

VPS Memo

CARES Act: COVID-19 Funding Assistance Measures

FUNDING OPPORTUNITIES AVAILABLE IN COVID-19 LEGISLATION

The COVID-19 pandemic continues to disrupt daily life and business operations, creating additional urgent demand for reliable broadband networks while causing financial hardships for many. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was signed into law in an effort to help meet the unique challenges presented by the COVID-19 pandemic. Part of the Act appropriates funds to promote rural broadband development and telehealth services.

Paycheck Protection Loan Program

\$349 Billion Forgivable Business Loan Program

As a part of the CARES Act, small businesses affected by economic difficulties resulting from COVID-19 may receive help through the Paycheck Protection Loan Program (“PPP”) under the Small Business Administration’s existing Section 7(a) loan framework. Eligible borrowers may be eligible for loans up to the lesser of either: \$10 million or 2.5 times the average monthly payroll costs during the year prior to the loan date. Payments of the loan would be deferred for six months to a year, with interest rates at 4% or lower. Funds can be used for payroll support, mortgage/rent or utility costs, and other debts incurred by the business. Borrowers may also be eligible for loan forgiveness equal to the amount spent during an eight-week period after the loan origination date.

Other Loan Options Under CARES Act

In addition to the PPP loans available, small businesses may also qualify for a low-interest Economic Injury Disaster Loan (“EIDL”) or Emergency Economic Injury Grant. The EIDL is an existing program that the CARES Act expanded to allow coverage for the period of January 31, 2020 to December 31, 2020. The EIDLs can cover a broader range

of business uses. To qualify, affected businesses must have suffered “substantial economic injury” resulting from the COVID-19 pandemic, with loan amounts based on actual economic injury up to \$2 million. EIDL applicants may also request a \$10,000 advance to cover certain working capital needs, also known as an Emergency Economic Injury Grant. Such grants do not require repayment. Applications are submitted to the SBA for determination.

ReConnect Funding

\$100 Million Toward ReConnect Grants

The CARES Act set aside \$100 million to boost the USDA’s ReConnect Program in the promotion of construction and improvement of facilities and equipment needed to bring broadband service to eligible rural areas. To date, few details have been released how these additional funds would be awarded.

Telehealth Program

\$200 Million to Support Health Care Providers’ Use of Telehealth Services

On March 31, 2020, the FCC adopted a plan for the \$200 million appropriated by the CARES Act for health care providers’ use of telehealth services in fighting the COVID-19 pandemic. The Program will provide funding for eligible health care providers to purchase telecommunications services, information services, and the devices needed to use such services. Streamlined applications must be submitted to the Commission for consideration up to full funding for these services and devices. Funds will be awarded on a rolling basis until exhausted or the pandemic ends.

Connected Care Pilot Program

\$100 Million to Lower Providers’ Cost of Providing Care

Though the initial Pilot Program was discussed in 2019, Chairman Pai called on the Commission to move forward with the broader, longer-term program to further assist health care providers and determine how the Universal Service Fund (USF) can help in the long-term support of telehealth. Now approved, this program will provide \$100 million in USF support over three years to reduce health care providers’ cost of providing connected care services. The Pilot Program would cover up to 85% of eligible costs of broadband connectivity, network equipment, and information services needed to provide connected care services, with a focus on those projects benefiting low-income or veteran patients. Applications will be reviewed by the Commission followed by an announcement of selected pilot projects.

Additional Information

If you have any questions about additional funding opportunities or how the recent COVID-19 legislation may help provide relief to your business operations, please contact these members of the Vantage Point team:

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