



# Pittsburgh Region Response to COVID-19

## Small Business-Focused Financial Assistance Overview Payment Protection Program & Economic Injury Disaster Loan

### Small Business Administration (SBA) Paycheck Protection Program (PPP)

This \$349 billion forgivable loan program is designed to help small businesses keep their workers on the payroll. It is modeled after the existing SBA 7(a) program, but the loans here are 100 percent guaranteed, as opposed to 75 percent.

#### **Eligibility.** The program generally covers:

- small businesses and nonprofits with fewer than 500 employees;
- hospitality businesses with fewer than 500 employees at each location;
- sole-proprietors, independent contractors, and self-employed individuals.

**Loan Forgiveness.** This program provides loan forgiveness equal to the amount spent on payroll (capped at \$100,000 in annual wages for each employee), rent, mortgage interest, and utilities for eight weeks beginning on the origination date of the loan. The loan forgiveness provisions will be reduced in proportion to any reduction in employees and a reduction in employees' pay of greater than 25 percent.

#### **Timing:**

- The provisions are retroactive to February 15, 2020, and cover loans from that date to June 30, 2020. The retroactivity provision is intended to encourage rehiring.
- The SBA has opened the application period, however, regulations for banks are being issued in real-time and could lead to a delay in individual lenders processing applications. Please contact your local lender for more information.

The U.S. Chamber of Commerce Guide to the PPP can also be found [here](#).

### Getting started for the Payroll Protection Program (PPP)

- **What entities can provide these loans?** If you have a bank, we encourage you to connect with them to see if they are an eligible lender. You can access a regional list of lenders [here](#).  
\*Note this list is subject to change.
- **Where can I apply?** Use this link to access the [PPP Application Form](#).
- **Do I have to have a relationship with a bank to apply for a loan?** No.
- **The loans are first come, first served, and my bank said they are not accepting PPP applications yet. Should I go to another bank or wait for mine to be ready?** Applications went live on Friday, April 3, and some banks are clarifying the guidelines with the SBA before they roll out their programs. Check back with your bank to see if they have updates, as things are changing daily. If you have an existing relationship with a bank, you do not have to apply through them, though they will have a history of your company's records, and the process will be more streamlined.
- **Do I have to have a minimum credit score to receive a loan?** No.
- **What if things are okay right now, but they could get worse in the coming months. Should I apply for a loan?** The SBA encourages any company that is currently, or that may become financially distressed in the future, to apply for a loan.

### Self-Employed, S-Corps

- **If I take a draw and not a paycheck, how do I estimate payroll and what documentation is necessary?** You are also eligible for a PPP loan if you are an individual who operates under a sole proprietorship, is an independent contractor or an eligible self-employed individual, and you were in operation on February 15, 2020.

You must also submit such documentation as is necessary to establish eligibility such as payroll processor records, payroll tax filings, or Form 1099-MISC, or income and expenses from a sole proprietorship. For borrowers that do not have any such documentation, the borrower must provide other supporting documentation, such as bank records, sufficient to demonstrate the qualifying payroll amount.

- **Do S-Corps have the same guidelines as sole-proprietors?** There is no guidance in the SBA Interim Final Rule specific to S-Corps, but please refer to the answer above and consult with your lender.

### Employee Eligibility

- **Is the 500 employee threshold headcount or full-time employees?** The number of employees is based on FTE (full-time equivalents).
- **Are part-time employees eligible?** Yes.
- **Can I include 1099 employees as part of payroll costs?** No. "Contractors" are eligible to apply for a PPP loan on their own.
- **Do I have to bring back all of my employees to be eligible for forgiveness?** No. Forgiveness is based on the use of funds towards covered costs and the percentage of forgiveness is based on a comparison of actual payroll during the covered period (in 2020) vs. the average from 2019 used to apply for the PPP loan.

### Employee Eligibility (continued)

- **Are student workers eligible for colleges and universities?** It all depends on the timing of when they worked in 2019 and when they are working in 2020. Part-time workers are allowed in the average payroll calculation. The use of funds though is limited to the covered period (2/15/20 – 6/30/20).

### Unemployment Compensation

- **If employees are receiving unemployment, should I apply for PPP?** It depends on the situation and needs. The PPP loan is designed to provide funds to businesses to retain existing and re-hire laid-off workers.
- **Will people who have been furloughed or laid off, but haven't been able to file yet because the system is overloaded, lose out?** Unemployment Compensation is in the process of hiring additional UC intake interviewers to help with the unprecedented number of claims. Visit [uc.pa.gov](http://uc.pa.gov) to file claims. Claimants can also email [uchelp@pa.gov](mailto:uchelp@pa.gov) and use the online chat function for assistance. Once claims are processed, payments will be retroactive to the application benefit date. No one will be left out.
- **People who collect unemployment can also receive an extra \$600 in federal benefits each week through July 31. When can people expect to receive that money?** Unemployment Compensation is working diligently to expand the capacity of its technology capabilities to process the additional payments provided through the CARES Act. Once capacity is added, those payments will be awarded retroactively to March 29. Also, the CARES Act expands UC eligibility to gig workers, independent contractors, and others previously not eligible to receive benefits. A separate filing system is being developed as quickly as possible to allow those individuals to apply for benefits.

### Eligible Expenses

- **What business expenses are included?** The PPP program's intent is for payroll expenses, which are more broadly defined as wages, salary, commission, bonuses, health insurance premiums, payroll taxes, retirement, and leave for sick, family, and vacation. Refer to page 3 of the [PPP application form](#), under instructions for more details.
- **What taxes can be calculated into payroll?** Refer to page 3 of the [PPP application form](#), under instructions.
- **Can funds be used to cover insurance? Personal liability, auto (for work vehicles), health insurance, etc.?** Use of funds includes all payroll expenses as noted above and also includes rent, utilities, and interest on a mortgage. No other non-payroll expenses are listed. Also, note that non-payroll expenses cannot exceed 25% of the loan in order to qualify for forgiveness.

### Ownership Structure

- **Is there any easement of the affiliation rules for companies whose investors are private equity or venture capital-funded?** The SBA intends to promptly issue additional guidance with regard to the applicability of affiliation rules to PPP loans.
- **My company is foreign-owned, but we are a PA registered LLC. Are we eligible for assistance?** There has been a bit of evolution on this item. We recommend you apply if you have US Residents on your payroll to the extent to which you would be eligible. For additional questions, consult your lender.

## SBA Economic Injury Disaster Loan (EIDL)

Small businesses can apply for a \$10,000 cash advance grant and working capital loans of up to \$2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing.

You can find more information about funding options through the SBA [here](#) and by contacting your local lender.

The U.S. Chamber of Commerce Guide to the EIDL can also be found [here](#).

### FAQ EIDL Grant

- **Who is eligible?** Businesses with fewer than 500 employees, cooperatives, ESOPs, and tribal small businesses with fewer than 500 employees, sole proprietors, independent contractors, and most private non-profits.
- **Is the EIDL a true grant that does not have to be repaid?** There is no obligation to repay the grant. To receive the \$10,000 emergency grant, it is not necessary to have an approved EIDL loan.
- **If I apply for PPP, can I also apply for the \$10,000 EIDL loan?** If you can secure a PPP loan, the \$10,000 grant will be subtracted from the forgiveness amount. Note: The Paycheck Protection Program (PPP) created by the CARES Act prohibits borrowers from taking out two loans for the same purpose.

### More Information & Resources

- **Who can I reach out to with questions?** If you already have a lender, we encourage you to reach out to your bank directly with questions; they will have the best knowledge of your company's history and advice on how to move forward. If you do not have a relationship with a bank and have additional questions, you can also utilize these organizations for technical assistance:
  - **Bridgeway Capital:** Questions can be directed to Matt Madia, Chief Strategy & Development Officer [MMadia@BridgewayCapital.org](mailto:MMadia@BridgewayCapital.org)
  - **Neighborhood Allies:** Questions can be directed to [paycheckprotection@neighborhoodallies.org](mailto:paycheckprotection@neighborhoodallies.org)
- **Where can I find more information on the changing rules and news?** The most up-to-date information from the Small Business Administration can be found [here](#). We would also encourage you to check your lender's website or call the bank assisting you with your application to ask additional questions. You may also consider joining the email distribution list for your local SBA District Office. You can sign up with the Pittsburgh District office [here](#).
- **How long after I apply for a loan should I expect to hear from someone and/or be paid?** Each lender will have a different process and timeline. Please be in touch with your lender to ask them about the next steps once your application is complete.

For up-to-date regional information, visit: [www.allegHENYconference.org/covid-19/](http://www.allegHENYconference.org/covid-19/)