

Bipartisan Emergency COVID-19 Relief Legislation

Support for Underserved Small Businesses

Underserved small businesses, including Black-, Latino-, Asian-, Native American- and women-owned firms, have been disproportionately impacted by the economic consequences of this pandemic, worsening already existing disparities. The end-of-year COVID-19 emergency relief package invests in and supports underserved small business owners by:

Extending and improving the Paycheck Protection Program (PPP) to better reach underserved businesses. The legislation includes \$284 billion for PPP, which is extended through March 31, 2021. The bill provides a second PPP loan of up to \$2 million for smaller, harder-hit businesses that employ not more than 300 employees, demonstrate a loss of 25 percent of gross receipts in any quarter during 2020 when compared to the same quarter in 2019, and have used the full amount of their first PPP before a second loan is disbursed. To incentivize lenders to make loans to underserved and underbanked businesses, the bill revises the loan processing fee tiers. It also simplifies the forgiveness process for loans of up to \$150,000 and directs the Small Business Administration (SBA) to issue guidance that prioritizes underserved communities and add a voluntary demographic information section on the applications for initial and second PPP loans.

Critically, the legislation dedicates a \$15 billion set-aside for loans issued by mission-lenders, including community development financial institutions (CDFIs), minority-depository institutions (MDIs), and SBA 504 and Microlenders, as well as another \$15 billion set-aside for certain smaller depository institutions, such as credit unions and farm credit institutions. It also creates \$60 billion in borrower set-asides: \$35 billion for borrowers who were unable to apply for an initial PPP loan, of which \$15 billion is for smaller borrowers with up to 10 employees or loans of up to \$250,000 in low-income areas; and \$25 billion for second PPP loans for the same small borrower category. Eligible small businesses and nonprofits seeking initial PPP and second draw loans should contact an eligible PPP lender. A list of approved lenders is available on SBA's website [here](#).

Targeting support to underserved businesses through the Economic Injury Disaster Loan (EIDL) Advance program. The legislation provides \$20 billion in additional targeted funding for eligible entities in low-income communities through the EIDL Advance program from Section 1110 of the *CARES Act*. The bill makes entities in low-income communities, as defined in section 45D(e) of the Internal Revenue Code, that received an EIDL Advance under the *CARES Act* eligible to receive an amount equal to the difference of what the entity received under the *CARES Act* and \$10,000. It also provides \$10,000 grants to eligible applicants in low-income communities that did not secure grants because funding had run out. Eligible small businesses and nonprofits seeking to participate in the EIDL Advance program should contact the SBA.

Extending the Debt Relief program. The legislation extends payments of principal and interest on new and existing small business loans guaranteed by the SBA under the 7(a), 504, and Microloan programs, with more relief targeted to existing borrowers in underserved markets and the hardest-hit sectors.

Enhancing other SBA core programs. This bill provides nearly \$2 billion to enhance SBA's core programs, including 7(a), Community Advantage, 504, and the Microloan program, by making them more affordable and useful to small businesses. It also provides \$57 million for the SBA Microloan program to provide technical assistance and leverage about \$64 million in microloans for minority-owned and other underserved small businesses, with other improvements such as an extra two years for the borrower to repay their microloan. Additionally, the bill makes improvements to SBA's entrepreneurial development and contracting programs, including by extending the waiver of matching funds requirement under the Women's Business Centers (WBCs), which offer one-on-one counseling and training to women and other underserved entrepreneurs. The bill also allows a one-year extension of participation in the 8(a) program, a federal contracting program benefiting underserved small businesses.

Providing funding for the Minority Business Development Agency (MBDA). The legislation provides \$25 million for the MBDA's Minority Business Development Centers program, including Specialty Centers, to help minority business enterprises (MBEs) respond to COVID-19, including by helping them identify and access local, State, or Federal government assistance.