Federal Coronavirus Relief Bills
What Do They Mean for Nonprofits?
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Resources

- www.councilofnonprofits.org
- Resource page – Nonprofits and Coronavirus, COVID-19
- Analysis of the Families First Coronavirus Response Act, National Council of Nonprofits
- Initial Analysis of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
- Loans Available for Nonprofits in the CARES Act (a chart comparing the three new loan programs of potential interest to nonprofits sector-wide)
- Cutting Through the Jargon: How the CARES Act Works for Nonprofits, Nonprofit Quarterly
- Self-Insured Nonprofits and Unemployment Insurance, David Heinen, blog
Federal Coronavirus Relief Bills
What Do They Mean for Nonprofits?

Phase 1 = Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020

Phase 2 = **Families First Act**
(Families First Coronavirus Response Act)

Phase 3 = **CARES Act**
(Coronavirus Aid, Relief, and Economic Security Act)

Phase 4 = ???
Federal Coronavirus Relief Bills 
What Do They Mean for Nonprofits?

**What We’ll Cover**

**NEED TO KNOW**
- Families First Act
- CARES Act
- Other Federal Actions

**QUESTIONS & ANSWERS**

**NEED TO ACT**
- Secure financing
- Advocate: States, Local, Federal
Federal Coronavirus Relief Bills
What Do They Mean for Nonprofits?

Disclaimer

Our Best Understanding
But No Federal Rules, Regs, Guidelines Yet
And No State Rules, Regs, Guidelines Yet
Not Legal or Financial Advice
Families First Coronavirus Response Act (FFCRA)
Public Law 116-127
Families First Act (FFCRA)

- Paid Sick and Family Leave
- Refundable Payroll Tax Credit
- CARES Act modifications
Families First Act (FFCRA)

Paid Leave Requirements

➢ Employer Size: Fewer than 500

➢ Effective: April 1, 2020

➢ Expires: Dec. 31, 2020
Families First Act (FFCRA)

Paid Leave Requirements

➢ Two Weeks of Emergency Paid Sick Leave

☐ Employee Leave – can’t work or telework due to
- quarantine or isolation order,
- advice to self-quarantine, or
- experiencing symptoms of COVID-19

☐ Regular Pay
- up to $511/day
- up to $5,110 over the entire paid sick leave period
Families First Act (FFCRA)

Paid Leave Requirements

➢ Two Weeks of Emergency Paid Sick Leave

❑ Family Leave – can’t work or telework due to
  ❑ Caring for quarantined individual,
  ❑ Caring for child due to school, care center closure,
  ❑ childcare provider unavailable

❑ 2/3\textsuperscript{rd} Pay
  ❑ up to $200/day
  ❑ up to $2,000 over the entire paid sick leave period
Families First Act (FFCRA)

Paid Leave Requirements

- 10 Weeks of Emergency Family and Medical Leave
  - caring for a child if the child’s school or childcare center is closed due to coronavirus.
  - Job protections - exceptions for some employers (< 25 employees) if hardship
  - 2/3rds pay up to $200/day
Families First Act (FFCRA)

Paid Leave Requirements

➢ Closure of Worksite
  ❑ Cancels paid leave requirement
  ❑ Employees likely eligible for UI

➢ See DOL Guidance

https://www.dol.gov/agencies/whd/pandemic/ffcra-questions (March 27, 2020)
Families First Act (FFCRA)

Refundable Payroll Tax Credits

- Applicable to Employer Share of Payroll Taxes
- **Refundable**: Leave costs exceeding payroll taxes owed will be refundable to the employer at the end of each quarter
- IRS Form 941
Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
Public Law 116-136
CARES Act

- Overview
- Loans for Nonprofits
- Above-the-Line Deduction
- Employee Retention Tax Credit
- Unemployment Insurance
- Student Loans
CARES Act

Overview

▪ $2 trillion
▪ Approved unanimously
▪ Signed Friday, Mar. 27, 2020
▪ Significant relief for nonprofits
Note

- Looking at items of sector-wide interest
- New Act contains other items for subsectors (e.g., cultural institutions, eds & meds)
## Loans Available for Nonprofits in the CARES Act

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Size Eligibility</th>
<th>Dollar Value</th>
<th>Loan Processor?</th>
<th>Nonprofit Eligibility</th>
<th>Personal Guarantee</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paycheck Protection Program (Emergency SBA 7(a) Loans) (Secs. 1102, 1106)</td>
<td>Emergency loan program for nonprofits and for-profit entities to secure funds to pay staff and operating costs for two months, and secure full loan forgiveness under certain circumstances.</td>
<td>500 or fewer employees</td>
<td>The lesser of $10 million or 2.5 times the average total monthly payroll costs from the one-year period (look back) prior to the date of application. Express 7(a) loans available up to $1 million.</td>
<td>Local financial institutions</td>
<td>Must have been in operation on 2/15/2020 and had paid employees and/or paid independent contractors. Expressly available for charitable nonprofits with 500 or fewer employees, but requires that employees of affiliated nonprofits may be counted toward the 500 employee cap, depending on the degree of control of the parent.</td>
<td>No collateral or personal guarantee required.</td>
<td>Good-faith certification that need for the loan is based on economic conditions; funds to be used to retain worker and maintain payroll or</td>
</tr>
<tr>
<td>Expanded EIDL &amp; Emergency Grants (SBA 7(b) Loans) (Sec 1110)</td>
<td>Existing Economic Injury Disaster Loan (EIDL) program expanded to more for-profit entities, applies lower credit standards, and creates a rapid grant procedure.</td>
<td>Existing EIDL limits for nonprofits</td>
<td>Existing EIDL limits for nonprofits</td>
<td>Small Business Administration</td>
<td>In operation before 1/31/2020. Loans can be based solely on credit score. Existing EIDL program applies to “private nonprofit organizations” that excludes religious institutions and some other charitable organizations.</td>
<td>Waives personal guarantees up to $200,000, and requirement of inability to obtain credit elsewhere.</td>
<td>Self-certification under penalty of perjury.</td>
</tr>
<tr>
<td>Mid-Size Loan Program (Sec 4003)</td>
<td>Largely undefined loan program to be created by the Treasury Department to fill the gap between the Paycheck Protection Program for smaller employers and the industry stabilization loans to big business.</td>
<td>Between 500 and 10,000 employees</td>
<td>Unspecified</td>
<td>Local financial institutions</td>
<td>Expressedly applies to “nonprofit organizations”</td>
<td>Unspecified</td>
<td>Good-faith certification that need for the loan is based on economic conditions; funds to be used to retain and restore employment, won’t</td>
</tr>
</tbody>
</table>

CARES Act

Loans Available to Nonprofits

➢ Paycheck Protection Program
➢ Emergency EIDL Program
➢ Mid-Size Business Loan Program
CARES Act

Paycheck Protection Program

➢ **Who Eligible**: 500 or fewer employees*

➢ **Loan Amount**: 2.5 x monthly payroll*

➢ **Loan Use**: payroll, benefits, rent/mortgage, debt

➢ **How Apply**: local banks*

➢ **Available**: through June 30*
CARES Act

Paycheck Protection Program

➢ **Key Provision:** Loan Forgiveness

Employers will have loans forgiven in whole or part if they:

✓ maintain employment for the 8 weeks after origination of loan, or

✓ rehire employees by June 30 (laid off between 2/15 and 4/26)
Paycheck Protection Program

Key Provision: Loan Forgiveness

Employers will have loans forgiven in whole or part if they:

- maintain employment for the 8 weeks after origination of loan
- Rule if rehire employees by June 30

Loans available on Friday

CARES Act

Emergency EIDL Program
(Economic Injury Disaster Loans)

Two Major Types

1. “Normal EIDL”
2. Emergency EIDL Grants
Emergency EIDL Program
(Economic Injury Disaster Loans)

➢ **Who eligible:** “private non-profits”

➢ **Loan Amount:** up to $2 million

➢ **How Apply:** SBA online

➢ **Available:** through Dec 31
Emergency EIDL Program
(Economic Injury Disaster Loans)

“Normal EIDL”

Key Provisions:
✓ Based on credit score
✓ Waives personal guarantee up to $200,000

Forgiveness: No
CARES Act

Emergency EIDL Program
(Economic Injury Disaster Loans)

Emergency Advance

➢ Who eligible: “private non-profits”
➢ Loan Amount: $10,000 in 3 days
➢ How Apply: SBA online
➢ Available: through Dec 31
CARES Act

Emergency EIDL Program
(Economic Injury Disaster Loans)

➢ Loan Amount: $10,000 in 3 days

➢ Apply online:

https://covid19relief.sba.gov/#/
CARES Act

Loans

Mid-Size Business Loan Program

➢ **Who Eligible**: nonprofits, others with between 500 and 10,000 employees

➢ **Loan Amount**: unclear

➢ **Loan Use**: retain 90% of staff

➢ **How Apply**: unclear

➢ **Available**: through Dec. 31
Mid-Size Business Loan Program

➢ “the Secretary shall endeavor to seek the implementation of a program…”

➢ Advocacy Needed!
Charitable Giving Incentives

➢ **Above-the-Line Deduction**
  ✓ Available to all individual taxpayers
  ✓ $300 donation in 2020 tax year

➢ **Lift AGI Cap** (for itemizers)

➢ **Corporate Donations**
  ✓ Raises cap to 25% of taxable income
  ✓ Raises food donation cap to 25% also
Employee Retention Tax Credits

➢ Refundable payroll tax credit
➢ Up to $5,000 per employee per quarter

➢ Conditions:
✓ be an ongoing concern at the beginning of 2020,
✓ experienced a whole or partial shutdown, and
✓ saw a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019.
Employee Retention Tax Credits

➢ **Tax-exempt organizations**: the entity’s whole operations must be taken into account when determining eligibility.

➢ **NOTE**: employers receiving Paycheck Protection Program loans are not eligible for these credits.
Unemployment Insurance

❖ Individuals
✓ Waives waiting period, extends 13 weeks
✓ $600/week more than state benefit (4 months)
✓ Uninsured – church employees – covered

❖ Employers
✓ Most employers – hold harmless lang.
✓ Self-Insured – only covered 50%
CARES Act  

Student Loans

➢ Forbearance (thru 9/30/20)
  ✓ Talk to loan service provider
  ✓ Qualifies for PSLF (now 114 payments)

➢ 0% Interest Rate (thru 9/30/20)
  ✓ Automatic

➢ Wage Garnishment, Debt Collections Stopped (at least 60 days from 3/13/20)
  ✓ Automatic
Other Federal Actions

Internal Revenue Service
- Delayed Income Tax Filings
- Nonprofit Filings Not Delayed

Office of Management and Budget
- Flexibility to Federal Departments to grant waivers, continue paying under grants

OMB Memo M-20-17
2020 Census: Be Counted Now!

my2020census.gov

➢ Census Day: April 1, 2020 (Tomorrow)
➢ Fill Out Form Now: online, by phone, via paper questionnaire
➢ Census Bureau Suspended Operations
   ✓ Reduced in person assistance
   ✓ Reduced in person follow-up
➢ Deadline Extended: 8/14/2020
Questions?
Taking Action
Taking Action

1. Emergency EIDL Advance
   - Loan Amount: $10,000 in 3 days
   - Apply online: [https://covid19relief.sba.gov/#/](https://covid19relief.sba.gov/#/)

2. Paycheck Protection Program Loans
   - Loan Amount: 2.5 x monthly payroll
   - Apply at Bank: starting **FRIDAY** Apr. 3
Taking Action in the States