STIMULUS WORKING GROUP

Wilginia Ibdi

N Vermont St

OUR OBJECTIVE IS TO DEVELOP A SUITE OF RECOMMENDATIONS (WITH IMPLEMENTATION DETAILS) TO SUPPORT ECONOMIC RECOVERY

		WEEK OF MAY 18		
	Identify remaining pain points and solutions (vis- à-vis federal action)	Estimate benefits-costs and prioritize	Define and refine implementation plans	
When	Week 1-2	Week 2-4	Week 3-5	
What	 Review recent letter to Congressional delegation Identify remaining gaps and potential state-level actions to consider Build out one-page templates on each potential recommendation, including backup where helpful 	 Estimate qualitatively and quantitatively the potential benefits from each potential recommendation Partner with Dept. of Finance and work group members to estimate potential costs over time 	 Develop detailed implementation plans for each potential recommendation Identify key milestones and performance indicators for each potential recommendation Synthesize individual potential recommendations into overall package (or "menus") Develop and execute communications protocols 	

WE ESTIMATE THAT AFTER BOTH ROUNDS 50% OF VIRGINIA FIRMS DID NOT RECEIVE PPP LOANS FOR A VARIETY OF REASONS

VIRGINIA ESTIMATES BASED ON NATIONAL DATA

 % of firms that received PPP loans ou % of firms that did NOT receive PPP I 	PPP loans received	Average loan (\$K)	
Professional, Scientific, and Tech	56%	15,373	\$142
Construction	52%	11,804	171
Retail Trade	47%	10,714	107
Health Care and Social Assistance	49%	10,321	139
Accommodation and Food Services	28%	10,219	120
Other Services	68%	10,160	78
Manufacturing	50%	4,540	254
Real Estate and Rental and Leasing	67%	4,445	94
Administrative and Support	68%	4,347	144
Finance and Insurance	53%	3,128	93
Wholesale Trade	50%	2,705	199
Agriculture, Forestry, Fishing, etc.	1	2,692	65
Transportation and Warehousing	72%	2,572	165
Arts, Entertainment, and Recreation	66%	2,175	85
Educational Services	67%	1,784	215
Information	51%	1,313	197
Management of Companies	61%	217	212
Mining, Quarrying, and Oil and Gas	29	159	225
Utilities	1	100	211
		97,659	

*Excludes Nonemployer firms (sole proprietorships, independent contractors, etc.) and nonprofits Methodology and source: Applied actual U.S. Paycheck Protection Program data as of DATE to Virginia firm distributions based on data from Census Statistics of U.S. Small Businesses (VA)

MICRO FIRMS AND NONEMPLOYER FIRMS WERE LEAST LIKELY TO RECEIVE PPP LOANS

VIRGINIA ESTIMATES BASED ON NATIONAL DATA

- % of firms that received PPP loans out of total qualifying firms
- **PPP** loans Average % of firms that did NOT receive PPP loans out of total gualifying firms. received loan (\$K) \$53 57,253 Micro 44% 56% (<20) 10.074 336 Small 64% 36% (20-99)2,208 1.653 Medium 52% 48% (100-499)1,802 668 Large* 80% 20% (>500) 37 Nonemployer** 25,307 4% 96% Nonprofit 359 3,257 44% 56%

*Large chain firms in Accommodations & Food Service and Retail Trade could apply for PPP

**Nonemployer firms are sole proprietorships, independent contractors, etc.

Methodology and source: Applied actual U.S. Paycheck Protection Program data as of DATE to Virginia firm distributions based on data from Census Statistics of U.S. Small Businesses (VA)

PROGRESS TO DATE AND ONGOING DISCUSSIONS

 Virginia's current plan envisions a significant relief/recovery package using
federal CARES Act dollars to provide support to primarily micro and small businesses within hardest hit sectors
 Additional funding sources and strategies are under discussion
 Estimates continue to be refined but likely are in the BILLIONS of dollars
 Heavy emphasis on grants especially focused on micro and small businesses within hardest hit sectors
 Smaller emphasis on loans/credit mechanisms, support for medium and large businesses, and non-EO 53 sectors
 Recommendations to stimulate growth in the economy through startup and "revitalization" strategies under development
 Aligning on <u>objectives</u> (help more, smaller businesses vs. fewer, larger businesses), <u>timing</u>, and <u>risk appetite (</u>some loans may fail)
 Fast-growing small and medium-sized companies may not have appetite for more loans, but grants would have to be large enough to move the needle for them
 Implementation details (i.e., who owns what, manual vs. automated processes, speed to market) depend on answering core questions outlined above
_

RECOMMENDATIONS BEING DEVELOPED

Category	Details
Relief/recovery-focused grants	Grant fund targeting micro and small businesses in the hardest-hit sectors that have struggled to access federal support
	Application-based grant funds empowering regional and/or capability- building orgs to implement business support and growth strategies
Recovery/stimulus-focused grants and/or incentives	Incentive-type grants targeting medium-sized businesses primed for growth in the short-term
	Loans and/or credit guarantees/enhancements to assist small and medium-sized firms with recovery and/or growth-related expenses
Stimulus/growth-focused investments and incentives	Investment incentives targeting startups primed for rapid growth in (post) COVID-19 environment (e.g., certain verticals in healthcare, teleworking and IT, manufacturing)
	Mix of new/expanded strategies, incentives, and investments in strategies from VEDP and others to cultivate new, post-COVID economic development opportunities
Support for enablers	Financial support to critical enablers like healthcare and childcare for economic recovery and growth

NEXT STEPS

- Refine range of recovery and stimulus recommendations that Virginia could pursue [IN PROGRESS]
- Prioritize final set of recommendations and estimate the demand, potential benefits (e.g., number of firms), and potential costs [UNDERWAY]
- **Develop** implementation plans for select recommendations [UNDERWAY]
- Synthesize final recommendations and syndicate with internal and external stakeholders [STARTING SOON]