



## 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.

This primer will include information related to SBA programs to assist small businesses, as well as a discussion regarding the requirements of the paid leave requirements as a result of the COVID-19 pandemic.

### Small Business Loan Options

*Economic Injury Disaster Loan (EIDL) Program* are loans of up to \$2 million to 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](mailto:disastercustomerservice@sba.gov). Applicants are encouraged to [apply online](#) for certain disaster loans.

**NEW** *Emergency Economic Injury Grant Program* provides a loan advance of \$10,000 for businesses eligible for the 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.

*Express Bridge Loans* allows small businesses who currently have a business relationship with an SBA Express Lender to access up to \$25,000 with less paperwork. If a small business has an urgent need for cash while waiting for decision and disbursement on Economic Injury Disaster Loan, they may qualify for an SBA Express Disaster Bridge Loan. The loan will be repaid in full or in part by proceeds from the EIDL. Find an Express Bridge Loan Lender by connecting with your [local SBA District Office](#).

**NEW** *Paycheck Protection Program* provides a loan of up to \$10 million or 250% of the average monthly payroll to help assist with salaries (and related expenses) and certain other items. Loan payments will be deferred for at least six months. If you maintain your workforce, SBA will forgive the portion of the loan proceeds that are used to cover the first eight weeks of payroll and certain other expenses following loan origination. For more information, visit [here](#) (SBA resource) and [here](#) (Hart Health resource).

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**NEW *Small Business Debt Relief Program*** provides relief to small businesses with 7(a) loans. Under it, the 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 borrowers who take out loans by September 27, 2020.

**7(a) program** is an all-inclusive loan program deployed by lending partners for eligible small businesses within the U.S. States and its territories. For information on the types of 7(a) loans available, visit [here](#), with additional information regarding eligibility [here](#).

## 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.

## 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.

## Counselors

For SBA-supported entities to help answer your key questions, please contact a local Small Business Development Center (SBDC), Women's Business Center (WBC), or SCORE mentorship chapter. To find a local resource partner, visit <https://www.sba.gov/local-assistance/find/>. In addition, the Minority Business Development Agency's Business Centers (MBDCs), which cater to minority business enterprises of all sizes, are another resource. Not every state has a MBDC. To find out if there is one that services your area, visit [this site](#).

## Paid Leave requirements

The *Families First Coronavirus Response Act* ([H.R. 6201](#), P.L. 116-127) 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 also 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.

The *Coronavirus Aid, Relief, and Economic Security (CARES) Act* ([H.R. 748](#), P.L. 116-136) modified the paid leave requirements of the Phase II package to allow recently laid off workers to receive family leave benefits if they are rehired. The Office of Management and Budget (OMB) is also authorized to exclude federal government employers from the paid leave requirements.

Recently, the Department of Labor (DoL) issued a [temporary rule](#), which further clarified the application to physicians and emergency responders. **Specifically, as further clarified through separate FAQs, certain health care providers and emergency responders are excluded from these requirements.**

**Definition of health care provider.** Specifically, the DoL clarified that "health care providers" includes "anyone employed at any doctor's office, hospital, health care center, clinic, post-secondary educational institution offering health care instruction, medical school, local health department or agency, nursing facility, retirement facility, nursing home, home health care provider, any facility that performs laboratory or medical testing, pharmacy, or any similar institution, Employer, or entity. This includes any permanent or temporary institution,

facility, location, or site where medical services are provided that are similar to such institutions. This definition includes any individual employed by an entity that contracts with any of these institutions described above to provide services or to maintain the operation of the facility where that individual's services support the operation of the facility. This also includes anyone employed by any entity that provides medical services, produces medical products, or is otherwise involved in the making of COVID-19 related medical equipment, tests, drugs, vaccines, diagnostic vehicles, or treatments. This also includes any individual that the highest official of a State or territory, including the District of Columbia, determines is a health care provider necessary for that State's or territory's or the District of Columbia's response to COVID-19."

**Definition of emergency responder.** The DoL has defined an "emergency responder" as "anyone necessary for the provision of transport, care, healthcare, comfort and nutrition of such patients, or others needed for the response to COVID-19. This includes but is not limited to military or national guard, law enforcement officers, correctional institution personnel, fire fighters, emergency medical services personnel, physicians, nurses, public health personnel, emergency medical technicians, paramedics, emergency management personnel, 911 operators, child welfare workers and service providers, public works personnel, and persons with skills or training in operating specialized equipment or other skills needed to provide aid in a declared emergency, as well as individuals who work for such facilities employing these individuals and whose work is necessary to maintain the operation of the facility. This also includes any individual whom the highest official of a State or territory, including the District of Columbia, determines is an emergency responder necessary for that State's or territory's or the District of Columbia's response to COVID-19."

#### Frequently Asked Questions (FAQ)

The House Ways and Means Republicans assembled the following FAQ related to the paid leave requirements related to 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 14<sup>th</sup> [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](#).