

V6.0 Coronavirus Assistance -- Small Businesses

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As the U.S. Congress continues to pass emergency legislation to address the coronavirus pandemic, this brief provides summary information on a number of new requirements and forms of emergency government assistance targeted at small businesses and their employees. Please keep in mind that the situation is changing daily. We will endeavor to keep this information updated with the most recent guidance.

****UPDATED** Forgivable Small Business Loans -- Paycheck Protection Program**

The Paycheck Protection Program allows small businesses and 501(c)3 nonprofit organizations with less than 500 employees to obtain a *forgivable* loan through the Small Business Administration. To apply for a loan, you must work with an SBA-approved lender or bank. You must have been in business on February 15, 2020, and had employees for whom you paid salaries/wages and payroll taxes. Loan proceeds may be used to pay 8 weeks of eligible costs incurred after March 1, 2020. Eligible costs include: payroll costs, business mortgage payments, rent (including rent under a lease agreement); utilities; and any other debt obligations incurred during the covered period. The intent of the loan is to keep employees on your payroll; as such, at least 75% of loan proceeds must be used for payroll costs, including wages/salaries, state and local payroll taxes, provision of group medical benefits, retirement benefits, sick leave, parental leave, family or medical leave, or vacation days. The loan amount in your application should be 2.5 times your average monthly payroll for the previous year. If you have laid off employees, you should rehire those employees when your PPP loan funds become available; rehiring must occur before June 30, 2020 if you are to receive maximum loan forgiveness. For further guidance from the U.S. Treasury Department, click [here](#), or contact an approved SBA lender or bank.

****UPDATED** -- Emergency Small Business Loans.** The federal Small Business Administration oversees a program of Economic Injury Disaster Loans (EIDLs). Small businesses, and nonprofit organizations with tax exemption under IRS Code 501(c), (d), or (e), in all 50 states are now eligible for these loans. These are loans offer up to \$2 million to help meet financial obligations and operating expenses that could have been met had the coronavirus disaster not occurred. Interest rate is 3.75% for small businesses and 2.75% for nonprofits, with repayment terms of up to 30 years. Click [here](#) for a helpful summary on how to apply for these loans, including information on what documentation you will need to apply. This information was compiled by the [Institute for Justice Clinic on Entrepreneurship](#).

If you would like to apply for an EIDL, you should submit your application directly to SBA; you do not need to work with a lender or bank. To go directly to the online instructions on the SBA website, click [here](#).

There are several existing opportunities to connect with support organizations for help in filling out your loan application. To find a Small Business Development Center assistance location, click [here](#) and enter your zip code. To connect with a mentor from SCORE, click [here](#). To find assistance from Chicago's Women's Business Development Center, click [here](#). If you are a veteran, click [here](#) for the Veterans Business Outreach Center serving Illinois. The Institute for Justice may also be able to assist you with completing the loan application; please visit this [site](#) to sign up for a possible consultation. Please keep in mind that all of these assistance services are first-come, first-served, and are likely to be experiencing significant demand. We are exploring additional ways to make application assistance available, and will be in touch when we have more to share about that.

Click [here](#) for information sheet on applying for SBA Economic Injury Disaster Loans

Click [here](#) for the SBA online application instructions.

Click [here](#) for assistance with your loan application via a Small Business Development Center.

Click [here](#) for assistance with your loan application via SCORE.

Click [here](#) for assistance with your loan application via the Chicago Women's Business Development Center.

Click [here](#) for assistance with your loan application via the Veterans Business Outreach Center.

Click [here](#) for possible consultation on your loan application with the Institute of Justice Clinic on Entrepreneurship.

Emergency Paid Sick Leave. Businesses with fewer than 500 employees are now *required* to provide their employees with two weeks of paid sick leave. 100% of pay is required for employees who are being treated for COVID-19 or who must quarantine due to being exposed to an infected individual. Two-thirds of pay is required for employees who must care for a sick individual, or for a child whose daycare, school, or other regular care location is closed for reasons related to COVID-19. Some businesses with fewer than 50 employees may be exempt, but guidance on how to secure an exemption is not yet available. To pay this required emergency paid sick leave, employers are eligible for tax credits, principally on the employer share of the Social Security payroll tax. Please consult with your accountant or other payroll expert to implement this requirement. Further guidance for employers is available [here](#) and [here](#). Guidance on the rights of employees is available [here](#).

Emergency Family and Medical Leave Expansion. Businesses with fewer than 500 employees are now *required* to *pay their employees* during most leave time taken under the Family and Medical Leave Act (FMLA). This is significantly different from the way FMLA has been

implemented prior to COVID-19, when FMLA leave was *unpaid*. Employees are entitled to 12 weeks of leave under Emergency FMLA. The first two weeks are *unpaid*, but employees may draw on their Emergency Paid Sick Leave rights to receive pay during the first two weeks of not working. Following the initial two weeks, the next 10 weeks of Emergency FMLA must be *paid* at a minimum of two-thirds of the employee's regular wages. Employees are eligible for Emergency FMLA if they must care for a sick individual, or for a child whose daycare, school, or other regular care location is closed for reasons related to COVID-19. Employers are eligible for tax credits, principally on the employer share of the Social Security payroll tax, to pay this required emergency paid sick leave. Please consult with your accountant or other payroll expert to implement this requirement. Further guidance for both employers and employees is available [here](#). Additional guidance for employers is available [here](#).