Navigating Government Relief Opportunities

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What we will cover

• Overview of emergency funding programs for nonprofit employers at federal, state, county level
• Focus on federal funding through CARES Act (stimulus package)
• Your Questions
What’s available?

• Federal
  • CARES Paycheck Protection Program, $350 Billion - Senate considering another $200+ billion this week
  • Economic Injury Disaster Loans

• Maryland
  • COVID-19 Small Business Emergency Relief Grants, $50 million - this fund no longer taking new applications as of 4/6
What’s available

• Montgomery County
  • Public Health Emergency Grant, $20 million to replace operating losses
  • Services Funding, $6 million
    • $5 million to provide direct cash assistance to individuals
    • $1 million to nonprofits for expanded safety net programs
Payroll Protection Program

• Why is this valuable?
• Key elements
  • 500 or fewer employees (full and part-time)
  • Loan amount based on 2.5 monthly payroll, maximum is $10 million, minimum is $25,000
  • Can cover payroll, mortgage, rent and utilities
  • Interest rate is 1%, loan term is 2 years, payment deferred six months
Payroll Protection Program

• Criteria for loan forgiveness
  • Must request loan forgiveness
  • Non payroll costs must be limited to 25% of loan
  • Employers must maintain employment for the 8 weeks after origination of loan, or if wages or employment were reduced between 2/15/20 and 4/26/20, the borrower must eliminate the reduction by 6/30/20
Sample Application

Application Process

• Short, straightforward form
  • Documentation of payroll costs and costs projected for loan period
  • Certification of need and plans for use of loan
• Submit to lender approved by SBA. Note that most lenders are requiring a prior relationship in order to support a loan request.
Loan Amount Calculation

• Step 1: Aggregate payroll costs from the last twelve months for employees whose principal place of residence is the United States.
• Step 2: Subtract any compensation paid to an employee/independent contractor in excess of an annual salary of $100,000.
• Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).
• Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.
Example 1

No employees make more than $100,000
Annual payroll: $120,000
Average monthly payroll: $10,000
Multiply by 2.5 = $25,000
Maximum loan amount is $25,000
Example 2

Some employees make more than $100,000
Annual payroll: $1,500,000
Subtract compensation amounts in excess of an annual salary of $100,000: $1,200,000
Average monthly qualifying payroll: $100,000
Multiply by 2.5 = $250,000
Maximum loan amount is $250,000
Fine Print

- Affiliated organizations can be counted towards total employees, e.g. branches of Red Cross.
- Faith based organizations are eligible and do not have to prove they provide secular services.
- Loan forgiveness will be reduced if staff cut or if salaries reduced by more than 25%.
- Borrower may not have two PPP loans simultaneously.
Economic Injury Disaster Loans

• Require disaster declaration, currently applicable for MD. Apply directly to SBA
• < 500 employees
• Up to $2 million, may be used for operational costs.
• Not forgiveable, max 2.75% interest for nonprofits
Emergency Advance

• $10,000 advance
• SBA commitment is to pay advance within three days of application
• Does not need to be repaid, whether loan is approved or not
• Same purposes as general EIDL loan
Mid-Size Loans

• Meant to fill gap between PPP and industry stabilization loans, terms not confirmed
• General directive to Treasury to provide loans to nonprofits and small businesses with 500 – 10,000 employees
• Interest rate capped at 2% for nonprofits, payments deferred for six months
Proposed Terms

- Certification that loan is needed for ongoing operations
- Loan will be used to retain at least 90% of recipient workforce till 9/30/20.
- Recipient intends to restore at least 90% of workforce that existed on 2/1/20 within four months after current crisis.
Maryland Funds

• $50 million Small Business COVID-19 Emergency Relief Grant Fund—as of 4/6 fund is closed to new applications
  • Under 50 employees, revenues under $5 million
  • Up to $10k grant, not to exceed 3 months of operating expenses
  • May be used for payroll, rent, mortgage, utilities and other operating expenses
  • Demonstrate disruption due to COVID-19
Montgomery County Funds

• Public Health Emergency Grant
  • Principal place of business in the county, 50% of employees or revenue based in county
  • Demonstrate financial loss due to health emergency
  Fundraising losses are not eligible
  • 25% of $20 million total set aside for retail and restaurants
County Funds contd.

- Grants up to $75,000 for wages, benefits, taxes, debt, rent or other operating costs
- Grants up to $2,500 for costs related to teleworking
Q & A
Links

• National Council of Nonprofits
• US Small Business Administration
• Maryland Department of Commerce
  • https://commerce.maryland.gov/fund/maryland-small-business-covid-19-emergency-relief-grant-fund
• Montgomery County DHHS
  • https://montgomerycountymd.gov/HHS/RightNav/Coronavirus-biz.html
Nonprofit Montgomery
  • https://www.nonprofitmoco.org/covid19/
Thank you!

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