Summary, S. 748, Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
COVID-19 Stimulus #3

1st COVID-19 stimulus bill
Focused on federal agency funding to respond to the growing crisis, funding for vaccine development, funding for public health and preparation.

2nd COVID-19 stimulus bill
Included paid leave mandates and payroll tax benefits (that included funding for nonprofits), nutrition assistance, additional Medicaid funding, and COVID-19 testing coverage for insured and uninsured.

3rd COVID-19 stimulus bill
This $2 trillion dollar economic stimulus package passed Congress and will be signed into law this week. This is the single largest economic funding bill in the government’s history, underscoring the enormous need and impact COVID-19 (coronavirus) is having on individuals, families, businesses, communities, and states.

Some notable highlights in the bill:

- Direct payments will be made to individuals for up to $1,200 each based on income. This payment requires the individual to have filed a federal tax return in 2019 (with some exceptions) and is capped at a total income of $99,000. Direct payments may take several weeks to arrive, those who receive their tax refunds electronically are likely to receive their payment sooner.
- Increased funding is made available to hospitals and other medical providers to meet increased patient demands and to purchase supplies and equipment.
- Unemployment Insurance received a significant bump up in the bill to support the historic demand of more than 3 million new uninsured claims filed in the past month alone.

EDUCATION
The bill provides $30.9 billion for education divided among three pots: higher education, K-12, and a pot for governors to dole out to SEAs (stated education agencies) based on federal low-income student ratios and impact of COVID-19.

- A provision in the K-12 section calls out summer learning and afterschool as a key support in addressing education loss among students.
  o Funds from LEAs (local districts) will be able to spend formula funds they receive to invest in these efforts in the coming months.
  o Funds available in the governor’s pot will also be able to be directed to summer and before/afterschool providers.
- The bill suspends monthly payments for federally-held student loans through September. No student loan interest will accrue during this time. Additionally, the bill provides up to $5,250 per employee in tax relief for businesses who pay employee’s federal student loans.
- Permits the U.S. Department of Education to waive federal requirements for K-12, including assessments and reporting.
NONPROFIT AND BUSINESS PROVISIONS

Five main provisions in the bill benefit nonprofit organizations. Nonprofits should keep an eye on the Small Business Administration’s webpage for the latest information and application tools.

Paycheck Protection Program (Section 1001-1006)

Small Business Administration (SBA) 7(a) loans are available to small businesses and nonprofit organizations to cover payroll and other expenses like mortgage interest, rent, utilities, etc. This is the first time nonprofits are eligible for these 7(a) loans.

- This program would guarantee 100 percent of a loan via a bank or other financial institution to a small business or nonprofit with fewer than 500 employees.
- The maximum loan would equal 2.5 times the amount of payroll costs (the average monthly costs for the previous year) or $10 million, whichever is less.
- A portion of the loan would be forgiven if requirements are met:
  - The employer must maintain its workforce over a determined 8 week period in order to get 100% of the loan forgiven.
  - This is available between now and June 30, 2020.

Emergency Economic Injury Grants (Section 1110)

Qualified private nonprofits could receive up to $10,000 within 3 business days of their application. This grant would not need to be returned if the 7(a) loan [see above] is denied, but it would count toward the 7(a) loan forgiveness amount.

These loans are clearly met to help keep payroll afloat while SBA 7(a) loan applications are being processed and considered, a recognition of the need for fast injection of funds for small businesses.

Employee Retention Credit (Section 2301)

Up to $5,000 refund credit per employee for suspended operations or 50 percent drop in total business receipts.

An employer that receives a loan under the SBA 7(a) Paycheck Protection Program is not eligible for this credit.

Economic Stabilization Act (Title IV)

For nonprofits in the 500-10,000 employee range.

The U.S. Treasury would develop a program for direct loans to nonprofits with more than 500 employees through December 31, 2020. No loan forgiveness would be available, however a cap of interest of 2 percent would be applied to the loan.

Full employment must be maintained to receive this loan.

Charitable Giving Incentives (Sections 2204, 2205)

Considered an “above the line” deduction. This is a 1-year provision for cash donations.
This universal charitable deduction is capped at $300 for cash donations made in 2020. Donor advised funds and supporting organizations contributions would be ineligible.

The adjusted gross income (AGI) limitation is suspended in 2020 for individuals making cash contributions and increased to 25 percent limitations for corporations.

**SOME GENERAL FUNDING HIGHLIGHTS INCLUDED IN THIS MASSIVE BILL**

- $400 million – election assistance to states
- $8.8 billion – child nutrition programs
- $15.5 billion – SNAP funding (Please note: this is not increased funding, but makes whole the increased eligibility for SNAP provided in the 2nd stimulus bill)
- $40 million – emergency food assistance program
- $955 million – aging and disability services
- $453 million – Bureau of Indian Affairs
- $1 billion – Community Services Block Grants
- $750 million – Head Start
- $75 million – National Endowment for the Arts and Humanities
- $50 million – Institute for Museum and Library Services
- $258 million – international disaster relief
- $5 billion – Community Development Block Grant
- $2 million – National Domestic Violence Hotline
- $25 million – Runaway and Homeless Youth