



# Supplemental Appropriations: SBA Disaster Loan Account

June 22, 2020

In response to the Coronavirus Disease 2019 (COVID-19) pandemic's widespread adverse economic impact on the national economy, Congress made COVID-19-related economy injury an eligible expense for Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL). Congress also provided SBA an additional \$20 million for SBA disaster assistance administrative expenses (P.L. 116-123, Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020). At that time, the SBA had about \$1.1 billion in its disaster loan credit subsidy account to support about \$7 billion in disaster loans. These funds are available until expended and are used to pay for disaster loan defaults and related expenses.

The SBA has several types of disaster loan programs to assist individuals, households, and businesses in federally declared disaster areas. EIDL provides loans of up to \$2 million to help businesses recover from economic losses and can be used to pay for expenses that could have been met had the disaster not occurred, including working capital needs such as fixed debt and other operating expenses such as payroll.

In response to the magnitude of the COVID-19 pandemic's adverse economic impact on small businesses, Congress expanded EIDL eligibility for certain small businesses and nonprofit organizations, and established an Emergency EIDL grant program (P.L. 116-136, Coronavirus Aid, Relief, and Economic Security Act (CARES Act)). The CARES Act provided an additional \$562 million to support the EIDL and \$10 billion to support the Emergency EIDL grant program, which was authorized to provide up to \$10,000 to small businesses that could demonstrate COVID-19-related economic damages. The Emergency EIDL grant is an advance payment that can be requested by an EIDL applicant. Applicants can keep the advance even if they are turned down for the loan.

In anticipation of high demand, the SBA limited COVID-19-related EIDL to \$150,000, and Emergency EIDL grants to \$1,000 per employee, up to the statutory cap of \$10,000. Despite these limits, the SBA stopped accepting COVID-19-related EIDL and Emergency EIDL grant applications on April 15, 2020, less than two weeks after the programs started accepting applications, because funding to support these programs was nearly exhausted. Congress responded by providing \$50 billion in additional funding to support EIDL and another \$10 billion to support the Emergency EIDL grant program. The SBA began

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accepting new EIDL and Emergency EIDL grant applications on a limited basis on May 4, 2020, to accommodate agricultural businesses that were provided EIDL eligibility by the Paycheck Protection Program and Healthcare Enhancement Act (P.L. 116-139), and resumed the acceptance of new EIDL and Emergency EIDL grant applications from all borrowers on June 15, 2020.

The SBA reports that, as of June 20, 2020, it had approved over 1.7 million COVID-19-related EIDL loans totaling over \$113.3 billion, and over 3.7 million Emergency EIDL grants totaling over \$12.3 billion.

**Table 1** summarizes the supplemental funding provided to the SBA for disaster assistance in response to COVID-19.

**Table 1. Supplemental Appropriations to the Disaster Loan Program in Response to COVID-19**

Public Law Number, Division, and Bill Title	Appropriation	Purpose
P.L. 116-123, Division A Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020	\$20,000,000	P.L. 116-123 appropriated \$20 million to carry out administrative expenses associated with the SBA Disaster Loan Program
P.L. 116-136, Division B CARES Act	\$10,562,000,000	P.L. 116-136 appropriated \$10 billion for Emergency EIDL Grants and \$562 million to support EIDL
P.L. 116-139, Division B Paycheck Protection Program and Health Care Enhancement Act	\$60,000,000,000	P.L. 116-139 appropriated \$10 billion for Emergency EIDL Grants, and \$50 billion to support EIDL

**Source:** Based on CRS interpretation of appropriation laws.

## Additional CRS Resources

CRS resources on business recovery include:

- CRS Report R46284, *COVID-19 Relief Assistance to Small Businesses: Issues and Policy Options*
- CRS Report R44412, *SBA Disaster Loan Program: Frequently Asked Questions*
- CRS Insight IN11301, *Small Businesses and COVID-19: Relief and Assistance Resources*
- CRS Insight IN11357, *COVID-19-Related Loan Assistance for Agricultural Enterprises*
- CRS Insight IN11370, *SBA EIDL and Emergency EIDL Grants for COVID-19*
- CRS Report R46325, *Fourth COVID-19 Relief Package (P.L. 116-139): In Brief*
- CRS Report R46285, *Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (P.L. 116-123): First Coronavirus Supplemental*
- CRS Insight IN11402, *The Economic Development Administration's Economic Recovery Assistance for COVID-19 Impacted Communities*
- CRS Insight IN11418, *COVID-19: EDA Revolving Loan Funds for Businesses*
- CRS Insight IN11228, *COVID-19: Federal Economic Development Tools and Potential Responses*

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