

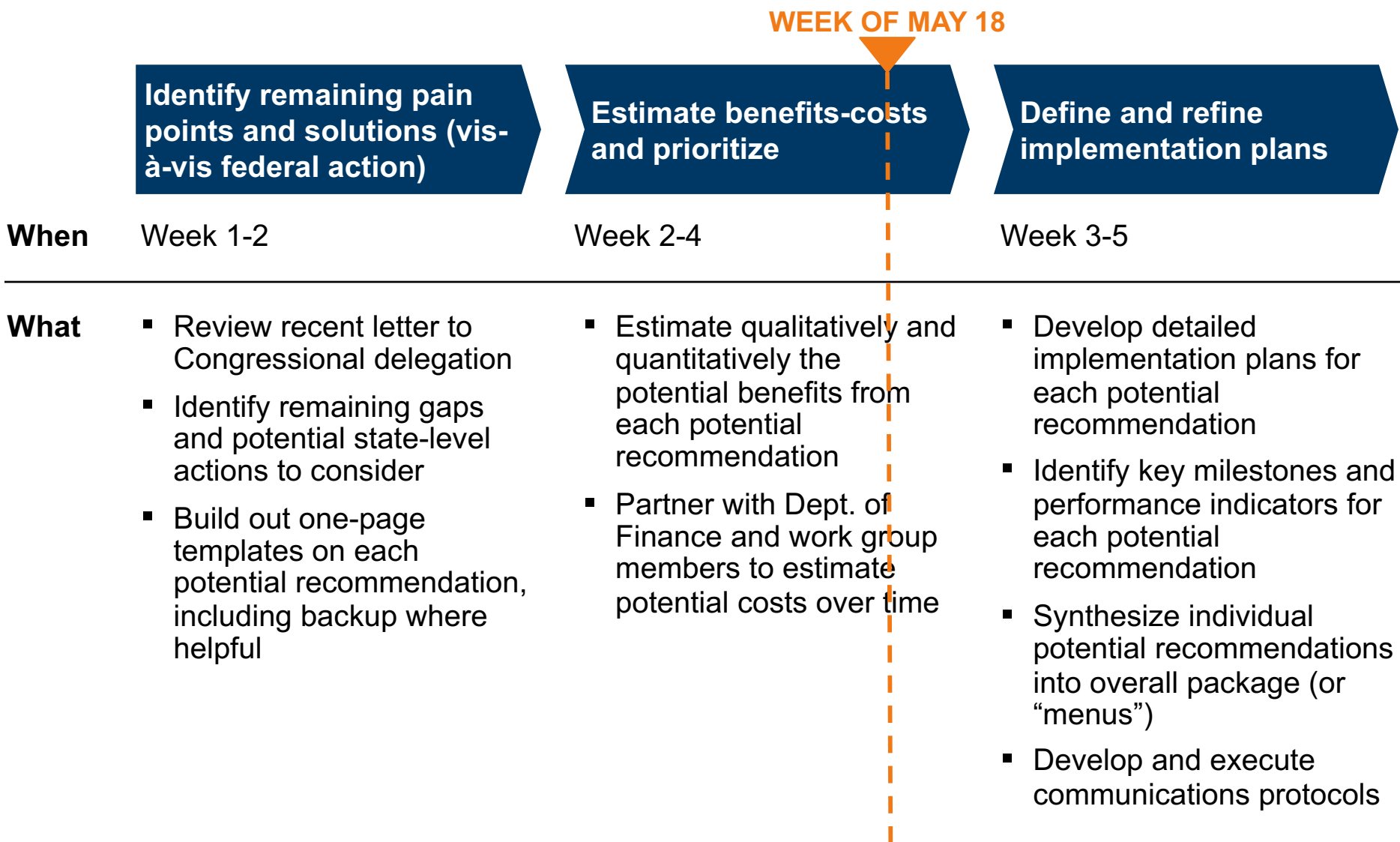


STIMULUS WORKING GROUP

Virginia Tech

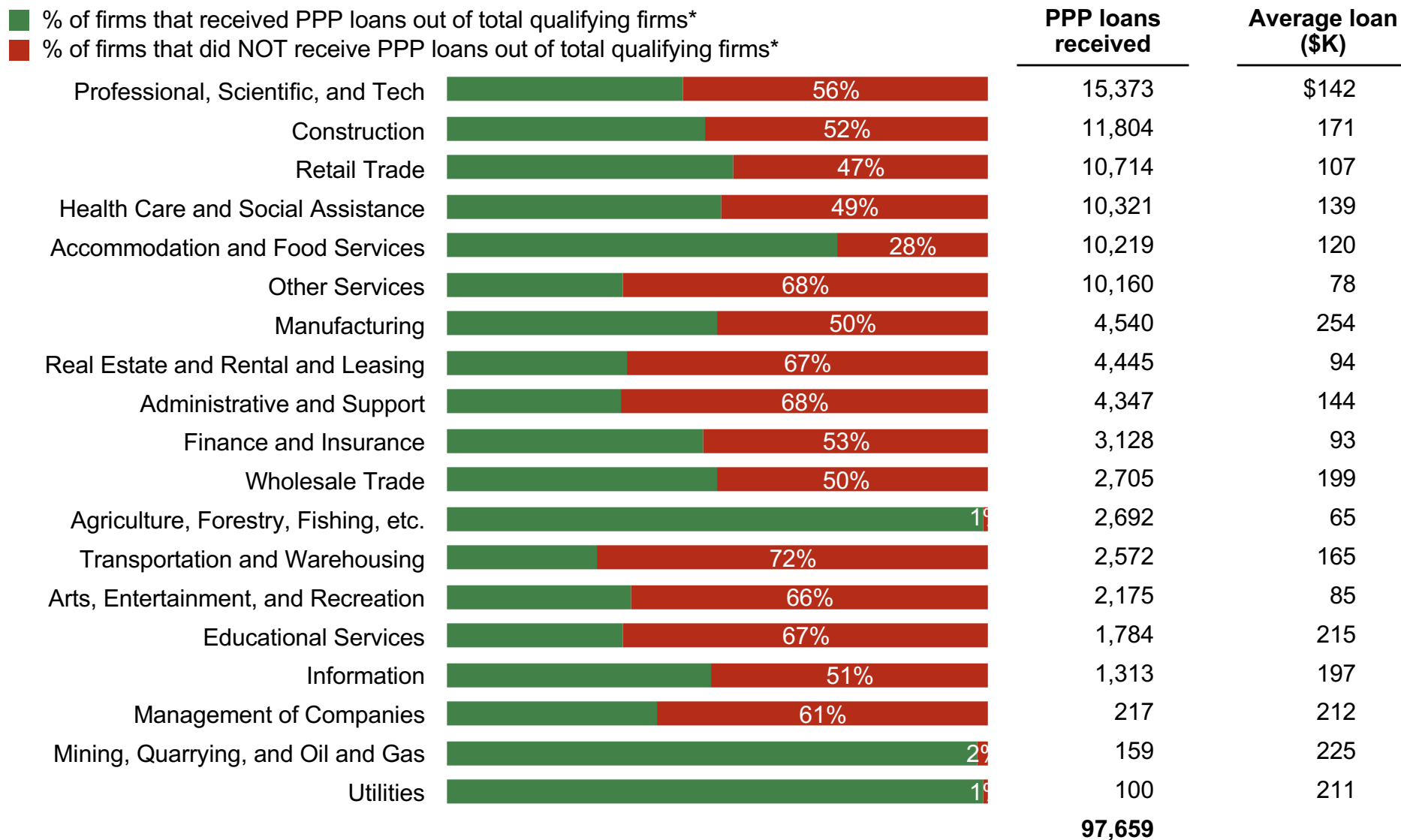
VEDP | 0

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



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

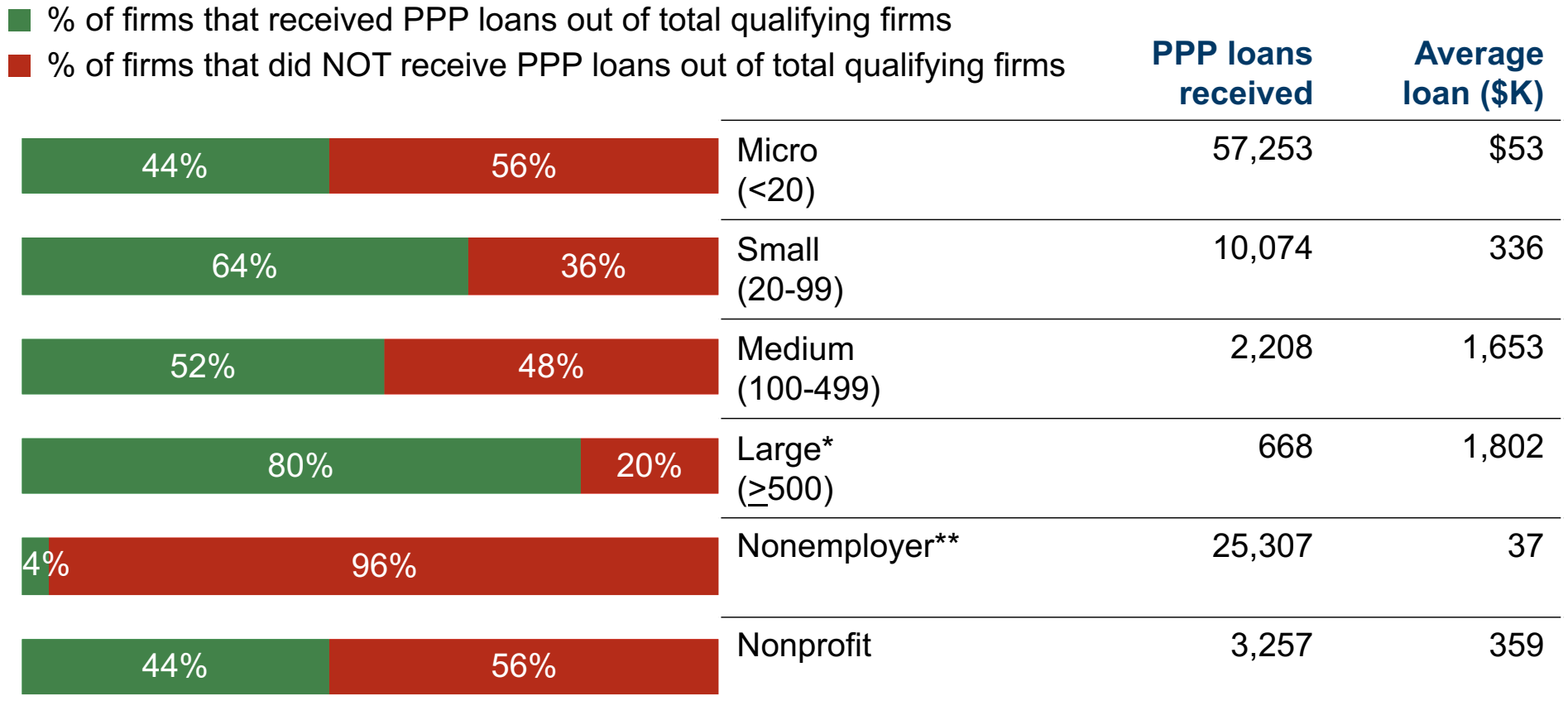
VIRGINIA ESTIMATES BASED ON NATIONAL DATA



*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



*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

<p>Amount</p>	<ul style="list-style-type: none"> ▪ 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
<p>Estimated max need for support</p>	<ul style="list-style-type: none"> ▪ Estimates continue to be refined but likely are in the BILLIONS of dollars
<p>Overview of recommendations</p>	<ul style="list-style-type: none"> ▪ 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
<p>Critical points being considered</p>	<ul style="list-style-type: none"> ▪ 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**]