

## Voices from the MS Back to Business Program

By Kiyadh Burt and Calandra Davis, Policy Analysts, Oct. 1, 2020

Small businesses throughout Mississippi are struggling to stay afloat after statewide lockdowns and the loss of revenue caused by COVID-19. In May, the state legislature approved \$300 million in CARES Act funding for two small business programs.<sup>1</sup> The Mississippi Department of Revenue administered \$60 million in direct payments for eligible [businesses](#), and the Mississippi Development Authority (MDA) administered the \$240 million [Back to Business](#) program. During the first 60 days, MDA deployed less than \$2 million total to just 2,000 businesses, despite tremendous demand. Over 20,000 businesses applied for funds, seeking \$100 million in relief. Nearly 60% of these applicants were minority- and women-owned businesses. Even though the Mississippi legislature enacted updates to the program such as increasing payment size and removing some of the restrictive elements of the funding formula, businesses still faced challenges accessing relief. **As of September 29, 2020, only \$52 million of the \$240 million available through the Back to Business program has been deployed to 11,621 businesses.**<sup>2</sup>

Hope Policy Institute and other partners have heard numerous stories from business owners who sought financial assistance from the Back to Business program. Businesses reported common challenges, such as lack of information about the status of their application, difficulty in reaching anyone for help or questions, and the complications of the formula resulting in reductions of the grant amount. Even Mississippi small businesses that had successfully navigated the federal Paycheck Protection Program were not able to navigate the barriers of the Mississippi program. Other Southern states have not experienced the programmatic struggles of getting funds out the door to the same extent as Mississippi.<sup>3</sup> In fact, Mississippi lags in timeliness, amount of relief provided to businesses on average, and assistance provided to business owners. The stories highlighted below underscore the challenges small businesses faced in accessing critical relief funds to stay open and keep the economy going.

### ***Low-income child care provider - Leland, MS***

*“I applied for the Back to Business Grant in July. My application was returned to me several times because of errors that was made on the application. I wasn't sure if I was in good standing with the Secretary of State. Actually I didn't know what it meant to be in good standing with Secretary of State. I called the office. I was told I needed a registered agent so I began to call around to find one. The agent I found was not the right one for daycare centers. At this point my application had been returned to me about three times. The bottom line is my application has been closed.”*

### ***Staffing firm - Byram, MS***

*“I filed approximately 3 weeks after the application was put out. I run a full time staffing firm, where I help HR professionals reduce employee turnover by equipping them with skills and tools to recruit innovative talent. I also offer professional development services and career coaching. I have 6 employees and my firm is holding it in the road. Anyway, my application was rejected twice because my taxes were filed under my Social even though I put my EIN on my tax returns. I changed the Back to Business application to my social security number from my EIN. I did get in*

*contact with a representative and they are working on getting my application pushed through manually.”*

***Children’s Defense Fund – Jackson, MS***

*“This is what I’ve learned from speaking to several business owners: People are waiting to hear back on their applications. However, they were told in the application process that if a business received the SBA loan then their Back to Business Grant would be cut in half; and cut in half again if they got PPP. So one company decided to just apply for the \$500 per employee grant as this gave them more than what they would’ve received otherwise. When they checked, it said their application is being processed.”*

***Tax Preparer – Vicksburg, MS***

*“Many of my clients, who received either a Payment Protection Program (PPP) loan or an Economic Injury Disaster Loan (EIDL), felt discouraged to apply for funds beyond the base payment. They had to provide significant documentation to justify receiving the base payment. They figured that any additional funds would require more documentation. By comparison, my clients considered the Back to Business application documentation more cumbersome than that of the PPP and EIDL.”*

The application window for the Back to Business program closed September 15, yet many businesses were unable to access the needed relief. Mississippi policymakers should work to ensure that businesses in need of help are able to receive it, and take steps to address and rectify the aforementioned challenges in the next round of relief efforts.

If you are a business owner seeking help or seeking relief assistance, a helpful resource is the Small Business Development Center, which can be reached at 1-800-725-7232.

If you have stories you would like to share about the Back to Business Program, please contact the Hope Policy Institute by emailing [Calandra.Davis@hope-ec.org](mailto:Calandra.Davis@hope-ec.org) or [Kiyadh.Burt@hope-ec.org](mailto:Kiyadh.Burt@hope-ec.org).

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<sup>1</sup> Diane Standaert, Hope Policy Institute, Mississippi’s Small Business Relief: Gaps and Opportunities, Aug. 25, 2020, <http://hopepolicy.org/manage/wp-content/uploads/Mississippi-Small-Business-Relief-Gaps-and-Opportunities-Brief-Final-1.pdf>

<sup>2</sup> Hope Policy Institute analysis of Transparency MS CARES Act database, <http://www.transparency.mississippi.gov/>. Accessed September 30, 2020.

<sup>3</sup> Hope Policy Institute, Deep South States Provide Over \$1.1 Billion in Small Business Relief: Who Benefits, Who is Left Behind?, Aug. 25, 2020, <http://hopepolicy.org/manage/wp-content/uploads/Deep-South-States-Provide-Over-1.1-Billion-in-Small-Business-Relief-‘Brief-Final-1.pdf>.