Managing the COVID-19 Organizational Chaos

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A Look Ahead at Federal Legislation

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68% of respondents reported having had to close one or more service lines, resulting in a 32% average loss of revenue.

82% of respondents reported having closed at least one employment-related program.

On average, respondents reported an additional $28,000 in monthly expenses (e.g., PPE, cleaning supplies, etc.).

ANCOR survey, April 2020, N = 1,600
Looking Ahead


• $3 Trillion 1,800 page bill released by House Democrats on May 12
• Unlikely to pass in the Senate, but is a guide to the House Democrat's priorities for negotiations.
• Key highlights:
  • Global 6.2% FMAP bump through June 30, then 14% bump starting on July 1
  • HCBS-specific FMAP increase of 10% for July 1, 2020 to June 30, 2021 (workforce, PPE, waiting lists)
  • Nonprofit provisions
Nonprofit Provisions in HEROES Act
Loan/Grant Programs

Paycheck Protection Program
• Removes the 500 employee cap for eligibility.
• Removes SBA limit on nonpayroll expenses (25%) eligible for loan forgiveness.
• Defers principal & interest payments for 1 year (from 6 months)
• Extends the covered period for loans to 24 weeks (from 8 weeks)
• Creates a 25% "set-aside" for PPP funding for nonprofits:
  • Half of set-aside for nonprofits ≤ 500 or fewer employees
  • Half of set-aside for 500+ employees.
• Allows nonprofits receiving loan forgiveness to delay payment of the employer portion of 2020 payroll taxes.
• Requires SBA to provide reports on loan approvals and disbursements to nonprofits.
• NO ADDITIONAL FUNDS
Nonprofit Provisions in HEROES Act Loan/Grant Programs

Main Street Lending Program
Mandates that nonprofits be eligible and makes *forgivable* for those ineligible for a PPP loan and predominantly serving low-income communities.

Economic Injury Disaster Loan program.
Provides an additional $10 billion for grants.
Nonprofit Provisions in HEROES Act
Tax Credits

**Employee-retention tax credit**
Increases the value from 50% of $10,000 to a maximum of 80% of $15,000 per quarter. (raising maximum value from $5,000 per employee to $36,000)

**Payroll tax credit**
Provides a 50% refundable credit for qualified fixed costs including rent, mortgage, and utility payments.
(for < 1,500 employees or gross receipts ≤$41.5 M in 2019)
Nonprofit Provisions in HEROES Act
Paid Leave and UI

Paid Leave
• Extends mandated paid-leave provisions under previous stimulus bill to nonprofits and other employers with 500+ employees.

Unemployment Insurance (UI) For Self Insuring Employers
• Reverse a U.S. Labor Department rule that tells states to bill immediately for 100% of the costs of UI benefits paid to employees. Rule requires Nonprofits to wait for their 50% reimbursement allowed under previous stimulus legislation.