



Paycheck Protection Program and Health Care Enhancement Act

On March 27, 2020, the Coronavirus, Aid, Relief, and Economic Security Act (CARES) was enacted into law, providing emergency assistance for small businesses and eligible nonprofits affected by the Coronavirus pandemic (COVID-19). The CARES Act established the Paycheck Protection Program (PPP), a new guaranteed loan program at the Small Business Administration (SBA) to help small businesses cover payroll and other expenses during the crisis, with 100 percent of the amount eligible for forgiveness if employers retain employees. The CARES Act also created a new \$10 billion grant program, leveraging SBA's Office of Disaster Assistance to provide small businesses with much needed capital in a timely manner. Congress intended that these programs would provide immediate financial support to secure the survival of the small business community.

While recognizing the implementation of these new programs is a tall order for any agency, critical problems have emerged with the rollout of the Paycheck Protection Program that threaten the survival of small businesses across the country. That is why House Democrats proposed critical changes to the program to strengthen the PPP and EIDL programs, ensuring small businesses in desperate need of funding can stay afloat. The Paycheck Protection Program and Health Care Enhancement Act shores up funding for the depleted loan and grant programs, injecting much needed capital into our small businesses.

In addition to making sure small farmers can access the EIDL loan and grant programs, House Democrats fought for and won a set aside for community based lenders to reach our underserved communities.

Top Line Summary

Strengthen the Paycheck Protection Program

The Paycheck Protection Program and Health Care Enhancement Act strengthens the PPP by prioritizing America's smallest businesses, including minority, women, veteran, and rural businesses by:

- Increasing the appropriation level for the Paycheck Protection Program from \$349 billion to \$670.335 billion;
 - This section adds \$310 billion for loans and an additional \$11.335 billion for administrative fees;
- Creating a set-aside for Insured Depository Institutions, Credit Unions, and Community Financial Institutions for the Paycheck Protection Program;

- Defining Community Financial Institutions as Community Development Financial Institutions (CDFIs), minority depository institutions (MDIs), certified development companies, microloan intermediaries, and State or Federal Credit Unions;
 - This section sets aside the following amounts for the Paycheck Protection Program to be made by the following institutions:
 - \$30 billion for banks and credit unions, including minority depository institutions (MDIs), with more than \$10 billion in assets but less than \$50 billion in assets that are PPP lenders; and
 - \$30 billion for banks and credit unions with less than \$10 billion in assets, as well as all Community Development Financial Institutions (CDFIs), MDIs, certified development companies (CDCs), and microlenders that are PPP lenders.
 - This set-aside does not prohibit these community lenders to access additional PPP funds available to all lenders.

Expand Economic Injury Disaster Program

The Paycheck Protection Program and Health Care Enhancement Act expands the economic injury disaster loan program to increase assistance to small businesses by:

- Increasing the authorization level for the Emergency Economic Injury Disaster (EIDL) Grants from \$10 billion to \$20 billion;
- Allowing agricultural enterprises as defined by section 18(b) of the Small Business Act (15 U.S.C. 647(b)) with not more than 500 employees to receive EIDL grants and loans;
- Appropriating an additional \$50 billion for the Disaster Loans Program Account to remain available until expended; and
- Appropriating an additional \$10 billion for Emergency EIDL Grants to remain available until expended.