

Senate Approves Additional Funding for CARES Act Program

Description

On April 21, 2020, the U.S. Senate passed a bill that would amend the Coronavirus Aid, Relief and Economic Security Act (CARES Act) by providing approximately \$480 billion in additional funding to combat COVID-19.

The new relief package authorizes \$310 billion to replenish the Small Business Administration's (SBA) Paycheck Protection Program (PPP), which exhausted all funds made available to it under the original CARES Act. The PPP offers loans to small businesses that have been affected by COVID-19 and incentivizes loan recipients to keep employees on their payrolls through loan forgiveness. The relief package sets aside \$60 billion of the new funding for smaller depository institutions and credit unions. Half of this amount would be reserved for banks and credit unions with consolidated assets of between \$10 and \$50 billion, and the other half would be reserved for institutions with less than \$10 billion of consolidated assets as well as community financial institutions.

The bill also doubles the appropriations for the Emergency Economic Injury Disaster Loan (EIDL) grant program under the CARES Act by funding an additional \$10 billion for the program. Under the EIDL program, the SBA makes direct loans to small businesses and is also authorized to make advance grants of up to \$10,000 per applicant, which need not be repaid even if the business is ultimately denied a loan. The new relief package would also expand the program by making agricultural enterprises with 500 or less employees eligible for EIDL funds. In addition to the \$10 billion for advance grants, the bill would also make available \$50 billion for disaster loans and would also fund \$2.1 billion in salaries and expenses for the SBA to respond to COVID-19 through next fiscal year.

The package authorizes \$75 billion for health care providers to diagnose, test and care for those with COVID-19 by, for example, building or retrofitting facilities, purchasing personal protective equipment, and expanding their workforce. Health care providers will be required to apply to the U.S. Department of Health and Human Services for this funding.

The bill would also appropriate \$25 billion for testing for active infection and prior exposure to COVID-19. Of these funds, \$11 billion would be reserved for States, localities and tribes or tribal organizations.

The U.S. House of Representative is expected to vote on the new relief package on Thursday April 23, 2020.

The [Business Law Group](#) at Partridge Snow & Hahn is ready to answer questions regarding the CARES Act and the new proposed relief package.

Date Created

April 22, 2020