

Economic Recovery Bridge Program

Interim Report
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About the Economic Recovery Bridge Program

The Economic Recovery Bridge Program (“the Program”) was initially established pursuant to Act 9 (2021), and later amended pursuant to Act 74 (2021). Between the two Acts, the Agency of Commerce and Community Development was appropriated \$30,000,000 in American Rescue Plan Act (ARPA) dollars to create, implement, and deploy the Program. The Program was established to provide bridge funding for businesses that suffered a tax loss in 2020 and require immediate State aid, either to remain open or to reopen their business. The legislative rationale for the appropriated funding was to provide assistance to impacted organizations and to prioritize businesses that have not received prior federal or State assistance. The Agency produced an interim report for the program on July 7, 2021, pursuant to Act 74. A copy of the report can be found on the [Agency’s website](#).

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SUMMARY OF AGENCY OUTREACH

Guidelines, Application & FAQ Translation

The Agency translated all guideline, application and FAQ documents in 10 different languages and made them available on the Agency's website.

Informational Webinar Series

From July 2021 through December 2021, the Agency of Commerce and Community Development hosted a total of five informational webinars that were made publicly available for businesses to attend. Across the five webinars that were recorded live, nearly 400 businesses participated. Those webinars were recorded and posted to the Agency's website so organizations that were unable to attend the live sessions could view a session a later time. These sessions were used to promote the program, and answer application and eligibility questions.

Demographic Information Input Process

As a part of the Agency's effort to assess and enhance the equity of our programs, including the Economic Bridge Program, it was the goal to utilize the application to collect voluntary demographic data that would better help the Agency understand how it could connect with and support individuals and organizations. The Agency reached out to various Community Based Organizations (CBO) to ensure that demographic messaging and framing of those questions promoted belonging and mitigated the harm and erasure that these types of questions can cause. **See appendix for a copy of the demographic questionnaire from Program application**

Information Dissemination & Media Coverage

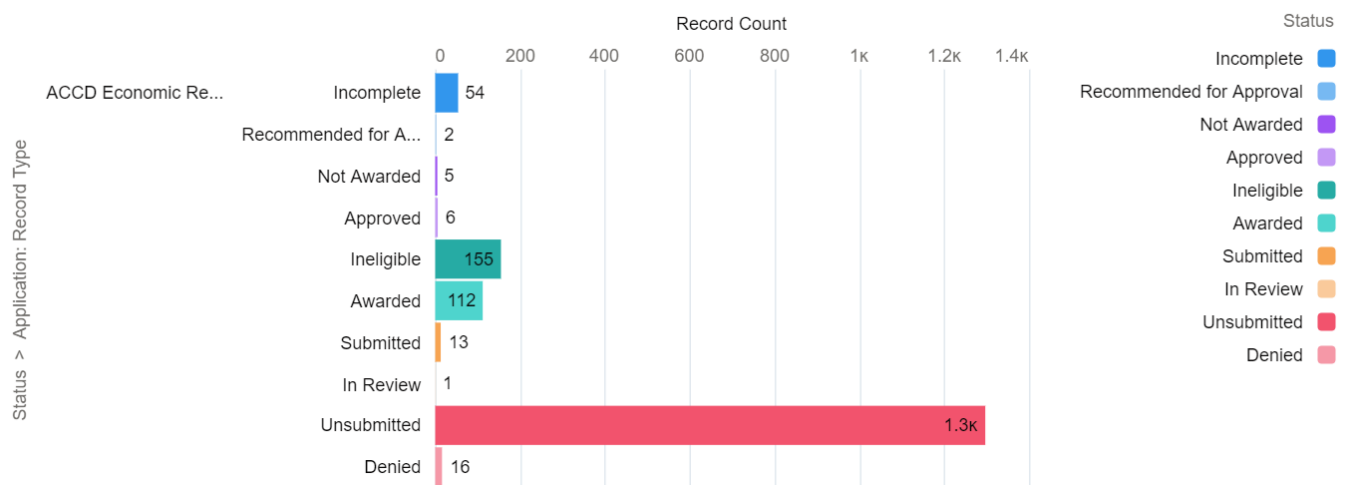
The Agency utilized its newsletter distribution list (6,680 recipients), the Small Business Administration's distribution list (18,000+ recipients), and distribution and membership lists of regional, statewide and local business organizations.

The Economic Bridge Program received ample media coverage from the [Burlington Free Press](#), [Vermont Business Magazine](#), [Bloomberg Tax](#), [VT Digger](#), [WCAX Channel 3](#), and various Associated Press articles ([MSN](#), [San Francisco Chronicle](#), [New Haven Register](#))

SUMMARY OF APPLICATIONS RECEIVED

- Over 1,656 businesses accessed the Agency of Commerce's Recovery Bridge Program application portal and started applications.
- 1,297 of the businesses who accessed the portal have started an application but have not submitted it. These businesses have received an email from the Agency encouraging application completion.
- There are 68 applications that have been submitted, and require additional information. These applications have been returned to the applicants by the Agency reviewers to secure clarification or more documentation.
- Of the 118 approved applications, 35 are priority businesses that have not received any prior State or Federal assistance.
- Pursuant to Act 74, the identities of the businesses receiving awards, and award amounts, are made public after awards are dispersed.

Bridge Program all apps by status



DESCRIPTION OF PROCEDURES

The Program application was set up by the Agency via an online portal.

The program application process starts with a visit to the [Agency's website](#) or the designated [Economic Recovery Bridge Program webpage](#). There are two application portals: one for new users to register, and one for returning users to login to their existing account. New applicants were required to create an account with the Agency, and existing users filed their application with their existing account.

Upon review of an application, the applicant received an email notifying them if further information was needed for approval. If further information was needed, they received a list of the specific items needed to support the application.

When an application was determined to be complete and eligible, the application and all supporting documentation received a final review by a member of the Agency's grant review team, made up of Agency staff and individuals from other supporting Agencies (AOT, DFR...etc).

As specified in ACT 9, during the first 30-days of the Program only applicants that have not received prior State or Federal assistance have been considered. As outlined in ACT 74, beginning 30-days after the inception of the program, or July 7th, ACCD will begin processing applications received from organizations that, have received prior assistance, but which still show an aggregate loss for the period from March 2020 through April 2021 – after considering this assistance.

PROGRAM BARRIERS & RECOMMENDATIONS

PROGRAM BARRIERS

78.3% of businesses/individuals who have entered the Agency's online portal to apply have unsubmitted and incomplete applications pending. In an effort to address the needs of those businesses who attempted to access the program, the Agency sent out a survey in the beginning of September to all of the businesses to get a better understanding of why applications hadn't been submitted. While 780 businesses received the survey, the Agency only received 30 responses.

There are a number of reasons why applications for the program have been fewer than expected, and the survey results confirmed those speculations. The below is a summary of both anecdotal feedback from applicants, and survey respondents:

- **“Net-Tax Loss”:** Businesses/applicants, per statute, are required to show a net-tax loss via their 2020 vs. 2019 tax returns, and also a loss via submitted profit and loss documentation. In early 2021, and during the emergency order, many businesses took advantage of the offered tax extension deadline, which meant that several businesses hadn't filed their 2020 taxes at the time the program went live, and could not show a net tax loss. Additionally, some businesses were able to show a net tax loss, but had positive profit and loss statements.
- **Application Barriers:** Anecdotally, ACCD has heard from businesses specifically in the Tourism and Hospitality sectors that businesses spent their summers focusing on re-opening, rather than grant applications. Additionally, the application for the Bridge Program is very detailed and involved, so business owners and personnel were struggling to find time to complete it. The Agency has been asked by the Hospitality and Tourism sectors, and others, to keep application window active and open through October so these businesses can re-visit applying after their busy foliage season.
- **Award Calculation:** The award calculation of 3 months fixed expenses is set in statute, as well as the eligible fixed business expenses in the program. The Agency has received feedback that the program does not include/consider some major business expenses (insurance, mortgage, workers' compensation, insurance, loan payments) and therefore the calculated award may not create an ROI for an applicant that would justify the level of work required to complete an application.

RECOMMENDATIONS

Based on the feedback received from the survey, and application comparison data received for all three iterations of the Economic Recovery Program (**see Appendix C**), the Agency of Commerce does not have specific recommendations for changes to the eligibility requirements or the award calculation method. The Agency's acknowledges that it would be difficult to quantify the impact any such

changes would have to increasing access and use of the program. However, it is clear that based on the above feedback that the prescriptive nature of the program has impacted the applications received.

Flexibility in Decision Making: In the first two iterations of the Economic Recovery Grants, ACCD evaluated applications based upon revenue declines between 2019-2020, and awarded grants based on a percentage of an applicants reported and verified revenue decline. Eligibility for the Economic Recovery Bridge Program, per statute, is based on an applicant having a reported net loss on their federal 2020 tax return. The amount of the award for the program, per statute, is capped based upon the net-loss reflected in the sum of an applicant's profit and loss statements for the period from March 31, 2020 – April 30, 2021. Awards for this program are calculated as 3x the applicant's fixed business expenses for a single month in the March 31, 2020 – April 30, 2021 timeframe.

While award calculations were different in the first two iterations, the Agency was given the flexibility to shift eligibility requirements and award determinations via changes to the program guidelines. For example, this flexibility allowed the Agency to respond to the overwhelming need of the Accommodations and Food Service industry sector. **The Agency is recommending that flexibility and authority be reinstated for this program so that determinations can be made in a flexible way, and so the Agency is able to respond to businesses with the biggest financial impact (based on financial reporting evidence).**

APPENDIX A: PROGRAM GUIDELINES

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT Economic Recovery Bridge Grants

Guidance for Applicants

The purpose of this document is to provide guidance to the Executive Branch, the Legislature, Agency and Department Partners, and Grant Applicants to the Economic Recovery Bridge Grants as established via Act 9, and per the American Recovery Plan Act.

On April 17, 2021, H.315 was enacted as Act 9 (The Act). The Act appropriated \$10 million of funds from the American Recovery Plan Act (ARPA) to the Agency of Commerce and Community Development (ACCD) to issue grants to eligible Vermont businesses and non-profits that suffered a tax loss in 2020 and require immediate State aid.

Additionally, on June 8, 2021 the State's Budget for fiscal year 2022 was enacted (Act 74) that included an additional \$20 million in funding for the program. This legislation directs ACCD to prioritize funding for impacted Tourism, Travel & Hospitality businesses.

The legislative intent of the Economic Recovery Bridge Grants program is to provide priority funding to businesses that have not received prior State or Federal financial assistance. To the extent that funds remain available, the program is also intended to provide funding to businesses that have suffered a tax loss even after receiving State or federal aid.

As of July 7, 2021, the Agency is processing applications for applicants that show a 2020 tax loss, and can show a net loss in provided profit and loss statements from March 2020 – April 2021 after compensating for the state and federal assistance they have received. The Agency will continue to give priority to applicants who have yet to receive any prior benefit.

APPLICATION PROCESS

Applicants will input their required information into the online application portal provided by the Agency of Commerce and Community Development and submit the application, along with all required documents. Reviewers from the Agency of Commerce and Community Development, and other partners, will review all applications based on the priority criteria described below cross-checking data fields and verifying the required documentation to either approve, deny, or return the application for more information and/or correction.

ELIGIBILITY CRITERIA

Eligible businesses must meet all of the below criteria in order to access Economic Recovery Bridge Grant Funds. The business:

1. Must be domiciled, or have its primary place of business in Vermont; AND
2. Is organized and operated:
 - a. On a for-profit basis, including a sole proprietor, partnership, LLC, business corporation, cooperative, or mutual benefit enterprise; OR
 - b. On a non-profit or low-profit basis, including a mutual benefit corporation, public benefit corporation, and a low-profit limited liability company; AND
3. Is open at the time of the application; OR
 - a. Is closed at the time of application due to the COVID-19 public health emergency but has plans to re-open; AND
4. Is in compliance with current State health and safety protocols established by the *Vermont Forward Re-Opening Plan*¹; AND
5. Can demonstrate that the business experienced a net loss in 2020, greater than any net loss reported in 2019, via submitted federal tax returns; AND
6. Is in good standing with the Vermont Department of Labor (if applicable, to be confirmed by reviewers); AND
7. Is in good standing with the Vermont Secretary of State (if applicable, to be confirmed by reviewers); AND
8. Is in good standing with the Vermont Department of Taxes; AND
9. Is not currently in Chapter 7 bankruptcy;

Eligible businesses will be required to provide the following information in their grant applications:

- A Duns & Bradstreet (DUNS) number (*businesses can obtain a FREE DUNS number here: <https://fedgov.dnb.com/webform/>*)
- Federal Employer Identification Number (FEIN) or Social Security Number (sole proprietors only);
- The North American Industrial Classification System (NAICS) code for the applying company;
- Monthly P&Ls for the period from March 2020 through April 2021, which are used as the basis for calculating net income;
- Information about any compensation or assistance² an applying business has received or applied for from:
 - the Federal Paycheck Protection Program (PPP) loans in 2020 or 2021 and the amounts forgiven;
 - Economic Injury Disaster Loan (EIDL) advances (grants);

¹ <https://www.vermont.gov/vermont-forward#gsc.tab=0>

² Assistance amounts will be used to calculate the adjusted net income, which must still reflect a net loss in order to qualify for an award.

- any other direct federal or state grant funds for economic damages incurred as a result of COVID-19 in 2020 and 2021;
- State and Federal Tax Returns for 2019 and 2020;
- Uploads of one month of invoices for the following fixed monthly expenses:
 - Commercial mortgage or rent;
 - Business insurance;
 - Electricity;
 - Heat;
 - Water;
 - Sewer service;
 - Telecommunications services (phone service including landline and cellular and business-related cable service); and
 - Internet service.

Businesses closed at the time of application must provide the following:

- An attestation (*provided in the application*) that the applicant will use grant funds for resuming business operations and economic recovery;
- For those businesses not currently operating, a brief, written description (*provided in the application*) of its good-faith plan to reopen.

APPLICATION PRIORITY CRITERIA

The Agency of Commerce and Community Development will utilize the below standards for prioritizing received grant applications:

Within the first 30 days of grants being accepted **first priority grant awards will be issued to applicants who meet all of the below criteria:**

- The business has not received, **and does not have a pending application for**³, any State or Federal financial assistance in 2020 or 2021 (*this includes, but is not limited to*):
 - Paycheck Protection Program loans and Grants;
 - Economic Injury Disaster Loans and Grants;
 - Any other direct financial assistance provided by Coronavirus Relief Funding or ARPA Funding including:

³ Applicants who have applied, and have pending applications, for Shuttered Venue Grants and Restaurant Revitalization Grants will not be prioritized in the first 30-days.

- Vermont Economic Recovery Grant;
 - Sole Proprietor Stabilization Program Grant;
 - Healthcare Provider Grants;
 - Restaurant Revitalization Grants Funding;
 - Shuttered Venue Grants;
 - Vermont Agricultural Grants;
- The business suffered a net-loss in 2020, as shown on a federal tax return.

After the 30-day initial grant application window, the Agency of Commerce and Community Development will continue to give first priority grant awards per the criteria above. However, **after the initial 30-day window**, the Agency of Commerce and Community Development shall utilize the below second tier priority criteria to grant awards to businesses who suffered a 2020 net tax loss, and still can demonstrate a net loss after adding back the amounts of non-taxable assistance received in 2020 and 2021. This includes:

- Non-taxable State or Federal financial assistance (*includes, Paycheck Protection Program forgiven loans, Economic Injury Disaster Grants, and any other non-taxable direct financial assistance provided by Coronavirus Relief or ARPA Funding*);

GRANT AWARD FORMULA

The amount of the grant will be calculated as: Three times the sum of fixed monthly expenses as evidenced by the uploaded invoices. The eligible business's fixed monthly expenses include (as determined by the uploaded invoices):

- Commercial mortgage or rent;
- Insurance, electricity;
- Heat, water;
- Sewer service;
- Telecommunications Service; and
- Internet service.

However, grant awards shall not exceed the lesser of:

- The applicant's remaining net loss after the addition of non-taxable prior assistance;
- OR**

- \$150,000⁴:

AUDIT PROCEDURES AND COMPLIANCE

All grants awarded by the Agency of Commerce and Community Development are subject to standard audit provisions as established by the guidelines set forth in this document.

Grantees must maintain all records pertaining to the use and expenditure of their award. Records include any written or recorded information, regardless of physical form or characteristics, which is produced or acquired by the grantee in the performance of this agreement. Records produced or acquired in a machine-readable electronic format shall be maintained in that format.

The records described shall be made available at reasonable times during the period of the award and for five years thereafter or for any period required by law for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the five-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.

Each applicant must attest, under penalty of perjury, that all information provided on all application forms and uploaded documents is true and accurate. The State of Vermont will rely on this certification as a material representation in making this grant award. Further, applicants must attest to understanding that intentional misrepresentation of information is fraud and may subject the application disqualification from receiving further benefits, administrative penalties, and criminal prosecution.

RECAPTURE PROCEDURES

The Agency of Commerce and Community Development is authorized by law to recapture an award; 1) if a recipient is found to be ineligible for the award; 2) has been overpaid with an award; 3) or is found to have used an award for activities other than supporting the applicant business.

GRANT APPLICATION TIMELINE

The Agency of Commerce and Community Development shall open the window for first priority grant applications within 45 days from the date of this notice. Second priority applications will be considered and reviewed after the initial 30-day window for priority applications.

⁴ The Agency has authority to reduce the amount of any grant pursuant to these guidelines, and based on the amount of any COVID-19 related direct financial assistance that a business may have received from State or Federal sources.

APPENDIX B: DEMOGRAPHIC SURVEY

The Demographic Survey is an optional survey that for-profit businesses can complete when submitting the Economic Recover Bridge Program Grant application. 314 for-profit businesses completed the survey out of 359 applications submitted.

Demographic Survey results based on 314 completed surveys:

- 35% Women owned businesses
- 23% Minority owned businesses
- 70% responded as white (only)
- 30% responded as another race, or mixed-race

Demographic Survey

Please check the selections with which the business owner/s most identify. You may select more than one option for each question. *(Applicants may select none or more than one for each section)*

Race:

- American Indian/Alaskan Native
- Asian/Asian American
- Black/African American
- Native Hawaiian/Other Pacific Islander
- White
- Another race not listed above: [Write in]

Ethnicity:

- Hispanic/Latino
- Not Hispanic/Latino
- Another ethnicity not listed above: [Write in]

Gender:

- Cisgender
- Man
- Non-Binary/Gender Non-conforming
- Transgender
- Two-Spirit
- Woman
- Another gender not listed above: [Write in]

Sexual Orientation:

- Straight/Heterosexual
- Another sexual orientation beyond straight/heterosexual
- Another sexual orientation not listed above: [Write in]

Disability:

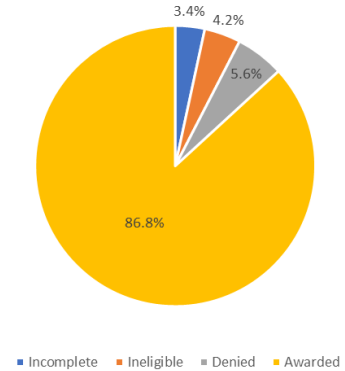
- No known disability
- Another disability status not listed above: [Write in]

APPENDIX C: RECOVERY GRANTS COMPARISON DATA

ERG Round 1
Submitted vs. Unsubmitted



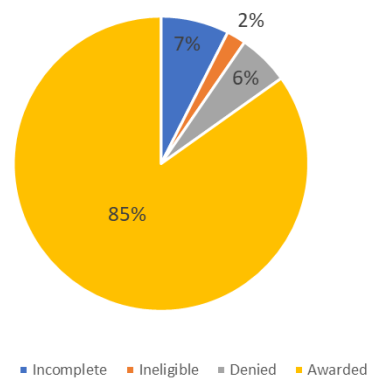
ERG Round 1
Submitted Application Data



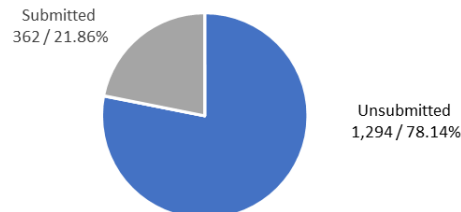
ERG Round 2
Submitted v. Unsubmitted



ERG Round 2
Submitted Application Data



ERG Round 3
Submitted v. Unsubmitted



ERG Round 3
Submitted Application Data

