

Wisconsin Acts to Secure State and Federal Assistance for Small Businesses Affected by COVID-19

Article

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Federal Small Business Administration Economic Injury Disaster Loans

On March 18, 2020, Governor Evers requested that the Administrator of the U.S. Small Business Administration ("SBA") declare COVID-19 a disaster for Wisconsin. Once the SBA declares Wisconsin a disaster area, it will allow Wisconsin small businesses in all 72 counties to apply for SBA Economic Injury Disaster Loans ("EIDL").

SBA EIDLs offer up to \$2 million in loans to small businesses that are unable to meet current obligations and to pay ordinary and necessary operating expenses because of the disaster. Small businesses, small agricultural co-operatives, and most private nonprofit organizations are eligible to apply for an EIDL. An EIDL is available only when the SBA determines the business is unable to obtain credit elsewhere.

We expect the SBA to declare Wisconsin a disaster area based upon COVID-19. The SBA has already declared the following states disaster areas: Arizona, California, Colorado, Connecticut, Idaho, Maine, Maryland, Massachusetts, Montana, Nevada, New Hampshire, New Mexico, New York, North Dakota, Oregon, Rhode Island, Texas, Utah, Virginia, Washington, Wyoming, and the District of Columbia.

Once Wisconsin is declared a COVID-19 disaster area, or if your business is located in one of the already declared areas, you may apply for an EIDL online through the SBA.

Wisconsin's Small Business 20/20 Program

Additionally, on March 17, 2020, the Wisconsin Economic Development Corporation ("WEDC") approved \$5 million in funding to create the Small Business 20/20 program ("SB20/20"). SB20/20 will provide grants of up to \$20,000 to targeted small businesses, of no more than 20 employees and less than \$2 million in annual revenue, to cover 2 months' worth of rent and payroll expenses, including paid COVID-19 leave. SB20/20 hopes to provide support for the

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“smallest of the small” businesses impacted by this emergency.

The grants will be deployed by partnering with the state’s 23 community development financial institutions (“CDFIs”), which have pre-existing relationships with many of the impacted small businesses. A list of these CDFIs is available online. CDFIs are specialized community based financial institutions with a primary mission to promote economic development to communities and people underserved by traditional financial institutions.

Approved CDFIs and collaboratives will make SB20/20 grants available to current loan recipients in good standing with the CDFI as of March 1, 2020. Preference will be given to service and retail businesses.

We are continuously monitoring this rapidly evolving impact to provide our clients with the most updated guidance on how best to safeguard their workforce while maintaining business operations. In the coming days please watch for updated guidance and recommendations for employers to consider when reviewing their policies to respond to this ever-changing pandemic. This is a dynamic developing situation, therefore, the perspectives given are at the time of the publication.

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