

News from the National Skills Coalition

Tuesday, March 31, 2020

New \$2 trillion Congressional COVID-19 bill offers hope for nonprofit budgets

The massive \$2.2 trillion spending package just passed by Congress offers a potential lifeline to nonprofit organizations hard-hit by the COVID-19 epidemic. The bill includes \$350 billion in loans as part of the "Paycheck Protection Program" to avert layoffs at small businesses and nonprofit organizations.

The loans are *forgivable* -- that is, they will not need to be paid back -- provided that organizations meet requirements for not laying off employees -- that is, maintaining the average size of their workforce pre-epidemic. (Some organizations that have already had to lay off staff will be eligible as well, if they rehire those staff.) However, a 4% interest charge on the loans will need to be paid, regardless.

Organizations with **fewer than 500 employees** will be able to apply for **loans of up to \$10 million per organization** to cover payroll, insurance premiums, rent, and other costs incurred during the crisis. Loans will be guaranteed by the Small Business Administration, and loan applications should be submitted through banks, credit unions, or other lenders who are partnered with SBA. **Turnaround time for loan approvals may be quick:** The goal is for lenders to be able to offer 24-hour approvals (and equally quick payments!) to applicants as soon as next week.

The inclusion of nonprofit organizations as eligible entities under the loans provision in the federal bill is critical to adult education, workforce development and human service organizations' capacity to continue to serve clients during this time of crisis. For many local practitioners, the forced move to remote services means they're helping clients in new ways -- often without access to national or state grant funding to provide services like trying to access unemployment claims or meet work requirements associated with SNAP or Temporary Assistance for Needy Families benefits. Organizations are also seeing a wave of new jobseeker clients given the mass layoffs occurring in the hospitality, retail, and other sectors.

These loans will be critical to enabling a robust network of training and human service organizations to persist during the crisis, but it will be vital that nonprofits are able to access loan funds and are not penalized as being risky loan recipients based on low capital resources or other standards. **National Skills Coalition encourages education and workforce programs to let us know** (<https://secure.everyaction.com/lyCQhMrC7EqgiVghyyuStA2>) **of their successes or challenges in obtaining Paycheck Protection Program loans.**

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