

HOW TO: PANDEMIC FUNDING FOR SMALL BIZ

Get low-interest government funding fast to re-hire (or keep) your staff, provide sick pay, maintain payroll expenses, and pay yourself as a self-employed professional during the Coronavirus pandemic.

WHO IS ELIGIBLE? HOW TO SHOW ELIGIBILITY:

1. Small business owners with staff whose ability to maintain payroll and keep employees paid (healthy or sick) has been impacted by the pandemic and who are unsure on continuing operations given the uncertain economic conditions.
2. Self-employed professionals (Freelancers, independent contractors, artists, makers, performers, entrepreneurs / solopreneurs) whose primary income is from 1099 contract work, retail sales, services, and other non-W2 / employment income under \$100,000 annually.

To show eligibility: Get your payroll costs on paper. The money you earn as a sole proprietor or self-employed person will be your payroll costs. You can then use proceeds from a PPP loan on the following:

- Payroll for staff and/or yourself
- Rent / Mortgage / Utilities
- Interest payments on business debts that originated before the covered period (February 15)

1099s are your best proof of self-employed income, in addition to an excel spreadsheet that tracks payroll expenses listed above.

WHAT'S THE DIFFERENCE? PPP VS. EIDL

PPP (Payroll Protection Program) has \$349 billion in funding and will lend up to 2.5 times your average monthly payroll costs. If you keep or re-hire your employees (and full-time equivalents, which can be 1099 independent contractors) before June 30 (the end of the covered period), and do not decrease your payroll expenses by more than 25%, you could have up to eight weeks of your valid expenses forgiven.

PPP Loans are facilitated by FDIC banks (including Federal Credit Unions) at a maximum of 1% interest over a 2-year maturity.

EIDL (Emergency Injury Disaster Loan) has \$10 billion in funding available and will lend up to \$10,000 in rapid advances per small business, depending on the number of employees you have, at \$1,000 per employee. EIDL funding is facilitated by SBA (Small Business Administration) and according to the CARES Act, SBA will authorize the advance within or at 3 days of the borrower's application. This advance will be the loan amount and is presumed to be completely forgiven. *More on this as it develops.*

HOW TO APPLY FOR FUNDING

Start by getting your payroll expenses (listed above) organized into an Excel spreadsheet or collected notes document. Include 1099s from 2019.

Payroll Protection Program (PPP):

- Fill out this [PPP Application Form](#) and call ahead to be sure your bank is taking applications.
- Meet with a banker with your organized finances to apply through your financial institution.

Emergency Injury Disaster Loan (EIDL):

- Go to [SBA.GOV](#) and apply.

We will update the blog post about the CARES Act funding opportunities as more information becomes available.