



Federal Financial Assistance and The Needs of Small Businesses

Economic Development and Policy Committee

July 26, 2021

New Mexico Small
Business
Development Center
Network



www.nmsbdc.org





Overview

New Mexico SBDC Network and Services

Supporting Small Businesses During the Pandemic

Federal Programs – Loans and Grants

Small Business Needs

Questions



SBDC Program & the SBA

The NMSBDC is NOT part of the Small Business Administration (SBA) nor the NM SBA District Office but is a Federal Grant recipient that reports to the SBA Office of Entrepreneurial Development in Washington DC.

SBDCs are considered an SBA Resource Partner along with SCORE, WESST and VBOC.

NMSBDC funding mostly comes from the State as an RPSP (Research and Public Service Project) to Santa Fe Community College the Federal Grant recipient.



SBDC Program

The New Mexico SBDC is the **State's ONLY nationally accredited** business assistance program. Accreditation is on a 5-Year Cycle and after a site visit in October of 2019 was awarded accreditation again in February 2020 this time with zero conditions.

The New Mexico SBDC is also the State's first and only business assistance program with an economic impact **verification system** in place.



SBDC Services

The network develops skilled entrepreneurs and strong businesses through direct hands on **NO FEE** assistance & business counseling (one on one) as well as no to low cost training and workshops.

Through our services we primarily focus on:

- Starting a new business
- Growing an existing business
- Saving a business
- Obtaining financing

Common assistance includes business plan development, manufacturing assistance, technology development, lending assistance, exporting/importing support, disaster recovery assistance, procurement and contracting aid & market research.



New Mexico SBDC Network

Lead Center – Santa Fe Community College

New Mexico SBDC Structure

- 18 Subcontracted Service Centers (actual locations on later slide)
 - 9 Independent Community Colleges
 - 9 Associated Community Colleges (4-year institution branches)
 - Additionally, there are 9 satellite offices throughout NM

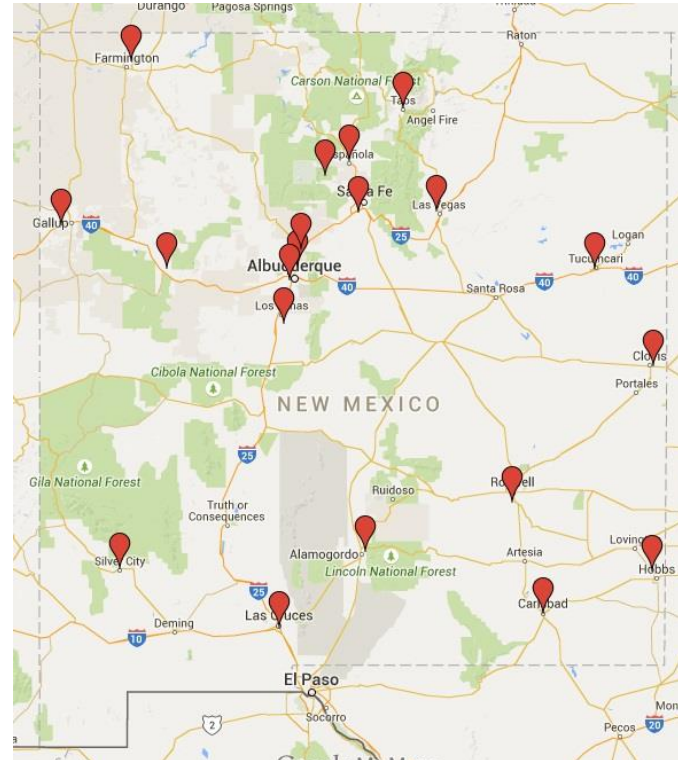
6 Procurement Technical Assistance Centers (PTAC) – a U.S. Department of Defense program (Santa Fe (2), Albuquerque (2), Clovis & Las Cruces)

International Business Accelerator (IBA) in Santa Theresa in conjunction with Western New Mexico University

Technology Commercialization Accelerator (TCA) at New Mexico Tech



SBDC Network Locations



The program is designed to leverage the strength of NM's Higher Education institutions allowing the SBDC network to provide direct assistance to both existing and potential entrepreneurs in all 33 counties of the State.



Disaster Preparedness

A full year BEFORE the COVID-19 Pandemic:

- The SBDC & NM SBA District Office lead an SBA Resource Partner effort that resulted in a 77-page Disaster Preparedness Response & Recovery Guide available which is at www.nmsbdc.org
- Served as a great resource for Small Businesses
- The guide was updated and expanded to 91 pages with numerous Checklists and Handouts in August 2020



Small Business Support

COVID-19 Support (March 9 – September 30, 2020)

- 55,211 Contacts
- 10,817 hours of Assistance
- 260 Live On-Line Training Events
- Minimum of 4,380 Jobs Saved
- 1,283 Loans and Equity Investments totaling \$105,432,768 acquired by small businesses

The NMSBDC cost per job created or saved (CPJCOS) for the year ending June 30, 2020 was 2,777 jobs at a cost of \$1,234 and for the SFY that just ended 4,990.5 CPJCOS at a cost of \$622.



Tourism Small Business Assistance

Collaborative effort with NMTD resulting in:

- 10,318 tourism-related business contacts
- 2,025 counseling hours
- 618 Tourism jobs saved
- 101 loans and equity investments totaling \$25,960,567
- Outreach 1,557 Restaurant Association members
- Financial Projection Tool created to assist with recovery



SBDC Cooperative with NM Departments

- NM Economic Development Department – partnered on multiple activities
- Tourism Department – extensive collaboration
- NM Department of Cultural Affairs – Outreach concerning federal assistance
- NM Finance Authority – Link on their site to direct businesses for help in the application process of the Small Business Recovery Loan Fund and other assistance programs.
- NM Department of Workforce Solutions – Hosted and served as panelist to provide Pandemic Unemployment Assistance (PUA) in particular to self-employed and independent benefits.



Federal Financial Assistance - Loans

- Paycheck Protection Program (PPP) - 1st & 2nd Draw & Forgiveness
- Economic Injury Disaster Loan (EIDL)
- SBA Debt Relief Loans (7a, 504 & Microloans)

Numerous State and Local Loan Programs (not presenting on these)



Paycheck Protection Program (PPP) closed



PPP allowed entities to apply for low-interest private loans to pay for payroll and certain other costs. Two rounds were available in 2020 ending 8/8. A third round of PPP started 1/15/21 and ended 05/31/2021. Can be forgiven.

NM organizations received:

- **41,747 PPP total loans** with an average of \$81,277
- With an overall total loan amount of **\$3.4 Billion**. The average entity size was 10 employees.



SBA PPP Report Slides



[Paycheck Protection Program \(PPP\): Approvals through 08/08/2020 \(sba.gov\)](#)

[Paycheck Protection Program \(PPP\) Report: Approvals through 05/31/2021 \(sba.gov\)](#)



Links to PPP Data



[SBA Paycheck Protection Program Data Lookup – FederalPay](#)

[New Mexico SBA Paycheck Protection Program Recipient List
- FederalPay](#)



Economic Injury Disaster Loans (EIDL) open



This COVID-19 loan provides economic relief to small businesses and nonprofit organizations that are currently experiencing a temporary loss of revenue. This loan is currently open until December 31, 2021.

New Mexico entities received 14,535 loan approvals in 2020 for \$798,883,823

New Mexico entities received 15,191 loan approval in 2021 for \$930,508,923

[Disaster Assistance Update: Nationwide EIDL Loans, November 23, 2020 \(sba.gov\)](#)

[SBA Disaster Assistance Update Nationwide Economic Injury Disaster Loans COVID-19 July 2021](#)

Link to data [COVID-19 EIDL - COVID-19 EIDL data CSVs - U.S. Small Business Administration \(SBA\) | Open Data](#)



SBA Debt Relief open



SBA offers debt relief to existing SBA loan borrowers whose businesses have been impacted by COVID-19:

- Temporarily enhances the terms of the 7(a) loan program by increasing the loan guarantee to 90 percent and offering reduced or no fees for the borrower and the lender. Additionally, it would temporarily increase the 7(a) express loan limit and loan guarantee.
- Temporarily eliminates fees for the 504 loan program and offers favorable terms for refinancing loans.
- Increases the aggregate loan limit for microloan intermediaries in order to increase capacity to make loans to underserved and underbanked borrowers.
- Extends the Small Business Debt Relief program, which would **defer payments** of principal and interest on new and existing SBA 7(a), 504, and Microloan programs for eligible entities.



Federal Financial Assistance - Grants

- EIDL Grant
- EIDL Targeted Grant (open)
- EIDL Supplemental Grant (open)
- Shuttered Venue Operators Grant (open)
- Restaurant Revitalization Fund Grant

Numerous State and Local Grant Programs (not presenting on these)



EIDL Advance Grant closed

- The up to \$10,000 advance grant was determined by the SBA to offer \$1,000 per employee.
- NM entities received 21,625 Advance Grants for \$ 71,000,000 in 2020 (averaged \$3,300 per grant)



EIDL Targeted Grants open and EIDL Supplemental Grants open

- The \$10,000 advance grant is **targeted** for small businesses with no more than 300 employees, located in low-income communities, who have experienced a 30% reduction in gross receipts during any 8-week period between March 2 and December 31, 2021, relative to a comparable 8-week period immediately preceding March 2, 2020, or during 2019; or if the covered entity is a seasonal business concern, such other amount determined appropriate by the SBA Administrator.
- NM entities received 1,394 Targeted Grants for \$11,234,000
- NM entities received 1,013 Supplemental Grants for \$5,065,000

Shuttered Venue Operators Grant (SVOG) open

- Eligibility: Live venue operator or promoter, theatrical producer, or live performing arts organization operator, a museum operator, a motion picture theatre operator, or a talent representative who has experienced at least 25% reduction in gross earned income (specifics on each).
- Up to \$10 million or 45% of 2019 gross earned income whichever is less based on significant 2020 revenue losses.
- Entities can receive a PPP loan and this grant, however the PPP amount will be reduced from the SVOG amount.



Shuttered Venue Operators Grant (SVOG) open



- SBA has decisioned 95% of applications (only 6.8B of 16B awarded)
- The SBA releases information every Monday Midday
- As of July 19, 69 NM entities were awarded \$41,692,675
- The 69 NM entities can be viewed at [Shuttered Venue Operators Grantees - Dataset - U.S. Small Business Administration \(SBA\) | Open Data](#) lines 5,216 - 5,284
- This included 4 Department of Cultural Affairs entities receiving a total of \$1,314,204 with one application still pending

Restaurant Revitalization Fund (RRF) closed



- \$28.6 billion **grant** program for assistance to restaurants and other food and drinking establishments. \$5 billion set aside for businesses with less than \$500 million in 2019 annual revenue.
- Up to \$10 million per entity, with a limitation of \$5 million per physical location. Grants were calculated by subcontracting 2020 revenue from 2019 revenue.
- During the first 21 days, applications from restaurants owned and operated controlled by women, veterans, or socially and economically disadvantaged individuals received priority.
- Allowable expenses included payroll, mortgage, rent, utilities, supplies, food and beverage expenses, paid sick leave, and operational expenses.



Restaurant Revitalization Fund (RRF) closed



- The RRF ended 5/24 with the final SBA report was released 6/30
- NM entities submitted 1,529 applications for \$356,389,291
- 601 NM entities received a grant total of \$169,250,543
- The final SBA report is at [Restaurant Revitalization Fund \(RRF\) Report, Approvals through 06/30/2021 \(sba.gov\)](#)
- Here is a searchable database for the RRF Grant [RRF Search and Report \(caspio.com\)](#)



Employee Retention Tax Credit (ERTC)

- The ERTC beginning on January 1, 2021 was expanded and is available for all 4 quarters of 2021.
- The credit is now 70% on \$10,000 in wages per quarter or a maximum of \$14,000 **per employee** through December 31st (\$7,000 each quarter).
- Eligibility was expanded to include employers who experienced a decline of more than 20%. Also, public colleges and universities are now eligible.
- In addition, the employee cap under which it is easier to claim the tax credit has been raised to 500 employees from the earlier 100 employees.
- Employers can now receive both the ERTC and a PPP loan, just not to cover the same payroll expenses.



The Current Needs of Small Businesses

What small businesses are telling the SBDC that they are faced with at this time:

- Many business owners are facing burnout and emotional distress
- Uncertainty around future shutdowns or restrictions as well as market conditions
- Struggling to find employees regardless of pay
- Reduced operational hours due to staffing shortage
- The available workforce lacks basic job skills, experience, and soft skills
- Competition for teen aged workforce is intense - posting positions, vetting candidates and onboarding is time consuming
- Can't keep up with intense wage competition from large businesses, sign on bonuses, etc.
- Increased labor and rental costs
- Current employee burnout
- Workforce motivation
- Remote workforce issues both positive and negative



The Current Needs of Small Businesses (2)

What small businesses are telling the SBDC that they are faced with at this time (continued):

- Customer habits have changed such as e-commerce a “new normal” & delivery
- Learning technology and updating antiquated systems to adapt to offering product/services
- Access to broadband limits working from home
- Increase cost of inventory and supplies as much as 30%
- Increase shipping costs as much as 25%
- Significant debt incurred due to continuing business operations with little to no revenue
- Supply chain delays and interruptions including delays at ports of entries (retail impacted)
- Loss of net profits despite modestly increasing prices and fees to customers
- Seasonal businesses missed profit window for the year and little to no reserves
- Difficulty in reaching and navigating government agencies such as tax and rev, cities, etc.
backlogs in permitting and licensing (many government offices still working remotely)
- Unseasonably strong storms and weather caused water damage



The Current Needs of Small Businesses (3)

National sources provide the following thoughts that seem to align with earlier statements:

- National Federation of Independent Businesses – reports that 47% were unable to pay their May rent and 36% of small business owners still have not seen revenue recover to pre-covid levels
- US Chamber of Commerce – reports that 48% of small businesses with 5-19 employees says it was hard to find candidates to fill positions; 44% said it was hard to find candidates with needed experience and 41% say it was hard to find workers with the right skills
- Coleman – a major training company for the lending industry reported that the most important RANKED problems for small businesses were Quality of Labor, taxes, inflation fears, government regulation, cost of labor, poor sales, competition from large businesses, cost/availability of insurance
- “Grants are the number one priority for small businesses to get back on their feet.” according to Small Business Majority CEO further “in fact, 40% of small business owners recently reported they will need no-cost grants and zero interest loans this year to keep their business open.”



Some Final Thoughts

For the year ending June 30, 2020, 2,777 jobs were created or saved (JCOS) at a cost of \$1,234 and for the SFY that just ended 4,990.5 JCOS at a cost of \$622.

Our Solopreneurs Guide/resources and training have been in place for 2 years now.

Our website at <http://www.nmsbdc.org> has lots of resources available including how to obtain our no-fee services and live training (18 offerings within the next 30 days).



Thank You For Your Continued Support of Small Businesses in New Mexico!

The New Mexico Small Business Development Center Network

- Centers Statewide
- No-Cost confidential business consulting
- Low-cost business training workshops
- Certified business professionals



The NMSBDC is funded in part through a cooperative agreement with the U.S. Small Business Administration. All options, conclusions or recommendations expressed are those of the NMSBDC and do not necessarily reflect the views of the SBA. Reasonable accommodations for persons with disabilities will be made if requested at least two weeks in advance.



QUESTIONS AND COMMENTS



ADDITIONAL SLIDES



Economic Injury Disaster Loans (EIDL)

Portal currently open until December 31, 2021

- Terms - 3.75% for businesses and 2.75% for nonprofits for 30 years
- Use for working capital & normal operating expenses
- Original amount was up to \$2 million and then it was capped at \$150,000. On 4/6/21 it was upped to \$500,000 and the SBA plans to rise the amount to \$2 million in the near future.



SBDC ROI

New Mexico's earlier 4.1 million investment in the New Mexico SBDC resulted in an estimated \$9,468,966 of tax revenue for the state.

Every \$1 dollar invested into the New Mexico SBDC program results in \$2.31 of tax revenue for the state.

Every \$1 dollar invested into the New Mexico SBDC program results in \$5.40 of Federal contracting dollars flowing into New Mexico's economy.



SBDC Program Pandemic Response

- Temporarily centralized intake process
- First available counselor
- 24 hour service standard
- COVID-19 Response Team robust call center capability for outreach
- PNM “bill stuffers” to 525,000 accounts
- NM Chamber Executives Association outreach to their 22,375 members & NM Restaurant Association 1,557 Restaurant Association members
- Native American outreach



SBDC Recent Projects

- Enhanced Services to Remote Local Businesses Beyond our Center Locations via Virtual Advising
- Engaging County, City & Community Leaders with SBDC Research
- Native American In-home Child Care Business Assistance changed to address all Native American small business issues
- Solopreneur Guides and Training
- Expand International Trade Impact through Supply the Supplier
- Statewide Advisory Board changes – makeup, guidelines



SBDC Training Opportunities

Bilingual offerings in the following:

Accessing and applying for financial resources, to include Paycheck Protection Program (PPP) loans, SBA Economic Injury Disaster Loans (EIDL) and all types of SBA and non-SBA loan programs so small businesses can effectively access capital and promote business sustainability, growth and resilience.

How small businesses can protect their workplaces, employees and customers against potential health and safety threats, including the prevention of the transmission of COVID-19 and other communicable diseases.



PTAC

Procurement Technical Assistance Centers (PTACs) provide expert **Government Contracting** help at no charge, through training, one-on-one counseling, tailored to the specific needs of the business. This includes government at all levels (federal, state, local and tribal).

Teaches what businesses need to know to connect with other small businesses and agency buyers. Funded in part through a cooperative agreement with the Defense Logistics Agency and the State of NM.



International Business Accelerator (IBA)

The International Business Accelerator is a one-stop shop of resources for NM businesses and individuals wishing to introduce their product or service into the global market. They offer:

- educational programs on how to export/import
- an online resource guide of international trade materials,
- an electronic database of international trade leads/joint venture opportunities.
- outgoing and reverse trade missions of foreign buyers and sellers for the benefit of NM companies.
- one-on-one counseling for businesses seeking assistance in meeting their international trade objectives.
- innovative supply the supplier program.



NMIBA

INTERNATIONAL BUSINESS ACCELERATOR
New Mexico Small Business Development Center Network

Technology Commercialization Accelerator (TCA)

The Technical Commercialization Accelerator offerings include:

- educational programs on how to protect ideas (patents, copyrights, etc.)
- extensive assistance combating cyber security threats
- obtaining funding and commercializing products/services
- Working through existing networks and developing new networks for technology transfer
- encouraging partnerships between the small business and academic communities to help commercialize university-based research and development
- exploring the viability of developing shared production facilities under appropriate circumstances.