

TRANSCRIPT: Senator Warren Joins Mayor Walsh and Boston Small Business Leaders to Share Details of the Relief Coming in the Latest Legislative Package

Boston, MA - United States Senator Elizabeth Warren (D-Mass.) joined Boston Mayor Martin J. Walsh this morning on a conference call with Boston small business owners to share details of the coming relief for small businesses in the latest legislative package. Senator Warren held a similar call with small businesses across the Commonwealth this afternoon.

A transcript of Senator Warren's opening and closing remarks is below.

TRANSCRIPT:

[Opening Remarks]

So thank you so much. Thank you very much, Marty, and thank you for pulling everybody together here you've been a great partner for years, but particularly in this time of crisis and I know that Senator Markey also has been deep in the trenches working on the negotiations to try to get this package through Congress and working day to day to try to deliver for the people in Massachusetts to make sure that we've really got the resources we need so I appreciate all you do and appreciate all that Senator Markey is doing and our entire Congressional delegation.

I also want to start by thanking all of you for being on this call. I want to say that my thoughts are with all of you and your families during this difficult time. I know that this crisis puts a lot of pressure on people personally and has touched many families across our city and our commonwealth. And that it also has put an enormous pressure on your businesses. One of the best things that happened in the bill that passed last night is that it reflects an understanding in Washington about the importance of small businesses in dealing with this crisis and also in promoting a recovery and coming out the other side, so there are a lot of provisions here designed to help small businesses.

What I'm going to do is I'm just going to talk through it quickly, if I can, the highlights of two different approaches that we've got, and I hope that this will be helpful. The first is through the SBA. The package includes a 10 billion dollar emergency grant fund that will commit an advance of \$10,000 to small businesses and non-profits that apply for an SBA economic injury disaster loan. The goal on this is for the \$10,000 advance to be delivered to loan applicants within three days of processing so this is about trying to turn around quickly.

This is very important to hear. This \$10,000 grant does not need to be repaid, even if the grantee is subsequently denied an economic insurance disaster. This money can be used to provide paid sick leave to employees, to maintain payroll, to meet increased production costs due to supply chain disruptions, or to pay business obligations, like meeting your debt obligations, rent, and mortgage payments. It's available to small businesses. It's available to private non-profits. It's available to sole proprietors and independent contractors. It's available to tribal businesses. It's available to co-ops and employee-owned businesses.

Let me just say a word about economic injury disaster loans. These are SBA loans of up to two million dollars that carry an interest rate up to 3.75% for companies and 2.75% for non-profits as

well as principal and interest deferment for up to 4 years. The loans can be used to pay for expenses that could have been met had the disaster not occurred and that means it will cover both payroll and operating expenses.

I'm sure your next question is, how do I get these grants and loans? Through this act, the Treasury is making most banks and lending institutions authorized SBA lenders, so now there are a whole lot more SBA lenders than there used to be. That means that a small business can go to a bank or lending institution that you're currently doing business with and you should be able to apply for this funding.

In addition the stimulus also includes \$17 billion in funding for a provision to provide immediate relief for small businesses that have standard SBA 7(a), 504, or microloans. Under this provision, the SBA will cover all loan payments for existing SBA borrowers, including principal, interest, and fees, for six months. This relief is going to be available to new borrowers to take out a loan within six months after the President signs the bill.

So if the President signs the bill tomorrow night, there's a six month window that people, if they can get these loans, can then get six months of protection on payments and debt forgiveness. The stimulus also includes a permanent fix that allows the SBA to waive fees for veterans and their spouses in the 7(a) Express Loan Program, regardless of what happens in the President's budget.

Some of you who are veterans may already know that under current law, the SBA can waive fees on 7(a) express loans to veterans when the President's budget does not project a cost above zero for the overall 7(a) loan program. So we got that fixed in and that is one of the few pieces in here that is permanent, which makes it really important.

So, that's the package. There is a second package for those of you who either don't go or don't want to go to the SBA and that is--there is a special new stimulus program. It has nearly 350 billion dollars in funding. It's a program that's going to provide small businesses and other entities with no fee loans of up to 10 million dollars. The way that these loans work is that they pay up to eight weeks of average payroll, so it's about your payroll. It will--you can borrow up to 125% of payroll, your payroll cost over eight weeks. In other words, you can use it to support payroll plus you can use that additional 25 percent to cover whatever other expenses you may have. Principal interest will be deferred for up to a year, all borrower fees are waived, but this also is a loan forgiveness program. So if you are able to rehire employees and get your payroll back up to where it was in early February, then the loans can be waived in part or in their entirety. These are not administered by the SBA, they're administered directly by banks.

The underwriting for these loans is not typical underwriting, which as you know, is about taking security and ensuring that a business is going to be able to pay in the future. Instead, the underwriting is waived and it's simply based on showing that you were a viable business in early February and showing what your payroll costs were. And then the amount of the loan, as I said, is determined by your payroll cost at that earlier date, before frankly before people were starting to have to lay folks off. The idea here is to try to get help to all kinds of small businesses, some of them are open and operational now, some of them operational but only in a skeleton manner and some

are entirely closed. But you try to get that money down to those small businesses with the hope that the money will both help cushion during this time of crisis and mean that these small businesses survive so that they will be there to hire people and help us create a stronger recovery. So that's part two of the help for small businesses.

The third part is not direct help for small businesses, but I want to mention it. And that is the greatly expanded unemployment insurance that will occur through this stimulus package. As you know, unemployment insurance currently is a state program and it is limited just to those who had full-time employment with an employer that participates in the unemployment program. Those constraints have been removed by the federal government.

This unemployment package will do two things. It expands who is eligible, so that it will cover for-profit businesses, not for-profits, including businesses that did not participate in unemployment. It will cover part-time workers, it will cover gig workers, it will cover self-employed people. So the expansion in who's covered is designed to cover pretty much everyone who was out there working, in one form or another, who was working when this crisis hit.

The second part is that it adds more money to the unemployment program. So, it's \$600 on top of the state unemployment payment. That means in Massachusetts, that it will be 100% income replacement for the average worker. The idea is to try to keep more money coming and for the worker who is below the median income in Massachusetts, the additional \$600 will mean that for many of them they're earning above 100% of what they were earning before they were laid off. I know this is really important to the people on this call. I talked to many small business owners--I have small business owners in my own family--who think a lot about what happens to their employees if they simply can't maintain payroll. And the two key features of this stimulus bill are to help the small businesses so that, if possible, they can maintain payroll. But if they cannot, to make sure that there's adequate funding for everyone who loses income during this crisis.

I should also add that people will be eligible for unemployment even if they have not been laid off. It's possible that they can be just furloughed. So that they are still participating, for example, in health insurance programs that the employer continues to provide and the employer can maintain a relationship with those employees.

Again, this is all designed to try to get money into people's hands now. I hope that if business owners--for those who are open at some level or another--that the money coming to people who've been knocked out of work will also mean trying to keep demand up so that the economic effects of the virus are at least somewhat mitigated.

The last point I just want to mention overall about the package is that there is an additional \$450 billion dollars set aside for loans for large corporations. I don't believe that the price of getting help to small businesses and families should be a \$450 billion slush fund for big corporations, but it was part of what the Republicans demanded for getting this stimulus package done. I've tried to get as much oversight into that part of the package as possible, and I will be exercising as much oversight as possible over how this money gets spent.

Why don't I stop there. That gives you at least the highlights of what the bill is like. What's there for big corporations, what's there for small businesses, and what's there for individuals. There are other pieces, including money that's available to hospitals, community health centers, both to help stabilize them financially and extra funding to deal with the coronavirus cost and make sure that they get the supplies they need and keep their workers. I think that covers the big pieces.

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[Closing Remarks]

Thank you all for being on this call. I recognize that what's going to happen to over the next few days--let me just lay out for you.

The House will vote tomorrow on the Senate bill. We anticipate the House will simply accept the bill as it is. So everything I've described to you, what you've already read about it, shouldn't change. And then we expect that the President will sign it tomorrow night or perhaps early on Friday.

So the programs I've described I anticipate will have no changes made to any part of this. The challenge over the next few weeks will be to make each of these programs operational so that banks across the country are informed about what information they need to gather from small businesses, so that they can authorize the loan, so that the SBA is ready to go with its part, so that the unemployment offices are ready to take applications from people who ordinarily would not have qualified for employment. So it's going to take a lot just to make that operational. What we will do in our office, in conjunction with Senator Markey's office and the rest of the congressional delegation, is that we will continue to post information as we have it available. We'll try to be available to you if you have individual questions or encounter specific problems, but we'll try to get as much information as we get out to each one of you.

This is an unprecedented response to an unprecedented crisis and everyone is working in good faith to try to both respond to the health needs of people across this country and to cushion the economic blow from the coronavirus. So we're going to stay after it.

I want to say to all of you. I want to give a public thank you to my team that's been working around the clock during the negotiations in Washington and trying to help individually here in state and we will still be here for as long as we can. We will try to do as much as we can to support you in this difficult time.

I hope that everyone on this call stays safe personally, that you keep your families and your workers safe and we will do everything we can to help support you over the next few weeks and months as this unfolds. So, everyone, take care and God bless.

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