

Coronavirus Aid, Relief, and Economic Security (CARES) Act

Summary & Resources for CARES Act

4/1/2020

Overview

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was officially signed into law in response to the economic effects of the COVID-19 virus. Key Components include expanded eligibility for private nonprofit organizations and the Paycheck Protection Program (PPP) which offers loans of up to \$10 million for businesses to maintain payroll and related benefits, interest on mortgages and other debts, leases, and utility payments.

At a Glance...

Paycheck Protection Program

The Small Business Administration (SBA) loan program called the [Paycheck Protection Program \(PPP\)](#) allows 501(c)(3) charities to immediately take out loans equal to 2.5 times their average monthly payroll expenses. The loans come from traditional banks that have SBA authorization and the SBA provides a 100% guarantee. As long as your organization does not lay-off its staff or reduce salaries, and so long as the loan funds are used to cover payroll expenses, mortgage interest/rent and utilities by June 30, 2020, the loan will be fully forgiven at the end of the year. Of the 349+ billion dollars in this fund, nonprofits and for-profit small businesses are eligible. These funds will exhaust quickly when considering all who are eligible.

Next steps for your organization to consider:

- Review resources below to see if this is a fit for your organization
- Discuss with your board of directors and financial partners
- If you need board approval, seek it now
- Reach out to a lender you know and find out if they are an SBA lender that will be processing the SBA 7(a) Paycheck Protection Program loans

\$300 Universal Charitable Deduction

Second, the CARES Act creates a \$300 "nonitemizer" deduction for 2020. For many nonprofit organizations, the average donation from individuals is less than \$300. The deduction:

- Is in full effect as of Friday and will apply to donations made for all of 2020
- Only for people who do not itemize their taxes
- Donors who itemize their taxes are eligible for the existing charitable deduction
- Only for cash donations (not in kind)
- Can be used by the charity for any purpose (not limited to COVID-19 relief efforts)

Resources

- U.S. Chamber of Commerce [Coronavirus Emergency Loans Small Business Guide and Checklist](#) pdf
- [Cornerstone Overview](#) pdf
- U.S. Senate Committee on Small Business and Entrepreneurship [The Small Business Owner's Guide to CARES Act](#) pdf
- Forbes Article: [\\$349 Billion In Forgivable Paycheck Protection Loans For Nonprofits. Here's How To Apply](#)
- The Nonprofit Times Article: [7 Ways CARES Act Financially Supports Nonprofits](#)
- The Chronicle of Philanthropy Article: [Trump Signs Stimulus Bill Providing Nonprofit Loans, Grants, and Universal Deduction](#)
- [Comparison of EIDL and Payroll Protection Programs](#)

Families First Coronavirus Response Act (FFCRA) HR Summary

The U.S. Senate approved the Families First Coronavirus Response bill, effective April 1, 2020, which will provide free screening, paid leave and enhanced unemployment insurance benefits for people affected by COVID-19. The Families First Coronavirus Response Act (H.R. 6201) will provide:

- Free coronavirus testing
- Paid emergency leave (See Legislative Resources)
- Enhanced unemployment insurance (See Unemployment Insurance)
- Additional funding for nutritional programs
- Protections for health care workers and employees responsible for cleaning at-risk places
- Additional federal funds for Medicaid

Full summary Source: [Families First Coronavirus Response Act 9FFCRA\) HR Summary pdf](#)

Background

United Way of Sheboygan County (UWSC) convenes weekly virtual meetings for the newly implemented COVID-19 Nonprofit Response Network. On 3/31/20 CARES legislation was discussed and UWSC offered to collect and disseminate resources. UWSC encourages local nonprofit organizations to explore the CARES Act with their board of directors and financial partners. The details and resources above are for informational purposes only.

**Shout out to the other nonprofit leaders for forwarding and sharing information!*

United Way of Sheboygan County – COVID-19 Staff Support

- Nonprofit Response Network | Kate Baer (kate@uwofsc.org)
- Relief Fund Applications | Gina Covelli (gina@uwofsc.org)
- Relief Fund Contributions | Emily Kaiser (emily@uwofsc.org)
- Community Resources, Marketing & Outreach | Katelyn Piper (katelyn@uwofsc.org)
- Volunteer Opportunities & Agency Wish-Lists | Lee Anne Raleigh (leeanne@uwofsc.org)
- Information & Referrals | Dial 2-1-1 or Visit 211now.org

For immediate questions regarding COVID-19, contact our local public health department at 920-459-0321.