

Committee on
**SMALL
BUSINESS**
Chairwoman Nydia M. Velázquez



**FACT SHEET ON UNEMPLOYMENT INSURANCE
AND THE PAYCHECK PROTECTION PROGRAM
FOR SMALL BUSINESS OWNERS**
(*AS OF APRIL 3, 2020)

The CARES Act allows business owners, part-time workers, and independent contractors the ability to file for unemployment benefits. The Act also provides up to \$349 billion in forgivable loans to small businesses, “paycheck protection program loans,” to pay their employees during the COVID-19 public health emergency.

Expanded Unemployment Benefits

Question: Who is eligible for unemployment benefits?

- **Answer:** All small business owners are eligible to file for unemployment benefits. Small business owners who pay themselves a salary or wages and have been paying unemployment taxes may file for unemployment benefits. Independent contractors and self-employed small business owners can also file for unemployment benefits through the new Pandemic Unemployment Assistance program which was enacted as part of the CARES Act. Gig economy workers (someone who gets gigs through Uber, Lyft, AirBnB, etc.) may also file for unemployment compensation.

Question: How much will I be eligible for?

- **Answer:** It depends on the state that you live in. Each state calculates its benefits differently. Independent contractors and self-employed workers are eligible for at least one-half of the state’s average unemployment benefit, or at least \$190 per week. Visit [DOL’s Career One Stop](#) for more information and a list of state unemployment insurance programs. The CARES Act also provided an additional \$600 per week, on top of your state’s benefits, for individuals who receive unemployment compensation. This additional benefit lasts until July 31, 2020.

Question: Can I access these benefits immediately and how long will they last?

- **Answer:** Yes. The CARES Act eliminated the one-week waiting period to access benefits. Individuals can access benefits from January 27, 2020 through December 31, 2020. Most states offer up to 26 weeks of benefits. Seven states offer less than 26 weeks

of benefits and two states offer more than 26 weeks of benefits. Visit [DOL's Career One Stop](#) for more information on your state.

- The CARES Act provided an additional 13 weeks of state unemployment benefits for individuals. These additional benefits become available after an individual exhausts all of their regular state unemployment benefits.
- Independent contractors and self-employed workers can access up to 39 weeks of benefits under the CARES Act, through December 31, 2020.

Paycheck Protection Program

Question: What types of businesses are eligible for paycheck protection program loan?

- **Answer:**
 - Small businesses must have been in operation on February 15, 2020.
 - The small business must have less than 500 employees. But businesses in certain industries may have more than 500 employees if they meet [SBA size standards](#) for those industries.
 - The program is also open to 501(c)(3), (c)(19) non-profit organizations, tribal businesses, sole proprietors, independent contractors, and self-employed individuals.

Question: How do I apply?

- **Answer: Through an existing 7(a) lender.** More information, including the application, can be found on the [Small Business Administration's website](#).

Question: Can I file for unemployment benefits and apply for a paycheck protection program loan with the SBA?

- **Answer: Yes.** Though if you receive a paycheck protection loan, you or your employees may be unable to receive unemployment benefits and wages at the same time, under your state's unemployment rules. Visit [DOL's Career One Stop](#) for more information on your state's procedures.

Question: Can I place my workers on a short-time compensation program and apply for a paycheck protection program loan with the SBA?

- **Answer: Yes.** Though if you receive a paycheck protection loan, you or your employees may be unable to receive unemployment benefits and wages at the same time, under your state's short-time unemployment rules. Visit [DOL's Career One Stop](#) for more information on your state's procedures.
- Your paycheck protection loan will not be forgiven if you reduce your employees' salaries by more than 25 percent during the eight-week period covered by your paycheck protection loan.