

The Coronavirus Aid, Relief and Economic Security Act (CARES Act) for Small Businesses

The CARES Act distributes millions of dollars in loans, grants and assistance to help small businesses and their employees survive the pandemic. Use this document to help inform your choice on which component(s) of the CARES Act may be right for you and your business.

Paycheck Protection Program (PPP)

What Is The Paycheck Protection Program (PPP)?

A new \$350 billion loan program at SBA for small businesses, self-employed, and gig workers to help them stay afloat during the COVID-19 pandemic. Some or all of the loan can be forgiven if employers maintain payroll and use for other 'covered' expenses for 8 weeks following loan date.

Who Is Eligible?

- Any business, 501 (c) (3) organization, veteran's organization, or tribal business that employs no more than 500 employees.
- Sole proprietors.
- Independent contractors.
- Self-employed individuals.

How Does The Process Work?

Complete a short application. Contact any approved [7\(a\) lenders](#). The Department of Treasury will authorize new lenders to help expedite the processing and delivery of capital to small businesses.

How Can I Apply?

[SBA's Lender Match Portal](#).

Interested borrowers are also encouraged to inquire with a local 7(a) lender regarding whether they are participating in the PPP.

Economic Injury Disaster Loan (EIDL)

What Is An Economic Injury Disaster Loan (EIDL)?

A low-interest, fixed rate loan that can provide up to \$2 million in assistance for small businesses that can be used to pay immediate expenses during an emergency.

Who Is Eligible?

- Private nonprofit organizations, small agricultural cooperatives.
- Businesses; cooperatives; ESOPs; and tribal business with 500 or fewer employees.
- Independent contractors.
- Sole proprietors (whether or not self-employed).

How Can I Apply For An EIDL?

The SBA has an online portal ([Covid19relief.sba.gov](https://www.covid19relief.sba.gov)) where small businesses can upload documents and apply for a loan, or they can download the application from the agency's website and mail the forms.

What is The EIDL Grant?

- The CARES Act creates a new \$10 billion grant program, leveraging SBA's Office of Disaster Assistance to provide small businesses with quick, much-needed capital.
- Eligible applicants who apply for an EIDL may request an emergency grant of \$1,000 per employee up to \$10,000. The amount need not be repaid, regardless of whether the EIDL is approved or not.

Pandemic Unemployment Assistance (PUA)

What is Pandemic Unemployment Assistance (PUA)?

Allows for those who are unemployed, partially unemployed, or cannot work for a wide variety of coronavirus-related reasons who are not eligible to receive unemployment benefits.

Who Is Eligible?

Individuals not eligible for regular unemployment; specifically, the self-employed (independent contractors and gig economy workers), those seeking part-time employment, individuals lacking sufficient work history, those who otherwise do not qualify for regular unemployment compensation, and those who have exhausted all rights to regular unemployment compensation.

How Does The Process Work?

Contact the unemployment insurance program in the state in which you work as soon as you become unemployed. The one week waiting period has been eliminated. [Click here](#) to find the contact for each state's unemployment insurance program.

What Is The Eligibility Timeline?

The PUA program provides up to 39 weeks of benefits, which are available retroactively starting with weeks of unemployment beginning on or after January 27, 2020 and ending on or before December 31, 2020.

Paycheck Protection Program (PPP)

How Much?

The maximum size of the loan is 250% of an employer's average monthly payroll costs from the 12 months prior to the loan or from calendar year 2019. Salary is capped at \$100,000 per employee. There are additional rules for seasonal employers.



How Can I Use It?

- Employee compensation, including: salaries, wages, commissions, or similar compensation; cash tips or equivalents; vacation, parental, family, medical, or sick leave; payment required for providing group health care benefits (including insurance premiums); payment of retirement benefits; and payroll taxes.
- Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations.



Why a PPP Loan?

- Waives annual fees, credit elsewhere requirement, personal guarantee requirement, and collateral requirements.
- Defers repayment of principal, interest, and fees for 6 months.
- Eligible for loan forgiveness if, for first 8 weeks after loan date, employer spends on payroll and expenses as defined above. Forgiveness amount may be reduced if there is reduction in number of employees or reduction of greater than 25% of payroll.

Economic Injury Disaster Loan (EIDL)

How Long Will The Grant Process take?

The legislation requires SBA to disburse the funds within three days of receiving the application.



How Can It Be Used?

- Any allowable purpose under the EIDL program, including to provide paid sick leave, make payroll, make rent or mortgage payments, and repay unmet obligations.



How Does The EIDL Grant Affect PPP?

EIDL borrowers may apply for the Paycheck Protection Program, but when determining loan forgiveness, the EIDL grant is taken into consideration. If an employer applies for a PPP and an EIDL, the funds must be used for different expenses.

Pandemic Unemployment Assistance (PUA)

How Is My Benefit Calculated?

The benefit paid out will vary by state and is calculated based on the weekly benefit amounts provided under a state's unemployment insurance laws.



How Long Can I Receive Benefits?

You may be eligible to receive an additional 13 weeks of PUA even after your state benefits have been exhausted for a maximum of 39 weeks.



Are Additional Benefits Available Through PUA??

Eligible workers get an extra \$600 per week for weeks of unemployment between March 29, 2020 and July 31, 2020.

This information is designed to provide an overview of the CARES Act programs. Before making any final decisions, refer to the following resources for a more detailed understanding of each program and any state specific qualifications.

SBA CARES Act:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options>

Paycheck Protection Program:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

Emergency Injury Disaster Loan:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

Department of Labor PUA:

<https://www.dol.gov/coronavirus/unemployment-insurance>