
U.S. FEDERAL FINANCIAL RESPONSE TO COVID-19: EVERYTHING YOU NEED TO KNOW

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SUMMARY OF CARES ACT- \$2T STIMULUS PACKAGE TO MITIGATE THE ECONOMIC IMPACT OF THE COVID-19 PANDEMIC

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CARES ACT: DIRECT RELIEF TO MEDIUM & LARGE BUSINESSES

**sections 4003 and 4004 under title iv allocate a total of \$500bn in loans, loan guarantees, and other investments for businesses not covered under the small business lending and aid provisions.

Targeted Relief

- Up to \$25bn in loans and loan guarantees for airlines, \$4bn for cargo air carriers, and \$17bn for businesses “critical for national security”
- Required UST receipt of warrants, equity interest, or senior debt instrument to provide “reasonable” return for taxpayers
- Treasury Secretary has broad discretion to determine business eligibility for the program, subject to general congressional oversight
- Application and minimum requirements available within 10 days after the enactment of the Act

New UST Programs & Federal Reserve Facilities

- Up to \$454bn- plus any unused funds from targeted relief programs- for loans, loan guarantees, and other investments split across UST and Federal Reserve programs and facilities
- Capital injection enables as much as ~\$4T in lending via Federal Reserve; Treasury capital provides “cushion” for potential losses
- Firms that apply for existing Federal Reserve Programs are not eligible
- States and municipalities are eligible to receive funds from these programs
- Language suggests a possible program that the UST will seek the implementation of a facility targeted at mid-size businesses, defined as 500 to 10k FTEs

Other

- Leave and Unemployment Insurance
- Employee Benefits Provisions
- Tax Implications
- Other Business Tax Provisions
- ~\$100bn in direct aid to health systems, institutional providers, and Medicare/Medicaid suppliers
- Federal Government Agencies starting to establish guidelines, etc., addressing how entities can access funds.

CARES ACT DIRECT RELIEF TO SMALL BUSINESSES

Small Business Lending

- \$350bn allocation for expanded SBA loans to small businesses, including “Paycheck Protection Program” (PPP)
- PPP entails bridge financing for up to 2.5x payroll costs/employee based on prior-year payroll levels, maxed at \$10mm/loan; can be used for payroll, mortgage, rent, utilities and interest
- PPP loans backed by full federal guarantee and funds used for eligible expenses are forgiven.

Other

- Direct grants to qualifying small businesses, includes \$10bn in disaster relief loans
- Relaxed regulatory standards for bank accounting of small-business loans
- Federal Government Agencies starting to establish guidelines, etc., addressing how entities can access funds.

DIRECT RELIEF TO FAMILIES & INDIVIDUALS

Unemployment Insurance and Paid Leave

- Temporary expansion of unemployment insurance to an additional 13 weeks and larger payments
- Required paid sick leave and 50 days of partially paid family leave for select workers and firms

Rebates

- All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 for married couples) would get a \$1,200 (\$2,400 for couples) “rebate” payment. They are also eligible for an additional \$500 per child.
- Payments start phasing out for earners above those income thresholds and would not go to single filers earning more than \$99,000; head-of-household filers with one child, more than \$146,500; and more than \$198,000 for joint filers with no children.

Other

- Increased flexibility and temporary relief around student loans
- Mandatory coverage of COVID diagnostic testing; coverage of COVID-19 vaccine in Part B

OTHER PROGRAMS AND POLICIES

\$150bn in direct
state fiscal relief

Medicare extenders and
OTC drug review bill

Foreclosure moratorium
on federally backed
housing loans

ANALYSIS: WHAT THIS MEANS FOR NON-PROFITS

- Emergency Small Business Loans
- Economic Injury Disaster Loans (EIDL)
- Self-Funded Nonprofits and Unemployment
- Charitable Giving Incentive
- Employee Retention Payroll Tax Credit
- Industry Stabilization Fund

WHAT WE CAN EXPECT FROM A STIMULUS PACKAGE 4.0

- Better definition of who qualified for family and medical leave
- Strong OSHA protections for workers
- Provisions for Pensions
- Increased SNAP
- More money for state and local governments
- Free doctors visits, tests and treatment
- Infrastructure



Q&A
THANK YOU!