The Coronavirus Aid, Relief, and Economic Security (CARES) Act directs an additional $349 billion to the Small Business Administration (SBA) for the relief of small businesses during the coronavirus pandemic. Targeted relief is needed immediately, as many small businesses across the country are collapsing, yet the SBA faces significant challenges in distributing this money quickly, write AAF’s Dan Bosch, Dan Goldbeck, and Thomas Wade. They outline the mechanism of loan forgiveness under the CARES Act and examine the operational challenges for implementing the loan forgiveness program.

An excerpt:

In a March 30 interview, Treasury Secretary Steve Mnuchin said the program would be ready by April 3. Yet key implementation details remain. Per the CARES Act, the SBA and the Department of the Treasury are to issue guidance explaining how implementation of the program will work. Among the important elements that need to be hashed out are: what information applicants will need to provide, how lenders will submit the loan details to the SBA, and how the SBA will repay the forgiven portions of loans. All of these elements are complicated by the SBA’s limited capacity.

The solution developed in the coming days will need to be substantially streamlined to enable the SBA to be able to handle these significant challenges.

Read the analysis.