



Resources for Small Businesses during the COVID-19 Pandemic

The U.S. Small Business Administration (SBA) was created in 1953 “to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy” of the United States. SBA has set up a [Small Business Guidance & Loan Resources](#) webpage with resources to assist small businesses during the COVID-19 pandemic.

Economic Injury Disaster Loan Program

On Friday, March 13, 2020, President Donald Trump declared COVID-19 a national emergency. The declaration allows the SBA to make available Economic Injury Disaster Loans. The SBA will work directly with state governors to provide targeted, low-interest loans to small businesses and non-profits that have been severely impacted by COVID-19. The SBA’s Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million to help respond to the temporary loss of revenue they are experiencing.

Upon a request received from a state’s or territory’s governor, SBA will issue under its own authority, as provided by the *Coronavirus Preparedness and Response Supplemental Appropriations Act* (PL 116-123), an Economic Injury Disaster Loan declaration. Any such Economic Injury Disaster Loan assistance declaration issued by the SBA makes loans available to small businesses and private, non-profit organizations in designated areas of a state or territory to help alleviate economic injury caused by COVID-19. SBA’s Office of Disaster Assistance will coordinate with the state’s or territory’s governor to submit the request for Economic Injury Disaster Loan assistance.¹ Once a declaration is made for designated areas within a state, the information on the application process for Economic Injury Disaster Loan assistance will be made available to all affected communities as well as updated on SBA’s [website](#).

These loans may be used to pay fixed debts, payroll, accounts payable and other bills that cannot be paid because of the disaster’s impact. The interest rate is 3.75 percent for eligible small businesses. The interest rate for non-profits is 2.75 percent. SBA offers loans with long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower’s ability to repay.

For additional information, contact the SBA disaster assistance customer service center at 1-800-659-2955 or e-mail disastercustomerservice@sba.gov. Applicants are encouraged to [apply online](#) for a disaster loan.

SBA Products and Resources

The SBA has 68 District Offices, as well as support provided by its Resource Partners, such as SCORE offices, Women’s Business Centers, Small Business Development Centers and Veterans Business Outreach Centers. The SBA’s [Local Assistance Directory](#) can be used to locate offices.

¹ On March 17, the SBA [announced](#) updated criteria for states or territories seeking an economic injury declaration related to COVID-19 to ease the qualification process and expand availability of disaster assistance loans statewide.

Access to Capital

The SBA-developed [Lender Match](#) is a free online referral tool that connects small businesses with participating SBA-approved lenders within 48 hours.

7(a) program offers loan amounts up to \$5,000,000 and is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. The uses of proceeds include: working capital; expansion/renovation; new construction; purchase of land or buildings; purchase of equipment, fixtures; lease-hold improvements; refinancing debt for compelling reasons; seasonal line of credit; inventory; or starting a business.

Express loan program provides loans up to \$350,000 for no more than seven years with an option to revolve. There is a turnaround time of 36 hours for approval or denial of a completed application. The uses of proceeds are the same as the standard 7(a) loan.

Community Advantage loan pilot program allows mission-based lenders to assist small businesses in underserved markets with a maximum loan size of \$250,000. The uses of proceeds are the same as the standard 7(a) loan.

504 loan program is designed to foster economic development and job creation and/or retention. The eligible use of proceeds is limited to the acquisition or eligible refinance of fixed assets.

Microloan program involves making loans through nonprofit lending organizations to underserved markets. Authorized use of loan proceeds includes working capital, supplies, machinery & equipment, and fixtures (does not include real estate). The maximum loan amount is \$50,000 with the average loan size of \$14,000.

Legislative Response – Coronavirus Packages

Phase I Package

The *Coronavirus Preparedness and Response Supplemental Appropriations Act* provided \$1 billion in loan subsidies to be made available to SBA to help small businesses impacted by financial losses as a result of the coronavirus outbreak. This enables SBA to provide an estimated \$7 billion in loans to such entities. The bill also included \$20 million to SBA to administer these loans.

Phase II Package

The *Families First Coronavirus Response Act* (H.R. 6201) included a refundable payroll tax credit to reimburse businesses for sick leave and family and medical leave wages paid to employees affected by COVID-19. For businesses that otherwise may not be able to afford the employee costs associated with COVID-19-related paid leave, the Treasury Department has stated that it will use its regulatory authority to advance funds to employers concerned about cash flow.

The bill requires employers to provide notice of eligibility for paid sick leave and family and medical leave to its employees. The Department of Labor will create a model notification within seven days following enactment of the bill.

Phase III Package

Congress and the administration are currently negotiating its third legislative response package to further assist the economy in responding to the pandemic and could include support for small businesses. The administration

supports the inclusion of secured funds for industries particularly impacted by the pandemic, as well as cash assistance to all Americans dependent on income level and family size. The White House also supports the creation of a loan program for small businesses offering paid leave to their workers.

According to Majority Leader McConnell, Senate Republicans will work with the Trump administration on a third coronavirus bill. McConnell assigned a group of senators to lead three task forces to prepare for the third coronavirus bill, a broader economic stimulus that could cost more than \$1 trillion. Sens. Susan Collins (R-Maine) and Marco Rubio (R-Fla.) are leading a task force focused on small business relief.

Senate Small Business and Entrepreneurship Chairman Marco Rubio (R-Fla.) is expected to introduce legislation that includes provisions to

- increase 7(a) loan authorization by \$50 billion, from \$30 billion in fiscal year (FY) 2020;
- allow 7(a) loans to be used for payroll and paid leave;
- allow the SBA to guarantee 90 percent of 7(a) loans, instead of 85 percent for loans of as much as \$150,000 and 75 percent for larger loans;
- increase the limit on express loans to \$1 million, from \$350,000; and
- waive the requirement that disaster loan applicants show they cannot get credit elsewhere.

Democrats on the Senate Small Business and Entrepreneurship Committee will likely introduce their own proposal, which could include additional flexibility for 7(a), 504, and community advantage programs.

Frequently Asked Questions (FAQ)

The House Ways and Means Republicans assembled the following FAQ related to small business and the COVID-19 pandemic.

I'm worried my small business will have to close due to financial issues. Will there be more assistance?

Secretary Mnuchin [has made clear](#) immediate assistance is on the way. Moreover, H.R. 6047— the first Coronavirus bill— allowed \$1 billion in loan subsidies to be made available to help small businesses, small agricultural cooperatives, small aquaculture producers, and nonprofit organizations which have been impacted by financial losses as a result of the coronavirus outbreak. This funding could enable the Small Business Administration to provide an estimated \$7 billion in loans to these entities. In addition, provides \$20 million to administer these loans.

My small business can't afford to pay sick leave.

H.R. 6201— the second Coronavirus bill, as passed by the House — includes a refundable payroll tax credit to reimburse—dollar-for-dollar—local businesses for paid sick leave and family and medical leave wages paid to employees that are affected by COVID-19.

The leave is fully funded by the tax credit, but my small business will be interrupted by cash flow issues.

H.R. 6201 provides significant relief to businesses that otherwise may not be able to afford the employee costs associated with coronavirus-related paid leave. Treasury has broad regulatory authority to advance funds to employers to protect businesses concerned about cash flow. In a March 14th [press release](#), Treasury stated that “employers will be able to use cash deposited with the IRS to pay sick leave wages. Additionally, for businesses that would not have sufficient taxes to draw from, Treasury will use its regulatory authority to make advances to small businesses to cover such costs.”

The legislation exempts businesses with more than 500 employees from mandated paid leave while imposing the requirement on small- and medium-sized job creators.

The benefits under H.R. 6201 are not an expense for the business, rather it operates as a benefit to both the worker and the employer. The legislation will ensure that every dollar of leave that an employer is required to pay is reimbursed—dollar-for-dollar—by the federal government. It will allow workers to care for themselves and loved ones impacted by coronavirus. Additionally, the credit will help businesses to stay up and running. After all, workers who knowingly show up sick jeopardize the health of coworkers and business operations.

Nearly 90% of businesses with more than 500 employees offer paid sick leave to their full-time workers. To facilitate more universal coverage of paid sick leave, H.R. 6201 provides temporary federal coverage for paid sick and family leave to all employers with fewer than 500 employees.

Does the bill mandate an unaffordable extension of FMLA on my small business?

H.R. 6201 as passed by the House permits the Secretary of Labor to exempt businesses with fewer than 50 employees from the longer-term mandate where it creates significant hardship. Please see the attached chart for more information.

How do employees find out if they can receive sick leave?

H.R. 6201— the second Coronavirus bill, as passed the House— requires employers to provide notice of eligibility to employees. The Department of Labor is required to create model notification within 7 days after enactment of the bill.

How does the H.R. 6201 support states that are experiencing a spike in claim for unemployment benefits due to COVID-19 layoffs and business closings?

The bill immediately provides \$500 million in emergency administrative grants to increase state capacity to process unemployment applications and make payments. It also makes an additional \$500 million available to states that experience a 10% percent increase in unemployment to provide 100% federally funded benefits to provide extra weeks of benefits.

What flexibility is there for states to offer unemployment insurance now to individuals that have lost their job or are unable to work due to COVID-19 crisis?

The Department of Labor (DOL) has issued guidance that can be found [here](#), which explains flexibility states have to provide unemployment benefits when:

- An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work;
- An individual is quarantined with the expectation of returning to work after the quarantine is over; and
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

To find out details on your state's unemployment insurance program, visit DOL's website [here](#).

Also, you can find a list of **state-specific FAQ's about unemployment insurance** and COVID-19 [here](#).

H.R. 6201 Families First Coronavirus Response Act (includes technical changes as passed by House 03/16/2020)

Overview Employer Paid Leave Requirements and Tax Credit Provisions

	Covered Employers	Duration of Leave	Qualifying Reasons for Leave	Required Wage Replacement	Applicability of: Division G – Tax Credits for Paid Sick and Paid Family and Medical Leave
<p>Division E – Emergency Paid Sick Leave</p> <p>Effective 15 days after enactment.</p> <p>Expires 12/31/2020</p>	<p><u>Private sector employers with fewer than 500 employees.</u></p> <p>Public sector employers with 1 or more employees.</p> <p>Good cause exemption for employers with fewer than 50 employees. Applies to reason #5 only. (DOL Rule)</p>	<p><u>Employer must provide 2 weeks</u> of paid sick leave for full-time covered employees.</p> <p>Special rule for part-time employees.</p>	<ol style="list-style-type: none"> 1. Employee is subject to a Federal, state or local quarantine related to COVID-19. 2. Employee has been advised by a health care provider to self-quarantine. 3. Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis. 4. Employee is caring for an individual who is subject to quarantine pursuant to 1 and 2. 5. To care for a child or children whose school or care provider is unavailable due to COVID-19. 6. Employee is experiencing a similar condition as specified by HHS, DOL or Treasury. 	<p><u>Reasons #1-3:</u> Employee’s regular rate of pay. Capped at \$511/day and \$5,110 total.</p> <p><u>Reasons #4-6:</u> 2/3 of employee’s regular rate of pay. Capped at \$200/day and \$2,000 total.</p> <p>Special rule for part-time employees.</p>	<p>Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:</p> <p><u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid sick leave wages plus certain health care expenses of the employer.</p> <p>Special rule for self-employed.</p>
<p>Division C – Emergency Family and Medical Leave</p> <p>Effective 15 days after enactment.</p> <p>Expires 12/31/2020</p>	<p><u>Private sector employers with fewer than 500 employees.</u></p> <p>Good cause exemption for employers with fewer than 50 employees. (DOL rule)</p>	<p><u>Employer must provide 10 weeks</u> of paid family and medical leave for employees (employed for at least 30 days).</p> <p>Special rule for part-time employees.</p>	<p>Employee is unable to work (or telework) due to a need for leave to care for a son or daughter under 18 years of age if the school or place of care has been closed, or the child care provider is unavailable, due to a public health emergency.</p>	<p><u>Not less than 2/3 of regular rate of pay</u> based on # of hours scheduled to work. Capped at \$200/day and \$10,000 total.</p> <p>Special rule for part-time employees.</p>	<p>Private sector employers with fewer than 500 employees may obtain a credit for wage replacement:</p> <p><u>Employers receive 100% payroll tax credit (refundable as needed)</u> for required paid family and medical leave wages plus certain health care expenses of the employer.</p> <p>Special rule for self-employed.</p>