May 11, 2020

Senator Collins, Senator King, Representative Pingree, Representative Golden,

Thank you for your hard work on the CARES Act and your efforts to ensure Mainers are supported in these trying times. At the Island Institute, we have been working diligently to connect community leaders, small business owners, and those who care about Maine’s coastal communities to each other and to available resources to help support them.

Since the beginning of the crisis, we have supported over 500 businesses in understanding the available federal programs. The primary focus of this work has been for seasonal businesses and self-employed businesses which in Maine are often the same. Self-employed businesses support 18% of households along the coast and over 50% of households in some communities (Waypoints: Connect islandinstitute.org/waypoints-connect). From our experience working with businesses in these communities we wanted to share the following observations:

- **The finances for many of the very small and self-employed businesses are closely entwined with personal finances.** In very small businesses, one or two people are carrying out almost all the functions of running a business. Beyond their business activities, they are often involved in their community as leaders. There are very strong connections between the individual, the business, and the community in Maine’s smallest communities.

- **The timing of this crisis and the seasonal nature of many coastal Maine businesses means that some small businesses will go a year or more without their normal sources of revenue, stressing business models and communities that have a high percentage of seasonal income.** Once the work ends or the orders stop coming in, a long-term hiatus removes the only source of income. Mortgage payments and other loans may be able to be put on hold, but the payments will still be due when the shutdown eases. By that time, the business owner may have run through all cash reserves. In a seasonal economy, they may lose the opportunity to earn the bulk of their income for the year.

- **Many businesses jumped quickly to build their online presence, to utilize new digital platforms, enhance digital marketing efforts, and undertake activities that help them reach customers.** This pivot requires time, attention, and resources, all of which may be scarce at this moment but likely will provide a certain amount of longer-term resilience for those
businesses that can successfully make this shift. For many small businesses revamping their business model can occur quickly. Their small size can make them agile in this pivot and the close connection to personal finances means revenue from new business supports people in need.

- As the effects of the economic fall-out of the pandemic is felt in communities, including revenue shortfalls, new challenges will arise in an environment where the capacity of community leaders is already stretched thin. Maine’s smallest communities sometimes struggle to effectively access federal funding opportunities and community capacity to take on significant projects can be a limiting factor. Capacity to apply for and access federal funds can limit their flow to the smallest communities.

Supporting the very smallest and self-employed businesses may require different mechanisms than the PPP or the EDIL programs can offer. It requires going beyond small business programs and supporting the capacity of the smallest communities (and businesses) to respond to the impacts of this crisis over the long term.

Broadband infrastructure is critical to the successful economic recovery and the long-term resilience of Maine’s communities. To date, federal broadband programs have left much to be desired in terms of being readily accessible to Maine’s smallest and most rural communities. Providing funding directly to state broadband authorities would ensure that local connectivity needs are adequately addressed.

The full extent of COVID19’s impact on the economy and Maine’s coastal communities will not be known for years. But what we do know, and have always known, is that Maine and the communities where we work are resilient.

Thank you for your hard work on behalf of Maine communities.

Sincerely,

Nick Battista
Senior Policy Officer
Island Institute