Slow rollout for New York small business relief program leaves millions of dollars untapped

CARA EISENPRESS
The vast majority—94%—of dollars are still sitting in a New York fund meant to help the state’s smallest businesses recover, two and a half months after applications opened.

Just $48 million of the $800 million total have been awarded from the Covid-19 Pandemic Small Business Recovery Grant Program, according to the state.

To push out more funding, Gov. Kathy Hochul made three changes to the program. Now, companies can apply that make up to $2.5 million, five times the previous threshold of $500,000. More firms who already received Paycheck Protection Program dollars are also eligible; in the early version, companies that had received more than $100,000 in PPP were ineligible, but that maximum is now $250,000.

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The state has also expanded the grant amount to $50,000, which would allow 15,000 more businesses to get money that might help them recover. Applications for grants following the updated terms will begin being processed on Sept. 8.

“Now they are expanding it, we can go out and promote a real program,” said Lisa Sorin, president of the Bronx Chamber of Commerce. Up until now, the strict criteria and relatively low award amount were discouraging small businesses in her orbit.

But the expansion could also box out some of the smallest businesses whose applications have been excluded on a technicality that was not repaired in the update, according to Marco Castro, senior program manager for community development at WHEDco.
“It’s fair that businesses with more assets can apply,” he said. “But at the same time we are mostly concerned about the smallest of the small that don’t have the resources to hire accounting firms.”

The issue is that companies compare their revenue from 2019 to 2020--but their 2020 fiscal years often do not match the calendar year, making this an impossible request.

It is but one of the issues that small businesses, especially those owned by those for whom English is not a first language, have had, according to Karen Narefsky, the Senior Organizer for Equitable Economic Development at Association for Neighborhood & Housing Development, which works with small businesses throughout the city. But the biggest of all may have been the fatigue with government programs and the myriad forms and filings needed to apply for funds that may not fully cover their high costs.

“And then,” she said, “when folks finally get motivated to apply, they encounter the tax issue.”

Link: https://www.crainsnewyork.com/small-business/slow-rollout-new-york-small-business-relief-program-leaves-millions-dollars-untapped