

Small Business Administration Announces Updates to Small Business Support Programs

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Original post [here](#).

The Small Business Administration (SBA) and Treasury recently released guidance related to the Paycheck Protection Program (PPP) to clarify that they will forgive loans to employers that are unable to rehire or maintain employment levels. The agencies also released a simplified forgiveness application.

At the same time, the SBA and Treasury removed a restriction on Economic Injury Disaster Loans (EIDL) and Advances to allow all small businesses, not just agricultural businesses, to benefit.

Clarifying forgiveness rules for business owners that cannot rehire employees

On [June 16](#), the SBA released an amended interim final rule on the PPP that clarifies that borrowers that demonstrate an inability to rehire employees will not face a proportionate decline in the amount of the loan forgiven. This clarification is based on the PPP Flexibility Act, which was signed into law on [June 5](#). Congress indicated that if an employer is unable to rehire employees or individuals that are similarly qualified due to compliance with requirements or guidance issued by health authorities, then the employer will not be penalized by a reduction in the proportion of the loan amount forgiven. This loosens a key requirement of the program, as the program was designed to incentivize employers to maintain employment levels and salaries.

As of [June 17](#), the SBA had approved 4.6 million PPP loans worth a total \$513 billion.

Changes to simplify the PPP forgiveness application forms

On [June 17](#), the SBA and Treasury released a new, streamlined loan forgiveness application form for borrowers under the PPP.

For eligible loans under the PPP, borrowers can benefit from full or partial forgiveness of the borrowed amount. The new forgiveness application, the “EZ” application, is available to borrowers that meet one of the following criteria:

- Borrowers that are self-employed with no employees
- Borrowers that did not reduce employee salaries or wages by more than 25% and did not reduce the number of hours of the employees
- Borrowers that experienced a reduction in business activity as a result of government health directives that did not reduce employee salaries or wages by more than 25%

This [application](#) requires less documentation from borrowers than the standard full forgiveness application. The application is three pages and requires fewer calculations than the standard, five-page [application](#).

The SBA also modified the standard application, which was initially released on [May 15](#).

Both applications now give borrowers the option of using the 8-week covered period or the 24-week covered period, as amended by the Paycheck Protection Program Flexibility Act (PPPPA) on [June 5](#). The extension of the covered period under the PPPFA allows borrowers to use the loan proceeds to cover eligible expenses over a longer period of time. For borrowers that elect the 8-week covered period, the maximum payroll covered per employee is \$15,385, which is equivalent to 8 weeks of pay under a \$100,000 salary. Under a 24-week covered period, the maximum amount per employee is \$20,833, which is equivalent to approximately 24 weeks of pay under a \$45,000 salary.

Reopening of EIDL Loans and Advances and to all small businesses

The CARES Act, signed into law on [March 27](#), included an expansion of the SBA's EIDL programs. Qualified small and medium-sized enterprises (SMEs) could apply for loans on favorable terms and grants of up to \$10,000. Within a few weeks of launching, the SBA announced that it had exhausted the programs' funds. On [April 24](#), Congress allocated additional funding for the EIDL programs in the law that expanded the PPP.

On [June 15](#), the SBA reversed a prior decision to limit the EIDL loans and advances to agricultural businesses. It announced that it would begin to accept applications for EIDL loans and advances from small businesses and agricultural businesses.

On [May 4](#), the SBA and Treasury had restricted the EIDL support to agricultural businesses. The same May 4 announcement also clarified that non-agricultural businesses that had submitted applications by [April 15](#) (the day the SBA stopped accepting new applications under the initial funding allotment) would continue to be processed, but other non-agricultural firms could not apply for the EIDL loans and advances.

As of June 12, the SBA had issued 3.2 million [advances](#) worth \$10.7 billion and 1.3 million [loans](#) worth \$90.9 billion.

According to the US Census [Small Business Pulse Survey](#), as of June 11, 74% of surveyed businesses had requested support from the PPP and 28% had requested support under the EIDL program. 71% of respondents had received support from the PPP by June 11 while 18% had received support under the EIDL programs. Overall, 24% of respondents had received no financial assistance from the federal government since March 13, 2020, with 18% of respondents not requesting any financial assistance.