does it have to be for profit?

Yes, provided the non-profit meets the eligibility requirements of “eligible business” outlined in the guidelines.

Note: However, due to the significant number of businesses that will be impacted and limited resources available under this program, we will be looking to prioritize based on the following 1) local partner priorities; and 2) focusing on businesses previously financially viable and now at risk of closure or unable to pay working capital expenses (i.e. rent, payroll, etc.) without immediate support.

If a region submits several applications amongst EDOs, does that diminish the funding allocation they may receive for the region?

Funding will be determined based on potential impact to geographic area served by the EDO.

When will we get the application you all have/are developing for the companies?

MEDC is developing a uniform application for businesses to be used across the state. Both the application and the report format EDOs will submit will be available by March 27th.

April 1st is the distribution goal for money to the companies. When do you think regions will receive the funds from MEDC?

It will be a priority of our finance team to deploy funds as quickly as possible. If you haven't already done so, please make sure you have registered as a vendor with SIGMA ([here](#)) to ensure there aren't any delays. Additionally, April 1st is the target date for the first money to be deployed to a company, we understand not all the money will be deployed at that time.

Should we add a requirement that the business applicant include 2019 financials to be sure it was profitable pre COVID-19?

Thank you for the suggestion. This will be considered as we develop the business application. If you have additional thoughts/questions that should be considered, please feel free to let Stacy Bowerman know (bowermans@michigan.org) by COB Tuesday, March 24.

Also, due to the significant number of businesses that will be impacted and limited resources available under this program, we will be looking to prioritize based on the following 1) local partner priorities; and 2) focusing on businesses previously financially viable and now at risk of closure or unable to pay working capital expenses (i.e. rent, payroll, etc.) without immediate support.

How are the 50/100 employees determined? FTEs, seasonal? At time of Order or some other trigger date?

Employment level will be determined based on number of employees (part or full-time) at the time of issuance of the EO 2020-9.

The grant requirement for a business that is serving other businesses is causing questions. I would assume that this is a vendor or supplier or some other type of service?

That is correct, this is a vendor or supplier or some other type of services– provided the business meets all other requirements of the guidelines.

Note: However, due to the significant number of businesses that will be impacted and limited resources available under this program, we will be looking to prioritize based on the following 1) local partner priorities; and 2) focusing on businesses previously financially viable and now at risk of closure or unable to pay working capital expenses (ie rent, payroll, etc.) without immediate support.

When can I apply and when can I get money?

Applications from EDOs accepted until 5PM Monday, March 23. We hope to have the grant contracts with the EDOs finalized by March 27th. It will be a priority of our finance team to deploy funds as quickly as possible to the EDOs. At that point, it is the responsibility of the EDOs to deploy the funds to the eligible businesses as quickly as possible.

If you haven't already done so, please make sure you have registered as a vendor with SIGMA ([here](#)) to ensure there aren't delays to receive funds.

If I laid people off in the last week do these count in the equation?

People laid off after issuance of Executive Order 2020-09 count into the equation.

Is it Full Time Equivalents?

No – this includes all employees regardless of employment hours.

Does it include owners?

Yes

Can the EDO use a bank (SBA certified) to distribute the funds?

No.

What definition of “small business” are you using?

Understanding, the SBA's definition of Small Business is up to 500 employees. Due to limited resources under this program, **we are restricting grant funds to businesses with 50 employees or less and loan funding to businesses with 100 employees or fewer.** However, due to the

significant number of businesses that will be impacted and limited resources available under this program, we will be looking to prioritize based on the following 1) local partner priorities; and 2) focusing on businesses previously financially viable and now at risk of closure or unable to pay working capital expenses (ie rent, payroll, etc.) without immediate support.

How many “small businesses” are impacted in my region?

A report was provided Friday, March 20, based on information pulled from D&B with a breakdown of businesses per county.

If this is for the shuttered restaurants, etc. this may get some of them through the crisis, but they will die when they re-open if there are no patrons with the income to go to dinner.

As part of the application process, the business will have to verify financial viability. We will defer to the local EDOs to determine the priority of what businesses will be supported under this program.

Where do the smaller wealth creating companies fit in? Example, the manufacturing companies that will be hit with the closures of automotive OEM and supplier plants?

Below is a list of other financial resources available to help. The MEDC continues to work with federal, state, and local partners on additional tools and resources. As programming becomes available updates will be provided at www.Michiganbusiness.org/covid19.

<i>Small Business Strategic Financial Support</i>				
Recipient	Program	Potential Use	Funding Amount	Need Addressed
< 500 Employees	*Small Business Administration's Disaster Relief Loans	Provide low-interest federal disaster loans for working capital to small businesses and/or non-profits suffering substantial economic injury as a result of the Coronavirus (COVID-19).	Up to \$2,000,000 per business	Short-Long Term
< 500 Employees	Capital Access Program	Create a reserve fund to expand credit offered by the local financial institutions. Typically companies supported under this program have annual revenue of less than \$3 million.	Typically \$200,000 per business	Short - Long Term
< 500 Employees	Michigan Supplier Diversification Program - Collateral	Provides up to 49.9% of new financing provided by qualified financial institution per business designed to address collateral or cash flow short	Typically \$1,000,000 - \$5,000,000 per business	Short - Long Term

Support / Loan
Participation

flows to increase the loans available to
businesses.

Can a company receive funding from both the grant program and the loan program?

No

Have there been any discussions with key foundations to match funding made available by MEDC?

No.

There are 10 Regions, does that mean each Region receive 1M?

No. Funding will be determined based on potential impact to geographic area served by the EDO.

Can MEDC provide the names of the companies impacted, from the list sent out on Friday? Then the EDO can narrow down the list of those into the high impact corridors or downtowns.

No. The location of the business will be part of the business grant application.

If a business is applying for both the grant and loan program, do we submit one or two separate applications?

Applicants are allowed **either** grant **or** loan support, not both. We are working on the application to ensure it is as simple and efficient as possible for both the EDO and business.

Is the loan from MEDC to the CDFI or the small business directly? If to the CDFI, is the loan recourse or non-recourse?

It is our expectation the loans will be distributed from the MEDC directly to the small business, in collaboration with local economic development organizations. Additional details on the loan portion of the program are expected to be provided early the week of March 23.

Recognizing the program is designed to provide relief to impacted business the cost of this capital should/needs to be low. With that said, administering a program like this also result in overhead costs for originating and managing the loan for 10 years for the CDFI. Which leads me to the question of whether MEDC is requiring the CDFI to charge the end Borrower the same interest rate of 0.25%? Is the CDFI permitted to charge customary loan fees?

Yes – it is the expectation of the MEDC/MSF that if a CDFI is used to administer the program, they will be required to charge the same interest rate and are not allowed to charge additional

loan fees. However, currently the MEDC is planning to directly loan to small businesses, in partnership with local economic development organizations.

When will you know what institution are administering this program?

We intend to have the grants with the EDOs finalized by Friday, March 27.