Catholic Charities USA

Working to Reduce Poverty in America.

Member of Caritas

Ending poverty, promoting justice and restoring dignity.
How Your Nonprofit Can Utilize Current and Upcoming Federal Relief webinar

23 April 2020

Presenters:
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Brian Corbin, Steve Bogus, Evan Gill (Catholic Charities USA)
Introduction

Mary McGinnity
President and CEO
Ignatian Volunteer Corps
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Nothing in this presentation is meant as legal or financial advice. It reflects the best understanding of CCUSA at this time; however, not all official guidance has come out, and it is subject to change.

All decisions should be made in consultation with your local legal and financial advisors with reference to the official guidance from the US Treasury Department.
Poll:  
Who’s in the audience?
Legislative Overview: Clients

Proposed Relief Rebate in the CARES Act

Proposed Individual Economic Relief Rebate By Filing Status

- $4,000
- $3,500 Married Filer With Two Children
- $3,000 Married Filer with One Child
- $2,500 Married Filer with No Children
- $2,000 Head of Household with Two Children
- $1,500 Head of Household With One Child
- $1,000 Single Filer With No Children

Source: “Coronavirus Aid, Relief, and Economic Security Act”
**Economic Impact Payments**: Up to $1,200 per adult for individuals with income <$99,000 ($198,000 for joint filers) & $500 per child under 17 years old.

- Eligible taxpayers with 2019 or 2018 tax returns will automatically receive a payment.
- IRS will use Form SSA-1099 and Form RRB-1099 for Social Security recipients who did not file tax returns in 2018 or 2019. These payments will not include $500 per child.
- Recipients will receive these payments as a direct deposit or by paper check, just as they would normally receive their benefits.
- If you have not filed a 2018 or 2019 tax return, do so as soon as possible. The payments will be available throughout the rest of 2020.
- The IRS will post all key information on [IRS.gov/coronavirus](https://irs.gov/coronavirus) as soon as it becomes available. Check back often.
- Filers and non-filers [click here](https://home.treasury.gov/policy-issues/cares/assistance-for-american-workers-and-families) to check your payment status or provide additional information.
- [Non-Filers: Enter Payment Info Here](https://home.treasury.gov/policy-issues/cares/assistance-for-american-workers-and-families) tool allows you to quickly register for Economic Impact Payments if you don't normally file a tax return. You must provide: Social Security number, name, address, and dependents.

Source: [https://home.treasury.gov/policy-issues/cares/assistance-for-american-workers-and-families](https://home.treasury.gov/policy-issues/cares/assistance-for-american-workers-and-families)
Unemployment Insurance Under the CARES Act ([DOL Resources and Guidance](https://dol.gov/asp/careact/unemployment-compensation))

Federal Pandemic Unemployment Compensation (“FPUC”)
- Provides an extra $600 weekly payment, in addition to the weekly benefit amount an eligible employee otherwise receives under state law between April 5, 2020 and July 31.
- Implemented at the state level through regular unemployment process.

Pandemic Unemployment Emergency Compensation (“PUEC”)
- Provides an additional 13 weeks of unemployment benefits for individuals who have exhausted benefits under state law (up to 39 weeks) if they are unemployed, partially employed, or cannot work due to COVID-19.
- The extended benefits are available through December 31, 2020.
- The additional benefits received prior to July 31, include the extra $600 FPUC payment.

Pandemic Unemployment Assistance (“PUA”)
- Expands coverage to self-employed, independent contractors, gig workers, those with limited work history, or have exhausted regular or extended unemployment benefits.
- Eligible individual must not be able to work due to COVID-19. They may collect benefits for 39 weeks between January 27, 2020 and December 31, 2020, including the $600 supplemental weekly payment under FPUC (through July 31, 2020).
Families First Coronavirus Response Act (DOL Webpage)

**Who:** private employers with fewer than 500 employees. Those with fewer than 50 employees may qualify for exemption if the leave requirements would jeopardize their viability.

**What:** Employers must provide the following to all employees
- **Two weeks of paid sick leave at the employee’s regular rate of pay (up to $5,110)** if the employee is quarantined and/or experiencing COVID-19 symptoms and seeking a medical diagnosis OR
- **Two weeks of paid sick leave at 2/3 the regular rate of pay (up to $2K)** if the employee needs to care for an individual subject to quarantine or care for a child (under 18 years of age) whose school or child care provider is unavailable for reasons related to COVID-19 and cannot telework.

For employees **employed at least 30 days**, employers must provide
- **Up to an additional 10 weeks of paid expanded family and medical leave at 2/3 the regular rate of pay (up to $10k)** where an employee is unable to work because caring for a child whose school or child care provider is unavailable for reasons related to COVID-19.

**Tax Credit:** Employers qualify for 100% reimbursement through payroll tax credits for all qualifying wages paid and amounts paid or incurred to maintain health insurance coverage.
### Legislative Overview: Agencies

<table>
<thead>
<tr>
<th>Terms</th>
<th>Economic Injury Disaster Loan - EIDL</th>
<th>Paycheck Protection Program - PPP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Small biz &amp; private nonprofits of any size. There is a faith-based organization exemption to affiliation rules.</td>
<td>Small biz &amp; nonprofits with &lt;500 employees, except food services. Affiliation rules disqualify some businesses, but there is a faith-based exemption.</td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td>Fixed debts, payroll, accounts payable &amp; other bills unpayable due to a disaster’s impact.</td>
<td>Payroll, mortgage interest, rent &amp; utilities. Cannot pay for the portion of an individual’s salary &gt;$100K.</td>
</tr>
<tr>
<td><strong>Loan Size / Term</strong></td>
<td>Up to $2M based on economic injury as determined by SBA and 4 years</td>
<td>Up to 2.5 x avg monthly payroll (excluding portion of salaries &gt;$100K) up to $10M and 2 years</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>3.75% for small biz &amp; 2.75% for nonprofits.</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Grace Period</strong></td>
<td>No payments for up to 1 year</td>
<td>No payments for 6 months</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td>None to borrower, no prepayment penalty</td>
<td>None to borrower, no prepayment penalty</td>
</tr>
<tr>
<td><strong>Forgiveness</strong></td>
<td>$10K advance becomes a grant.</td>
<td>100%, plus interest for 8 weeks, if conditions met. Must apply for forgiveness from local lender. Forgiven amount will NOT be taxed.</td>
</tr>
<tr>
<td><strong>Other Conditions</strong></td>
<td>Can be refinanced as a PPL, but $10K advance must be subtracted from forgiven amount. May require collateral and personal guarantees</td>
<td>75% must be spend on payroll, must maintain # of staff or rehire, must maintain or restore salaries to at least 75% if &lt;$100K to be forgiven. Must use by June 30.</td>
</tr>
<tr>
<td><strong>Apply To</strong></td>
<td>SBA</td>
<td>SBA certified lenders: large banks, CDFIs, credit unions</td>
</tr>
<tr>
<td><strong>Availability</strong></td>
<td>No – lapse in appropriations</td>
<td>No – lapse in appropriations</td>
</tr>
</tbody>
</table>
Payroll Costs + Interest on mortgage + Rent + utilities (Expended in the 8-week period after loan origination) = Average # of FTEs per month for the 8 weeks after loan origination

Option 1: Average # of FTEs per month from 2/15/2019 to 6/30/2019

OR

Option 2: Average # of FTEs per month from 1/1/2020 to 2/29/2020

More information can be found on the US Treasury Website.

A more detailed FAQ based on Catholic Charities USA’s understanding of PPP is available here.
Legislative Overview: Agencies

Additional Resources and Considerations

**Employee Retention Tax Credit**
- Payroll tax credit for orgs that close temporarily due to gov order with 50%+ revenue drop
- Can be used for 50% of salaries & health benefits (up to $10k/employee) paid after March 12
- Cannot be used for same expenses as tax credits under FFCRA
- Employers taking loans under PPP are **disqualified**

**Social Security Tax Deferral**
- Employers may defer payment of the employer share of Social Security taxes through the end of 2020.

**Expanded Unemployment Insurance and PPLs**
- The expansion of unemployment insurance may be more beneficial for some laid off employees than returning to work. It is unclear if an employee that is offered a job may stay on unemployment; however, if the organization has taken a PPL, then it must rehire or replace all laid off employees in order to have the full loan amount forgiven.
Above-the-Line Tax Deduction
An individual that takes the standard deduction on their 2020 tax return can claim a new "above-the-line" deduction of up to $300 for cash donations to charities in 2020. Donations to donor advised funds and certain organizations that support charities are not deductible.

60% Adjusted Gross Income (AGI) Limit Waived
If an individual itemizes on their 2020 tax return, they can claim a deduction for up to 100% of their AGI for cash contributions to charities. Any cash donations over that amount can be carried over for up to five years and deducted later. Donations to donor advised funds and certain organizations that support charities are not deductible.
## Legislative Overview: Equity

### PPP loans to public companies

<table>
<thead>
<tr>
<th>Company</th>
<th>Loan Amount</th>
<th>Market cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMC Global</td>
<td>$6.7M</td>
<td>$405M</td>
</tr>
<tr>
<td>Wave Life Sciences</td>
<td>$7.2M</td>
<td>$286M</td>
</tr>
<tr>
<td>MannKind</td>
<td>$4.9M</td>
<td>$273M</td>
</tr>
<tr>
<td>Lindblad Expeditions</td>
<td>$6.6M</td>
<td>$264M</td>
</tr>
<tr>
<td>Legacy Housing</td>
<td>$6.5M</td>
<td>$229M</td>
</tr>
<tr>
<td>Misonix</td>
<td>$5.2M</td>
<td>$198M</td>
</tr>
<tr>
<td>Digimarc</td>
<td>$5.0M</td>
<td>$192M</td>
</tr>
<tr>
<td>Fiesta Restaurant</td>
<td>$10.0M</td>
<td>$189M</td>
</tr>
<tr>
<td>OptiNose</td>
<td>$4.4M</td>
<td>$180M</td>
</tr>
<tr>
<td>Quantum Corp.</td>
<td>$10.0M</td>
<td>$151M</td>
</tr>
<tr>
<td>New Age Beverages</td>
<td>$6.9M</td>
<td>$137M</td>
</tr>
<tr>
<td>Aquestive Therapeutics</td>
<td>$4.8M</td>
<td>$122M</td>
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<tr>
<td>Escalade</td>
<td>$5.6M</td>
<td>$104M</td>
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<tr>
<td>ZAGG</td>
<td>$9.4M</td>
<td>$101M</td>
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<tr>
<td>Veritone</td>
<td>$6.5M</td>
<td>$101M</td>
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<tr>
<td>Ultralife</td>
<td>$3.5M</td>
<td>$99M</td>
</tr>
<tr>
<td>Frequency Electronics</td>
<td>$5.0M</td>
<td>$86M</td>
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<tr>
<td>Potbelly</td>
<td>$10.0M</td>
<td>$85M</td>
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<tr>
<td>U.S. Auto Parts</td>
<td>$4.1M</td>
<td>$81M</td>
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<tr>
<td>Kura Sushi</td>
<td>$6.0M</td>
<td>$78M</td>
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<tr>
<td>J. Alexander’s Holdings</td>
<td>$15.1M</td>
<td>$74M</td>
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<tr>
<td>Prema-Fix Environmental</td>
<td>$5.7M</td>
<td>$72M</td>
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<tr>
<td>Protech Home Medical</td>
<td>$6.0M</td>
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<tr>
<td>Natural Gas Services</td>
<td>$4.6M</td>
<td>$65M</td>
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<td>Flowtek Industries</td>
<td>$4.8M</td>
<td>$52M</td>
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<td>Conformis</td>
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<td>PolarityTE</td>
<td>$3.6M</td>
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<tr>
<td>Air T</td>
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<td>Crawford United</td>
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<td>CPI Aerostructures</td>
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<td>Adamis Pharmaceuticals</td>
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<td>ENGlobal</td>
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<td>Broadwind Energy</td>
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<td>Emmis Communications</td>
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<td>Ballantyne</td>
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<td>Hallador Energy</td>
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<td>SIFCO Industries</td>
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<td>$13M</td>
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<tr>
<td>BIOLASE</td>
<td>$3.0M</td>
<td>$13M</td>
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<tr>
<td>Vaso</td>
<td>$3.6M</td>
<td>$7M</td>
</tr>
<tr>
<td>TSR</td>
<td>$6.7M</td>
<td>$6M</td>
</tr>
</tbody>
</table>

*Source: Morgan Stanley, company filings*
Paycheck Protection Program and Health Care Enhancement Act
On Tues, April 22, the Senate passed a bill with a $484B aid package that includes:

- $310 billion in additional lending authority for the Paycheck Protection Program, with a portion of funds set aside to support loans issued by smaller lenders.
  - The SBA would have to guarantee at least:
    - A. $30 billion in loans issued by insured depository institutions or credit unions with $10 billion to $50 billion in consolidated assets.
    - B. $30 billion issued by insured depository institutions or credit unions with less than $10 billion in assets, or community lenders such as community development financial institutions and minority depository institutions.
- $60 billion for separate disaster loans to small businesses.
- $75 billion for hospitals.
- $25 billion for virus testing.

The House is expected to vote on Thursday.
CCUSA Advocacy Asks for Clients We Serve

Increase funding for housing and homelessness prevention

• Provide a 50% expansion of the Low-Income Housing Tax Credit (LIHTC) to increase the supply of affordable housing for the lowest income Americans;

• An additional $5 Billion for the Disaster Housing Assistance Program;

• At least $11.5 billion in Emergency Solutions Grants to help prevent and respond to outbreaks among people experiencing homelessness;

• Enact a national, uniform moratorium on evictions and foreclosures; and

• Provide $100 billion in funding for Emergency rental assistance and eviction prevention.
CCUSA Advocacy Asks for Clients We Serve (cont)

Ensure adequate resources to allow families to remain intact

- Expand and extend Unemployment insurance not only through the pandemic, but also thru the economic downturn;
- Expand paid leave to reach all workers;
- Expand Emergency Medicaid or Disaster-SNAP (Supplemental Nutrition Assistance Program) assistance to cover those who are not eligible for regular Medicaid or SNAP but who are in need of assistance that includes critical testing and treatment for COVID-19;
- Waive barriers to programs that prevent individuals with a criminal background from accessing necessary food and health care during this critical time of need;
- Temporarily increase the maximum SNAP benefit by 15% to respond to increased demand for food assistance due to COVID-19;
- Increase the minimum monthly SNAP benefit to $30;
- Suspend administrative actions that would eliminate or weaken SNAP benefits;
- Expand existing Medicaid/Medicare funding for behavioral/mental health programs to provide needed counseling services in response to the pandemic.
CCUSA Advocacy Asks for Clients We Serve (cont)

Assist those most vulnerable including special concern for refugees, immigrants and migrants

• Ensure access to testing and treatment for COVID-19 for all and that such care is covered under emergency Medicaid Emergency for those who do not have other insurance;
• Make immigrants and refugees with an ITIN eligible for cash payments;
• Waive barriers to programs that keep immigrant families from accessing necessary food and health care during this critical time;
• Include Automatic Extensions of Work Permits and Immigration Benefits;
• Place restrictions on immigration detention and enforcement.
CCUSA Advocacy Asks for Our Nonprofit Agencies
• Improve upon the CARES Act so it better serves the charitable sector:
  1. Expressly provide $60 Billion for nonprofits
  2. Remove the 500-employee cap in the Paycheck Protection Program
  3. Pass the Save Organizations that Serve America Act
  4. Provide support and resources for charity and nonprofit workers and volunteers

CCUSA Advocacy Asks for Our Donors
• Expand the Universal Charitable Deduction

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Questions?