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April 1, 2020

Senator Jon Tester  
Senator Steve Daines  
Congressman Greg Gianforte  
Lt Governor Mike Cooney

Gentlemen,

The Montana Economic Developers Association (MEDA) Board of Directors expresses great appreciation for your active participation in the March 18<sup>th</sup> COVID-19 Response: Building Support Strategies for Montana Businesses Conference Call. Your willingness to engage the economic development teams from across Montana was very encouraging to our work. We appreciate our strong partnership with you and your teams. Thank you!

As our communities respond to the immediate health threats posed by the Covid 19 crisis, we are working directly with the businesses that have been closed, lost substantial revenue, laid-off employees and are now struggling to reset for what could be months of losses and uncertainty. MEDA team members are doing all we can to give these businesses the time and resources they need to survive, and hopefully prepare for the challenges and opportunities that they will face six months, a year and even two years from now. Now with Governor Bullock's "stay at home" order, which was needed to abate the spread, the impacts naturally will grow.

Funding and tools coming out of Congress are helpful (CARES Act), and we understand that decisions are being made at this very moment about additional resources for businesses and families. Thank you for this critical support. While this work continues, the MEDA Board of Directors would offer the following critical areas of focus:

1. EDOs, and CRCDs across Montana have existing structures in place today to lend dollars to small businesses. We have been active financial partners with our local business communities for many years. We urge you to focus resources in programs that would add dollars to these local financing structures through the State Small Business Credit Initiative (SSBCI) program. We ask that Congress fund the SSBCI program, allocating \$20 million to Montana (the 2011 allocation to Montana was \$13 million). This investment would put in place a tool that would serve Montana businesses for several years, not just addressing our immediate needs. The structure of the SSBCI program leaves a positive legacy out of what is now an economic crisis.

As an example, the current "fill-the-gap" lending that is now underway in Billings, Butte, Great Falls and other Montana communities, is utilizing unrestricted principal payments made from the 2011 SSBCI

program. Without these dollars in place and ready to go, the immediate financing needs of many Montana small businesses would go unmet. So, SSBCI left us a legacy that we are now using to support businesses that can't wait for other lending tools to be deployed. Please consider the SSBCI approach a valuable tool.

2. The commitment that Congress has made through the Small Business Administration (SBA) is outstanding. MEDA routinely partners with the SBA to deliver services to businesses throughout Montana. Our concern is growing, however, as the SBA daily becomes backlogged in its efforts to deploy these tools. Not from a lack of effort (our MT SBA office is outstanding), but because the scope of this crisis is significant. We are concerned about the backlog and delays that are happening right now with the focus on SBA lending. While the SBA tools are absolutely needed, the time delays involved leave businesses hanging in the balance for weeks with no help.
3. EDA could expedite getting funding in the CARES Act out to EDO's who need loan capital right now by providing grants to existing EDA revolving loan funds, rather than having to wait months as new grant applications are written, submitted, approved and processed.
4. Future legislation should include additional funds for the USDA Intermediary Relending Program (IRP) with expedited funding to existing IRP revolving loan funds. New funds should be in the form of grants to EDO's rather than loans to enable EDO's to make riskier loans needed in the current crisis. USDA should also be given the authority to forgive existing IRP loans to help stabilize the finances of EDO's across rural America.
5. Thinking long term, we would recommend adding significant dollars to the Department of Transportation BUILD Grant program, maintain the rural allocation, and consider options to extend the 2020 grant deadline, which is set for May 18, 2020. The potential for funding support for key infrastructure projects in Montana will be an important element to our economic recovery efforts.

Thank you again for your hard work on behalf of Montana. MEDA greatly appreciates your continued partnership on the matters listed above and other solutions/tools to support economic recovery following our Covid-19 health crisis.

Respectfully,



#### MEDA Board of Directors

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