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

The CARES Act tasks the Small Business Administration with overseeing the distribution of millions of dollars in loans and grants to help small businesses survive the pandemic. It also provides additional funding for SBA’s Resource Partners to provide advice and training to help small businesses respond to the unprecedented challenges in communities throughout the country.

### Paycheck Protection Program

**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 from going under due to the COVID-19 pandemic. If employers maintain payroll, the loans would be forgiven.

**Who is Eligible?**

- Any business concern, cooperative organization, veteran business concerns or Tribal business concern that employs no more than 500 employees (or the size standard in number of employees established by the Administration for the industry in which such business operates).
- Sole proprietors
- Independent contractors
- Self-employed individuals

**How Does the Process Work?**

All current Paycheck Protection Program (PPP) lenders are eligible lenders. Plus, 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.

**Why a PPP Loan?**

- 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.
- Any compensation or income of a sole proprietor or independent contractor no greater than $100,000 in one year
- Payment of interest on mortgage obligations, rent, utilities, and interest on pre-existing debt obligations.

### EIDL Grants

**What is an Economic Injury Disaster Loan (EIDL)?**

A low-interest, fixed rate loan that can provide up to $5 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 concerns with 500 or fewer employees
- Independent contractors
- Sole proprietors (whether or not self-employed)

**How does the process work?**

Eligible applicants who apply for an EIDL may request up to $10,000 be immediately disbursed. The amount need not be repaid, regardless of the loan decision.

**How can I apply?**

There are a couple of ways to apply. The SBA has an online portal where small businesses can upload documents and apply for a loan, or they can download the PDF on the agency’s website and mail the forms.

**How Much?**

A million small businesses are eligible to receive up to $10,000.

**How long will the 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
- Provide paid sick leave, maintain payroll, and meet increased costs
- Make rent or mortgage payments, and repaying unmet obligations.