

Financial Assistance for United Ways in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

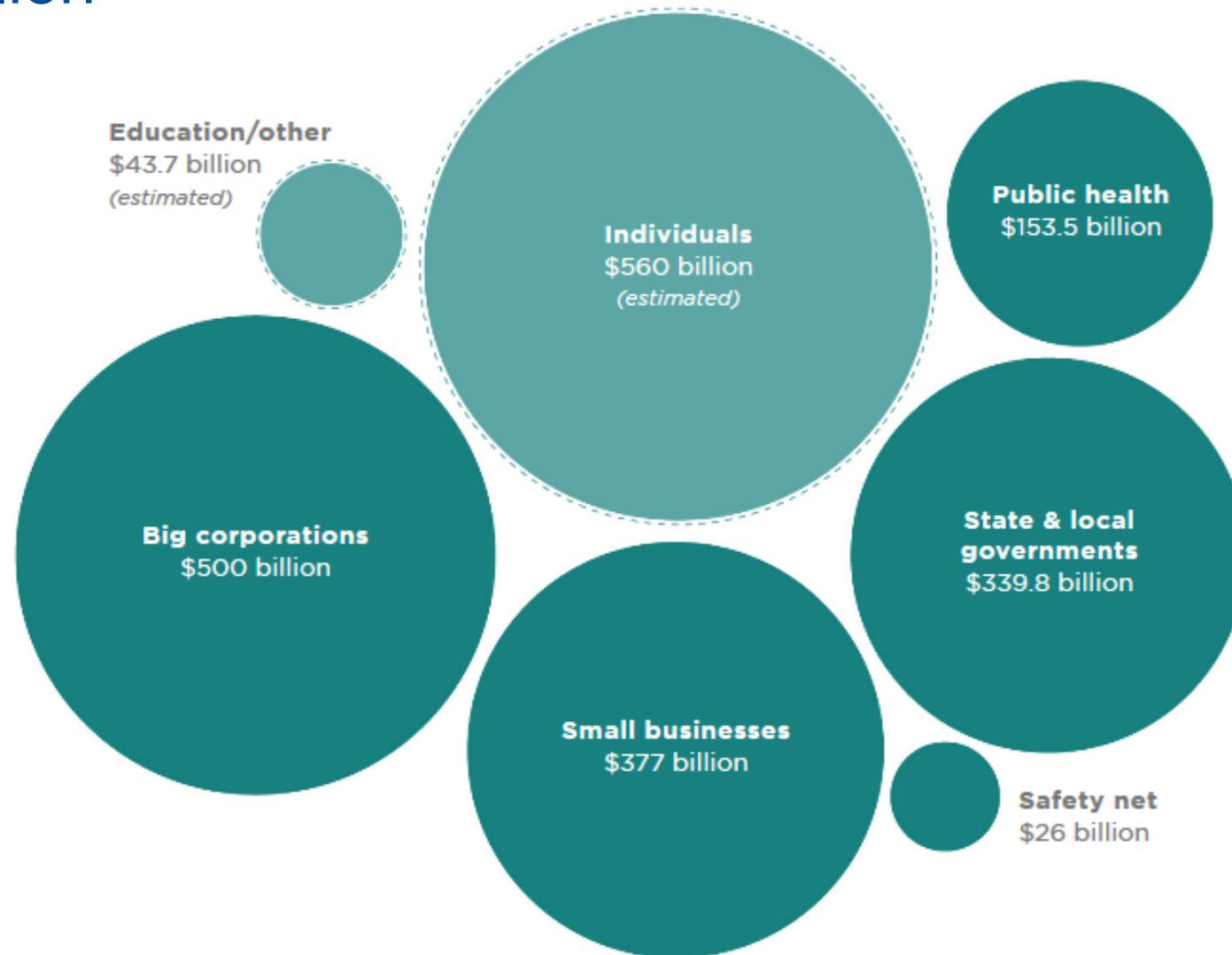
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CARES Act = \$2 trillion

How The \$2 Trillion Breaks Down

The CARES Act provides relief to several groups impacted by the coronavirus pandemic.



Source: Estimates for third relief bill based on bill text, committee and administration numbers.

Credit: Audrey Carlsen/NPR

CARES Act for United Way

- **Paycheck Protection Program (SBA)**
- **Non-itemizer Deduction**
- **Employee Retention Tax Credit**
- **Emergency Injury Disaster Loans (SBA)**
- **Emergency Economic Injury Grants (SBA)**
- **Unemployment Payments for Self-Insured Nonprofits**
- **Bonus: July 15, 2020 tax filing**

The Payroll Protection Program

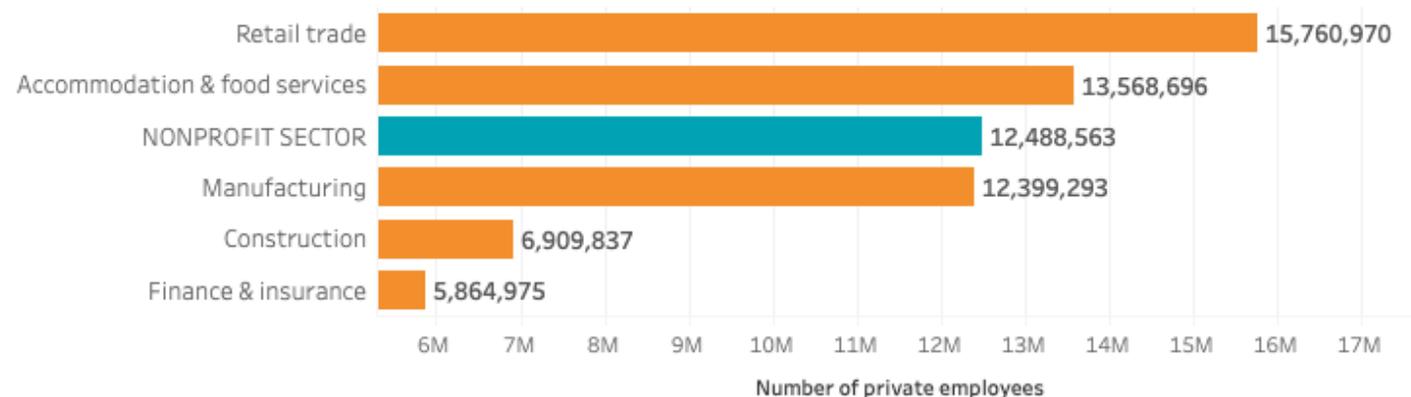
- New SBA program, which includes nonprofits with fewer than 500 employees
- Maximum amount \$10 million or 2.5 times average monthly payroll; maximum interest rate 4%
- Traditional lenders with 100% SBA guarantee
<https://www.sba.gov/article/2020/mar/02/100-most-active-sba-7a-lenders>
- Presumption of adverse impact by COVID-19
- Defer payments for 6 months to 1 year
- **Some or all forgiven if used for payroll and other select expenses**

The Payroll Protection Program

\$349 billion = 6 weeks of payroll for American small businesses

- Free money: Is it too good to be true?
- Purpose: To keep people employed
- 3.3 million unemployment claims week ending March 21
- Why nonprofits are included:

Nonprofit employment vs. private for-profit employment in other industries, 2017



Source: "Not just an urban phenomenon—New data on the nonprofit workforce," 2019 Labor Day News Release, Johns Hopkins Center for Civil Society Studies, September 6, 2019, <http://ccss.jhu.edu/labor-day-2019>. Data from Bureau of Labor Statistics.

The Payroll Protection Program

Eligible Recipient Good Faith Certification:

- “the uncertainty of current economic conditions makes necessary the loan request to support the ongoing operations”
- The funds will be used to retain workers and maintain payroll or make certain payments.
- The recipient does not have an application pending for the same purpose and duplicative amounts.
- The recipient has not received amounts for the same purpose and duplicative amounts.

Tax Incentives for donations

- Non-itemizers
 - \$300 deduction
 - 2020 only and cash only
 - 88% of taxpayers don't itemize (132 million people)
 - Average UW donation about \$150 (excluding leadership and up donors)
- Itemizers
 - AGI limit of 60% waived for 2020
- Corporate
 - Income cap on deductibility for corporate donations raised from 15% to 25% for 2020

Employee Retention Tax Credit

- Payroll tax credit deferral of employer side of payroll taxes (50% up to \$10k/ employee)
- Eligible if: operations fully or partially suspended due to COVID-19, or gross receipts declined by more than %50
- Eligible wages: For employers with greater than 100 full-time employees, wages paid to employees when they are not providing services to due to COVID-19.
- For employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to shut-down order.
- Must be paid back and does not apply to businesses that get Paycheck Protection Program forgiveness

Economic Injury Disaster Loans

EIDLs

- Expands existing SBA program
- Includes nonprofits with fewer than 500 employees
- SBA approves solely on credit score
- 2.75% max interest rate
- Personal guarantee for loans over \$200k
- May receive both Paycheck Protection Program and EIDL

Emergency Economic Injury Grants

- Available if org is applying for SBA Economic Injury Disaster Loans (EIDLs)
- \$10,000 max
- Processed in 3 days
- Must be spent on paid leave, payroll, supply chain disruption, mortgage/lease, payments that can't be met because of revenue loss
- Counts toward total EIDL balance
- Forgiven if EIDL application is denied

Unemployment Payments for Self-Insured Nonprofits

- Nonprofits that elect to self-insure for unemployment claims (rather than paying state unemployment tax) will be reimbursed for 50% of the costs of benefits provided to their laid-off employees.

Tax Filing Date Extension

Implications of tax filing date extension on management of Volunteer Income Tax Assistance (VITA) sites:

- Consider reconstituting VITA sites if circumstances allow
- Key mission service that will help people access funds like EITC
- If deduction expanded retroactively, provides access to new nonitemizer deduction
- Should announce to your community
- [Article listing state tax filing deadlines](#)

UNITED WE FIGHT.
UNITED WE WIN.

LIVE UNITED

Contacts

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