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MEDIA INQUIRIES

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USF and Joliet Chamber Partner to Help Local Businesses Acquire CARES Act Dollars

Joliet, Ill. – In light of the impact the COVID-19 pandemic has had on the economy, many Joliet area businesses are wondering how they can acquire funds from the CARES Act to help the local business and local employees. While the government has not released full details yet, local Joliet area resources are already springing to action to



help local businesses. Professors at the University of St. Francis in Joliet, in cooperation with the Joliet Region Chamber of Commerce, quickly prepared a fact sheet to explain these new programs. As a result, local bankers are already gearing up to help their customers acquire their share of CARES Act dollars.

Last Friday, United States President Donald Trump signed the \$2.2 trillion CARES Act, which includes \$350 billion in loans through the Paycheck Protection Plan (PPP) to support businesses with under 500 employees. The intent of the plan is to help keep these important employers afloat so they can keep local residents employed.

“The amount of money available is tied to the size of the company’s payroll. The hope is that the funds will cover about 2 to 3 months of payroll so that employers can avoid layoffs,” explained Steve Morrisette, a professor at University of St. Francis and a former Joliet bank president.

The government-mandated shutdown of most businesses, done in an effort to reduce the transmission of the COVID-19 virus, cut off almost all revenue for effected businesses. As a result, business owners and managers were left scrambling to figure out how to pay the bills even though no money was coming in and without any advance notice of such a change. These business “lay-offs” quickly turned into employee layoffs.

In an effort to provide much needed assistance, the CARES Act was created to include \$560 billion in programs to support impacted individuals and families, including increased unemployment benefits and a direct cash payment of \$1,200 per eligible taxpayer (and is expected to be paid in April). The CARES Act also created a \$350 billion Paycheck Protection Program to provide assistance to businesses to help reduce layoffs and ensure businesses survive this crisis.

“The majority of our members are businesses with less than 20 employees and are run by local families,” explained Mike Paone, Vice President of the Joliet Region Chamber of Commerce. “They are concerned about their families like the rest of us – and they are also worried about the ‘second’ family at their business.”

Paone indicated this program could be a big help, but that it is imperative that business owners act quickly before financial damage is too severe.

“These loans are coming through the Federal Small Business Association (SBA), so it is key that the SBA get the program started and loans processed quickly,” Paone said.

Local bankers are already gearing up for the numerous requests expected next week.

“We haven’t received details from the SBA yet,” explained Mike Nolan, Joliet Market President for Busey Bank, “but we have already been working with our customers to help them through this – now we’ll go to bat for them to get them the SBA money they need.”

Jim Roof, Joliet Banking Center President for First Midwest Bank, indicated that his bank is also working on behalf of local businesses.

“We’ve been helping businesses in our community for 86 years and we are committed to working with them through this turbulence. We are in communication with the SBA so we can understand the program parameters so we can move quickly to help our Joliet and Will County clients,” Roof said.

Shane Green, Executive Vice President of Old Plank Trail Bank, added that local banks are primed and ready to help local businesses.

“The SBA mostly works through banks. As part of the Wintrust banking group, we have direct access to make SBA loans so we are ready to help local businesses get the money they need. It looks like the SBA wants to streamline the process so we can get the money to business quickly,” Green said.

Some of the key provisions of the PPP loan program include:

- Businesses with fewer than 500 employees are eligible; eligibility also extends to 501(c)(3) non-profits, sole proprietors, independent contractors, and self-employed individuals
- The size of the loan can be up to 2.5 times the borrower’s average monthly payroll costs incurred in January and February 2020
- Maximum loan amount is \$10 million; loans under \$1 million may be eligible for SBA Express Loan
- There is no collateral requirement; loans are non-recourse meaning the business owners are not personally liable for the loan
- Loans can be for as long as 10 years; maximum interest rate will be 4%.
- More details can be found stfrancis.edu/cares-act-facts

“Given that the law was just created last week, many of the details haven’t been finalized,” explained Paone. “A key benefit is that some of the loan to the business may be forgiven and will not need to be repaid if the business avoids layoffs and/or recalls previously laid-off employees.”

Experts also recommend that businesses talk to their bank and other key vendors about their plans to handle this temporary shutdown.

“Don’t leave your landlord and bank in the dark. If you can’t make your loan payments, talk to your bank. They want to work with you, if possible. Just last week, the banking regulators made it easier for banks to modify business loans to help business that might not be able to make their payments right now,” Morrissette emphasized.

Also impacting small businesses, the CARES Act modified the previously enacted FFCRA (Families First Coronavirus Response Act) which mandates 10 weeks of paid Family Medical Leave Act (FMLA) and 80 hours of paid sick leave. Businesses could receive a tax credit/rebate for the amount spent on FMLA and paid sick leave.

“These are important benefits for employees of small businesses. The tax credit will help small business afford these new expenses,” explained Bonnie Covelli, associate professor at the University of St. Francis. Covelli also leads the USF Business Incubator, which provides assistance and services for local start-up businesses.

There are also important tax changes for small businesses in the CARES Act and the FFCRA that allow for delay paying certain federal payroll taxes and may provide for tax credits or rebates for the cost of providing paid FMLA and sick leave.

Most of the government’s efforts and money are aimed at fighting the COVID-19 virus. Next, they started working on how to help families weather this storm. Now, a portion of the government’s efforts is focused on working to help businesses stay afloat, while being mostly shut down, and with the goal of avoiding even more layoffs.

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