



April 4, 2020

The Honorable Andrew M. Cuomo  
Governor of New York State  
NYS State Capitol Building  
Albany, NY 12224

**Re: Urgent SMB Relief During the COVID-19 Pandemic**

Dear Governor Cuomo:

We applaud your swift action in the past weeks to address the unprecedented COVID-19 pandemic and provide relief to millions of New Yorkers. We particularly appreciate your leadership in providing much needed mortgage and eviction relief for New Yorkers.<sup>1</sup> We also appreciate the relief specifically made available to small businesses by allowing impacted small businesses to defer their property and casualty insurance premiums.<sup>2</sup>

We believe these options will help small businesses pay their employees, enable their employees to individuals feel secure in taking paid sick leave, and cover expenses as a result of the recent disruptions to their businesses. These unprecedented actions will be critical in rebuilding and reinvigorating small business in the years to come.

**We are writing to you today to urge you to take additional specific, immediate action to support small businesses in New York and the families that depend on them.** As a platform that represents more than 100,000 small businesses, Gusto believes that the crisis represents an existential threat for businesses across the country and we need your help to ensure the survival of the important small businesses that keep this country running.

Gusto is a people platform that is focused on creating a world where work empowers a better life. Gusto enables SMB owners and managers to easily pay employees and contractors, remit taxes to state and federal authorities, stay compliant with ongoing employment law obligations, and keep accurate records of these activities. Gusto provides payroll, human resources, health insurance benefits, and financial health benefits for more than one million employees of small businesses across the country. We are uniquely positioned to understand the needs and pain points of small businesses, and to provide our – and our customers’ - perspective on how best to serve them during this challenging time. Our SMBs are the lifeblood of this country: 99.9% of the businesses in this country are small businesses and they employ 59 million people.<sup>3</sup>

We have the following **suggestions on how you can continue to empower SMBs survive this crisis:**

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<sup>1</sup> <https://www.governor.ny.gov/news/governor-cuomo-signs-new-york-state-pause-executive-order>;  
[https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr202003241](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202003241)

<sup>2</sup> <https://www.governor.ny.gov/news/amid-ongoing-covid-19-pandemic-governor-cuomo-announces-completion-first-1000-bed-temporary>

<sup>3</sup> <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>



**1. Provide more direct funding to small businesses and require that state-chartered financial institutions provide loans and grants to small businesses, with particular focus on minority and women-owned businesses.**

We appreciate that you have acted rapidly to ensure additional funding from the Small Business Administration (SBA) to provide disaster relief loans in New York as soon as possible. While we are encouraged by the SBA’s expansion of economic injury disaster loans (EIDL), we think that the recent passage of the federal CARES Act with additional funding for SBA 7(a) small business loans provides extraordinary opportunity for New York-based financial institutions to play a key role in helping small businesses survive this pandemic. We encourage you to direct financial institutions to participate in the Paycheck Protection Program under CARES and increase their focus on small business relief using both SBA funds and the additional capital that the Federal Reserve has recently made available. We also encourage you to permit non-bank financial institutions, including fintechs, to participate in distributing grants and loans to small businesses.

While the federal and state actions to unlock small business funding are welcome, we are concerned that the speed with which these actions will flow to individual businesses may be too slow and too late to help save many businesses from being able to pay their rent, pay their employees, or manage unused inventory. These issues are particularly exacerbated by the shelter-in-place mandates across the country which have a disproportion effect on SMBs. We ask that you consider requiring financial institutions to provide small business grants, bridge loans before SBA funding clears, or additional small business loan funds, consistent with maintaining a safe and sound financial system and consumer protection. As stated by the Federal Deposit Insurance Corporation, “[t]he survival and growth of small businesses depends on access to credit, and banks are the most common source of external credit for small firms.”<sup>4</sup>

We also ask that you focus attention on the needs of women- and minority-owned small businesses when you design additional relief for small businesses. You are uniquely positioned to ensure the resilience of small businesses throughout the state of New York – and the livelihoods of all those who work for those businesses.

**2. Require financial institutions to waive discretionary consumer and SMB banking fees, such as those for overdraft, customer service, monthly account maintenance, and late payments.**

We applaud your strong action and work with state Department of Financial Services in requiring that regulated banking organizations eliminate fees charged for the use of their ATMs, overdraft fees, and credit card late payments for individuals demonstrating financial hardship as a result of COVID-19.<sup>5</sup> This forward-thinking approach is emblematic of the decisive and swift innovation we need to battle this pandemic.

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<sup>4</sup> <https://www.fdic.gov/bank/historical/sbbs/full-survey.pdf>

<sup>5</sup> [https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr202003241](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202003241)



We urge you to continue to take such steps and work with financial institutions to provide additional relief to impacted individuals and SMBs. SMBs are struggling to determine whether they can keep all of their service providers on staff and whether they can continue to pay business expenses like rent, utilities, and most importantly – people. The employees who work at SMBs and the consumers who shop at SMBs are similarly struggling right now to figure out how to pay for their next meal and make their rent payments. Every dollar that we can save them counts. We further urge you to encourage financial institutions to waive fees impacting SMBs where possible, including but not limited to: (i) late fees related to SMB loan repayment and (ii) other fees that directly relate to an SMBs ability to continue to employ their service workers, insure their workers’ families, and abide by relevant labor laws. We also ask that you require a pause in debt collection and negative credit reporting.

**3. Open up APIs to allow third-party businesses to facilitate New York SMB funding and explicitly permit direct state funding to certain custodial third parties**

We are working as quickly as we can to provide information about the various New York state funds for SMB relief, as well as SBA disaster loan availability, to our small businesses. We appreciate that both the SBA and New York’s Empire State Development have been working around the clock to provide relief to SMBs. However, the primary ways to access SBA funding are either through the SBA directly or approved SBA lenders. As a technology company, we are equipped to build new technology using application programming interfaces (APIs) connected to external portals to facilitate ease of use for consumers and SMBs. Our goal is to ensure that local communities remain intact and the highest number of eligible SMBs apply for these programs in time to save them. We ask that you consider opening an API immediately to enable private companies to facilitate moving funding into the hands of hurting small businesses as soon as possible.

We are confident that opening up an API for Gusto and other technology companies will be beneficial for facilitating quick and efficient applications for state funding. This will, in turn, provide quicker relief to SMBs who urgently need the state’s funding. You have made innovative changes to protect all New Yorkers, and we ask that you consider working with other innovators in the technology industry to open up access portals in order to make funding more seamless and more available to worthy applicants. To best make use of an open API, we ask that you explicitly allow technology and API-enabled custodians and powers of attorney – such as Gusto – to apply for state loans on behalf of and in the name of eligible SMBs *and require companies to do this with no fee*. During times of crisis such as this one, no company should take a fee for connecting SMBs with the resources that are intended for them and their communities.

**4. Require state-chartered financial institutions to provide immediate forbearance for at least 180 days on existing SMB loans and consider longer-term modifications**

We applaud your swift action to stem provide relief for homeowners and renters from eviction of residential and commercial properties. However, additional financial support is needed for SMBs, and we urge you to allow for SMBs to restructure their current loans for long-term stability. According to the Federal Reserve, approximately 43% of small businesses use credit to



keep their businesses operating.<sup>6</sup> And prior to the COVID-19 crisis, SMBs were taking out loans at an unprecedented level – with small banks, financial technology companies, and large banks approving more small business loans than ever before.<sup>7</sup> This means New York’s small businesses are particularly vulnerable to an economic downturn. Fortunately, you have unique levers to offer relief from these small business loans during this crisis. We believe that providing temporary relief from the billions of dollars in debt that small business owners struggle with will make a meaningful impact on their survival.

**5. Enable payroll companies to administer and distribute grants and loans directly to small businesses and to distribute unemployment and stimulus funds directly from the government to individuals and small businesses**

The payroll industry plays a unique role in managing the distribution of paychecks for millions of SMBs. Tax and payroll are two of the most outsourced functions at U.S. companies, with nearly half of all companies using a payroll provider for these services.<sup>8</sup> Because of this, we can help the government quickly and efficiently get money into the hands of SMBs and the families that rely on them. We offer our services to you as a company that has direct ability to quickly distribute funds to individuals and small businesses, validate information you may need on a company’s longevity and history of payroll expenses, and whether the employer has laid anyone off or reduced hours. We also believe we can assist with the state Department of Labor’s needs to validate reduced hours for shared work programs or validate layoffs.

We propose these measures as immediate actions that can support SMBs that serve as the backbone of our economy during this time. While this letter is urged at actions that will immediately relieve SMB on the financial front, we are equally committed to additional measures by you that will improve continued access to health care plans for SMBs during this time and provide relief for payroll and other costs that SMBs may incur due to widespread outages and employees’ limited abilities to work.

As you have proven in your recent actions, coordination and innovation among the public and private sector is key during this time. We stand ready as a resource aligned with SMBs that can advise on these matters, and we appreciate your partnership and consideration of our recommendations.

Sincerely,

Joshua Reeves  
Chief Executive Officer

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<sup>6</sup> <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>

<sup>7</sup> <https://markets.businessinsider.com/news/stocks/banks-small-business-loan-approval-rates-hit-record-high-in-december-2019-biz2credit-small-business-lending-index-1028816509>

<sup>8</sup> [https://www.roberthalf.com/sites/default/files/Media\\_Root/images/rh-pdfs/accounting\\_finance\\_benchmarking\\_report\\_2016.pdf](https://www.roberthalf.com/sites/default/files/Media_Root/images/rh-pdfs/accounting_finance_benchmarking_report_2016.pdf)