

# Navigating the CARES Act

THURSDAY, APRIL 2, 2020 | 2:00-3:00 PM ET



# Presenters



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To ask a question, please type it into the **Q&A box**.

Questions can also be submitted by email to [publicpolicy@independentsector.org](mailto:publicpolicy@independentsector.org)



# COVID-19: Recent Federal Policy Developments

**H.R. 6074** signed into law March 6 — provides \$8.3 billion to federal agencies for vaccine development, public health, and preparedness.

**H.R. 6201** signed into law March 18 — contains paid leave mandates and payroll tax credits, nutrition assistance, additional Medicaid funding, and COVID-19 testing for uninsured individuals.



# CARES Act: Context

## Independent Sector Asks

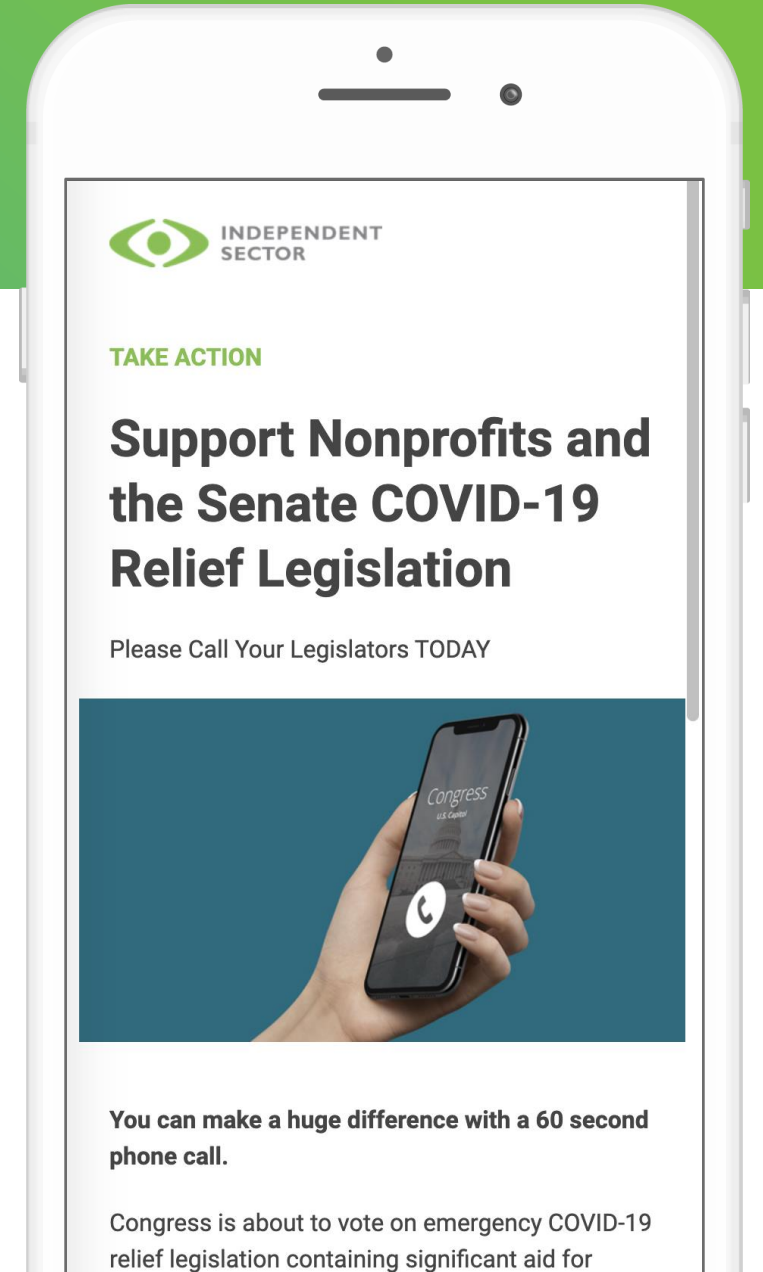
- Expressly provide charitable nonprofits with \$60B in any emergency funding proposals.
- Create a robust universal charitable deduction.
- Ensure all nonprofits qualify for new small business loans and remove the Medicaid exclusion and 500-employee caps.
- Include substantial funding to support elections so that voters may participate safely and confidently this year.



# CARES Act: Context

## Massive Nonprofit Sector Mobilization

- Over 200 national nonprofit organizations signing community letter.
- Thousands of endorsements for bipartisan Lankford amendment.
- IS Action Center campaign generated over 40,000 emails.





# CARES Act: Overview

## **H.R. 748 - Coronavirus Aid, Relief, and Economic Security Act**

- \$377 billion SBA assistance
- \$500 billion Treasury assistance
- \$250 billion unemployment insurance
- \$150 billion health system assistance
- \$150 billion state, tribal, local government assistance
- \$1,200 direct payments per adult, \$500 per child, income limited

**[independentsector.org/resource/caresact](https://independentsector.org/resource/caresact)**

# Become an Independent Sector Member

By joining our coalition, you and your organization's staff will gain the knowledge, networks, and leadership skills you need to excel. You'll network with the charitable sector's top minds. You'll acquire the tools you need to operate a highly effective charitable organization. And, most importantly, you will be an integral part of the voice of the charitable sector.

[Independentsector.org/membership](https://independentsector.org/membership)





# CARES Act: Help for Small Nonprofits

## Paycheck Protection Program (SBA)

- SBA 7(a) loan forgiveness for 8 weeks of costs of payroll, mortgage interest, rent, and utilities, subject to eligibility and limitations.
- 501(c)(3) and 501(c)(19) organizations with fewer than 500 employees are eligible. SBA affiliation rules are applied.
- Loan amount is capped at 2.5 times average monthly payroll costs or \$10 million.
- Loan forgiveness reduced proportionally with reduction in employees from prior year.





# CARES Act: Help for Small Nonprofits

## Paycheck Protection Program (SBA) - Application

- Nonprofits may apply at any lending institution that is approved to participate in the program through the existing SBA 7(a) lending program and additional lenders approved by SBA and the Department of Treasury.
- Small businesses and nonprofits can apply starting April 3. Independent contractors and the self-employed can apply starting April 10.
- Details at **[independentsector.org/resource/caresact](https://independentsector.org/resource/caresact)** or **[sba.gov](https://sba.gov)**



# CARES Act: Help for Small Nonprofits

## **Economic Injury Disaster Loans and Advance (SBA)**

- Provided through the SBA disaster loan program to help businesses and homeowners recover from declared disasters.
- Allows a “private nonprofit” to request an advance on that loan, up to \$10,000, which the SBA must distribute within 3 days.
- Applicants are not required to repay advance payments, even if denied for an EIDL loan, but advance payments would be counted towards the loan forgiveness amount under a 7(a) PPP loan.



# CARES Act: Help for Small Nonprofits

## **Economic Injury Disaster Loans and Advance - application**

- To be considered for an expedited loan advance of up to \$10,000, select the check box at the end of the EIDL application.
- Details at **[independentsector.org/resource/caresact](https://independentsector.org/resource/caresact)** or **[covid19relief.sba.gov](https://covid19relief.sba.gov)**



# CARES Act: Help for All Nonprofits

## Employee Retention Credit

- Up to \$5,000 refundable credit per employee for suspended operations or 50 percent drop in receipts.
- Employers can be immediately reimbursed for the credit by reducing their required deposits of payroll taxes that have been withheld from employees' wages by the amount of the credit.
- An employer that receives a loan under the SBA 7(a) Paycheck Protection Program is not eligible for the credit.



# CARES Act: Help for All Nonprofits

## Deferral of Payroll Taxes

- Employers may defer payment of the employer share of Social Security taxes, 6.2% on employee wages.
- Deferred taxes are required to be paid over the following two years, with half of the amount paid by the end of 2021 and the other half by the end of 2022.
- An employer that has a loan forgiven under the SBA 7(a) Paycheck Protection Program may not elect this deferral.



# CARES Act: Help for Large Nonprofits

## **Economic Stabilization Fund**

- Treasury given authority to develop program to provide loans to nonprofit organizations with between 500 and 10,000 employees through December 31, 2020.
- Loans may not be forgiven, but no payments are due for 6 months and interest rates are capped at 2 percent.
- Borrower must make good faith certifications about need for the loan, workforce retention, and significant U.S. operations and employees.
- Treasury Secretary is directed to issue initial guidance by April 6.



# CARES Act: Help for Individuals

## Unemployment Insurance

- Pandemic unemployment assistance (PUA): Provides emergency unemployment assistance to workers left out of the regular state unemployment insurance or who have exhausted their state unemployment benefits.
- Individuals eligible for state unemployment benefits or PUA are eligible for an extra \$600 per week for up to four months.
- Pandemic Emergency Unemployment Compensation (PEUC): Provides 13 extra weeks of unemployment benefits after exhausting state unemployment benefits.



# CARES Act: Help for Individuals

## Unemployment Insurance (continued)

- Policy Innovations: Provides funding for states that waive “waiting weeks”, establishes new short-term compensation plan.
- Funds 50% of the cost for nonprofit organizations that have elected the reimbursement or “self insurance” method.
- Unemployment claims must be filed in the state where you worked. To find information on your state, visit **CareerOneStop.org**.
- File online as soon as possible, but confirm your state is ready if applying for PUA.





# CARES Act: Help for Individuals

## Charitable Giving Incentives

- Universal charitable deduction capped at \$300 for donations made in 2020. Cash only, donor advised funds and supporting organizations ineligible.
- AGI limitations suspended in 2020 for individuals making cash contributions, increased to 25% limitation for corporations.



# CARES Act: Help for Individuals

## **Student Loan Assistance**

- Student loan payments made by employers between March 27, 2020 and January 1, 2021 are not taxable, up to \$5,250.
- Certain federal loans are suspended interest free until September 30, but Public Service Loan Forgiveness is not impacted. The individual is treated as having made a payment for these purposes.



# CARES Act: Help for Individuals

## Recovery Rebates

- Each U.S. resident or citizen will receive up to \$1,200 and an additional \$500 for every child. Phase out begins for single filers with AGI over \$75,000, married filing jointly over \$150,000.
- Individuals must have a work-eligible SSN and must not be a dependent of another taxpayer.
- No action required for most individuals, with payments distributed beginning mid-April.
- Nonprofits may need to assist many non-filers with requesting payments, although Treasury has reversed prior guidance and will be paying Social Security recipients automatically.



# What's Next?

## COVID-19 Policy Response Continues

- Discussions are underway for a 4<sup>th</sup> COVID-19 relief bill. Public disagreements about timing and need.
- The nonprofit sector must be at the table. Join us to continue this conversation:



### What's Next for COVID-19 Relief for Nonprofits?

Thursday, April 9 | 2:00 – 3:00 pm

Register at [independentsector.org/events](https://independentsector.org/events)

# Questions



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A stylized graphic of an eye, composed of several overlapping, semi-transparent shapes in shades of green and teal. The shapes form the outline of the eye and the iris, with a central circular area. The background is a gradient from light green at the top to a darker teal at the bottom.

# Thank You!

[independentsector.org/covid19](https://independentsector.org/covid19)