



A Summary of Coronavirus Relief Bills

Over the past couple of weeks, Congress has passed a series of bills to battle the COVID-19 public health crisis and mitigate devastating economic effects. This document will highlight the key provisions of these three passed bills - particularly those that help nonprofits and their clients - along with assumptions on what will be included in the next bill. Areas of concern – including unintended consequences or ineligibility of certain segments - are listed after some provisions.

#1: The Coronavirus Preparedness and Response Supplemental Appropriations Act - Passed March 6, 2020

The first bill allocates \$8.3 billion to increase the availability of tests, lower the costs for related medical treatment, and provide assistance to small businesses. Additionally, it provides funding for the development of new treatments, the purchase of medical supplies, and \$400+ million in grants to states and localities for preparedness within 30 days.

#2: The Families First Coronavirus Response Act – Passed March 18, 2020

The second bill ensures free testing, emergency paid leave, and support and flexibility for small businesses. Other highlights include:

- \$1 billion for WIC
- \$400 million for The Emergency Food Assistance Program (TEFAP), with ~\$20 million coming to Texas
- School Meals: eliminates congregate meal requirement (feeding in a group setting), allows grab-and-go school food models, and children do not have to be present for a parent/guardian to pick up meals.
- Supplemental Nutrition Assistance Program:
 - Allows the state to work with schools to help identify children who are on the free & reduced lunch program to identify households who can now receive the maximum household benefit amount of SNAP
 - Temporarily suspends the SNAP work requirement for able-bodied adults without dependents
 - Temporarily suspends the requirement for SNAP recipients to enroll in Employment & Training (E&T)
 - Households will receive an extended SNAP certification period for 6 months,
- Medicaid:
 - Increased the federal Medicaid matching rate (FMAP) by 6.2% points during the COVID-19 public health emergency (the increase applied indirectly to CHIP as well)
 - Freezes Medicaid disenrollment during the emergency period
 - \$150 billion funds for states, localities, and tribes to cover unbudgeted costs incurred due to the COVID-19 public health emergency between March 1 and December 30 of this year
 - Requires states to cover COVID-19 testing in Medicaid and CHIP without cost-sharing.
- Emergency Paid Sick Leave: employers with fewer than 500 employees (including nonprofits) and government employers to provide their employees two weeks of paid sick leave to quarantine, seek a diagnosis or preventive care for the coronavirus, to care for a family member, or to care for a child whose school has closed.
- Emergency Family and Medical Leave: expands the number of workers who can take up to 12 weeks of job-protected leave under the Family and Medical Leave Act for coronavirus-related reasons.
- Reimbursable Payroll Tax Credits Available: employers paying for the mandated paid leave are entitled to claim a refundable tax credit

#3 The Coronavirus Aid, Relief, and Economic Security Act (CARES) – Passed March 27, 2020

This third bill provides an estimated \$2.2 trillion in economic relief to businesses and individuals impacted by COVID-19.

Organizational Assistance & Loans

- **Charitable Giving Incentive:** establishes a temporary universal charitable deduction provision for gifts up to \$300 that are made in 2020. The bill also lifts the existing cap on annual contributions for those who itemize, from 60% percent of adjusted gross income to 100%, for 2020 only. For corporations, the bill raises the annual limit from the current 10% to 25% in 2020. Food donations from corporations would be available to 25%, up from the current 15% cap. Donations to donor-advised-fund accounts would not qualify for the nonitemizer deduction.
- **Paycheck Protection Program:** eligible small businesses and nonprofits are may qualify for a loan up to \$10 million, determined by 8 weeks of prior average payroll plus an additional 25% of that amount. Loan payments will be deferred for six months. If workforce is maintained, SBA will forgive the portion of the loan proceeds that are used to cover the first 8 weeks of payroll and certain other expenses following loan origination. More information on page 5.
- **Economic Injury Disaster Loans (EIDL) & Advance:** the existing EIDL program was expanded to include more entities and applies looser credit standards. The loan may only be used for expenses that could have been met had the disaster not occurred, such as payroll and other operating expenses. Eligible applicants may be able to get up to \$10,000 within 3 days of applying. More information on page 5.
- **Industry Stabilization Fund:** creates a \$454 billion loan and loan guarantee program for industries - like airlines - to keep them solvent through the crisis. Mid-sized businesses that have between 500 and 10,000 employees are expressly eligible for loans under this provision, though it is unclear if nonprofits qualify under the definition. These loans would have an interest rate of no more than 2% and would not accrue interest or require repayments for the first six months. Organizations accepting this loan must retain at least 90% of their staff at full compensation. More information on page 5.
 - **Concern:** Few real restrictions were placed on this fund. Businesses are not required to retain workers long-term (only 4 months after the public health crisis), and there is weak to no language on lobbying, stock buybacks, and “golden parachutes”
- **Unemployment Insurance:** creates a temporary Pandemic Unemployment Assistance program, through December 31, 2020, to provide payment to those not traditionally eligible for unemployment benefits, including those who are self-employed or work in the gig economy. The bill increases payments by \$600/week for four months on top of what state unemployment programs pay.
- **New Paid Leave Mandate Amended:** lowers the amounts that employers must pay for paid sick and family leave under the *Families First Coronavirus Response Act* to the amounts covered by the refundable payroll tax credit – i.e., \$511 per day for employee sick leave or \$200 per day for family leave.
- **Employee Retention Payroll Tax Credit:** provides a credit against payroll tax liability of 50% of qualified wages for each employee during the calendar quarter of nonoperation. The maximum wages taken into account is \$10,000, so the credit amount is \$5,000 per employee. It can offset the employer’s employment taxes and any excess would be refundable. An organization receiving a Payroll Protection Program loan is ineligible.
- **Unemployment Payments for Self-Insured Nonprofits:** nonprofits that elect to self-insure, rather than paying state unemployment tax, will be reimbursed for half of the costs of benefits provided to their laid-off employees.
- **Dislocated Worker National Reserve (DWNR):** \$345 million in new funding to support training and career services for workers who have lost their jobs due to COVID-19
 - **Concern:** it is woefully inadequate to respond to the actual level of needs businesses and workers face

Policies and Programs that Support Health, Income, & Education (find a full summary [here](#))

- Direct Payments: one-time “Recovery Rebates” of up to \$1,200 per adult and \$500 per child (\$3,400 for a family of four). The amount of the payments phases out based on earnings between \$75,000 and \$99,000 for an individual, and \$150,000 and \$198,000 for a couple.
 - Concern: not everyone will receive these payments. Congress tied the rebate income to the 2019 tax returns - or the 2018 tax returns for those that have not submitted their 2019 tax return yet. About 30 million people who did not have to file tax returns - including some Social Security, Supplemental Security income, or other low-income program beneficiaries - will have to file in order to receive the aid and many will not know to do so. Others were left out altogether – including many immigrant workers.
 - Concern: this rebate is considered an advancement of a 2020 tax credit, and because full 2020 income data will not be known until the end of the year, it's possible an individual may have to pay back some of the money if their income for 2020 is significantly higher than it was in 2018 or 2019.
- \$12 billion for Housing & Urban Development (HUD) programs, including: \$4 billion for Emergency Solutions Grants for homelessness assistance, \$5 billion in Community Development Block Grants, \$1.25 billion for the Housing Choice Voucher program, \$1 billion for project-based rental assistance, \$685 million for public housing, \$65 million for Housing for Persons with AIDS, \$50 million for Section 202 Housing for the Elderly, and \$15 million for Section 811 Housing for Persons with Disabilities.
- Medicaid:
 - Postponed the scheduled \$4 billion reduction in payments to Disproportionate Share (DHS) hospitals, and other expiring Medicaid authorities, including Money Follows the Person Rebalancing Demonstrations, spousal impoverishment, and the Community Mental Health Services Demonstration
 - Unemployment Insurance payments (created by this bill) do not impact income eligibility for the Medicaid or CHIP programs
 - Eliminates the requirement that COVID-19 tests be approved, cleared, or authorized by the FDA for Medicaid payments to be made
 - Concern: no increase in the federal share of Medicaid spending, extended Medicaid coverage for uninsured individuals to receive treatment for COVID-19 (only testing is covered), and it does not block the Administration’s proposed regulation to undercut state’s ability to finance their share of Medicaid.
- \$15.5 billion to cover a projected increase in SNAP (Supplemental Nutrition Assistance Program) applications
 - Concern: funding does not include an increase in benefits. Advocates asked for a 15% increase in SNAP benefits, including an increase in minimum monthly SNAP benefits to \$30. The increase was included in a House alternative, but it was not included in the final legislation.
- \$30.75 billion for local school systems and higher education institutions to continue to provide educational services to their students and support the on-going functionality of school districts and institutions. Other provisions include:
 - Expands the Supplemental Economic Opportunity Grant (SEOG) program, which provides students with the most financial need with funding to offset the overall cost of their education. These expanded grants are meant to help students cover any unforeseen costs associated with COVID-19.
 - Students enrolled in the Federal Work Study (FWS) program will receive the payments they anticipated receiving in exchange for their FWS service for the duration of the academic year.
 - If a student is unable to finish their coursework due to COVID-19 related issues, any Pell grants they used to cover the cost of enrollment will not count against their lifetime Pell eligibility.
- Other allocations:
 - \$150 billion for a state, tribal, and local Coronavirus Relief fund
 - \$130 billion for hospitals, in addition to the funds allocated in the first relief package
 - \$25 billion for transit systems
 - \$8.8 billion in additional funding for Child Nutrition Programs
 - \$3.5 billion for childcare through the Child Care Development Block Grant (~\$364 million to Texas)

- \$900 million for Low Income Home Energy Assistance Program (LIHEAP)
- \$750 million for Head Start to meet emergency staffing needs
- \$425 million to address mental health and substance use disorders as a result of the pandemic
- \$400 million to help states administer election
- \$200 million emergency funding for the Emergency Food and Shelter Program
- \$75 million for public-media stations
- \$25 million for Runaway and Homeless Youth programs at Family and Youth Services Bureau

Concerns and/or Missed Opportunities

- The eviction provisions in the bill largely repeat steps already taken by regulators and will be unwieldy because borrowers must contact their mortgage company's overwhelmed call centers to request assistance.
- This bill does not cover all loans, nor do they address borrower needs for flexible and affordable payment options after the health crisis abates and the forbearance period comes to an end. No protection from garnishments, car repossessions, or debt collectors. There are also no protections from predatory lenders seeking to take advantage of the crisis. The bill only allows relief from negative credit reporting when a consumer reaches a separate agreement with their lender, a significant and unnecessary hurdle that will have repercussions for years if not removed.
- The provisions on student loans are weak. The suspension of payments will leave borrowers in the same hole once it lifts, and it excludes borrowers who do not have federally held loans, which will lead to confusion and frustration at a time when student loan servicers are shutting call centers that could provide clarification.
- The bill lacks any requirement for direct lending to front line states and localities for emerging needs.
- The nonprofit sector had requested \$60 billion in aid to support nonprofits helping communities

#4 Package

There is already rumors of a fourth relief package. Should this unfold, expect more intense partisan posturing. Here are some items that may be debated and/or included:

- More direct payments to individuals, and more funding for states, local governments, hospitals, nursing homes
- Ensure coronavirus treatments - and not just testing - will be free
- Provide protective equipment needs, such as masks and gloves
- An emergency OSHA standard to protect at-risk workers, such as health care workers, TSA employees, first responders, and grocery store employees
- Eliminate previous exemptions made for large employers regarding paid sick leave and family leave
- Improvements to infrastructure that could address water systems, broadband expansion, roads

Sources: Americans for Financial Reform, Coalition for Human Needs, The Chronicles of Philanthropy, Council of Foundations, Georgetown University Health Policy Institute, National Council of Nonprofits, National Low Income Housing Coalition, National Skills Coalition, Senator Van Taylor, United Way Worldwide

Loans Available to Nonprofits in the C.A.R.E.S. Act

Chart Created by *The Council of Nonprofits* (Info as of March 30, 2020)

Program	Paycheck Protection Program (Emergency SBA 7(a) Loans)	Expanded EIDL & Emergency Grants (SBA 7(b) Loans)	Mid-Size Loan Program
Description	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.	Existing Economic Injury Disaster Loan (EIDL) program expanded to more for-profit entities, applies looser credit standards, and creates a rapid grant procedure.	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.
Size Eligibility	500 or fewer employees	Existing EIDL limits	Between 500 and 10,000 employees
Dollar Amount	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.	Normal EIDL loans available up to \$2 million. EIDL advances of \$10,000 paid within 3 days.	Unspecified
Loan Processor	Local financial institutions	Small Business Administration	Local financial institutions
Nonprofit Eligibility	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.	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.	Expressly applies to “nonprofit organizations”
Personal Guarantee	No collateral or personal guarantee required.	Waives personal guarantee up to \$200,000, and requirement of inability to obtain credit elsewhere.	Unspecified
Certification	Good-faith certification that need is based on economic conditions; funds to be used to retain workers and maintain payroll or make mortgage, lease, and utility payments; and no duplicate application or receipt of funds for same purposes.	Self-certification under penalty of perjury.	Good-faith certification that need is based on economic conditions; funds to be used to retain and restore employment, won’t abrogate collective bargaining agreements, and will remain neutral in union organizing efforts, among other things.
Loan Use	Payroll costs, mortgage interest payments, rent, utilities, interest on prior debt during the 8-week period following loan origination.	\$10,000 advance: paid sick leave, payroll, debt services, mortgage, increased costs due to disrupted supply chain.	To retain 90% of workforce at full wages and benefits through 9/30/2020 and intention to restore 90% of
Loan Terms	4% interest rate; first 6 months of payments automatically deferred. Maximum of 10 years.	Normal EIDL: 2.75% interest rate for nonprofits. \$10,000 advance treated as a grant	Interest capped at 2% with no principle or interest paid for first 6 months.
Loan Forgiveness	Employers that maintain employment for 8 weeks after loan origination, or rehire employees by June 30, will have loans forgiven in whole or part, turning the loan into a grant.	\$10,000 advance forgiven even if borrower denied EIDL loans.	Expressly prohibited in statute
Application & Documentation	To be announced by SBA. Guidance due by 4/11/2020.	Emergency EIDL grant info here and normal EIDL loan here	To be announced