



# LHA COVID-19 ALERT



**LHA COVID-19 CEO/CFO Alert: April 24, 2020**

## **SBA and U.S. Treasury Release Timely Guidance on PPP and Coronavirus Relief Fund for State and Local Governments**

**Paycheck Protection Program:** Today, the Small Business Administration (SBA) [clarified](#) that public hospitals are eligible to seek new small business loans through the [Paycheck Protection Program](#) (PPP), which is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. According to the clarification, “a hospital that is otherwise eligible to receive a PPP loan as a business concern or nonprofit organization (described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code) shall not be rendered ineligible for a PPP loan due to ownership by a state or local government if the hospital receives less than 50% of its funding from state or local government sources, exclusive of Medicaid.” SBA will forgive loans if all employees are kept on the payroll for eight weeks, and the money is used for payroll, rent, mortgage interest, or utilities. Lenders began processing loan applications on April 3, and the PPP will be available through June 30, 2020. **Because of the time-sensitive nature of this issue and the quick depletion of funds available, the LHA recommends hospitals work with their financial institutions to apply for this program as soon as possible.**

**Coronavirus Relief Fund:** Yesterday, the U.S. Department of the Treasury posted [guidance](#) to state, territorial, local and tribal governments related to the Coronavirus Relief Fund (Fund) established under the CARES Act. Louisiana has been allocated approximately \$1.8 billion of the \$150 billion appropriated to the Fund. The Edwards' Administration has stated that \$810 million of the \$1.8 billion may be shared with local governments for covered expenses. An [FAQ document](#) is available online with additional details.

The CARES Act provides that payments from the Fund may only be used to cover costs that:

1. Are necessary expenditures incurred because of the COVID-19 public health emergency;
2. Were not accounted for in the budget; and
3. Were incurred during the period that begins on March 1, 2020 and ends on Dec. 30, 2020.

The guidance sets forth the Department of Treasury's interpretation on permissible uses of Fund payments. Specific covered expense examples include, but are not limited to:

1. COVID-19-related expenses of public hospitals, clinics and similar facilities;
2. Payroll expenses for public safety, public health, healthcare, human services and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency;
3. Expenses of providing paid sick leave and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions;
4. Expenditures related to a state, territorial, local, or tribal government payroll support program; and
5. Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.

The LHA will be working to further understand how this guidance will be applied and on strategies to access this funding for covered expenses incurred by hospitals. If you have any

questions or need additional information, contact LHA VP of Government Relations Jennifer McMahon at [jmcmahon@lhaonline.org](mailto:jmcmahon@lhaonline.org).

---

Note: This Alert is being distributed to **hospital CEOs and CFOs** in the LHA database.

This and other local, state and national hospital-specific resources and guidance from trusted sources can be found on the LHA's COVID-19 [webpage](#).