**To: Orthodox Union Partners & Community Leaders**

**From: Nathan Diament, Exec. Director, OU Advocacy
Date: March 25, 2020**

**Memorandum to OU Community Institutions**

**Initial Guidance re: “Coronavirus Aid, Relief, and Economic Security Act” (“CARES Act”)**

For the past 2 weeks, as the Coronavirus emergency has heightened and Congress and the White House have worked to craft and pass a massive $2 trillion aid package, OU Advocacy has been working intensely to have the needs of our community’s shuls, schools and other institutions included as much as possible. Today, Congress is on the verge of passing this legislation and we offer you a preliminary outline of the bill’s provisions potentially relevant to your organization.

*Some aspects of the (833 page) legislation remain in flux, and are subject to change; and the Executive Branch agencies will have to rapidly craft and issue implementing regulations and application forms. So, there will be more questions to be answered. However, we want to share with you this preview of potential resources below so you can start thinking about your options and plans.*

(We will also send further updates and offer assistance through Orthodox Union Advocacy and Teach Network staff as the relevant Federal program agencies issue guidance and application opportunities.)

Consistent with our advocacy efforts, and in partnership with a broad set of coalition partners, the bill provides “emergency” appropriations that will benefit nonprofit organizations in the following ways: small business interruption loans, unemployment insurance expansion, employee retention tax credits, payroll tax payment deferrals, charitable deduction adjustments, aid for nonpublic schools, and FEMA disaster loans.

**I Small Business Administration Loans:** Two loan programs will be available to nonprofits through the SBA: Section 7(a) loans and “Economic Injury Disaster Loans.”

**1) SBA 7(a) Loans**

**Basic Info:**

Allows **nonprofit organizations** to be eligible for loans.

**Paycheck Protection Program:** If the nonprofit or small business uses this loan to pay wages, the loan will be FORGIVEN.

Loan period is February 15 – June 30, 2020

Loans immediately available through approximately 800 existing SBA approved lenders

 Increases maximum (SBA) 7(a) loan amount to $10 million or 250% of the employer’s average monthly payroll

Expands allowable uses of loans to include payroll support, such as paid sick or medical leave, employee salaries, mortgage payments, and any other debt obligations.

Allows complete deferment of loan payments for 6 to 12 months.

For eligibility purposes, requires lenders to determine whether a business was operational on March 1, 2020, and had employees for whom it paid salaries and payroll taxes.

***To Qualify:***

For nonprofit organizations: have 501c3 status; have 500 or fewer employees (OR for nonprofits with more than one physical location so long as less than 500 at any single location)

***Information and applications will be posted on*** www.disasterloan.sba.gov (guidance has not yet been delivered by the federal government, but will be available shortly). Sec’y of the Treasury has committed to having an “easy, same day application and disbursement process in place by the end of next week.

**2) Economic Injury Disaster Loan**

Requires borrowers to make a good faith certification that the loan is necessary due to uncertainty of current economic conditions cause by Covid19, will use the funds for similar purposes as 7(a) loans.

One entity cannot receive a 7(a) loan and an EIDL loan for the same purpose.

The entity must have fewer than 500 employees.

EIDL offers an emergency $10,000 “express” loan, to be subtracted from the loan forgiveness amount

Maximum interest rate 4%.

**II Emergency Unemployment Insurance Expansion:**

The States’ Unemployment programs will be funded to expand unemployment insurance.

Specifically, nonprofits will be provided “Emergency Unemployment Relief” for half of the costs they incur through December 31, 2020 to pay unemployment benefits.

**III Employee Retention Tax Credit (Against Payroll Taxes)**

Provides a refundable payroll tax credit for 50% of wages paid by employers to employees during the Coronavirus crisis. The credit is available to employers (including nonprofits) whose:

Operations were fully or partially suspended due to a coronavirus related shut-down order, or

Gross receipts declined by more than 50% when compared to the same quarter in the prior year.

The credit is based on qualified wages paid to the employee.

Employers receiving an SBA 7(a) loan are not eligible to receive this credit.

**IV Payroll Tax Payment Deferral**

Allows employers and self-employed individuals to defer payments of the employer share of the Social Security tax with respect to their employees.

Requires the tax be repaid by December 31, 2022.

For corporations, the 10% limitation is increased to 25% of taxable income.

**V. Aid Specifically for Nonpublic Schools – In Addition to the Loans Above:**

**1) Governor’s Emergency Grants (Sec. 18002, 18005):**

May be used to provide to entities the Governor deems essential for carrying out emergency educational services to students including the provision of child care and early childhood education, social and emotional support, and the protection of education-related jobs.

**2) Elementary & Secondary School Emergency Relief Fund via LEAs (Sec. 18003, 18005):**

Local Educational Agencies (LEAs) will receive funds under this relief fund for schools and “shall provide equitable services to students and teachers in non-public schools in the same manner as are provided under the ESEA of 1965.”

**VI. FEMA Emergency Grants:** More information on FEMA emergency grants will be available in the coming months.

**VII. New Deduction for Charitable Contributions:**

Allows Americans to deduct up to $300 of cash contributions to charities (whether the individuals itemize their deductions or not).

Increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations.

For individuals, the 50% of adjusted gross income limitation is suspended for 2020

**VIII. For “Large” Nonprofit Organizations:**

Nonprofits with more than 500 employees may be able to access Federal support through two programs

1) The SBA 7(a) loans under a category that considers the “industry standard” in which the organization is categorized

2) The Economic Stabilization Fund to be administered by the Treasury Department. Many of the details of this new program are still to be determined. So far, it will be available to entities with more than 500 employees, provide loans at a rate of 2% and in turn the government will “share in the profits” of the borrower.

**IX. Expanded Unemployment Insurance Coverage and Benefits:**

The CARES Act enacts a dramatic expansion of unemployment insurance (UI) benefits.

Among its provisions relevant to nonprofit employers and/or their employees:

The creation of a temporary Pandemic Unemployment Assistance (PUA) program through December, 2020 to provide payments to those not otherwise eligible for unemployment benefits.

The creation of an emergency fund to provide payment to states to reimburse nonprofits for half the costs they incur through Dec., 2020 to pay UI.

Providing an additional $600 per week payment to each recipient of UI or PUA for up to 4 months.