

Joint Assembly and Senate Legislative hearing on the federal response to the Covid-19 Pandemic's economic impact on small businesses in New York State

Dale Rice, Regional Director

SUNY Canton Small Business Development Center

May 13, 2020

Chairwoman Kaplan, Chairman Stirpe, members of the committees, distinguished guests. Thank you for the opportunity to speak to you today on the federal response to the Covid-19 pandemic's economic impact on small businesses in New York State.

I have been with the Small Business Development Center (SBDC) for over 20 years serving as a business advisor and regional director at the SUNY Canton SBDC. I believe that today, more than ever before in our history, small business and entrepreneurship is truly critical to the well-being of our local, State and National economies and our recovery from the Coronavirus Pandemic.

Above all else, the SBDC is a diversified partnership between the State University, the U.S. Small Business Administration (SBA) New York State, higher education and the private sector bringing an array of skilled resources to the direct assistance of small businesses across NY.

I know you are probably familiar with the NYSBDC, but we provide a wide assortment of services through three core activities. These are, one-to-one business advisement, training and research. I want to confirm to you that we continue to be heavily utilized by small business owners and entrepreneurs and respond directly, and individually to their needs. As background, the NYSBDC is one of the national networks of SBDCs serving all 50 states as well as the territories and the District of Columbia. In New York we have 22 regional centers and over 40 outreach and satellite offices. Currently almost 100% of the SBDC staff is working from home still serving our clients via phone, email and video counseling.

COVID-19 has obviously created an unprecedented situation that has devastated our small business communities. The NYSBDC is all too familiar with assisting small businesses recovering from disasters, having worked in the aftermath of 9/11, Super Storm Sandy, Irene, Lee, etc. All of those disasters were relatively isolated and the destruction visible. The SBDC was able to shift resources from centers not directly impacted by the disaster and SBA disaster loans targeted a specific region. COVID-19 effects the entire state, country and world, and has created a very uncertain business climate on a scale that makes it much more difficult to assist with recovery.

The majority of businesses nationwide have been forced to close or limit operations resulting in significant disruption, income losses and supply chain upheaval. To combat the loss of working capital available the Small Business Administration in concert with Congress and Treasury opened an economic injury disaster loan program (EIDL), the EIDL advance and the Paycheck Protection Plan (PPP). The goal of the SBA was to get a lot of money out in a very short time to literally millions of applicants.

To put this in perspective Between the dates of March 1st and April 30th, the NYSBDC helped over 7,000 small businesses in one on one advisement sessions, and trained via webinars over 10,000 small

businesses effected by COVID-19, mainly helping clients navigate and submit loan applications for both the EIDL and PPP programs.

There have been issues with small businesses owners understanding which loan is best for their situation. The EIDL and PPP both can benefit a small business greatly but borrowers often do not understand the terms, conditions and limitations of the loan programs. The excessive demand for the EIDL and PPP loans was overwhelming resulting in many applicants not being able to apply when the funds first became available. The delivery of these SBA programs has also taken longer than I am sure the SBA, and the applicants would like and need. The intention of the loan programs was to get small business money out fast. Unfortunately, the approval process for some has taken longer than originally expected. Many of our clients are still waiting for relief even after the systems/processes were fixed. The SBA district offices in NYC, Syracuse and Buffalo have worked hard to help us interpret/understand the programs and to relay that information to our clients.

The NYSBDC received Notice of Award from SBA for supplemental disaster funding on Friday May 8th, and has already begun to deploy funds to centers to begin hiring additional business advisors. This funding originated through the Cares Act and it is expected that up to 70 new business advisors, research network staff and upgrades to technology will be added to work directly with businesses in NY impacted by the pandemic. The new staff is 100% dedicated to direct disaster recovery, assisting small businesses with obtaining funding, developing re-opening plans, pivoting their businesses, and working forward, with resiliency planning to help soften future impacts.

Thank you, and I will be happy to answer any questions you have for me.