
FISCAL UPDATE Article

Fiscal Services Division

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COVID-19 — U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

Paycheck Protection Program. The U.S. Small Business Administration (SBA) [Paycheck Protection Program](#) (PPP) is a loan program designed to provide a direct incentive for small businesses to keep their workers on the payroll. The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act ([H.R. 748](#)) includes \$349.000 billion for the PPP. All small businesses with 500 or fewer employees are eligible. A PPP loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, or utilities. At least 75.0% of the forgiven amount must be used for payroll. Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees. Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines or if salaries and wages decrease. This loan has a maturity of two years and an interest rate of 1.0%.

Lenders were permitted to begin processing loan applications on April 3, 2020, and the Program will be available through June 30, 2020.

According to [data](#) provided by the SBA, as of April 13, 2020, a total of approximately \$3.749 billion in loans has been issued to almost 22,300 Iowa businesses.

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