CRA Virtual Town Hall with Senator Cory Gardner

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Speakers: Senator Cory Gardner, Sonia Riggs CRA President & CEO, Nick Hoover CRA Staff

Senator Cory Gardner: Introduction and Federal Relief Overview

- We knew that restaurants and hotels were going to be hit hard by the spread of COVID-19 early on, and we wanted to address areas of relief immediately.
- 9,970 PPP loans, valued at $3.2 billion, have already been approved for restaurants across the nation under the SBA PPP program.
- We know that the SBA has continued to issue new rules and guidance that have limited access and approval for these funds. We are working with SBA for solutions.
- We believe that you can couple PPP and EIDL loans so long as you are not using them for the same expenses; we are just trying to be SBA to be clear and issue guidance allowing this.
- Congress intended to allow for the broadest applicability of these programs, so we are looking for clarification to allow for better access.

Comments and Q&A

I have already been refused access to EIDL loans because of my credit. Can I get access to PPP? If they are forgiven, why do they need my credit?

We can continue talking to SBA to loosen these requirements. PPP does not go off of credit qualifications though, so you may want to pursue that avenue.

What expectations should we have on a pathway to re-opening? How do we know how to set expectations?

This is a huge question. We would like to get an “all clear” sign that shows us we can go back to business as usual, but that doesn’t exist for COVID-19. The good news: we are following the guidelines from health experts. This becomes a challenge though because people are looking at these end dates as the “all clear” and that may not be the case. If you are looking at the numbers, the cases are slowing, so it shows that people have done their jobs and stayed home, and if we continue down that road, we can get out of this earlier than we think.

Is there a benefit for waiting to apply for the PPP because of that 8-week window? Will there still be funds if I wait?

If the money runs out, we will find more money for applicants. Congress can’t just allow this thing to hit the limit of available funds and then exclude all further applications. Banks can also transition their lending from the SBA pool to the federal lending pool to access funding for all that need it. To me this is the most important program that we have; people need these funds and we will make it work.
Is there room to require insurance companies to open up business interruption claims for this purpose?

It is going to be difficult for the government to come in and change those private contracts. They may pursue a reinsurance program, however. We are imagining a lot of court cases will result from this, so the court may be able to answer those questions.

With restaurants being essential businesses, should owners be encouraging their employees to wear masks?

If the Governor requested today that all members of the public wear masks outside. These are not N95 masks, as there is a shortage of those. They are suggesting cloth masks such as bandanas, but there may be federal guidance forthcoming to offer further guidance.

Where can people get the masks?

It can be as simple as a piece of cloth that goes across their face; bandanas, scarfs, etc.

If restaurants can’t open by the end of the PPP 8-week period, or June 30, will the program be extended?

Yes, flexibility will be there. We are already speaking with SBA about this program, the situation is evolving.

If the CARES Act is guaranteed funding to banks, why are they telling us that they are worried about backing these loans to borrowers?

That is a sign of confusion in SBA guidance. We are telling SBA to just get the money out and forgive it. SBA is complicating this issue more than they need to, so we are working on getting them back on track.

How far is this relief going to go? You are considering the fourth package right now. Is there going to be more?

I think that phase 4 could still be one of the bigger packages that you see. There are going to be tweaks to the language issued by SBA, and maybe we can tweak the charitable giving allowances. We are now looking at creative solutions to help all sectors. We are also looking at ways to improve our infrastructure in the next package. It’s difficult to predict beyond those solutions what we can do.

What are the relationships between the Senate and the House? Do you think that both sides of the aisle will be able to find solutions?

We hope that this relief shows that everyone can work together and issue united solutions. The second phase of COVID-19 relief came out of the House and had some things the Senate didn’t like. But we knew that the bill had to pass, so we cleared it unanimously because we know how important it is that people have this relief.
Well known restaurants are choosing to leave the market because of property taxes and minimum wage increase. Sometimes it can be very clear that our guidelines and regulations prevent solutions and slow down the economy.

There is fear that the dining room closure is going to last longer than 8 weeks. If a restaurant has already applied to the PPP or EIDL loans, could businesses apply again to keep their businesses going?

Absolutely. The broadest implementation possible is what we should be pursuing with this program. We need to think about bumping up the 2.5x monthly payroll. When this originally was drafted, it was 4x payroll, and we need to follow that guidance to make this program better.

When those conversations start happening around the fourth federal relief bill, how can restaurants express to you their need for these programs?

We need the facts; stories, statistics, data, numbers will help. The more real-life experiences we can share, the better job we can do addressing those issues. Restaurants are a different type of business; there are incredible seasonality and labor issues associated with the industry that don’t present in other sectors.

What can we do to get our employees back to work? Unemployment is paying better benefits than what is available to them if they come back to work.

If an employee is refusing to come back to work, they may no longer be eligible for unemployment benefits. We are aware of these concerns. We are hoping that people won’t gamble on these risks and just collect UI and then hopefully find another job in 8 weeks. If you look at the numbers, a lot of people have been furloughed, so they should plan on coming back.

What is your honest opinion of the management response from the federal government to Governor Polis’s call for more PPE? Our needs are not being met.

We are working closely with Governor Polis to get the state its needs. Tests have been increasing, 2 million masks are on their way to Colorado, and we are ramping up production for all necessary equipment, especially ventilators. But we will really need to look at how our supply chain works after this crisis concludes.

At some point, we are going to get past this. Some programs have been put in place that only focus on the current status of things, but what are you considering to help the industry in the recovery process?

We have to have an entire plan in action to make sure we don’t end up in the same position again, and a lot of that focuses on access to testing. We also need to make sure we are looking at the spread of the virus in large metro populations. Once we have all this information, then instead of shutting down all the restaurants, we can tailor our response to each individual case. This will increase public trust and allow the public to continue their daily lives.

Do you feel confident that testing will be available for all who need it?
In the coming months, things will look much better. People are coming up with new and rapid testing as we speak, so things will really improve. We just have to prepare the system now so that we are prepared again if this returns in the future. The more testing you have, the better decision making and public policy can be done.

**The best thing that Congress and the Senate can do is extend the PPP to 12 weeks of payroll costs. The 8 weeks is a loose-fitting band-aid; appreciated by not necessarily adequate.**

We can begin to look at tailored, specific relief in the fourth round of relief. I do think that we can look at remedies specific to each situation in the next round that we couldn’t necessarily look at before.

**Managers need to be part of employee tip pools. We can’t pay a competitive wage to managers right now because the staff is making more money than salaried workers. Is there any appetite to change opinions around some of these wage issues?**

I hope that people start to better understand how restaurants work after this has passed. The relationships you have will make a big difference, so you may be able to change opinions further down the road.

**Senator Gardner wrap-up: I know the incredible role restaurants play in Colorado, both for the economy and employment. Thank you for what you’re doing, thank you for sticking through this, and thank you for helping us understand how to help you going forward.**