



**Special Communication to City of Burlington  
Emergency Operations Center and Mayor  
Regarding COVID-19**

**To:** Luke McGowan and Darren Springer, RRC

**From:** David White of City Analytics Team

**RE:** Federal CARES Act Economic Stimulus Plan – Summary of Employee and Small Business Support

**Date:** March 27, 2020, 2:00pm

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**Summary of New Provisions**

- **Direct payments to working Americans**
  - \$1200 to every adult with a Social Security number, and \$500 per child 16 or under
  - Single payment within 3 weeks with direct deposit, longer if by mail
  - Full payment for:
    - Single earning \$75,000 or less (partial to max of \$99,000)
    - Married couples with no children earning \$150,000 or less (partial to max of \$198,000)
- **Unemployment Insurance**
  - Additional \$600 in benefits on top of weekly benefit amount – totaling nearly 100% of full salary - through 7/31
  - Expanded coverage through 12/31
    - Extension of 13 weeks for a total of 39 weeks of benefits
    - Expanded eligibility to include part-time, gig economy, and independent contractors
- **SBA Grants and Loans**
  - **Paycheck Protection Program**
    - 0-fee loans to small businesses of up to \$10 million to cover up to 8 weeks of average payroll and costs forgiven **if** business retains employees and salary levels. Principal and interest deferred for a year and borrower fees waived.
  - **Economic Injury Grants**
    - \$10,000 grants to small business and nonprofits within 3 days of applying for a SBA economic injury disaster loan. No repayment of grant necessary if applicant does not receive EIDL loan.
  - **Debt Forgiveness**
    - Forgiveness of all principal interest and fees for 6 months on SBA loans including new borrowers for 6 months from date of signature of the bill.

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## Summary of Federal Assistance for Individuals and Small Businesses

- **Unemployment Insurance Expansion (VT Dept of Labor)**
  - What:
    - Additional \$600 in weekly benefits
      - Ave weekly salary in BTV is ~1,154/wk
      - UI typically pays ~45% or ~\$519/wk
      - Additional UI benefit adds \$600/wk for a total of ~\$1,119/wk or ~97% of full salary
  - Who:
    - Eligibility expanded to include:
      - Part-time workers
      - Workers who are:
        - Sick or caring for a sick family member
        - Caring for a child, elderly parent or another household member who's typical care-facility is closed due to COVID-19
        - Under self or mandatory quarantine
      - Newly hired workers with no earning history
      - Workers who have exhausted previous UI benefits
      - Gig workers, freelancers and independent contractors
    - Able and Available Determinations, and Work Search Requirement waived
    - Bill would **not** include:
      - Workers who are able to work from home
      - those receiving paid sick leave or paid family leave
      - New entrants to the work force who cannot find jobs
  - How long:
    - extension of 13 weeks beyond current 26 week benefit limit for a total of 39 weeks.
    - Additional \$600 payment would last for up to four months, covering weeks of unemployment ending July 31.
    - Expanded coverage is available to workers newly eligible for unemployment benefits for weeks starting on Jan. 27, 2020 and through Dec. 31, 2020.
  - When:
    - States incentivized to waive one-week waiting period
    - Delivery of benefits will be variable based on claim workload
- **Direct Payments**
  - What: Direct payment from the IRS to every adult with Social Security numbers who are United States residents
    - Includes those on social security, disability, veterans and unemployed
  - How Much: up to \$1200 per adult and \$500 per child 16 or under
  - Who: (based on 2018 or 2019 adjusted gross income)
    - Full payment for:

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- Single earning \$75,000 or less
  - Head of Household earning \$112,500 or less.
  - Married couples with no children earning \$150,000 or less
- Above that, payment gradually decreases up to single people earning \$99,000 or married couples earning \$198,000.
- When: A single payment in:
  - 3 weeks through direct deposit
  - Longer if by mail

## SBA Assistance Programs

- **SBA Paycheck Protection Loan (PPP)**
  - Zero-fee loan through [SBA 7\(a\) Loan Program](#) up to \$10M to:
    - small businesses (<500 employees)
    - sole-proprietors, independent contractors, and other self-employed individuals
    - (501(c)(3) non-profits
    - veteran's organizations
  - To cover 100% of average payroll and other expenses for up to 8 weeks (~June 1<sup>st</sup>) **provided** business retains its employees and their salary levels
  - Prioritizes underserved borrowers including those in rural communities, minorities, women and veterans
  - Delegates authority to make determinations on borrower eligibility and creditworthiness to preferred lenders
  - Loans awarded and processed through preferred lenders at no more than 4%
  - Principal and interest is deferred for up to a year.
- **SBA Emergency Economic Injury Grants**
  - \$10,000 grant issued within 3 days of application for a EID Loan (final award of a loan is not required)
  - May be used to provide paid sick leave to employees, maintaining payroll, meet increased production costs due to supply chain disruptions, or pay business obligations, including debts, rent and mortgage payments.
  - Eligible grant recipients must have been in operation on January 31, 2020. The grant is available to small businesses, private nonprofits, sole proprietors and independent contractors, tribal businesses, as well as cooperatives and employee-owned businesses.
- **SBA Economic Injury Disaster Loans (EIDL)**
  - Loan up to \$2M
  - Interest rate of 3.75% (2.75% for non-profits)
  - Principal, interest and fees waived for 6-months from President signing the bill, and P&I deferred for 4 years
  - Loans received before June 30, 2020 may be refinanced into a PPP Loan
  - May be used to pay for working capital fixed debts, payroll, accounts payable and other bills that can't be paid because of the disaster's impact.

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- long-term repayments in order to keep payments affordable, up to a maximum of 30 years. Terms are determined on a case-by-case basis, based upon each borrower's ability to repay.
- Loans are serviced through the SBA
- Typical timeline for approval is 2-3 weeks and disbursements can take up to 5 days

**Other Sources:**

- [New York Times](#)
- [IRS](#)
- [National Conference of State Legislatures](#)

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