

Funding for Small Businesses and Nonprofits

*Compiled by the office of Congressman Brad Schneider
April 2, 2020*

Recently Congress has passed three economic recovery laws that have significant funding opportunities for businesses and workers. Below is a brief summary of each program with appropriate links and contact information.

General Resources

[Small Business Owner Guide to the CARES Act](#) This guide has frequently asked questions for each of the programs established or enhanced to support small businesses. Major provisions of each program are listed below.

Paycheck Protection Program Loans

General Information: The PPP program is designed to help small businesses maintain payroll in light of the COVID-19 pandemic. Eligible businesses who enroll in the program will receive a forgivable loan to use for payroll purposes, in addition to helping pay for utilities, rent, mortgage interest payments, and more. Details are included in the links below.

The Small Business Administration distributed additional guidance from the U.S. Department of the Treasury on how the Paycheck Protection Program is going to be implemented and what both lenders and borrowers need to know. The following documents were provided:

- [General Program Overview for the Paycheck Protection Program](#)
- [PPP: Information for Lenders](#)
- [PPP: Information for Borrowers](#)
- [Sample Paycheck Protection Program Application](#)
- [Small Business Administration's PPP Page](#)

Key Dates

April 3, 2020: Start date for small businesses and sole proprietorships to submit PPP small loan applications

April 10, 2020: Start date for independent contractors and self-employed individuals to submit PPP loan applications

The Treasury Department urges businesses to apply as soon as possible, due to a funding cap in place on this program.

Lender Information: PPP loans will be 100% federally guaranteed but handled by SBA-certified lenders. Lending institutions that are not currently SBA-certified but want to participate should email DelegatedAuthority@sba.gov.

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Application Information: Interested parties should contact their local lender to see if they are SBA-certified and/or planning on participating in the program. Applicants will have to provide payroll documentation to the lender.

Economic Injury Disaster Loan Program

General Information: The SBA's Economic Injury Disaster Loan (EIDL) program received significant funding in the Families First Act, which was the 2nd COVID-19 stimulus package. These SBA loans provide small businesses with a long-term, low interest loan of up to \$2 million to pay for expenses they would have met if not for the COVID-19 pandemic. Note that these are loans, not grants, although refinancing an EIDL into a PPP Loan is a possibility, provided you used the fund for the proper purpose. Applicants can apply for both EIDL and PPP loans simultaneously, although the funds cannot be used for the same purpose.

Application Process: The SBA recently rolled out a new, streamlined application process that is [available here](#). Note that if your business needs short term assistance, and you applied before this week, you may need to re-submit your application (see below). If you have already applied for funds through EIDL and do not need the \$10,000 advance, your application should continue to be processed without additional steps. You may check on the status of your application by calling 800-659-2955.

- **WATCH:** [Congressman Schneider hosted a Webinar on Small Business Resources for the Coronavirus \(recorded on March 23, 2020\)](#)

Emergency Economic Injury Grants (advance on EIDL loans)

General Information: Businesses that need an infusion of capital in the short term and who have applied for a loan through the EIDL program can also apply for an Emergency Economic Injury Grant, which will provide an advance of \$10,000 from the requested EIDL amount. This process can be started from the EIDL application, [available here](#).

If you already submitted an EIDL application prior to the launch of this program (SBA says if you applied before March 30) you will have to resubmit an application using the streamlined process at the link above.

SBA Small Business Debt Relief Program

The Small Business Administration is providing a program to assist small businesses who have non-disaster SBA loans – namely 7(a) loans, 504 loans, and microloans.

Program Benefits: The SBA will cover payments (on principal and interest) in addition to fees for six months.

Program Applicability: This program will apply to pre-existing loans in these categories, in addition to *new borrowers who take out these loans within six months of the CARES Act becoming law*.

Loan Program Details: Access these links if you think your business could benefit from these options:

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- [7\(a\) Loan Program Information](#)
 - 7(a) loans max out at \$5 million are targeted towards borrowers who lack credit elsewhere and need access to flexible capital. These loans are offered through approved 7(a) lenders ([a list is available here](#))
- [504 Loan Program Information](#)
 - 504 Loans max out at \$5.5 million and provide long-term fixed-rate financing and may be a good option for businesses looking to purchase property or large equipment
- [SBA Microloan Program Information](#)
 - The SBA's microloan program offers loans of up to \$50,000 to help small businesses start up or expand.

Employee Retention Tax Credit

General Information: The CARES Act includes an Employee Retention Tax Credit, designed to encourage employers to retain their employees during the COVID-19 crisis. The IRS describes the credit as a “fully refundable tax credit for employers equal to 50 percent of qualified wages (including allocable qualified health plan expenses) that Eligible Employers pay their employees. This applies to wages paid between March 12, 2020 and January 1, 2021, with a maximum credit for any employee amounting to \$5,000. Additional IRS guidance is [available here](#).

Key Caveat: This credit is *not available* to employers receiving assistance via the Paycheck Protection Program.

Employer Payroll Tax Deferral

General Information: According to the guide, a provision in the CARES Act allows for the deferral of the employer portion of certain payroll taxes through the end of 2020. These deferred amounts are due in two installments – one at the end of 2021, the other at the end of 2022. Included deferrable taxes include the employer portion of FICA taxes and half of SECA tax liability. Expect this information to appear soon on the [IRS coronavirus webpage](#).

Key Caveat: Deferral is not available to employers receiving assistance via the Paycheck Protection Program.

Business Counseling (+ Assistance with Applications)

General Information: In addition to direct financial assistance to small businesses and nonprofits, the recent stimulus packages have included significant funding for enhanced small business counseling services. These organizations are well versed in how to help small businesses succeed and stand ready and willing to help your organization navigate these difficult times. Counseling resources include:

- [Illinois Small Business Development Center at College of Lake County](#)
 - Contact Mitch Bienvenue at 847-543-2033 or illinoissbdc@clcollinois.edu

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- [Women's Business Development Center](#)
 - 312-853-3477 / wdbc@wdbc.org / contact for loan assistance: Lotika Pai, lpai@wdbc.org
 - In addition to serving women entrepreneurs, the Women's Business Development Center is mandated to serve the needs of underserved entrepreneurs, including low-income entrepreneurs.
- [Minority Business Development Agency Business Center](#)
 - 312-755-2563
- [Illinois Department of Commerce & Economic Opportunity](#)
 - CEO.Support@illinois.gov

Treasury and IRS Release FAQs to Help Small and Midsize Businesses Navigate Paid Sick and Family Leave Tax Credits

Key Points:

- The U.S. Department of the Treasury and the Internal Revenue Service are offering small and mid-size employers more information on refundable tax credits that reimburse them, dollar-for-dollar, for the cost of providing their employees paid sick and family leave wages related to COVID-19.
- The Families First Coronavirus Response Act (FFCRA), signed by President Trump on March 18, 2020, gives businesses with fewer than 500 employees funds to provide employees with paid sick leave and family and medical leave related to COVID-19.
- Eligible employers can receive a credit in the full amount of the qualified sick leave and family leave wages paid for between April 1, 2020, and December 31, 2020.
- Employers can be reimbursed immediately by reducing their federal employment tax deposits. If there are insufficient federal employment taxes to cover the amount of the credits, employers may request an accelerated payment from the IRS.

[FAQs – COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses](#)