



Senate of Pennsylvania

August 18, 2020

Jim Kenney, Mayor
Office of the Mayor
City of Philadelphia
215 City Hall
Philadelphia, PA 19107

Dear Mayor Kenney,

As you know, the Commonwealth of Pennsylvania recently awarded \$96 million in grants to small businesses that have been financially impacted by the Coronavirus pandemic. The \$96 million represents the first round of funding from a \$225 million statewide small business grant program funded with federal dollars received by the Commonwealth through the federal CARES Act. We are writing to ask you to partner with us to continue to help Philadelphia small businesses by allocating a portion of the federal CARES Act funds received by the city to this worthy program.

The COVID-19 Relief Small Business Assistance Program is a joint venture of the Pennsylvania Department of Community and Economic Development and the Commonwealth's network of Community Development Financial Institutions. Championed by the Senate Democratic Caucus and the Philadelphia Senate Delegation, this program provides grants to small businesses (i.e., businesses w/under 25 employees and less than \$1 million in annual revenue) to offset some of the financial pain inflicted by the pandemic. The program is historic in that \$100 million was earmarked for historically disadvantaged businesses – including black and brown businesses in communities of color that often have been left out of small business funding opportunities.

While the \$225 million dedicated to the program was significant, it became clear early on that the amount was insufficient to cover demand. Approximately 50,000 applications were submitted in Round 1 with total grant requests exceeding \$850 million. In Philadelphia, over 5,000 applications were submitted seeking more than \$102 million. When coupled with requests made through the federal PPP program and the city's small

business program, it is evident that the financial carnage being inflicted on our city's small business sector is particularly acute.

While no sector of the economy has been spared the financial pain caused by the pandemic, one industry clearly illustrates the need for additional resources in the COVID-19 Relief Small Business Assistance Program - the city's barber and salon industry.

Our barbershops and salons have been particularly devastated by the pandemic. As you know, this industry is the heartbeat of many neighborhoods in the city. These largely black and brown-owned businesses sponsor our youth sports teams and help our school kids with fundraisers. They are a source of pride in our neighborhoods and set an example for our young people who may not otherwise feel there is a path forward for them.

In most cases these businesses have been built from the ground up through hard work, determination, and sweat. They have provided opportunities when few may have existed and have given second chances to those who needed one. In all cases, these businesses have lifted people out of poverty and have provided financial stability for the owners, employees, and their families. Now, they are fighting to survive.

The barber and salon industry has faced numerous challenges during the pandemic. From having their businesses totally shut down for months to re-opening with strict restrictions in place to convincing their customers that it is safe to come back, these daily challenges have hampered their ability to continue operating. Sadly, some have closed permanently because help came too late or not at all. We have had numerous conversations with this industry and their pain, fear and frustration is real.

Unfortunately, the plight of the barber and salon industry is emblematic of the financial challenges the city and the Commonwealth are facing due to the pandemic. The needs are immense, and resources are scarce. We need significant help from the federal government right now. But that does not seem to be in the cards. In Harrisburg, we continue to advocate for more money for the successful program we created with DCED and the CDFI network. We hope to find willing partners in the Republican majorities before it is too late to save these businesses. Time is of the essence.

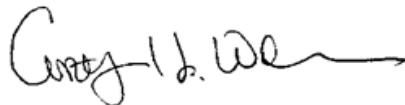
An immediate influx of funding from the city to the COVID-19 Relief Small Business Assistance Program would have a major impact for our city's small businesses. The CDFI's have already received and scored applications in Round 1 of the program. Unfortunately, they ran out of money. With new resources, the CDFI's can fund a portion of these pending requests quickly as they prepare to distribute Round 2 of the state funding.

Nobody can predict what an economic recovery will look like if the pandemic subsides. We know and understand the state of the city's budget and projected tax revenues. We admit there are no easy answers here. However, when the recovery comes, we should all agree that it must be a just recovery that leaves no one behind. We believe by making an investment now in the COVID-19 Relief Small Business Assistance Program you will both assist our barbers, salons, and other struggling small businesses and help speed that just recovery we hope to achieve.

Thank you for your time and attention to this request. We would appreciate the opportunity to discuss this matter with you further in the near future.



Senator Vincent J. Hughes
Democratic Appropriations Chair
7th Senatorial District



Senator Anthony H. Williams
Democratic Whip
8th Senatorial District



Senator Christine M. Tartaglione
Philadelphia Delegation Chair
2nd Senatorial District



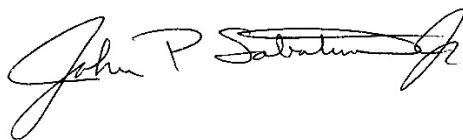
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