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Funding for $350 Billion Paycheck Protection Program Exhausted

April 17, 2020

The Paycheck Protection Program ("PPP"), one of the key pieces of the CARES Act aimed at stimulating the nation's economy in the wake of the COVID-19 pandemic, has exhausted its allotted $350 billion fund in less than two weeks since beginning to accept applications on April 3, 2020.

The PPP was designed to provide small businesses with 500 or fewer employees with forgivable loans of up to $10 million to help them continue to make their payroll and other financial obligations while their normal business operations are interrupted due to the COVID-19 pandemic. A full summary of the PPP and other provisions of the CARES Act can be found here. However, on April 16, 2020, the Small Business Administration ("SBA") announced that funds for the PPP had already been exhausted due to high demand.

Specifically, the SBA put a notice on its website alerting potential applicants that "[t]he SBA is currently unable to accept new applications for the PPP based on available appropriations funding." The SBA provided links containing information on typical SBA lending programs that small businesses can utilize while the PPP is on hold. However, these other SBA programs have stricter application requirements and provide far less favorable terms for borrowers than the loans provided under the PPP which, in many cases, are fully or partially forgivable.

Congress has been discussing legislation that would provide an additional $250 billion in funding for the PPP. However, a deal has not yet been reached. In fact, the Senate adjourned Thursday without reaching a deal, meaning any hope of additional funding for the PPP would have to wait until at least next week. There is guarded optimism, however, that the PPP will receive additional funding in the near future as both Democrats and Republicans have shown a desire to replenish the program.

We will continue to update this as more information becomes available. In the meantime, if you have questions regarding any aspects of employment law and/or the implications of the coronavirus (COVID-19) on your place of business, feel free to contact James G. Ryan at (516) 357-3750 or via email at jryan@cullenllp.com, Thomas B. Wassel at (516) 357-3868 or via email at twassel@cullenllp.com, or Hayley B. Dryer at (516) 357-3745 or via email at hdryer@cullenllp.com.

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