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Senate of Pennsylvania

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May 19, 2020

Governor Tom Wolf
Office of the Governor
508 Main Capitol Building
Harrisburg, PA 17120

Secretary Dennis Davin
Department of Community and Economic Development
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg, PA 17120-0225

RE: More Investment Needed in Bucks and Montgomery County Businesses

Dear Governor Wolf and Secretary Davin:

I am the senator for Pennsylvania's 12th Senatorial District, representing a diverse area of Central Bucks and Eastern Montgomery Counties. This district is home to historic boroughs like Ambler, Hatboro, North Wales and Souderton that are lined with mom-and-pop shops, some new and some that have been around for generations. We are home to a thriving manufacturing industry, with more than 400 job-creating and revenue-driving manufacturers in our district. We are home to Clemens Food Group/Hatfield Meats, a family-owned business that is one of the country's top pork producers. And we are home to businesses and professional service providers of all shapes and sizes. Our proximity to Philadelphia combined with our open space and welcoming neighborhoods make the 12th District a truly special place that I am humbled and honored to represent.

As you know, the COVID crisis hit my district early and hard. Under your leadership, the public health crisis was immediately addressed, the health of our communities was of foremost priority, and I believe your swift actions saved many lives. A stay-at-home order was issued for Montgomery County on March 16 and one was issued for Bucks County on March 23. Since that time, my staff and I have gotten to know many more of our local businesses and business owners than we previously had. But we wish it were under better circumstances. We have heard from them as they struggled to navigate the confusing and sometimes seemingly arbitrary waiver process. Indeed, a gear manufacturer in our district that makes parts for Kimberly-Clark, parts that are a critical to the toilet paper supply chain, was initially denied a waiver. It took nearly two weeks to remedy the situation.

We heard from countless mom-and-pop outdoor garden centers upset that Home Depot, Lowe's and Walmart were allowed to sell plants while they were not. Rather than work with them to find a safe compromise, letters were sent by you to Home Depot, Lowe's and Walmart ordering them to cease garden center sales. Did they? Of course not. Those are just two examples.

Then came the March 25 announcement that the CFA had authorized \$61 million in funding for low-interest, quick-turnaround loans to small businesses affected by COVID. Initially, my district's business owners and I had great hope that these CWCA loans would provide the much needed assistance to keep them afloat during the shutdown. Unfortunately, that is not how it has worked out. First, the Montgomery County contact listed on DCED's CEDO webpage included nothing more than a name (no title or organization) and email address and did not point businesses to the Montgomery County Commerce Department (MCCD) or its webpage, where they could have found information about the application process. Since this process highlighted the error, the page has been updated. But at the time, what that meant was that (a) the first businesses in line to apply – many before the window even opened – were "larger," savvy businesses already familiar with MCCD and (b) most smaller businesses were not even able to find the application until MCCD was no longer accepting them. Our office, which had been closely monitoring the situation and had a list of businesses with whom we were working that we were ready to alert the second we heard something, did not even find out that MCCD had posted its application until the application window had closed, less than forty-eight hours after it launched.

But this was not the only obstacle. MCCD itself had been told by DCED that there would be a call before the program went live and anticipated having more time to get their ducks in a row. This call never happened. Additionally, because MCCD is not certified, their applications had to be sent to the Bucks County Economic Development Corporation (BCEDC) for review and processing after the initial screening and review by MCCD, a step that ended up slowing things down for both Bucks and Montgomery County businesses. With so many applications to painstakingly review for completeness (a step we later learned other counties may not have taken as seriously), BCEDC was only able to submit **twenty-four (24)** completed applications before DCED stopped taking applications on March 31. While no one person or process is to blame, a lot of circumstances out of our control piled up with the end result being that only 3 businesses in Montgomery County and 19 businesses in Bucks County have received CWCA loans to date. Compare that with counties like Cumberland, Crawford or Luzerne, with much smaller populations and contributions to the state's general fund, whose businesses have received 27, 18 and 52 CWCA loans respectively. While additional rounds of loans are still being announced, Bucks and Montgomery Counties are still handicapped by what happened during that last week in March, when only 24 applications were able to be submitted. **These two counties account for approximately [17%](#) of Pennsylvania's General Fund revenues. It is unacceptable that their businesses have received less than 4% of its COVID relief loans.**

The federal Paycheck Protection Program (PPP) loans have been no easier for most of my district's small businesses to obtain. We all saw in the news what happened with the first round – the money went to large companies and missed virus hotspots. In the second round, the SBA attempted to address this by working with regional banks and credit unions. This helped a little, but the program remained unviable for many of the small businesses with whom my staff and I spoke -- retailers, coffee shops, CrossFit gyms, tutoring centers, salons and others -- because of the strict requirement that at least 75% of the funds be used for payroll to qualify for forgiveness. For these businesses, payroll is typically a much smaller portion of their budget than expenses like high shopping center rents, inventory costs, and franchise fees.

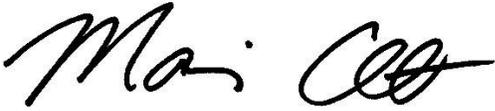
Even smaller grant programs have been so competitive that systems have been overwhelmed and application windows have been unexpectedly closed within hours. Montgomery County announced a MontcoStrong Small Business Grant Program on April 6. The application window opened that day at 11 AM. It was closed within seven hours after more than 1500 applications were received for \$1 million in funding. A second round was announced on May 6. After lessons learned during the first round, including the introduction of a tiered award system based on business revenue, a one-day, eight-hour window was established in advance. More than 2900 applications were received for \$5 million in funding. Bucks County is launching a similar program with a one-day application window on May 26, which we expect to be just as competitive as Montgomery County's.

For as much passion and dedication as they have, as hard as they've tried, as creative as they've gotten, as much research as they've done, as many calls as they've made, as many applications as they've filled out, the small business owners and residents of my district have been dealt a really bad hand. They are scared, angry, and quickly losing hope. I don't blame them. They have no clear sense of when our region will be able to move to the yellow phase and what steps are being taken to get us there faster. As the days pass, the number of businesses and residents in my district who are behind on bills multiplies, as do their anxieties and frustrations. **The folks in my district have not yet seen evidence that your administration recognizes and sympathizes with the added physical, emotional, and financial suffering they are facing as a result of our prolonged stay-at-home conditions, which I know you do.**

Future allocations to and investments in Pennsylvania's small businesses quite simply must take this into account. I make this request first and foremost for the people of my district, but also for the people of the entire Commonwealth. Pennsylvania's economy will not pick up until the economy in Bucks and Montgomery Counties picks up. As Bucks and Montgomery Counties continue to suffer, so will Pennsylvania's schools and social service programs, which rely on our significant contribution to the General Fund. As I have done in past conversations and correspondence, I urge you to swiftly develop a plan to prioritize funding and loan opportunities to help sustain businesses with an eye towards whether they (a) are in the hardest hit regions, (b) have suffered actual losses, and (c) have not received assistance yet.

There is no question that our action or inaction will have far-reaching, long-lasting implications in Bucks and Montgomery Counties. I am willing to do whatever it takes to make sure my district does not lose faith in our government and the democratic process, and I offer my assistance in any way I can be of service.

Sincerely,

A handwritten signature in black ink, appearing to read "Maria Collett". The signature is fluid and cursive, with the first name "Maria" written in a larger, more prominent script than the last name "Collett".

Senator Maria Collett

CC: Ms. Diane Marseglia, Chair, Bucks County Board of Commissioners
Dr. Valerie Arkoosh, Chair, Montgomery County Board of Commissioners