COVID-19 Funding Response

HOW TO NAVIGATE
Jason Jones
J.S. Jones & Still

Jason has over 15 years’ experience in Banking, Management, Investment, Economic Development and Community Development Financial Institutions (CDFIs). In September of 2018, he joined Idea Foundry where he held the position of Director of Entrepreneurship, and he led the Equitable Entrepreneurship Program, oversaw fundraising and deployment of lending funds, along with organizational due diligence. Prior to Idea Foundry, Jason was the Community Development Relationships Manager at Woodforest National Bank, where he oversaw Community Reinvestment Act requirements for 40 branches and was also a Regional Manager (VP), overseeing 6 states. Jason worked at Bridgeway Capital, serving, under-served, under-banked, smaller businesses. He also is an Adjunct Professor in the School of Business for Community College of Allegheny County.

Jason is very active in the community in Pittsburgh, serving on the board for Homewood Children’s Village, The Pittsburgh Foundation, and The Urban Redevelopment Authority Micro Loan Committee. He was named as one of Pittsburgh’s 40 Under 40 (Pump) in 2017, 2018’s 50 Finest (Cystic Fibrosis), and Fab 40 (New Pittsburgh Courier) in 2019. He holds a M.S. in Strategic Leadership and B.S. in Organizational Leadership from Mountain State University.
Overview of Resources

• CARE ACT:
  • Paycheck Protection Program loans (PPP)
  • Economic Injury Disaster Loans (EIDL)
  • Employee Retention Payroll Tax Credit
  • Delayed Payment of Payroll Taxes
  • Additional Resources
Paycheck Protection Program (PPP) Loans

Paycheck Protection Program (PPP) Loans (emergency SBA 7(a) loans): Creates an emergency loan program providing loans of up to $10 million for eligible nonprofits and small businesses, permitting them to cover costs of payroll, operations, and debt service, and provides that the loans will be forgiven in whole or in part under certain circumstances.
Paycheck Protection Program (PPP) Loans (Cont.)

• General Eligibility: Available to entities that existed on February 15, 2020 and had paid employees or paid independent contractors.

• Nonprofit Eligibility: Available for charitable nonprofits with 500 or fewer employees (counting each individual – full time or part time and not FTEs). The law does not disqualify nonprofits that are eligible for payments under Title XIX of the Social Security Act (Medicaid), but does require that employees of affiliated nonprofits may be counted toward the 500 employee cap, depending on the degree of control of the parent organization.

• No Personal Guarantee: No personal guarantee or collateral will be required in securing a loan.

• Loan Amount: The lesser of $10 million or 2.5 times the average total monthly payroll (including benefits) costs from the one-year period prior to the date of application.

• Loan Use: Loan funds can be used to make payroll and associated costs, including health and retirement benefits, facilities costs, and debt service.

• Loan Forgiveness: Employers that maintain employment for the eight weeks after the origination of the loan, or rehire employees by June 30, would be eligible to have their loans forgiven, essentially turning the loan into a grant.
Paycheck Protection Program (PPP) Loans (Cont.)

You can download a sample application to determine what information you will need to apply. (https://www.sba.gov/document/sba-form–paycheck-protection-program-ppp-sample-application-form)

According to the Department of the Treasury’s summary (https://home.treasury.gov/system/files/136/PPP%20Overview.pdf), an overview of the PPP is:

The Paycheck Protection Program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities.

Fully Forgiven: Funds are provided in the form of loans that will be fully forgiven when used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

Must Keep Employees on the Payroll—or Rehire Quickly: Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.
Paycheck Protection Program (PPP) Loans (Cont.)

All Small Businesses Eligible: Small businesses with 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—are eligible. Businesses with more than 500 employees are eligible in certain industries.

When to Apply: Starting April 3, 2020, small businesses and sole proprietorships can apply. Starting April 10, 2020, independent contractors and self-employed individuals can apply. We encourage you to apply as quickly as you can because there is a funding cap.

How to Apply: You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program. You should consult with your local lender as to whether it is participating. All loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found at www.sba.gov.

The Paycheck Protection Program is implemented by the Small Business Administration with support from the Department of the Treasury. Visit www.sba.gov or www.coronavirus.gov for more information.
Economic Injury Disaster Loans (EIDL)

• Creates SBA emergency grants for eligible nonprofits and other applicants with 500 or fewer employees enabling them to receive checks for $10,000 within three days.
Economic Injury Disaster Loans (EIDL) (Cont.)

The SBA provides Emergency Injury Disaster Loans (EIDL) for businesses affected by disasters. As a result of the CARES Act, nonprofits are also eligible to apply for EIDL.

SBA EIDL loans are low-interest loans provided through the SBA disaster loan program to help businesses and homeowners recover from declared disasters. The CARES Act expands eligibility for access to EIDL loans and provides upfront grants.

Only “private nonprofits” are eligible for both EIDLs and the new EIDL grants.

Establishes an emergency grant to allow an eligible nonprofit that has applied for an EIDL loan due to COVID-19 to request an advance on that loan, up to $10,000, which the SBA must distribute within 3 days.

Applicants are not required to repay advance payments, even if denied for an EIDL loan, but advanced payments would be counted towards the loan forgiveness amount under a 7(a) PPP loan.

Funds can be used for payroll costs, materials, rent, mortgage or other debt payments.

To apply for an EIDL loan, visit the SBA’s COVID-19 Economic Injury Disaster Loan Application.
Employee Retention Payroll Tax Credit

• Creates a refundable payroll tax credit of up to $5,000 for each employee on the payroll when certain conditions are met. The entity had to be an ongoing concern at the beginning of 2020, experienced a whole or partial shutdown, and had seen a drop in revenue of at least 50 percent in the first quarter compared to the first quarter of 2019. The availability of the credit would continue each quarter until the organization’s revenue exceeds 80 percent of the same quarter in 2019. For tax-exempt organizations, the entity’s whole operations must be taken into account when determining eligibility. Notably, employers receiving Paycheck Protection Program loans would not be eligible for these credits.
Employee Retention Payroll Tax Credit (Cont.)

The payroll tax credit provides a refundable payroll tax credit for 50% of wages paid by employers to employees during the COVID-19 crisis. Please note that an organization that receives a PPP loan is NOT eligible for the tax credit.

The credit is available to employers (1) who were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) where gross receipts declined by more than 50% when compared to the same quarter in the prior year.

The total wages attributed to an employee is capped at $10,000, including health benefits, resulting in a maximum credit of $5,000 per employee.

Eligible wages include:

For employers with greater than 100 full-time employees, wages paid to employees when they are not providing services due to COVID-19.

For employers with 100 or fewer full-time employees, all employee wages qualify for the credit, whether the employer is open for business or subject to a shut-down order.

Applies only to wages paid after March 12, 2020 and before January 1, 2021.
**Delayed Payment of Payroll Taxes**

• Allows employers to delay payment of the employer portion payroll taxes in 2020; payable in equal halves at the end of 2021 and 2022.

• This program allows employers to defer payment of the employer share of Social Security taxes, 6.2% on employee wages. Please note that payroll taxes may not be deferred if a nonprofit has a loan forgiven under the PPP.

• The provision applies to all employers, including nonprofits.

• There is no limit on the number of employees to take the deferral.
Additional Addons

SBA does not lend directly

Best to go to the bank that you already bank at because you are a Known Customer (KC)

You are eligible for these programs even if you have prior SBA loan
New Sun Rising Crisis Mitigation Relief Fund

https://www.newsunrising.org/project/nsr-crisis-mitigation-relief-fund/?mc_cid=9260b6521c&mc_eid=1947e6296a

The Crisis Mitigation Relief Fund (the “Fund”) will provide $1,000 – $5,000 to small business and nonprofit leaders who demonstrate critical economic needs as a result of unemployment or underemployment due to the COVID-19 crisis.
Loan Repayment. Organizations who do not elect the Loan Forgiveness option will enter into a standard loan agreement (0% interest, 3 year term, 6 month no payments)

Vibrancy Corps (Loan Forgiveness). Organizations that elect to participate in the Vibrancy Corps are eligible for full loan forgiveness. The Vibrancy Corps requires organizations to make a 1-3 month commitment to use funds to implement projects which address community needs. Failure to complete a final report of Vibrancy Corps activity will result in a default to the Loan Repayment option.

Create Impact. Use your organization’s products, services, or staff to address a validated community need, improve public health and safety, or help other organizations to improve their operations or generate income during COVID-19 recovery. Positive community impacts of your work should be reasonably expected within 30 days. Note: Vibrancy Corps activity will be reported as 1099 activity for individuals and for-profit businesses, and as an award to non-profits.

Connect. Attend a 1-hour phone or online weekly support meeting with other Corps members. Provide photos of you and your team doing this work so we can amplify your organization through our media channels.

Be Flexible. We encourage flexibility, creativity, and adaptiveness when proposing Vibrancy Corps projects. Organizations will have the opportunity to share high level details in the program application.

Fund availability is contingent upon available financial resources. New Sun Rising reserves the right to adapt Fund goals at any time to reflect the emerging nature of community needs.
New Sun Rising Crisis Mitigation Relief Fund (Cont.)

Nonprofits, for profit businesses, social enterprises, and cooperatives in Allegheny and Beaver County, are all eligible to apply. New Sun Rising reserves the right to prioritize support for organizations who have previously participated in our programs. Organizations are not eligible if they have received Crisis Mitigation Relief Funds in the last 12 months, are seeking support for candidate campaigns or other partisan activity, leadership transitions, or start up costs.

Applications to the Fund are to be completed online or, if technology creates a barrier, through an application interview scheduled by emailing vibrancyfunds@newsunrising.org. All applicants are vetted by a diverse Fund Committee, composed of New Sun Rising staff and community representatives, following the Selection Criteria.

Initial deadlines are scheduled for April 3 and 17th. Applications received by 11:59PM on the deadline date will receive a notification of their status within one week. Additional dates will be communicated through the New Sun Rising website (newsunrising.org) and social media accounts as determined by fund availability.
Additional Resources

Pittsburgh Foundation:
https://pittsburghfoundation.org/emergencyactionfund

URA:
https://www.ura.org/pages/covid-19
Questions?

Contact us for more conversation:

Jason Jones
CEO
J.S. Jones & Still Consulting

jjones1480@gmail.com
(412)-628-0967