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Corona Virus Federal Aid Package Congressional Update



**Congressman Jim Himes (D)
CT 4th District**



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Congressional Action

Can you explain what Congress has done so far?

Phase I

On March 5, Congress passed a bipartisan bill that appropriated \$8.3 billion in funding to improve the government's response to the COVID-19 pandemic. The Coronavirus Preparedness and Response Supplemental Appropriations Act includes:

- \$3 billion for the research and development of vaccines, therapeutics, and diagnostics to prevent or treat the effects of coronavirus;
- \$2.2 billion for federal, state, and local public health agencies for prevention, preparedness, and response;
- Nearly \$1 billion to purchase pharmaceuticals and medical supplies, in support of healthcare preparedness and Community Health Centers, and to improve medical surge capacity;
- \$61 million for the Food and Drug Administration to respond to coronavirus, including developing medical products;
- \$1.25 billion to prevent and respond to the outbreak abroad;
- \$1 billion in loan subsidies to be made available to help small businesses, non-profit organizations, small agricultural cooperatives and small aquaculture producers that have suffered financial losses stemming from the outbreak. The Small Business Administration could provide an estimated \$7 billion in loans to these entities using this funding. Please visit the Small Business Administration's website for further information about [Disaster Assistance in Response to the Coronavirus](#); and
- Measures to ensure that the government can purchase vaccines, therapeutics, and diagnostics at a fair and reasonable price.

You can review a section-by-section summary of the bill [here](#).

Phase II

On the heels of that relief package, the House of Representatives recently passed the Families First Coronavirus Response Act. This bill will ensure every American that needs to get tested for the coronavirus can do so, and will protect families' economic, food, and health security.

- **For families' health security:** The bill ensures that free tests will be available for all Americans that need one, at no cost. This includes those with private insurance, Medicare, Medicare Advantage, Medicaid, CHIP, TRICARE, VA coverage, as well as the uninsured.
- **For families' economic security:** The legislation requires employers with under 500 employees to guarantee up to two weeks of paid leave for sick workers, and gives workers with children that have been impacted by the pandemic the ability to take up to 12 weeks of job-protected paid leave. The bill also provides \$1 billion to states to expand their Unemployment Insurance programs.

- **For families' food security:** The bill allocates \$500 million for the Special Supplemental Nutrition Program for Women Infants and Children (WIC) to ensure that low-income pregnant women or mothers with young children who lose their jobs or are laid off due to COVID-19 can access nutritious food. To support food banks, the bill provides \$400 million to the Emergency Food Assistance Program (TEFAP), which will allow local food banks to purchase and distribute nutritious meals to low-income Americans. In addition, it provides funding to ensure students whose schools are closed can eat, home-bound seniors can get meals delivered to them, and SNAP recipients won't face harsh work requirements.
- **For businesses' security:** The bill includes tax relief for small and medium-sized businesses that fulfill their obligations to provide paid sick, family, and medical leave to workers.

For more information, please review the House Appropriations Committee's summaries of the [bill](#) and its [amended text](#).

Phase III

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which Congress passed March 28, is a big step toward addressing Americans' pressing economic concerns. While not perfect, this wide-ranging rescue package provides rapid and meaningful relief for individuals, businesses, and those responding to the pandemic on the ground.

- **\$150 Billion State and Local Coronavirus Relief Fund:** Creates a \$150 billion State and Local Coronavirus Relief Fund to support the response by states and localities to the coronavirus pandemic. Connecticut could receive nearly \$1.4 billion in desperately needed funds to benefit our state's residents.
- **\$260 Billion in Dramatically Expanded Unemployment Benefits:** Includes numerous provisions to improve unemployment benefits including providing an additional \$600 per week for the next four weeks, providing an additional 13 weeks of federally funded benefits, and expanding eligibility to include workers in the gig economy and self-employed workers.
- **Direct Monetary Payments:** Provides for immediate, direct cash payments to lower-and middle-income Americans of \$1,200 for each adult and \$500 for each child, beginning to phase out at an annual income of \$75,000 for an individual and \$150,000 for a household. These payments will provide individuals with the cash they need right now to survive with much of the economy currently shut down.
- **More Than \$375 Billion in Small Business Relief:** Provides more than \$375 billion in small business relief, including \$349 billion for forgivable loans to small businesses to pay their employees and

keep them on the payroll; \$17 billion for debt relief for current and new SBA borrowers; and \$10 billion in immediate disaster grants.

- **Approximately \$200 Billion for Our Hospitals, Health Care Workers, and Health Research:** Provides an investment of about \$200 billion in our hospitals, health systems, and health research, including expanding funding for the personal protective equipment desperately needed by our health care workers, including ventilators, n95 masks, gowns, gloves, etc.

Increased Funding for Key Programs

- \$900 million for LIHEAP to help lower-income households heat and cool their homes.
- \$450 million for The Emergency Food Assistance Program (TEFAP) to assist food banks across the country.
- \$8.8 billion for child nutrition programs, such as the National School Lunch Program, School Breakfast Program, the Special Milk Program, the Child and Adult Care Food Program, and the Summer Food Service Program.
- \$15.8 billion for the Supplemental Nutrition Assistance Program (SNAP) to ensure vulnerable populations can access meals.
- More than \$7 billion for affordable housing, \$4 billion of which will assist individuals and families who are homeless or receiving homelessness prevention assistance to help combat the impacts of the coronavirus outbreak.
- \$1.25 billion for Section 8 vouchers to preserve Section 8 voucher rental assistance for seniors, the disabled, and low-income working families, who will experience loss of income from the coronavirus.
- \$1 billion for Project-Based Rental Assistance. This involves HUD directly contracting with private landlords to provide affordable homes to low-income tenants at certain properties.
- \$50 million for Housing for the Elderly. This funding provides capital advances to private, non-profit sponsors to finance the development of housing for elderly residents.
- \$15 million for Housing for People with Disabilities. These funds provide interest-free capital advances and operating subsidies to non-profit developers of affordable housing for persons with disabilities and provide project rental assistance to state housing agencies.

Information for Small Businesses and Non-Profits

Congress' aggressive and escalating response to the crisis - embodied in the Coronavirus Preparedness and Response Supplemental Appropriations Act, Families First Coronavirus Response Act, and the CARES Act - demonstrates the seriousness with which we take this threat to our local communities. Please review the information below to help assist you. Call my Bridgeport District Office at (203)

333-6600 or contact me through my [website](#) if you have any questions about these resources or need help getting in touch with the [Small Business Administration](#), [IRS](#), or any related federal agency.

The Senate Committee on Small Business & Entrepreneurship compiled the following information.

What assistance is available for businesses and non-profits?

The CARES Act provides new resources to help small businesses, certain non-profits, and other employers, survive the coronavirus pandemic. First, ask yourself what your immediate needs are. The following questions might help point you in the right direction. Do you need:

- **Capital to cover the cost of retaining employees?** Then the Paycheck Protection Program might be right for you.
- **A quick infusion of a smaller amount of cash to cover you right now?** You might want to look into an Emergency Economic Injury Grant.
- **To ease your fears about keeping up with payments on your current or potential SBA loan?** The Small Business Debt Relief Program could help.
- **Just some quality, free counseling to help you navigate this uncertain economic time?** The resource partners might be your best bet

Payment Protection Program (PPP) Loans

The program provides cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy to snap-back quicker after the crisis. PPP has a host of attractive features, such as forgiveness of up to 8 weeks of payroll based on employee retention and salary levels, no **SBA** fees and at least six months of deferral with maximum deferrals of up to a year. Small businesses and other eligible entities will be able to apply if they were harmed by COVID-19 between February 15, 2020 and June 30, 2020. This program is retroactive to February 15, 2020, in order to help bring workers who may have already been laid off back onto payrolls. **Loans are available through June 30, 2020.**

What types of businesses and entities are eligible for a PPP loan?

- **Businesses and entities must have been in operation on February 15, 2020.**
- Small business concerns, as well as any business concern, a 501(c)(3) nonprofit organization, a 501(c)(19) veterans organization, or Tribal business concern described in section 31(b)(2)(C) that has fewer than 500 employees or fewer employees than established by the relevant industry code.
- Individuals who operate a sole proprietorship or as an independent contractor and eligible self-employed individuals.

- Any business concern that employs not more than 500 employees per physical location of the business concern and that is assigned a North American Industry Classification System code beginning with 72, for which the affiliation rules are waived.
- Affiliation rules are also waived for any business concern operating as a franchise that is assigned a franchise identifier code by the Administration, and company that receives funding through a Small Business Investment Company.

What are affiliation rules?

They become important when SBA is deciding whether a business's affiliations preclude them from being considered "small." Generally, affiliation exists when one business controls or has the power to control another or when a third party (or parties) controls or has the power to control both businesses. Please see [this resource](#) for more on these rules and how they can impact your business's eligibility.

What types of non-profits are eligible?

All 501(c)(3) non-profits with 500 employees or fewer, or more if SBA's size standards for the non-profit allow. Please visit <https://www.sba.gov/size-standards/> to find out your non-profit's SBA size standards by number of employees. For example, churches and museums with fewer than 500 employees are eligible. You will need the 6-digit North American Industry Classification Code for your business.

How is the loan size determined?

Depending on your business's situation, the loan size will be calculated in different ways (see below). The maximum loan size is always **\$10 million**.

- **If you were in business February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs during that time period. If your business employs seasonal workers, you can opt to choose March 1, 2019 as your time period start date.
- **If you were not in business between February 15, 2019 – June 30, 2019:** Your max loan is equal to 250 percent of your average monthly payroll costs between January 1, 2020 and February 29, 2020.
- **If you took out an Economic Injury Disaster Loan (EIDL) between February 15, 2020 and June 30, 2020** and you want to refinance that loan into a PPP loan, you would add the outstanding loan amount to the payroll sum.

What costs are eligible for payroll?

- Compensation (salary, wage, commission, or similar compensation, payment of cash tip or equivalent)
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums

- Payment of any retirement benefit
- Payment of State or local tax assessed on the compensation of employees

What costs are not eligible for payroll?

- Employee/owner compensation over \$100,000
- Taxes imposed or withheld under chapters 21, 22, and 24 of the IRS code
- Compensation of employees whose principal place of residence is outside of the U.S
- Qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the [*Families First Coronavirus Response Act*](#)

What are allowable uses of loan proceeds?

- Payroll costs (as noted above)
- Costs related to the continuation of group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums
- Employee salaries, commissions, or similar compensations (see exclusions above)
- Payments of interest on any mortgage obligation (which shall not include any prepayment of or payment of principal on a mortgage obligation)
- Rent (including rent under a lease agreement)
- Utilities
- Interest on any other debt obligations that were incurred before the covered period

What are the loan terms, interest rate, and fees?

The maximum term is 10 years, the maximum interest rate is 4 percent, zero loan fees, zero prepayment fee (SBA will establish application fees caps for lenders that charge).

How is the forgiveness amount calculated?

Forgiveness on a covered loan is equal to the sum of the following payroll costs incurred during the covered 8 week period compared to the previous year or time period, proportionate to maintaining employees and wages (excluding compensation over \$100,000):

- Payroll costs **plus** any payment of interest on any covered mortgage obligation (not including any prepayment or payment of principal on a covered mortgage obligation) **plus** any payment on any covered rent obligation **plus** any covered utility payment.

How do I get forgiveness on my PPP loan?

You must apply through your lender for forgiveness on your loan. In this application, you must include:

- Documentation verifying the number of employees on payroll and pay rates, including IRS payroll tax filings and State income, payroll and unemployment insurance filings
- Documentation verifying payments on covered mortgage obligations, lease obligations, and utilities.
- Certification from a representative of your business or organization that is authorized to certify that the documentation provided is true and that the amount that is being forgiven was used in accordance with the program's guidelines for use.

What happens after the forgiveness period?

Any loan amount not forgiven at the end of one year is carried forward as an ongoing loan with max terms of 10 years, at 4% max interest. Principal and interest will continue to be deferred, for a total of 6 months to a year after disbursement of the loan. The clock does not start again.

Can I get more than one PPP loan?

No, an entity is limited to one PPP loan. Each loan will be registered under a Taxpayer Identification Number at SBA to prevent multiple loans to the same entity.

What kind of lender can I get a PPP loan from?

All current SBA 7(a) lenders are eligible lenders for PPP. The Department of Treasury will also be in charge of authorizing new lenders, including non-bank lenders, to help meet the needs of small business owners.

How does the PPP loan coordinate with SBA's existing loans?

Borrowers may apply for PPP loans and other SBA financial assistance, including Economic Injury Disaster Loans (EIDLs), 7(a) loans, 504 loans, and microloans, and also receive investment capital from [Small Business Investment Corporations](#) (SBICs).

How does the PPP loan work with the temporary Emergency Economic Injury Grants and the Small Business Debt Relief program?

Emergency Economic Injury Grant recipients and those who receive loan payment relief through the Small Business Debt Relief Program may apply for and take out a PPP loan. Refer to those sections for more information.

Small Business Debt Relief Program

This program will provide immediate relief to small businesses with non-disaster SBA loans, in particular 7(a), 504, and microloans. Under it, SBA will cover all loan payments on these SBA loans, including principal, interest, and fees, for six months. This relief will also be available to new borrowers who take out loans within six months of the President signing the bill into law.

Which SBA loans are eligible for debt relief under this program?

7(a) loans not made under the Paycheck Protection Program (PPP), 504 loans, and microloans. Disaster loans are not eligible.

How does debt relief under this program work with a PPP loan?

Borrowers may separately apply for and take out a PPP loan, but debt relief under this program will not apply to a PPP loan.

How do I know if I'm eligible for a 7(a), 504, or microloan?

In general, businesses must meet [size standards](#), be based in the U.S., be able to repay, and have a sound business purpose. Each program has different requirements, see <https://www.sba.gov/funding-programs/loans> for more details.

What is a 7(a) loan and how do I apply?

7(a) loans are an affordable loan product of up to \$5 million for borrowers who lack credit elsewhere and need access to versatile financing, providing short-term or long-term working capital and to purchase an existing business, refinance current business debt, or purchase furniture, fixtures and supplies. In the program, banks share a portion of the risk of the loan with SBA. There are many different types of 7(a) loans, you can visit [this site](#) to find the one that's best for you. You apply for a 7(a) loan with a bank or a mission-based lender. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

What is a 504 loan and how do I apply?

The [504 Loan Program](#) provides loans of up to \$5.5 million to approved small businesses with long-term, fixed-rate financing used to acquire fixed assets for expansion or modernization. It is a good option if you need to purchase real estate, buildings, and machinery. You apply through a Certified Development Company, which is a nonprofit corporation that promotes economic development. SBA has a free referral service tool called [Lender Match](#) to help find a lender near you.

What is a microloan and how do I apply?

The [Microloan Program](#) provides loans up to \$50,000 to help small businesses and certain not-for-profit childcare centers to start up and expand. The average microloan is about \$13,000. These loans are delivered through mission-based lenders who are also able to provide business counseling. SBA has a free referral service tool called [Lender Match](#) to help find a microlender near you.

I am unfamiliar with SBA loans, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the loan application process. You can find your nearest Small Business Development Center (SBDC) or Women's Business Center [here](#).

Economic Injury Disaster Loans & Emergency Economic Injury Grants

These grants provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you must first apply for an EIDL and then request the advance. The advance does not need to be repaid under any circumstance, and may be used to keep employees on payroll, to pay for sick leave, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.

Are businesses and private non-profits in my state eligible for an EIDL related to COVID-19?

Yes, those suffering substantial economic injury in all 50 states, DC, and the territories may apply for an EIDL.

What is an EIDL and what is it used for?

EIDLs are lower interest loans of up to \$2 million, with principal and interest deferment available for up to 4 years, that are available to pay for expenses that could have been met had the disaster not occurred, including payroll and other operating expenses.

Who is eligible for an EIDL?

Those eligible are the following with 500 or fewer employees:

- Small business concerns (including sole proprietorships, with or without employees)
- Independent contractors
- Cooperatives and employee owned businesses
- Private non-profits
- Tribal small businesses

My private non-profit is not a 501(c)(3). Is it still eligible for an EIDL and a grant?

Yes, if you are a private non-profit with an effective ruling letter from the IRS, granting tax exemption under sections 501(c), (d), or (e) of the Internal Revenue Code of 1954, **or** if you can provide satisfactory evidence from the State that the non-revenue producing organization or entity is a non-profit one organized or doing business under State law.

Who is eligible for an Emergency Economic Injury Grant?

Those eligible for an EIDL and who have been in operation since **January 31, 2020**.

How long are Emergency Economic Injury Grants available?

January 31, 2020 – December 31, 2020. The grants are backdated to January 31, 2020 to allow those who have already applied for EIDLs to be eligible to also receive a grant.

If I get an EIDL and/or an Emergency Economic Injury Grant, can I get a PPP loan?

Whether you've already received an EIDL unrelated to COVID-19 or you receive a COVID-19 related EIDL and/or Emergency Grant between January 31, 2020 and June 30, 2020, you may also apply for a PPP loan. If you ultimately receive a PPP loan or refinance an EIDL into a PPP loan, any advance amount received under the Emergency Economic Injury Grant Program would be subtracted from the amount forgiven in the PPP.

How do I know if my business is a small business?

Please visit <https://www.sba.gov/size-standards/> to find out if your business meets SBA's small business size standards. You will need the 6-digit North American Industry Classification Code for your business and your business' 3-year average annual revenue.

How do I apply for an economic injury disaster loan?

To apply for an EIDL online, please visit <https://disasterloan.sba.gov/ela/>. Your [SBA District Office is an important](#) resource when applying for SBA assistance.

I am unfamiliar with the EIDL process, can anyone help me apply?

Yes, SBA resource partners are available to help guide you through the EIDL application process. You can find the nearest Small Business Development Center (SBDC), Women's Business Center, or SCORE mentorship chapter at <https://www.sba.gov/local-assistance/find/>.

Counseling & Training

If you, like many small business owners, need a business counselor to help guide you through this uncertain time, you can turn to your local Small Business Development Center (SBDC), Women's Business Center (WBC), or SCORE mentorship chapter. These resource partners, and the associations that represent them, will receive additional funds to expand their reach and better support small business owners with counseling and up-to-date information regarding COVID-19. There will soon be a joint platform that consolidates information and resources related to COVID-19 in order to provide consistent, timely information to small businesses. To find a local resource partner, visit <https://www.sba.gov/local-assistance/find/>.