

# Utilizing ARPA Funding to Advance Cooperative Business Ownership

July 27, 2021



**NLC** NATIONAL  
LEAGUE  
OF CITIES  
CITIES STRONG TOGETHER



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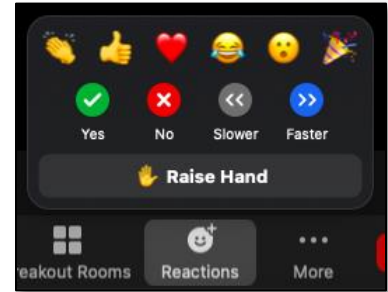
# Welcome & Introductions

## Duration: 2:00 – 3:15 p.m. EST

- This session is being recorded and the slides will be shared.

## Technical Details

- Submit questions through the chat box or by using the “raising your hand” reaction.
- “Cameras on” encouraged! — But if your internet connection is unstable, try turning your video off to improve sound quality.
- Be sure to mute/unmute yourselves if you are called on to ask your question.





**Zen Trenholm**

*Director,  
Employee Ownership Cities and Policy  
Democracy at Work Institute*

# Moderator

- **Welcome and Introduction**

- Kyle Funk, Program Specialist, Housing and Community Development, National League of Cities

- **ARPA Overview for Business Assistance**

- Mike Wallace, Legislative Director, Housing, Community & Economic Development, National League of Cities

- **Using ARPA to Support Shared Equity**

- Kate LaTour, Director, Government Relation, National Cooperative Business Association, CLUSA International

- **Utilizing SSBCI funds for Supporting Employee Ownership**

- Melissa Hoover, Executive Director, Democracy at Work Institute

- **City Spotlight: Brainstorm Session**

- Kate Mereand, Program Manager, Department of Small & Local Business Development, City of Washington, D.C.
- Ruth Rohlich, Business Development Specialist, Economic Development Division, City of Madison, WI

- **Q&A with Panelists**

- **Wrap-Up & Closing Remarks**



**Mike Wallace**  
*Legislative Director,  
Housing, Community & Economic  
Development*  
National League of Cities

# ARPA: Overview for Business Assistance

# America Rescue Plan Act: Local Fiscal Recovery Grants for Economic Development

National League of Cities

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During an unprecedented time, NLC delivered  
unprecedented results for our members.

\$65 billion of DIRECT aid to  
EVERY city, town or village  
across the country.

[nlc.org/stateleague](https://nlc.org/stateleague)

**NLC** **DELIVERS**



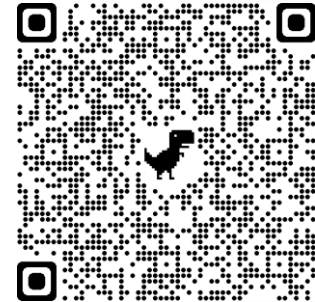
## Treasury's Guidance and Supplementary Information:

- Interim Final Rule (IFR)
- Allocations and Methodology for Non-Entitlement Units
- Allocations and Methodology for Metropolitan Cities
- Guidance on State Distribution of Funds to NEUs
- Frequently Asked Questions (*Periodically Updated*)
- Compliance and Reporting Requirements

Visit [Treasury.gov/SLFRP](https://www.treasury.gov/SLFRP) for these resources

- For questions, email [SLFRP@treasury.gov](mailto:SLFRP@treasury.gov)

Comments on the IFR are due **July 16, 2021**



- 1. Assess government operations AND community needs by engaging residents and stakeholders to develop a plan for recovery.**
- 2. Use each ARPA revenue source strategically.**
- 3. Prioritize fiscal stability and equitable recovery**
- 4. Maintain records and document impact.**
- 5. Your Congressional Delegation is part of your success.**

To respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19) or its **negative economic impacts**, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.

## Reporting Expenditure Categories

- Household Assistance:
  - Food Programs
  - Rent, Mortgage, and Utility Aid
  - Cash Transfers
  - Internet Access Programs
  - Eviction Prevention
- Unemployment Benefits or Cash Assistance to Unemployed Workers
- Job Training Assistance
- Contributions to UI Trust Funds
- Small Business Economic Assistance
- Aid to Nonprofit Organizations
- Aid to Tourism, Travel, or Hospitality
- Aid to Other Impacted Industries
- Other Economic Support
- Rehiring Public Sector Staff

## Interim Final Rule

- Direct cash and loan interventions
- Assistance to business and non-profits
- Impacted industries and workers
- Housing and Community Development
- Homelessness
- Childcare and Education
- Parks, Patios, Façades, Other outdoor built environments

## Presumption of eligibility in Qualified Census Tracts (QCTs)

## Small Businesses Create New Jobs

- Small businesses make up nearly half of U.S. private-sector employment.
- Responsible for two-thirds of net new jobs.
- 400,000 small businesses have closed since the beginning of the pandemic.

## Disparate Harm for Low-Wage Workers

- “The COVID–19 emergency may have lasting negative effects on economic outcomes, particularly in exacerbating disparities that existed prior to the pandemic.”
- Low- and mod-income jobs are substantial part of total pandemic job losses
- Low-wage jobs disproportionately require in-person frontline work.
- Concentrated poverty results in a cascade of additional burdens on families and reduces economic potential

## COVID-19 Related Harm

- Eligible uses must be designed to address an economic harm resulting from or exacerbated by the public health emergency.
- Economic harm may either be immediate or delayed.
- “Expenditures to aid businesses that did **not** experience a negative economic impact from the public health emergency would not be an eligible use under this category.”

## Proportional Assistance

- Responses must be related and reasonably proportional to the extent and type of harm experienced;
- Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

## Flexible Criteria

- Recipients should consider local economic conditions and business data
- Criteria may include businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities.

- Loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID–19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID–19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs.

- Local governments are encouraged to address the needs of households and businesses that were **disproportionately** and negatively impacted by the public health emergency.
- Treasury encourages expenditures that foster strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.
- Funds cannot be reserved in a way that constitutes savings for future spending needs unrelated to COVID-19 harm.
- Local governments must publicly report assistance provided to private-sector businesses, and its connection to negative economic impacts of the pandemic.
- Local governments should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts

## NLC's COVID-19 Hub

- Blogs
- Local Action Tracker
- Fact sheets
- Frequently Asked Questions
- Webinar recordings



## NLC's Question Form

- Support our content
- Inform our talks with Treasury
- <https://bit.ly/3eVyyWt>



**NLC DELIVERS**



- [Treasury Expands Broadband Eligibility for ARPA in a Win for Cities](#)
- [Feeding More Youth While Strengthening Child Care Businesses](#)
- [Lost Revenue: What Municipalities Need to Know](#)
- [Using American Rescue Plan Act Funds for Water, Wastewater and Stormwater Infrastructure Projects](#)
- [ARPA Local Recovery Funds: What's in it for Connectivity and Technology?](#)
- [Supporting Education Success through the American Rescue Plan Act](#)
- [ARPA Supporting Housing Stability and Income Security](#)
- [City/County Coordination is Vital for America's Recovery Plan](#)
- [How the American Rescue Plan Act is Supporting Food Access and Jobs](#)
- [Supporting Early Childhood with the American Rescue Plan](#)
- [U.S. Treasury Guidance on Using Coronavirus State and Local Fiscal Recovery Funds](#)
- [Six Considerations to Leverage ARPA Funds for Economic Mobility](#)
- [Meeting the Moment: Leveraging American Rescue Plan Act Funds to Improve Mental Health & Wellbeing](#)
- [How Local Leaders Can Help Residents Access the Emergency Broadband Benefit](#)



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**Q&A**



**Kate LaTour**

*Director, Government Relations*  
National Cooperative Business  
Association, CLUSA International

# Using ARPA to Support Shared Equity



**Q&A**



**Zen Trenholm**  
*Director, Employee  
Ownership Cities & Policy*  
Democracy at Work Institute



**Melissa Hoover**  
*Executive Director,*  
Democracy at Work Institute

## Utilizing SSBCI Funds for Supporting Employee Ownership

# The State Small Business Credit Initiative (SSBCI)

presented for the NLC webinar:

*Utilizing ARPA Funding to Advance Cooperative Business Ownership*

Tuesday, July 27, 2021



Democracy at Work Institute

US FEDERATION OF WORKER COOPERATIVES

# What is the SSBCI?

- Reauthorization of an Obama-era program under the Small Business Jobs Act of 2010
- Treasury Department
- Flows through the states
- \$10 billion capital, \$500 million grants
- Intended to leverage 10x investment from financial institutions





# The 2021 Version

## 2010

- \$1.5 billion
- State agencies
- Some challenges deploying  
(see Congressional Research Service  
pub. *State Small Business Credit Initiative:  
Implementation and Funding Issues*)

## 2021

- \$10 billion [a 6x increase]
- \$1.5 billion for businesses owned and operated by socially and economically disadvantaged individuals
- \$1 billion incentive allocation to states to encourage investment in those businesses
- \$500 million for TA
- Additional priorities:
  - businesses under 10 EEs
  - focus on tribes
  - employee ownership centers



# Employee Ownership in SSBCI

*"...[G]iven research demonstrating that increasing employee ownership is one way to help narrow gender and racial wealth gaps, **the Committee encourages Treasury to provide funds to states that use the funds to support state employee ownership centers that provide technical assistance to businesses, including providing resources on how small businesses can offer workers employee stock ownership plans.**"*



# Implementation: Our Advocacy

1. Be explicit that EO support activities are eligible use of funds.
2. Define beneficiaries as *employees who buy and operate businesses*.
3. Make the capital as equity-like as possible.
4. Be expansive: Allow for multiple state centers.
5. Put some through the CDFI Fund.

Regs are being written right now...



# Implementation: What You Can Do

- Know your likely [state agency recipient\(s\)](#) and reach out to them
- Build relationships and connections across the small business support and financing ecosystem
- Support awareness and pipeline-building
- Identify likely lenders and share information with them
- Connect with DAWI and the Workers to Owners collaborative to develop strategy and stay abreast of developments



# Resources

Treasury information

[SSBCI page](#)

DAWI - Democracy at Work Institute

[www.institute.coop](#)

[www.becomingemployeeowned.org](#) (TA providers and lenders)

EOX - Employee Ownership Expansion Network

[www.eoxnetwork.org](#) (state centers)

50x50 Employee Ownership news hub for SSBCI

[www.fiftybyfifty.org](#)



# Contact

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**Q&A**



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Democracy at Work  
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*Program Manager,  
Small & Local Business  
Development  
City of Washington, D.C.*



**Ruth Rohlich**

*Business Development Specialist  
Economic Development Division  
City of Madison, WI*

## Brainstorm Session





**Q&A**



**Kyle Funk**  
*Program Specialist,*  
*Housing & Community Development*  
Center for City Solutions  
National League of Cities  
[funk@nlc.org](mailto:funk@nlc.org)

# “What’s Next? & Closing”

**Shared Equity Webinar Series (SEWS)** providing deep dives into how to make worker ownership a part of your toolkit.

## Reports

[Economic Recovery and Employee Ownership](#)

Community Land Trust Report (Coming mid-August)

Municipal Policy Playbook (Coming Soon)

## Blogs

[A More Equitable and Just Recovery with Employee Ownership](#)

[Why the Time is Now to Support Employee Ownership](#)

[Employee Ownership in the American Rescue Plan](#)

## Contact Information

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