

HFC Committee

From: Amber Coutsos <officemgr@mauichamber.com>
Sent: Monday, August 10, 2020 5:30 PM
To: HFC Committee
Subject: Re: Healthy Families and Communities Committee, HFC-58
Attachments: Response to Healthy Families & Communities Committee Correspondence.pdf

Importance: High

Aloha Rayna,

I have attached a response from Pamela Tumpap. This is a response to the letter dated July 28, 2020 regarding HFC-58.

Mahalo,



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From: HFC Committee <HFC.Committee@mauicounty.us>
Sent: Thursday, July 30, 2020 2:26 PM
To: Pamela Tumpap <pamela@mauichamber.com>
Cc: Amber Coutsos <officemgr@mauichamber.com>
Subject: Healthy Families and Communities Committee, HFC-58

Ms. Tumpap,
Please review the attached correspondence from the Chair of the Healthy Families and Communities Committee.
Thank You,
Rayna Yap



MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

Response Regarding HFC-58 Effects of the Coronavirus and Pandemic Related Issues

Dear Chair Hokama, Vice-Chair Sugimura and
Members of the Healthy Families and Communities Committee,

I appreciated being invited and having the opportunity to speak before the committee on how COVID-19 is impacting businesses in the community. Please see our response on your request for additional information below.

In creating the Micro Business Loan Program, we felt there would be a number of businesses who would not receive EIDL and/or PPP due to their size or ability to repay. As many Maui County businesses are micro businesses by national standards, we advocated for and partnered with the Mayor to create a specific program for these businesses who were facing extreme challenges and don't have the same level of resources available to weather the storm as larger companies. Further, while the Federal government was promoting their funding programs, the rules had not been released, which was creating an immediate need for funding for this gap group that found relief through the Micro Business Loan Program.

The County was very responsive in addressing the needs of small businesses early on in the pandemic, with the Micro Business Loan Program released while the Federal Government and SBA were still addressing requirements for PPP loans. When we started distributing loans to approved applicants, some EIDL funding was being received by businesses, but it was prior to PPP funding being received. The Micro Business Loan helped these businesses address immediate shortfalls in rent, payroll and other expenses. The Loan Committee focused on those with the highest needs, who had greater rent and payroll expenses and where an investment could help sustain existing jobs while waiting for federal assistance programs to trickle down. The majority of businesses that have received the loan have commented that they are extremely grateful and were in desperate straits. Many have noted that they received the loan funding just in time. Receiving funds from the Micro Business Loan Program did not prevent them from applying and receiving funding from Federal programs, such as PPP and EIDL, but many of our recipients did not get Federal funding until after receiving the Micro Business Loan, or did not receive Federal funding at all.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

With businesses having to operate differently, in many cases, this results in higher expenses. In addition to PPP and EIDL, there was an advance grant available to those who applied for EIDL, up to \$10,000, but it was only \$1,000 per employee and while that was helpful, it was not nearly enough. Further, when PPP did come down, the original guidance from the Federal government was more helpful for sustaining jobs than sustaining businesses and they did not have the flexibility that later was adjusted, so the majority of businesses used the money with tighter restrictions and followed the rules carefully, so it would be forgiven. However, they still found themselves struggling to shore up other business expenses (that were not included in PPP forgiveness). In order to get the PPP loan forgiven (with the earlier guidance), businesses had to bring their employees back to work early, at a time when it helped the employees, but didn't necessarily translate to helping the businesses because customer traffic had not returned.

We also wanted to provide additional details about the Micro Business Loan Program.

As of May 14th, 2020, when the first round of funding of \$1,000,000 was fully utilized:

- 158 applications received
- 107 applications reviewed by the Loan Committee, with 60 of those approved
- 10 applications did not qualify
- 41 applications incomplete and pending review
- \$3,210,324 total requested by applicants

As of August 10th, \$334,000 of the \$750,000 additional funding has been spent.

The administration fee for the Micro Business Loan Program is 5%. However, unlike other grant programs where once the money is given away no further work on the program is required, our loan program will last 7 years with loan terms from 5-7 years (depending on the loan amount), provide quarterly check-ins (to assist them through COVID-19 and see how we can be of service), collecting monthly payments (after the first year of deferral) and providing the County with annual payments and report.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.