

Summary of Keeping American Workers Paid & Employed Act
As of March 27, 2020, 4 p.m.

Note: This law has passed the U.S. Senate on March 25, 2020 and the U.S. House of Representatives on March 27, 2020 as part of the congressional response to the COVID-19 pandemic. After the law is signed by the President, the Small Business Administration (SBA) will issue detailed implementation guidance for the programs outlined in this document.

This information is intended as public education and is not legal advice.

This information may be subject to change and will be superseded by any SBA guidance.

Summary

This law allows businesses under 500 employees (including independent contractors and self-employed) to receive:

1. **Emergency grants up to \$10,000** received within three (3) days of SBA verifying borrower's eligibility
 - a. What is this program called?
 - i. *Emergency Economic Injury Disaster Loan Grants (Emergency EIDL Grants)*
 - b. Who is eligible?
 - i. Most businesses under 500 employees that are negatively impacted by the COVID-19 pandemic
 - ii. Other organizations negatively impacted by the COVID-19 pandemic:
 1. Independent contractors and self-employed people
 2. Nonprofits (501(c)(3)s)
 3. Veterans organizations, or
 4. Tribal business concerns.
 - c. How do you get it?
 - i. Apply for an EIDL loan and request an advance up to \$10,000. You will need to self-certify your eligibility and apply directly to the SBA. The SBA will provide additional guidance in the future on how to self-certify and apply: <https://www.sba.gov/>.
 - d. Eligibility requires good faith certification that:
 - i. Uncertainty of current economic conditions makes the loan necessary
 - ii. Funds will be used to:
 1. retain workers
 2. maintain payroll
 3. make mortgage payments or lease payments, or
 4. make utility payments.
 - iii. You don't apply twice for the same Emergency EIDL loan (i.e., no double-dipping).
 - iv. You haven't already received an Emergency EIDL loan for the same purpose.
 - e. What can you spend it on?
 - i. Payroll, mortgage, rent, and other operating expense while waiting for Paycheck Protection Loans or traditional EIDL loans to be processed
 - f. Do you have to pay it back?
 - i. No
 - g. Do you have to demonstrate that you can't get credit elsewhere?
 - i. No, not for these emergency grants related to the COVID-19 pandemic. For ordinary SBA 7(a) loans you do.
 - h. Who is NOT eligible for an Emergency EIDL grant?
 - i. Employers with more than 500 employees
 1. Exception if the SBA determines a different standard size in that industry
 - ii. Employers who have not been negatively impacted by the COVID-19 pandemic

1. For example, if your employees are able to continue their work from home, then you don't need this Emergency EIDL grant.
- iii. Employers that have already gotten or applied for one of these Emergency EIDL grants.
- iv. Non-profits not allowed under existing SBA guidelines
 1. For example, non-profits that "provide services of a government nature" are not allowed to apply for these grants.

2. **Forgivable loans up to \$10 million**

- a. What is this program called?
 - i. *Paycheck Protection Program*: this program is intended to help small and medium-sized businesses maintain payroll and overhead through the next few months so that workers are not laid off and businesses are ready to thrive again once the COVID-19 pandemic has passed.
- b. Who is eligible?
 - i. Most businesses under 500 employees that are negatively impacted by the COVID-19 pandemic:
 1. Independent contractors and self-employed people
 2. Hotels, restaurants, and other Accommodation and Food Services companies with more than 500 employees are still if the physical location doesn't have more than 500 employees
 - a. SBA will likely issue further guidance.
 3. Nonprofits (501(c)(3)s)
- c. How much can you get?
 - i. Eight (8) weeks worth of payroll for full-time equivalent employees
 1. Covers eight (8) weeks from the origination of the loan
 2. Calculate the payroll amount by averaging either
 - a. Your average number of full-time equivalent employees per month from February 15 to June 30, 2019 (in other words, the same period last year) x 2.5; or
 - b. Your average number of full-time equivalent employees per month from January 1 to February 29, 2020 x 2.5.
 3. For seasonal employers, the SBA will determine the average employees per month based on February 15 to June 30, 2019.
- d. How do you get it?
 - i. From SBA-certified lenders (banks, credit unions, etc.) See list of eligible lenders here: <https://www.sba.gov/offices/district/ky/louisville/lender-reports/2019-kentucky-district-office-lending-report-ytd>
- e. What can you spend it on?
 - i. Payroll (including to re-hire recently laid-off workers)
 1. Up to an annual salary of \$100,000/per employee
 - a. In other words, if your employee makes \$200,000/year, you can only be forgiven for the amount up to the \$100,000/year rate
 - ii. Employee paid sick leave
 - iii. Employee healthcare
 - iv. Rent or mortgage interest (not mortgage principal)
 - v. Utilities
 - vi. Interest on other debt obligations
- f. Do you have to pay it back?
 - i. No, as long as you spend it on the allowable costs, but you must apply for forgiveness. It is not automatic.
 - ii. If you borrow too much or you spend it on non-forgivable costs like mortgage principal, you will pay interest for up to ten (10) years at less than 4%.
- g. Can you use both unemployment insurance for employees laid off *and* Paycheck Protection?

- i. No, not at the same time.
- h. Can I start a new business or expand my existing business with this money?
 - i. No, not with Paycheck Protection, but there may be other programs you could consider, such as the SBA Express Loans (see below).
- i. What if I laid off employees? Do I have to hire them back to qualify?
 - i. Not necessarily, but the forgivable part of the loan will be reduced if you don't maintain previous levels of monthly employment (as measured by the averaging outlined above). The Paycheck Protection Program is intended to help small and medium size businesses maintain their levels of employment before the COVID-19 pandemic.
- j. Do I have to keep all of my employees? If so, what date is that measured by?
 - i. Not necessarily, but you only get loan forgiveness for the extent to which you maintain previous levels of employment (as measured by the averaging outlined above). If you used to employ ten (10) people and because of the COVID-19 pandemic, you now employ three (3), you don't have to hire back the seven (7) people you laid off, but if you don't, you only get Paycheck Protection assistance for the three (3) employees you still have. If you did hire back the seven (7) people who were laid off, you could get Paycheck Protection assistance for all ten (10) employees.

Other resources the law makes available:

1. Up to six (6) months of debt relief for existing SBA loans.
 - a. What is it?
 - i. The SBA will pay all principal, interest, and fees on the existing SBA loans of eligible borrowers for six months.
 - b. Who is eligible?
 - i. Existing SBA borrowers who have been negatively impacted by the COVID-19 pandemic.
2. SBA Express Loans of up to \$1 million for eligible borrowers
 - a. What is it?
 - i. Line of credit for working capital of up to \$1 million
 - b. Who is eligible?
 - i. Businesses that meet the criteria outlined here: <https://www.sbaexpress.loans/sba-express-loan-requirements>

Open questions that we are seeking additional information from SBA and anticipate additional information next week:

1. *How quickly can the SBA really process the Emergency EIDL grants?*
2. *How quickly will SBA-certified lenders be able to loan out Paycheck Protection Loans?*
3. *For religious organizations such as churches, synagogues, or mosques—can the church itself use the Paycheck Protection Program or Emergency EIDL grants, or is it limited only to church businesses such as coffee shops or thrift stores?*

Please see additional information below to help walk through the eligibility and process.

Keeping American Workers Paid & Employed Act – Small Business Scenarios

I am...	This Act provides help through...	What I need to know and do...
<p>The owner of a small business with fewer than 500 employees</p>	<ul style="list-style-type: none"> • Emergency Economic Injury Disaster Grants – Applications for Economic Injury Disaster Loans are currently open. If you have are an eligible entity that has applied for those loans, you can request up to \$10,000 as an advance on the loan, which SBA will distribute within 3 days. • Paycheck Protection Loans - Funding to cover up to 8 weeks of payroll for full-time equivalent employees. • SBA Express Loans – Increases the maximum for this existing loan program from \$350,000 to \$1 million through 12/31/2020 	<p>Emergency Economic Injury Disaster Grants:</p> <ul style="list-style-type: none"> • You will need to self-certify your eligibility and apply directly to SBA. The SBA will provide additional guidance at www.sba.gov. <p>Paycheck Protection Loans:</p> <ul style="list-style-type: none"> • You must maintain payroll during the emergency. If you do, the loans will be forgiven upon request. If you laid off employees as a result of COVID-19, you can rehire them and utilize the paycheck loans to cover their payroll. • Loans will be issued through an SBA-certified lender. A list of those lenders in Kentucky is available online at https://www.sba.gov/offices/district/ky/louisville/lender-reports/2019-kentucky-district-office-lending-report-ytd. • Pull payroll records for the previous 12 months or for the months you have been open if open less than one year.
<p>A self-employed person whose income has declined because of the COVID-19 pandemic</p>	<ul style="list-style-type: none"> • Self-employed, independent contractors, and those with limited work history unable to work as a direct result of the COVID-19 are eligible pandemic for unemployment benefits through 12/31/2020. • Independent contractors and self-employed people are eligible for Economic Injury Disaster Loans (EIDL). • Independent contractors and self-employed people are eligible for Paycheck Protection Loans. 	<p>Unemployment Benefits</p> <ul style="list-style-type: none"> • Apply online at kcc.ky.gov • Covers the term 1/27/2020 thru 12/31/2020 <p>Emergency Economic Injury Disaster Grants:</p> <ul style="list-style-type: none"> • You will need to self-certify your eligibility and apply directly to SBA. The SBA will provide additional guidance at www.sba.gov. <p>Paycheck Protection Loans:</p> <ul style="list-style-type: none"> • Loans will be issued through an SBA-certified lender. A list of those lenders in Kentucky is available online at https://www.sba.gov/offices/district/ky/louisville/lender-reports/2019-kentucky-district-office-lending-report-ytd.
<p>The owner of a small business with an existing SBA loan</p>	<ul style="list-style-type: none"> • SBA Loan Subsidy – SBA will pay the principal, interest and fees for covered loans for six months. 	<ul style="list-style-type: none"> • Contact SBA at https://www.sba.gov/offices/district/ky/louisville to confirm your loan is covered – 7(a) including Community Advantage, 504, and microloan products are eligible.

Kentucky District SBA 7(a)-approved lenders ranked by total amount of existing SBA 7(a) loans

<https://www.sba.gov/offices/district/ky/louisville/lender-reports/2019-kentucky-district-office-lending-report-ytd>:

7(a) Loan Guaranty Program

Lender Name	7a Number of Loans	7a Loan Amount
The Huntington National Bank	54	14,544,100
Live Oak Banking Company	5	11,215,000
U.S. Bank, National Association	63	9,704,900
Citizens Union Bank of Shelbyville	4	7,124,000
Celtic Bank Corporation	5	6,284,000
Stock Yards Bank & Trust Company	7	6,009,300
Hancock Bank & Trust Company	15	5,347,000
First Bank Financial Centre	1	5,000,000
The Bancorp Bank	1	4,655,600
River Valley Bank	1	4,510,000
First Financial Bank	14	4,236,000
Republic Bank & Trust Company	17	3,887,600
First Colorado National Bank	1	3,849,200
Branch Banking and Trust Company	18	3,200,100
Bank of George	1	3,200,000
Community Trust Bank, Inc.	47	2,925,600
Commonwealth Bank & Trust Company	1	2,904,100
CFBank, National Association	2	2,430,000
Atlantic Capital Bank, National Association	1	2,350,000
Stearns Bank National Association	4	1,661,000
Citizens Bank	3	1,632,500
PNC Bank, National Association	11	1,554,600
Forcht Bank, National Association	5	1,429,200
First Home Bank	9	1,390,000
Newtek Small Business Finance, Inc.	3	1,372,500
Northeast Bank	1	1,250,000
First Savings Bank	3	1,174,200
Town & Country Bank and Trust Company	2	1,025,000
Peoples Bank	2	850,000
Bank of Hope	1	850,000
Independence Bank	5	750,000

7(a) Loan Guaranty Program

Lender Name	7a Number of Loans	7a Loan Amount
United Midwest Savings Bank, National Assoc	5	700,000
Wilson & Muir Bank & Trust Company	2	600,000
JPMorgan Chase Bank, National Association	4	563,700
Traditional Bank, Inc.	1	525,000
Five Star Bank	2	380,000
Cadence Bank, National Association	1	350,000
Citizens Bank & Trust Company	1	350,000
Seacoast National Bank	2	315,000
Wells Fargo Bank, National Association	1	282,000
Old National Bank	1	224,000
German American Bank	1	200,000
The Commercial Bank of Grayson	1	179,700
Central Bank & Trust Co.	1	130,000
Legends Bank	1	125,000
Optus Bank	1	100,000
The First National Bank of Williamson	1	72,000
Fifth Third Bank	1	30,400
CenterBank	1	25,000
Total SUM	335	123,467,300