



Labor & Employment Issues Client Alert

Pitta LLP
For Clients
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**“We believe in the ideas of family, mutuality,
the sharing of benefits and burdens
for the good of all, feeling one another’s pain,
sharing one another’s blessing
recognizing that at the heart of the matter
we are bound to each other.”**

-Mario M. Cuomo-

BANKS WARN THAT MAIN STREET LENDING PROGRAM MAY NOT MEET EXPECTATIONS

Following the enactment of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, the Federal Reserve announced the establishment of the Main Street Lending Program (“MSLP”) on April 9, 2020. MSLP seeks to support lending to small and medium-sized businesses that were in sound financial condition before the onset of the COVID-19 pandemic.

The Program operates through three facilities: the Main Street New Loan Facility (“MSNLF”), the Main Street Priority Loan Facility (“MSPLF”), and the Main Street Expanded Loan Facility (“MSELF”). Finance expert are warning that MSLP may not deliver the economic impact that advocates promised.

Banks have started to downplay MSLP’s expectations, they warn that loans carry a significant risk of borrowers defaulting which makes underwriting difficult and that there is only a small pool of likely borrowers.

Despite the banks’ concern, they are under pressure to approve the loans. Trade organizations such as the National Association of Manufacturers have lobbied for banks to approve more loans. The Association has argued that there is a “huge appetite” among its members for the program. The Federal Reserve and the Department of Treasury are encouraging banks to extend credit beyond what they would normally make to help struggling businesses.

A borrower is eligible under the MSLP facilities if they meet the following requirements:

1. Be established prior to March 13, 2020;
2. Be an eligible business under the Small Business Act (“SBA”), except that nonprofit businesses and religious businesses are also considered eligible;
3. Has 15,000 or fewer employees or annual revenues of \$5 billion or less;
4. Is a United States business with significant operations and a majority of its employees based in the United States; and
5. Has not received significant support pursuant to Title IV of the CARES Act (i.e., air travel, air cargo-carriers, and businesses critical to national security).

Participation in the Paycheck Protection Program under the CARES Act does not render a borrower ineligible for MSLP.

This is a link to guidance on the [MSLP](#).

DOH REPORTS SURGE IN MEDICAID ENROLLMENT SINCE COVID-19 OUTBREAK

The New York State Department of Health (“DOH”) reported that more than 136,000 New Yorkers have enrolled in Medicaid since the outbreak of the COVID-19 pandemic.

The DOH’s data found that more than 6.2 million New Yorkers enrolled in New York’s Medicaid program as of April 30, compared to 6.06 million at the end of February. DOH spokesman Jonah Bruno said that the surge in enrollment “may exceed our budget projections.”

New York Governor Andrew Cuomo has continued to lobby Congress to provide New York more COVID-19 funding to help the state balance its budget and cope with budget increases related to coping with the pandemic.

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