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Amendment to CARES Act Set to Revive Paycheck Protection Program With More Much-Needed Relief for Small Businesses

Human Resources & Employment

The already-exhausted Paycheck Protection Program (PPP) is expected to soon receive a \$310 billion infusion of new funding in the next few days.

The additional funds are authorized by an amendment to the CARES Act, which passed the U.S. Senate unanimously on Tuesday and currently awaits a vote by the House of Representatives. President Trump has promised to sign the bill quickly upon passage. In addition to more money for the PPP, the amendment would double the Small Business Association's Economic Injury Disaster Loan (EIDL) program, from \$10 billion to \$20 billion.

The CARES Act amendment not only adds money for PPP, it also adds to the list of eligible entities for the PPP, including "agricultural enterprises" (as defined in Section 18(b) of the Small Business Act) with fewer than 500 employees. The Small Business Act defines agricultural enterprises as "those businesses engaged in the production of food and fiber, ranching, and raising of livestock, aquaculture, and all other farming and agricultural related industries."

The amendment also provides a guaranteed set-aside of \$30 billion in loans to insured depository institutions and credit unions with consolidated assets between \$10 and \$50 billion, and another \$30 billion in guaranteed set-asides for community financial institutions, insured depository institutions with consolidated assets of less than \$10 billion, and credit unions with consolidated assets of less than \$10 billion.

For purposes of the CARES Act, community financial institutions include community development financial institutions, minority depository institutions, development companies certified under Title V of the Small Business Investment Act (SBIA) as enhancing economic development through job creation, business district revitalization, expansion of minority and women-owned businesses, rural development, etc., and "intermediaries" as defined by the Small Business Act's microloan program.

Public Health and Social Services Emergency Fund Increased

The CARES Act amendment also provides an additional \$75 billion for certain healthcare providers to offset losses, *including expenses and revenue losses*, through grants or other mechanisms, due to the COVID-19 pandemic.

Eligible entities remain the same as defined in the CARES Act: public entities, Medicare or Medicaid enrolled suppliers and providers, and such for-profit entities and not-for-profit entities not otherwise described in the act as the Treasury secretary may specify, that are located within the United States (including territories), and that provide diagnoses, testing or care for individuals with possible or actual cases of COVID-19.

Funds may be used for the building and constructing of temporary structures, medical and testing supplies, the procurement of Personal Protection Equipment (PPE), increased workforce, and more. These funds may not be used to reimburse expenses already reimbursed by other sources, such as a PPP loan. Recipients of these funds will be required to submit reports to the Secretary of Health and Human Services. An additional \$25 million is provided for COVID-19 testing research and development.