

COVID-19 CARES Act Program comparison for nonprofit organizations

As part of the new CARES Act, the Paycheck Protection Program was added to encourage small businesses, including nonprofit organizations, impacted by COVID-19, to continue to retain and pay employees. In addition to this program, the Act has additional resources and loans that may be of value to organizations looking for capital assistance due to COVID-19. The following is a comparison of these programs, including specific considerations for nonprofit organizations.

	Paycheck Protection Program (PPP)	Economic Injury Disaster Loan (EIDL)	Mid-Size Business Loans	Employee Retention Credit and Payroll Tax Deferral
Eligibility	All small businesses, including charitable nonprofits (501(c)(3)s), 501(c)(19) veterans organizations, faith-based organizations, and tribal businesses (sec. 31(b)(2)(c) of Small Business Act) with under 500 employees (with the exception of businesses deriving more than 1/3 of gross annual revenue from legal gambling activities). Loans are available until funds run out or June 30, 2020.	All small businesses, including most private nonprofits, 501(c)(19) veterans organizations, faith-based organizations, and tribal businesses (sec. 31(b)(2)(c) of Small Business Act). These loans are available to all private nonprofits regardless of the number of employees at the organization. Loans are available until December 31, 2020.	Businesses and nonprofit organizations with between 500-10,000 employees.	Payroll Tax Credit: Business and nonprofit organizations that were required to fully or partially suspend operations due to government orders to limit travel or group meetings or experience significant decline in gross receipts. Government employers and PPP recipients are not eligible. Deferral of payroll taxes available to all employers, excluding PPP recipients.
Certifications Required In Application	Applicants shall make 8 good-faith certifications including: current economic uncertainty makes the loan necessary to support ongoing operations and funds will be used to maintain payroll or make mortgage interest, leases, or utility payments.	Applicants shall certify under penalty of perjury that they've suffered substantial economic harm as a result of COVID-19.	Applicants shall make 10 good-faith certifications including: the loan is necessary to support ongoing operations, funds received must be applied to retain at least 90% of the recipient's current workforce through at least September 30, 2020.	None
Maximum Loan/Assistance Amount	Maximum loan: 2.5 times rolling 12 months or calendar year 2019 average (depending on the lender) payroll costs (wages, health benefits and retirement plan costs), not to exceed \$10 million. Per employee wages capped at \$100,000.	Maximum loan: \$2 million	No clear guidance on maximum loan amounts.	Tax credit limited to 50% of qualified wages and health plan expenses, with a maximum of \$10,000 qualified wages/\$5,000 credit per employee. Deferral of social security taxes (6.2%) for all employee wages paid between March 17, 2020 - December 31, 2020.
Interest Rate Terms	1.00% Payments are deferred for 6 months; however interest will continue to accrue during this period. Term is 2 years from date of loan forgiveness (source SBA borrower instructions).	2.75% for nonprofit organizations Up to 30 years	Not to exceed 2% Payments are deferred for 6 months; however interest will continue to accrue during this period. Term of loans not known at this point.	Not applicable No repayments of tax credit required. Payroll tax deferral period: 50% due by December 31, 2021; 50% due by December 31, 2022.
Allowable Uses	Payroll expenses Mortgage interest Rent and utilities Interest on debt incurred before February 15, 2020	Payroll expenses Fixed debts Accounts payable Other expenses that can't be paid because of the disaster's impact	Funds must be applied to retain at least 90% of the recipient's current workforce through at least September 30, 2020.	No restrictions in CARES Act for use of credit.
Forgiveness	Based on amount paid for payroll, mortgage interest and rent and utilities during the 8 week period after the loan origination. 75% of loan must be used for payroll costs to be fully forgiven. Forgiveness amount reduced if employee and wage base retention floors are not met.	0% forgiveness	0% forgiveness	Not applicable (not a loan)
Advance of funds	None	Advance of up to \$10,000 that does not need to be repaid whether or not the loan is granted. If rolled into PPP loan, EIDL advance will reduce any amount of PPP loan forgiveness.	None	May request advance of payroll tax credit using Form 7200.
Effect on other stimulus	Potentially prohibits business owners from taking advantage of other COVID-19 stimulus benefits. For instance, not eligible for employee retention credit and payroll tax deferral if receive PPP loan.	If agency applies for an EIDL loan after January 31, 2020, and subsequently applies for a PPP loan, the EIDL loan is rolled into the PPP loan. Can apply for EIDL even if received PPP loan, but the loans cannot cover the same expenses.	No significant effect since this loan applies to mid-sized businesses while PPP and EIDL programs are for small businesses.	PPP recipients are not eligible for the employee retention credit or the payroll tax deferral.
Specific considerations for grant-funded nonprofit organizations	Can apply, even if agency is grant-funded. Need to be able to certify in good faith that agency has need for loan based on economic necessity. If loan received, may need to shift existing grant funds to other allowable grant objectives and comply with regulations related to budget amendments and adjustments of project scope and objectives. May not charge expenses covered by loan proceeds to any award. If loan is not forgiven, it is unallowable to charge interest incurred to federal awards.	Can apply, even if agency is grant-funded. More types of nonprofits, including 501(c)(6) membership organizations, may qualify for this program than PPP. Need to be able to certify in good faith that agency has need for loan based on economic necessity. If loan received, may need to shift existing grant funds to other allowable grant objectives and comply with regulations related to budget amendments and adjustments of project scope and objectives. May not charge expenses covered by loan proceeds to any award. It is unallowable to charge interest incurred to federal awards.	Since this is not a supplement to an existing loan program, there is not much information available about this program at this time. Awaiting release of further regulations and the loan application.	While your organization is likely tax-exempt, you are still able to take advantage of the payroll tax credit and deferral since tax exempt organizations with employees are required to pay payroll taxes. Since organizations cannot receive both the PPP loan and payroll tax credit and deferral, organizations need to determine which form of assistance is most advantageous.
For more information	For more information on each of these options, please visit the Wipfli COVID-19 Resource Center			

Note: Information related to these loans and assistance is current as of April 10, 2020.