

COVID-19: PAYCHECK PROTECTION PROGRAM (PPP) AND HEALTH CARE ENHANCEMENT (HCE) ACT

➤ OVERVIEW

- The PPP & HCE Act, signed by the President on April 24, 2020, is a roughly \$484 billion economic relief package that **authorizes the Small Business Administration (SBA) to spend an additional \$310 billion for PPP loans**, almost doubling the funding available to small businesses.
 - On April 16, the SBA [announced](#) that after only 14 days PPP funds, \$349 billion, were exhausted and that the SBA would not processing more loans.
- Includes \$75 billion of **funding for hospitals and health care providers**.
- Includes \$25 billion to expand **COVID-19 testing**.
- Remaining funds will be used towards **Emergency Economic Injury Disaster Loan (EIDL) program expansion, disaster recovery loans, and other SBA expenses**.

➤ ADDITIONAL PAYCHECK PROTECTION PROGRAM (PPP) FUNDING

- The [CARES Act](#) authorized, among other things, the SBA to provide [eligible](#) small businesses financial relief in the form of a PPP loan. Despite the program's [chaotic rollout](#), nearly [5,000 lenders](#) approved 1.6 million PPP loans within 14 days, leaving out thousands of small businesses that need financial relief.
- In response, the PPP & HCE Act allocates **an additional \$310 billion for PPP loans**.

➤ ECONOMIC INJURY DISASTER LOAN (EIDL) & EIDL EMERGENCY GRANTS

- The [Economic Injury Disaster Loan Assistance](#) (EIDL) program offers up to \$2 million in assistance with a 3.75% interest rate (2.75% for nonprofits). This opportunity also includes an **Economic Injury Disaster Loan Emergency Grant Advance** of up to \$10,000 within three days of applying for EIDL. [Apply directly online](#).
- Allocates an additional **\$50 billion** to remain available for the **Disaster Loans Program Account**.
- Allocates an additional **\$10 billion** to remain available for **EIDL emergency grants**.

➤ AGRICULTURAL ENTERPRISE ELIGIBILITY FOR EIDL & EMERGENCY GRANTS

- Historically, SBA has deemed "agricultural enterprises" as ineligible for EIDLs (even though they are eligible for PPP funding).
- Agricultural enterprises include "those small business concerns engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural-related industries."
- The PPP & HCE Act would expand EIDL assistance and EIDL Emergency grant eligibility for "agricultural enterprises," as defined by the Small Business Act with no more than 500 employees.

➤ PUBLIC HEALTH AND SOCIAL SERVICES EMERGENCY FUND

- The [CARES Act](#) initially invested \$100 billion into the Public Health and Social Service Emergency Fund for health care providers.
- **The PPP & HCE Act:**
 - Allocates an additional **\$75 billion of funding for hospitals and health care providers**.
 - Allocates an additional **\$25 billion** for necessary expenses related the expanded capacity of **COVID-19 tests**.

➤ **RESOURCES FOR SMALLER LENDERS (INSURED DEPOSITORY INSTITUTIONS, CREDIT UNIONS, AND COMMUNITY FINANCIAL INSTITUTIONS)**

- Although the PPP & HCE Act does not alter the eligibility or terms for either borrowers or lenders, it does create a \$60 billion set-aside for smaller lenders to serve the needs of small businesses that are unbanked or underserved limiting these businesses access to larger lenders.
 - \$30 billion is set aside for loans made by insured depository institutions and credit unions that have assets between \$10 billion and \$50 billion;
 - \$30 billion for loans made by community financial institutions, (community development financial institution and minority depository institution) certified development companies, microloan intermediaries, small-insured depository institutions, and credit unions with assets less than \$10 billion.
- **Expansion of the Paycheck Protection Program Liquidity Facility (PPPLF).** To facilitate lending to small businesses via the PPP the Federal Reserve [announced](#) that it is working to expand access to the PPPLF for additional SBA-qualified lenders. Currently, only depository institutions are eligible to participate in the PPPLF, and over 1000 have already been approved to access the program.
 - **What is PPPLF?** The PPPLF supports the PPP by extending credit to financial institutions that make PPP loans, using the loans as collateral. The additional liquidity from the PPPLF increases the capacity of financial institutions to make additional PPP loans.

➤ **OTHER FUNDING ALLOCATIONS**

- Allocates **\$2.1 billion** to remain available for **SBA staff salaries and administrative expenses.**