COVID-19 Relief and Nonprofits

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Advocate
Important Disclaimers

If you can read this fine print, you are sitting too close to your screen!
Nonprofits’ needs and resources
Center survey of nonprofits

• About 700 responses from 70+ counties
• Sharing big picture needs and data with funders, Governor’s Office, members of Congress, and legislative leadership
• Goal is to get nonprofits the help they need and to tell nonprofits’ stories
Center survey of nonprofits

Severity of Impact

- High (significant impact): 74%
- Moderate (minor disruptions): 24%
- Low (little to no impact): 2%
Center survey of nonprofits

Impacts Experienced or Anticipating Experiencing

- Increased demand for services/support: 33%
- Disruption of supplies: 35%
- Need to update remote work and sick leave policies: 41%
- Increased and sustained staff and volunteer absences: 48%
- Challenges staff/volunteers working remotely: 60%
- Changing in-person events to virtual events: 64%
- Budgetary implications: 75%
- Disruption of services: 76%
- Cancellation of programs or events: 87%
Center survey of nonprofits

Flexibility of Existing Funding

- 68% Yes, foundation support
- 56% Yes, state government funds
- 50% Yes, local government funds
- 48% Yes, federal government funds
- 16% None
Center survey of nonprofits

Resources by Business, Government or Foundation to HelpRespond to COVID-19?

- Reimburse for paid sick leave: 27%
- Telecommuting software (free): 20%
- Unemployment benefit extended: 18%
- No resources needed: 10%
- Salaries (all, general): 7%
- Unrestricted grants and operating funds: 4%
- Supplies (safety, cleaning; free/at discount): 3%
Resources to help nonprofits and individuals

- Federal government (can take on debt)
  - Paid leave (and reimbursement for nonprofits)
  - Emergency loans and grants
  - Flexibility on grant/contract requirements
  - Tax relief (individuals and nonprofits)
Resources to help nonprofits and individuals

• Federal and state government ($3.9 billion in UITF)
  • Unemployment benefits (individuals and nonprofits)
• State government (about $3 billion in available funds)
  • Grant/contract relief
  • Tax relief
  • CSL relief
Resources to help nonprofits and individuals

• Private funders ($10 billion in assets)
  • Funding flexibility - general operating support
  • Some ability to meet specific new needs
  • Collaboration among funders
  • Using the Center’s survey to help match funders with needs
Hundreds of resources available

www.ncnonprofits.org/resources/pandemicresources
Families First Coronavirus Response Act and Nonprofits
Emergency Paid Sick Leave

- Employers eligible for refundable payroll tax reimbursement – so this applies to nonprofits
  - Amount is capped at $511/day for individuals seeking diagnosis or self-isolating
  - Amount is capped at $200/day for individuals caring for others (including children out of school/day care)
Emergency Paid Family and Medical Leave

• Required for employers with fewer than 500 employees
• Up to 12 weeks of job protection for employees who are sick or caring for others
• Up to 10 weeks of paid leave at 2/3 regular rate of pay (after first 10 days of unpaid leave) for employees who are sick or caring for others
Emergency Paid Leave - Reimbursement

• Employers eligible for refundable payroll tax reimbursement – so this applies to nonprofits
  • Amount is capped at $200/day and $10,000 per calendar quarter for each employee
Emergency Paid Sick and Family Leave

• New clarification: “Stay at home” order can be qualifying event
• New clarification: No paid leave for workers who can telework
• New clarification: Shutdown of business negates paid leave requirement
• New clarification: Small employers (50 or fewer employees) may be exempt from providing paid leave due to school closures/child care issues if it would jeopardize viability of business operations
CARES Act and Nonprofits
CARES Act – Major Provisions

• Direct payments to Americans - $1,200 per adult and $500 per child ($3,400 for a family of four)
• Various emergency unemployment benefits
• Emergency loans and grants for nonprofits and businesses
• Special appropriations
Unemployment – 1-minute overview

• Options for nonprofits
  • Pay state unemployment tax (SUTA) – based on experience rating
  • Self-insure instead of paying SUTA – must reimburse UI Trust Fund for UI claims of nonprofit’s employees
  • Exempt from SUTA – churches, religious nonprofits, and 501(c)(3)s with fewer than four employees – no UI benefits
CARES Act – Unemployment

• Expanded individual benefits
  • Pandemic Unemployment Assistance – available to workers not usually covered by UI, including some nonprofit workers
  • $600 per week supplemental benefits for four months
  • Extension of UI benefits by 13 weeks
  • Waiver of one-week waiting period
  • Must be administered by states
CARES Act – Unemployment

• Self-insured nonprofits
  • Provides federal funds to pay for *half* of costs of COVID-19 related UI claims
  • States still need to take action to accept this provision
  • Still a significant gap, which could be a major expense for many nonprofits
  • Possible federal or state support to cover this gap
CARES Act – Charitable Giving

- Above-the-line charitable deduction capped at $300
- No AGI limit on charitable contributions deductible as itemized deductions
- Increase in corporate charitable limit from 10% to 25%
- Corporate deductibility of food donations up to 25%
Disaster loan options for nonprofits
Disaster loan options for nonprofits

• Paycheck Protection Program (PPP) – fully forgivable
  • More than $247 billion of $349 billion have been approved
  • $5.7 billion to 23,000+ businesses/nonprofits in North Carolina
  • Possible $250 billion in additional funding
• EIDL and Emergency Economic Injury Grants
• Main Street Lending Program?
CARES Act 2.0
Nonprofit requests

1. Increase nonprofit access to capital by providing nonprofit-specific funding for emergency loans
2. Strengthen charitable giving incentives
3. Cover 100% of UI expenses for self-insured nonprofits
4. Increase emergency funding to nonprofits serving vulnerable populations
Additional Relief for Nonprofits

NC Sign-On Letter

Nonprofit Community Letter to NC Congressional Delegation

April 16, 2020

Dear Senators Burr and Tillis, and Representatives Adams, Bishop, Budd, Butterfield, Foxx, Holding, Hudson, McHenry, Murphy, Price, Rouzer, and Walker:
State legislative response
State response

House COVID-19 working groups
• Continuity of State Operations
• Economic Support
• Education
• Health Care
• https://www.ncleg.gov/RequestForComments/33
State legislation – nonprofit needs

• Enabling federal UI payments
• Holding harmless nonprofits that elect to reimburse on UI claims
• Delay reimbursement payments for nonprofits
• Expedite process for unemployment benefits for exempt nonprofit employees
State legislation – nonprofit needs

• Equitable treatment of nonprofits in employer relief
• Continued payments on state grants and contracts, even if services can’t be provided
• Relaxation of grant/contract reporting and application requirements
• Expedite federal emergency grant payments
State legislation – nonprofit needs

- Non-itemizer tax credit or deduction on state taxes
- Extension of CSL and state tax deadlines
- Temporary nonprofit sales tax exemption
- Enabling remote meetings of nonprofit boards/members
- Seeking input from nonprofits
State legislation – nonprofit needs

What else would help?
For more information

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