Below is a summary of loan programs of interest to institutions of higher education in the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) are available to private, 501(c)3 organizations with fewer than 500 employees. Additionally there are also new loans created at Treasury that will be made through the Federal Reserve and will be available to private and public institutions with 500-10,000 employees. The Small Business Administration (SBA) and Treasury are moving quickly to post guidance and regulations about these new programs. This document will be updated as more information becomes available. Details below.

**Small Business Paycheck Protection Program**

- The Paycheck Protection Program will be implemented by the Small Business Administration with support from the Department of the Treasury.
- Small businesses can apply as early as April 3, 2020.
- $349 billion was appropriated through the CARES Act. Because there is a funding cap, funds may become unavailable. However, there may be an opportunity to include additional funds in future supplemental legislation.
- The PPP is available to small business concerns, including private, 501(c)3 nonprofit organizations, with 500 or fewer employees.
  - For the purposes of counting employees, this likely includes student employees and part-time employees.
- Loan amount is scaled based on 250 percent of average monthly payroll costs. Maximum amount allowable is $10 million.
- Loans may be used for payroll costs, costs related to the continuation of health care benefits, payments of interest on mortgage obligations, rent, utilities, and interest on other debt obligations.
- Interest rate is set at 0.50 percent for all loans. All payments are deferred for six months (although interest will accrue), with zero loan fees, and zero prepayment fee. The loan is due after 2 years.
- Loans may be forgiven. Forgiveness is calculated based on the payroll costs to maintain employees and wages for the covered eight week period. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
- Small businesses can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. A list of the most active, currently approved 7 (a) lenders can be found here: [https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders](https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders).
- You must apply through your lender for forgiveness of your loan.
- Applicants can apply for a PPP Loan, as well as an EIDL, but it cannot be for the same purpose. For example, if you use your PPP loan to cover payroll, you cannot use a different SBA loan to cover the same costs. However, if a small business receives a PPP loan, the business cannot also receive compensation through the Employee retention refundable tax credit.
- More information:

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1 [https://www.law.cornell.edu/cfr/text/13/121.106](https://www.law.cornell.edu/cfr/text/13/121.106)

*Prepared by the American Council on Education*

*April 1, 2020*
SBA COVID-19 Economic Injury Disaster Loans and Loan Advance

- Administered through the Small Business Administration.
- Available to private, non-profits organizations with 500 or fewer employees.
- Allows for a loan advance of up to $10,000 which does not need to be repaid. The advance loan is provided within three business days of a successful application.
- The SBA EIDL program provides small businesses with working capital loans of up to $2 million to help overcome the temporary loss of revenue they are experiencing.
- Note, if an applicant also receives a PPP loan, these cannot be used for the same purpose.
- More information:
  - Apply directly through the SBA here: https://covid19relief.sba.gov/#/
  - Contact your regional Small Business Development Center for support and advise in applying for SBA loans. SBDCs can be found here: https://americassbdc.org/small-business-consulting-and-training/find-your-sbdc/

Mid-size and Large Business Loans

- The CARES Act provides $500 billion for loans to eligible businesses with between 500 and 10,000 employees. $46 billion of the total is directed to loans for the aviation industry.
- The program will be administered by the Federal Reserve to “providing liquidity to the financial system that support lending to eligible businesses, States or municipalities” related to losses as a result of coronavirus, through loans or debt instruments.
- An “eligible business” is broadly defined as any “United States business that has not otherwise received adequate economic relief in the form of loans or loan guarantees provided under this Act.”
- Interest rates on the loans will not be higher than two percent per year, with no payments due for the first six months.
- In order to qualify, the eligible borrower must self-certify, among other things, that the loan is necessary to support the borrower’s ongoing operations, the borrower will retain 90% of its workforce until September 30, 2020, and the borrower will not outsource or offshore jobs for a period of time ending two years after repayment of the loan.
- The Treasury Department is expected to issue guidance and regulations on these loans by April 6.