



# SBA Funding Options

## PPP vs. EIDL



# SBA Funding for COVID-19 Financial Downturn

Due to the restrictions on businesses and individuals during the COVID-19 pandemic, the federal government has authorized billions of dollars to be made available for emergency funding.

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL) & Advance Payments
- Extended Unemployment Benefits



# Paycheck Protection Program (PPP)

The PPP offers funding for small businesses, non-profit organizations, religious affiliations, independent contractors and self-employed individuals that may not be able cover expenses during this time. The PPP is applied through a local or national bank that is SBA-approved.

- Loans are calculated at 2.5 x the average monthly payroll for 2019
- Funding can be used for payroll expenses (including insurance and leave), interest on mortgages, rent or lease payments, and utilities
- The amount borrowed must be allocated and used within 8 weeks of the disbursement



# PPP Forgiveness

- 75% of the funds received are only used for payroll during the 8-week window
- The same number of employees (full-time, part-time, seasonal) are working on June 30, 2020 as were used to calculate the average payroll on the application
  - Example: 10 employees used to calculate the average payroll for 2019. 10 employees must be working by June 30, 2020.
- The borrower must attest in writing with the bank that these procedures have been followed.
  - Documentation of payroll receipts and expenses may be required to certify proper usage



# Economic Injury Disaster Loan (EIDL)

The EIDL offers funding for small businesses, non-profit organizations, religious affiliations, independent contractors and self-employed individuals that may not be able cover expenses during this time. The EIDL is applied through the SBA website.

- 30 year loans are offered to reduce payment size, with the option to pay earlier. 1 year deferment before the first payment is due.
- Amount to borrow is determined by the SBA by reviewing 2019 gross revenue and expenses
- An advance of the loan of up to \$10,000 is offered and paid to a business within 1 week of the application. It does not need to be returned if the application is denied.



# Economic Injury Disaster Loan (EIDL)

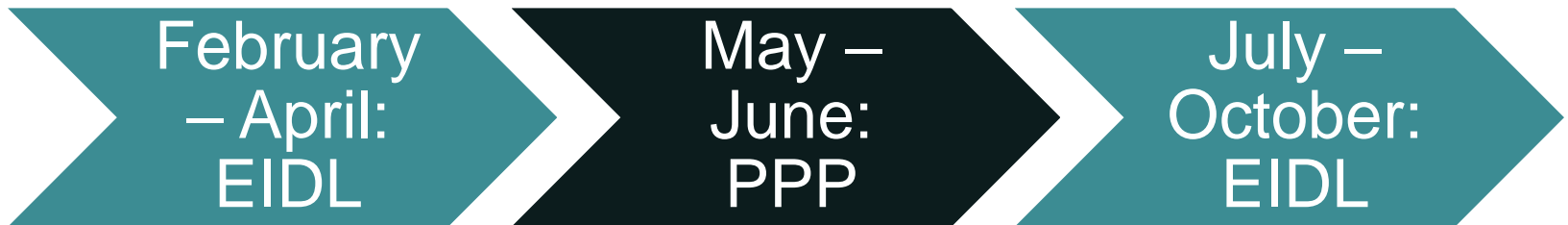
- Interest rates are 3.5% for businesses; 2.75% for non-profits
- No personal guarantee for up to \$200,000
- 3-6 weeks for the application to process
- Can be used for payroll, fixed debts, accounts payable, and bills that can't be afforded
- Cannot be used to consolidate existing debts, but can be used to make existing debt payments
- **NO FORGIVENESS ON THE LOAN, EXCEPT FOR THE ADVANCE**



# Applying for PPP & EIDL

## Scenario 1

- Business borrows \$50,000 with the PPP for payroll and expenses to cover May 1 – June 30, 2020
- Business can then borrow \$50,000 with the EIDL for payroll and expenses to cover February 1 – April 30 and July 1 – October 1, 2020



# Applying for PPP & EIDL

## Scenario 2

- Business borrows \$50,000 with the PPP for payroll and expenses to cover May 1 – June 30, 2020, but have bills that don't qualify (A/P, debts)
- Business can then borrow \$50,000 with the EIDL for payroll and expenses to cover February 1 – April 30 and July 1 – October 1, 2020, and expenses not covered by PPP





Questions?

IN ASTRA PER ASPER

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