

22 September, 2020

Members of the House of Representatives,

My name is Amy Bonfig and I am the owner of Little Saints Academy, a licensed childcare center serving 160+ children in St. Joseph, MN.

I have been asked to present testimony today about my experience as a PPP borrower and specifically with the loan forgiveness and the struggles the process has presented.

It is an honor to be heard today by your committee. Today I would like to speak to you on behalf of myself, my lender, my local Small Business Development Center and 30 fellow childcare centers in Central Minnesota which have trusted me to show you a snapshot of our unique struggles in the last six months.

During the start of the pandemic, childcare centers were asked to remain open to care for essential worker's children, yet never respected as essential workers ourselves. We were told that in order to receive any future financial aid, we needed to remain open. We did. We received no financial aid. We had little to no guidance. Our DHS licensors went MIA.

Suddenly the Paycheck Protection Loans became available. We were incredibly grateful to receive \$142,000 in the form of a forgivable loan. It seemed too good to be true. It just might be.

From the beginning, we were completely in the dark about what the forgiveness would entail besides the basic criteria:

- 75% of the loan had to be spent for payroll
- 25% of the loan could pay for rent, mortgage, utilities.
- Less than 75% wage reduction
- Keep 100% of FTE

Why was the cost of PPE, thermometers, sanitizer, bleach, etc. not included in the forgiveness for those childcare centers who remained open?

For childcare not qualified for the USDA Food Program, why was the cost of feeding the children not included in the forgiveness for those who stayed open?

On May 4th I wrote a letter to our Governor, Tim Walz.

On May 5, 2020 I wrote a letter to our Congressman, Tom Emmer.

My letter to each had one specific request. We needed answers to the PPP Loan Forgiveness requirements. The rules were continually changing and/or had yet to be determined. In addition, no Forgiveness Application Form had been provided, which should have been the document we followed to insure forgiveness.

My business was already in its fourth week of the PPP “covered period” and had no idea if we were going to be in an economic situation to stay open at the end of this period.

I received no response from Congressman Emmer. I called his office and spoke with a member of his team and was assured Congressman Emmer would be contacting me within 48 hours, but he never answered my request for help.

On June 25, 2020, 52 days after writing to him about this urgent matter, I received the following:

Dear Little Saints Academy Bonfig,

Thank you for taking the time to contact our office.

In the wake of the COVID-19 public health crisis, and the events surrounding George Floyd’s murder, we have received high volumes of messages from Minnesotans and people from across the country. Regrettably, that makes us unable to respond to every message individually. Your message has been received, read, and counted.

We take every inquiry seriously and are committed to addressing any issues or questions in a timely manner. If your concerns have not been resolved yet, please call us at 651-201-3434. We are eager to help you. Please feel free to contact us again with any future questions or concerns.

We believe your voice is critically important as Governor Walz and Lt. Governor Flanagan work toward achieving the vision of One Minnesota. We hope to continue hearing from you!

Please feel free to continue to follow our progress by visiting our website: <http://mn.gov/governor>

Sincerely,

*Public Engagement Department
Office of Governor Tim Walz and Lieutenant Governor Peggy Flanagan
75 Rev. Dr. Martin Luther King Jr. Blvd., Ste. 130
Saint Paul, MN 55155-1611
Office: 651-201-3400*

Clearly a generated form letter, even my name is incorrect. At this point, 30 days had passed since George Floyd’s death, the rioting was over, and the protests were becoming somewhat peaceful again. But more than that, he (his office) had 25 days before Mr. Floyd’s unfortunate passing to reach out to me and did not.

I know that we have representatives from Minnesota on this committee today. I hope this upsets you. It is clear that no one read my letter. No one took my inquiry seriously. No one at the Governor’s office was “eager to help”. I bring this to your attention today to use this one moment I have been given to

advocate for the recognition of childcare professionals in Minnesota and to fight for the respect they deserve in their industry across the country.

In order to follow the rules set forth at the beginning of the program, we paid many more hours than necessary to staff caring for the children in our center at the height of the pandemic. We were serving approximately half of our enrolled children. I understand the concept and intention of the program but without forgiveness, the reality is that I now have a LOAN that was taken to pay my staff the benefits they should have been collecting from MN Unemployment. I hope you agree that this is unacceptable.

The childcare directors and owners that I represent today have expressed similar fear of failure regarding receiving PPP loan forgiveness. I am worried for many who simply do not understand the complicated rules and cryptic stipulations of the loan forgiveness rulings.

My application was one of the first loans they approved. I had all my documents turned in the day the loans became available. I kept myself and my group aware of changes made to the program. I create spreadsheets for everyone in our childcare group when the forgiveness application came out because it was ridiculous to complete. I met individually with them via zoom to help them make sense of the application when I could barely make sense of it myself.

Then there were the rules set forth for owner-employees. That was a completely mind blowing when already in the eighth week of strictly budgeted spending.

- I have partners who were not owners last year so had zero income. \$0 x 8 weeks is \$0. Can I use their wages during the covered period towards forgiveness?
- I have partner who was an employee last year and not an owner. \$8000 x 0 week's wages as an owner is \$0. Can I use their wages during the covered period towards forgiveness?

After I turned my application in to my lender, the easy form was released. That was beyond frustrating.

In addition, after turning in my application, my lender did not get guidance needed to submit my application within 60 days so now I have to do it again. I was not able to spend the entire loan in 8 weeks. With another two weeks of payroll, I would have benefited from the entire \$142,000. We did not find out about the 24-week extension until we were in our eighth week and had exhausted most of our funds. The ruling at the time said we had to choose the eight-week covered period OR the 24-week period. The day after my PPP Loan covered period, I had no choice but to lay staff off. My lender has been asking the SBA for clear guidance on this but has received no response.

Our center serves approximately 70 children in our center daily (about half of our usual daily attendance). We do not qualify for the grants because we do not meet criteria. It is imperative that we are successful with the PPP Loan AND the components of forgiveness. The PPP Loan was our only financial aid until we received a small grant from the state two months ago.

Throughout this trying time, providers have been asked to continue providing care, and we have. Childcare staff has been asked to put themselves in the line of viral fire, and they have. Providers have

been called essential workers but are not respected as such. Childcare centers have been promised financial assistance but have seen little to none.

Childcare center owners, directors and staff need support. We have not been supported.

Please hear us. Help us find these answers. We would be grateful for a representative who has solid answers to guide us through this process, so we do not fail. I am bringing all answers and resources to our group of local owners/directors.

I have been working in coordination with Barry Kirchoff, Director, Minnesota Central Region Small Business Development Center to gather as much information as possible when it becomes available. Our local SBDC office has been a vital resource for me and for Little Saints Academy over the last 10 years and continues providing us with valuable leadership and aid navigating through this hardship. However, it is time for all of us to have solid guidance for this program and beyond.

It may seem in this letter that my fight is purely financial. I am asking for guidance for myself and others so that we ensure childcare providers will have the means necessary to keep their doors opening as we did when the world was in chaos and terrified of becoming ill. We run our daily businesses on tight budgets and our fingers crossed that we would make it financially another day, in the old normal as well as the new normal. We also love our children and work tirelessly everyday to help raise and educate them. We are good at what we do. We are fighting for the ability to continue doing what we love.

I would like to ask you to consider making this process a bit easier for childcare centers who have an overwhelming amount of information being asked for on too many different dates with too many different circumstances in February 15-June 30, 2019 compared to January 1-March 31, 2020, divided by the actual hourly wage on June 5, 2020, for example. We do not have corporate offices where these stats are tabulated quickly. The easy form still needs all these calculations to fill in the application honestly and accurately. It is much too complicated and time consuming.

This could be the circumstance that leads to providers throwing in the towel, whether mentally or financially. We cannot afford to lose any additional quality childcare centers because of this forgiveness in a time when we are experiencing an extreme childcare shortage. The application seems intentionally difficult. Please consider an automatic forgiveness or at least a forgiveness process with fewer criteria. I speak for all my fellow childcare providers when I say thank you for your consideration.

Most Respectfully,

Amy Bonfig, Owner and Director
Little Saints Academy
St. Joseph, MN