



# SelectHealth Bulletin: COVID-19 (novel coronavirus)

April 24, 2020

## CARES Act: Additional PPP and EIDL Funding for Small Businesses

This bulletin is intended to assist in identifying potential sources of relief from the consequences of COVID-19 (novel coronavirus) for individuals, families, and employers. It's important to seek advice and information from trusted resources.

On April 24, 2020, the federal government approved a \$484 billion package of additional funding for the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This bill replenishes two key small business aid programs, the Paycheck Protection Program (PPP) with \$310 billion and the Economic Injury Disaster Loan (EIDL) program with \$60 billion.

This bulletin provides information from online resources for you to research how the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program may provide relief from the economic consequences of COVID-19. Those eligible for these two programs are encouraged to apply as soon as possible, as there is a cap on these additional federal funds.

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### U.S. SMALL BUSINESS ADMINISTRATION (SBA):

The SBA website ([sba.gov](https://www.sba.gov)) is a reliable online resource for COVID-19 relief options for small business. Explore Coronavirus funding options at [sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources](https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources).

#### Paycheck Protection Program (PPP):

- > **Loan Information:** The Paycheck Protection Program is a loan designed to provide direct incentive for small businesses to keep their workers on payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. You can apply through an existing SBA (7a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. You should consult with your local lender as to whether it's participating in the program.
- > **Loan Details:** Neither the government nor lenders will charge small businesses any fees. This loan has a maturity of two years and a 1% interest rate. If you wish to begin preparing your application, you can download a copy of the PPP borrower application form ([sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf](https://www.sba.gov/sites/default/files/2020-04/PPP%20Borrower%20Application%20Form.pdf)).

#### Economic Injury Disaster Loan (EIDL) Advance:

Download a form at [sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance](https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance) for more information about the EIDL.

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- > **Overview:** Small business owners are eligible to apply for an EIDL advance of up to \$10,000. This advance will provide economic relief to businesses that are currently experiencing a temporary loss of revenue. Funds will be made available following a successful application. This loan advance will not have to be repaid.
- > **Eligibility:** This program is for any small business with fewer than 500 employees (including sole proprietorships, independent contractors, and self-employed persons), and private nonprofit organization or 501(c)(19) veterans organization affected by COVID-19. For questions, call their Customer Service Center at **800-659-2955** or visit [sba.gov/offices/disaster/dacsc](https://sba.gov/offices/disaster/dacsc).

## U.S. CHAMBER OF COMMERCE:

The U.S. Chamber of Commerce website ([uschamber.com/coronavirus](https://uschamber.com/coronavirus)) is a reliable source of information for employers of all sizes.

### Paycheck Protection Program (PPP):

Download the guide titled “Coronavirus Emergency Loans Small Business Guide and Checklist” ([uschamber.com/report/covid-19-emergency-loans-small-business-guide](https://uschamber.com/report/covid-19-emergency-loans-small-business-guide)) to learn more about this program.

- > The 500-employee threshold includes all employees: full-time, part-time, and any other status.
- > Included payroll cost for employers is the sum of payments of any compensation with respect to employees that are:
  - salary, wage, commission, or similar compensation
  - payment of cash tip or equivalent
  - payment of 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 the employee
- > A borrower is eligible for loan forgiveness equal to the amount the borrower spent on specific items during the eight-week period beginning on the date of the origination of the loan. The amount of loan forgiveness calculated is reduced if there is a reduction in the number of employees or a reduction of greater than 25% in wages paid to employees.

### Economic Injury Disaster Loans (EIDL):

Download the guide titled “Guide to SBA’s Economic Injury Disaster Loans” [uschamber.com/report/guide-sbas-economic-injury-disaster-loans](https://uschamber.com/report/guide-sbas-economic-injury-disaster-loans). The following was taken from the PDF Guide. Please download the entire document to see all available information.

- > **Overview:** The CARES Act expands the Small Business Administration’s long-standing Economic Injury Disaster Loan Program (EIDL). The EIDL program was created to assist businesses, renters, and homeowners located in regions affect by declared disasters.

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- > **Who is eligible?** Those businesses in existence on January 31, 2020, who suffered substantial economic injury caused by COVID-19, and who meet the following qualifications:
  - Businesses with fewer than 500 employees
  - Cooperatives, ESOPS, and tribal small businesses with fewer than 500 employees
  - Sole proprietors
  - Independent contractors
  - Most private nonprofits
- > **What are the loan parameters?**
  - The maximum EIDL is a \$2 million working capital loan at a rate of 3.75% for businesses and 2.75% for nonprofits, up to a 30-year term
  - Payments on coronavirus EIDL loans are deferred for one year
  - The borrowers must allow the SBA to review its tax records
- > **How can I access an EDIL advance up to \$10,000?**
  - Eligible applicants for an EIDL can receive an advance up to \$10,000
  - There is no obligation to repay the advance
  - To receive up an advance up to \$10,000, it's not necessary to have an approved EIDL loan; however, if you are able to secure a PPP loan, the \$10,000 grant will be subtracted from the forgiveness amount of the PPP loan

#### THE UTAH DEPARTMENT OF HEALTH:

Their official website, [coronavirus.utah.gov](https://coronavirus.utah.gov), provides reliable information for businesses.

#### Paycheck Protection Program (PPP):

The CARES Act makes available federally-guaranteed loans to eligible small businesses and non-profits with 500 employees or fewer, self-employed individuals, and contractors to prevent workers from losing their jobs and businesses from going under due to losses caused by COVID-19.

- > **Loan Terms:** Eligible entities may apply for a loan equal to 2.5 times their average monthly payroll from 2019 or \$10 million, whichever is less. Loans are interest-free for the first year, and then charge up to a 4% rate for out-years. Loans may be used towards payroll (capped at an annualized rate of \$100,000 per employee), rent, mortgage interest, utilities, and interest on pre-existing debt.
- > **Partial Loan Forgiveness:** Any money spent within the first eight weeks of receiving the loan (except on interest of pre-existing debt) will be forgiven. If the business reduces its number of employees, then the SBA reduces the amount of forgiveness by the same percentage. Likewise, if the business reduces the salary it pays to an employee earning less than \$100,000 by more than 25%, the SBA reduces the amount of forgiveness on a dollar-for-dollar basis. Employers that restore their employment numbers and salaries by June 30, 2020, may experience no reduction in forgiveness.

#### Economic Injury Disaster Loans (EIDL):

- > **What is it?** The SBA's Economic Injury Disaster Loan program provides small businesses with working capital loans of up to \$2 million to provide vital economic support to overcome the temporary loss of revenue they are experiencing. Apply through the SBA. Applicants may also receive an Economic Injury Disaster Loan (EIDL) emergency advance grant up to \$10,000.

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- > **Who is eligible?** Small business owners (<500 FTEs) in all U.S. states and territories are currently eligible to apply for a low-interest loan.
- > **Other:**
  - Go to [sba.gov/disaster](https://sba.gov/disaster) for more details.
  - There is no immediate deadline to apply (hint: apply soon if possible).
  - There's no fee to apply.
  - No credit card information is required.
- > **Contact:** Email [utahgeneral@sba.gov](mailto:utahgeneral@sba.gov) or call **801-524-3209** for specific questions.
- > **Streamlined Process:** Access the new EIDL website here: [covid19relief.sba.gov](https://covid19relief.sba.gov).

(Also consider [coronavirus.idaho.gov](https://coronavirus.idaho.gov) and [dphh.nv/coronavirus](https://dphh.nv/coronavirus) for information specific to Idaho and Nevada.)

CAUTION: SelectHealth encourages all seeking relief from the impact of COVID-19 to obtain guidance from trusted advisers such as certified public accountants and attorneys. All individuals and employers should beware of scams. With financial assistance potentially available through federal, state, and local governments in the way of grants and loans, there will be scammers trying to take advantage of the situation, such as those masquerading as qualified lenders.