



American Rescue Plan Act Supports Small Businesses in Hardest Hit Sectors & Communities

The food services and nonprofit sectors have been two of the hardest-hit during the pandemic. As of December 2020, 110,000 eating and drinking establishments were closed temporarily, or for good, according to a [study](#) by the Nation Restaurant Association. The study also found that the sector finished 2020 nearly 2.5 million jobs below its pre-COVID level; and during the peak of initial closures last year, according to the report, up to 8 million restaurant employees were laid off or furloughed. Meanwhile the nonprofit sector has lost upwards of 1 million jobs, including 50,000 jobs in December 2020 based on findings in a recent Johns Hopkins University [report](#), which also projected that it will take nearly 18 months to regain the jobs.

The pandemic has also devastated small mom-and-pop businesses, especially those in Black, Latino, and other underserved and underbanked communities. During the pandemic, the number of small businesses open and operating has [plummeted 34 percent](#), with Black communities seeing a [41 percent reduction](#) in the number of active business owners between February and April 2020. These small businesses will face additional challenges—and costs—in the months ahead as they strive to keep staff and patrons safe, and as they retool their businesses to compete in the post-COVID world.

The *American Rescue Plan Act* provides overdue aid to small businesses in these hard-hit communities and sectors. The bill includes the following small business provisions:

The plan establishes a new \$28.6 billion grant program for restaurants and bars that have lost revenue because of the pandemic.

- The program will provide up to \$10 million grants, capped at \$5 million per physical location, to eligible entities, which include restaurants and drinking establishments of all sizes and formats (including food trucks, carts, bars, brewpubs, tasting rooms, etc.). Eligible entities may be comprised of up to 20 affiliated locations. Publicly traded companies are not permitted to receive awards, nor are entities that receive funds under the Shuttered Venue Operators Grant program.
- In general, restaurants may receive the difference between their 2019 gross receipts and their 2020 gross receipts. The law provides for separate calculations for businesses that began operations midway through 2019, that opened in 2020, or that are not operating yet but have incurred expenses before March 10, 2021 in anticipation of opening. Award amounts will be reduced by the amount of any PPP loan an applicant has received. Grants may be used for a wide variety of expenses, including payroll, mortgage, rent, utilities, supplies, food and beverage expenses, paid sick leave, and operational expenses.
- \$5 billion is set aside for restaurants with 2019 gross receipts of \$500,000 or less. In addition, for the first 21 days the program is open, the Small Business Administration (SBA) is required to prioritize applications from businesses owned by women, veterans and members of economically and socially disadvantaged communities.
- The SBA is working to establish and launch this program in the coming weeks. Interested restaurants and bars should monitor the [SBA website](#) for next steps.

The plan expands Paycheck Protection Program eligibility to include more nonprofits and digital news companies, as well as an additional \$7.25 billion for the program.

- The plan builds on the bipartisan [Economic Aid Act](#) passed by Congress in December 2020, which made 501(c)(6) entities, as well as newspapers and broadcasters delivering emergency local content, eligible for PPP loans, provided that they employ not more than 300 employees. Prior to the *Economic Aid Act*, nonprofit eligibility for PPP was limited to 501(c)(3) and 501(c)(19) entities with fewer than 500 employees, and many newspapers and broadcasters were ineligible due to their size and ownership structures.
- To improve parity among nonprofits, the *American Rescue Plan Act* expands access to PPP to nonprofits listed under Section 501(c) of the Internal Revenue Code (except 501(c)(4)s, which remain ineligible for PPP). The newly eligible nonprofit entities, including many labor unions, may receive PPP loans provided that:
 - the organization does not receive more than 15 percent of receipts from lobbying activities;
 - the lobbying activities do not comprise more than 15 percent of activities;
 - the cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020; and
 - the organization employs not more than 300 employees.
- The plan also makes local offices of larger nonprofit organizations eligible for PPP. Many of these labor-intensive social nonprofits have not had prior access to PPP due to having multiple locations totaling more than 500 employees. The plan makes these nonprofits eligible for PPP loans worth up to \$10 million, provided that each location does not exceed the employee cap.
- Digital news platforms often owned by larger corporate entities are now included in PPP eligibility.
- Newly eligible entities should contact an [SBA-approved lender](#) to apply for PPP.

The plan provides \$15 billion for new targeted EIDL grants.

- \$10 billion will provide full \$10,000 grants to any prior EIDL applicant located in a low-income community and with losses of at least 30 percent that was either limited by the per-employee cap or was unable to receive an advance because funding had run out; and
- \$5 billion will provide supplemental grants of \$5,000 to severely impacted businesses eligible for a targeted grant with ten employees or fewer and losses of at least 50 percent.
- Eligible entities should monitor the [SBA website](#) for additional information.

The plan adds \$1.25 billion to the Shuttered Venue Operators Grant program.

- Shuttered Venue Operators grants are available to eligible performance spaces, theaters, movie theaters, talent managers, and museums. The plan also allows eligible grant applicants to access both the grant program and PPP, to account for the delayed start of the grant program. A businesses' PPP loan total will be subtracted from its shuttered venue grant award. Eligible entities should continue to monitor the [SBA website](#) for next steps.

The plan provides \$175 million for a Community Navigator Pilot Program.

- \$100 million will be used by SBA to make grants to nonprofits, SBA resource partners—including Small Business Development Centers, Women's Business Centers, and SCORE chapters—and States, Tribes, and local governments to ensure the delivery of free community navigator services to current or prospective owners of eligible businesses in order to improve access to assistance programs and resources made available because of the COVID-19 pandemic by Federal, State, Tribal, and local entities.
- \$75 million is for SBA to raise awareness of the navigator services and SBA's COVID-19 assistance generally, SBA will get funding to:
 - conduct outreach and education, in the 10 most commonly spoken languages in the United States;
 - improve its website to describe such community navigator services and other Federal programs;
 - implement an education campaign by advertising in media targeted to current or prospective owners of eligible businesses; and

- establish a telephone hotline to offer information about Federal programs to assist eligible businesses and offer referral services to resource partners, community navigators, potential lenders and other appropriate experts.

The plan provides SBA with \$1.325 billion in Administrative funding to continue operating its existing COVID response programs, as well as the new restaurants and EIDL Advance grants program.