



# 2020 CORONAVIRUS RESPONSE: CARES ACT

APRIL 4, 2020

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27. There are provisions in the Act that provide relief to nonprofit organizations, as well as to college students. There is much yet to come from the agencies responsible for the provisions of the Act. This message is an update on what we know today and our planned activities. We anticipate much more information and guidelines to become available in the next few days and will be sharing regular updates.

## OVERVIEW OF NETWORK ACTION FOR CARES ACT

Network Headquarters intends the following in response to the CARES Act:

- Study the act, meet with experts, and provide information and guidance to affiliates on how the Act applies to your affiliate, as well as to your scholars and collegians, this week
- Support affiliate efforts to obtain the full benefits available under the Act, including in the application process by providing each affiliate with a draft application that you can review and edit if needed, and then use to apply with your local bank
- Communicate with Arrupe Jesuit High School collegians how the CARES Act applies to them via organized calls, email communications, and through AJHS affiliate collegian support team members

## CARES ACT – KEY POINTS FOR ARRUPE JESUIT HIGH SCHOOL

Arrupe Jesuit High School and affiliates appear to meet the eligibility guidelines to qualify for key provisions of the Act.

We believe the most beneficial provision for Arrupe Jesuit High School is the Paycheck Protection Program Loans (emergency SBA 7(a) loans). This provision creates an emergency loan program for eligible nonprofits, and the loans can be used to cover the costs of payroll, some operating costs like utilities and rent, and mortgage debt service. You can borrow up to 2.5 times your average monthly costs. The Act provides that the loans can be forgiven in whole or in part (essentially converting the loans into grants), for funds used to cover up to 8 weeks of allowed expenses.

The application process for the loans has not yet been released. We believe you will apply through approved private lenders, such as your bank or credit union. The amount you can borrow is based on payroll, rent and utility costs.

The amount of loan forgiveness is reduced if there are any reductions in the number of employees or payroll costs from 2/15/20–6/30/20 compared to 2/15/19–6/30/19 (or to 1/1/20–2/29/20 – you get to pick

the period that is most advantageous). Otherwise we understand non-profit loans can be fully forgiven.

While we wait for final process information, we will start gathering the supporting documentation and calculating the potential loan amounts to predict how much each affiliate could borrow and how much forgiveness to expect. It is also important to note that the new tax credit will be available for all charitable gifts up to \$300.

## CARES ACT – KEY POINTS FOR COLLEGIANS AND ALUMNI

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The following information was excerpted from the website of the National College Access Network (ncan.org) of which we are members:

The CARES Act will provide, among many other supports, much-needed emergency aid for students. For example, institutions may be able to assist students with books and other education related expenses. It will also grant waivers for financial aid requirements to students unable to complete the semester and protect student loan borrowers by pausing their payments and accrued interest.

The CARES Act includes \$30.75 billion in emergency support for local school systems; institutions of higher education (IHEs) will receive \$14.25 billion in funding and will be required to use at least 50% of these dollars on emergency aid for students. This funding will be distributed to campuses using a formula weighted heavily toward campuses with higher proportions of Pell Grant recipients. Further, institutions will be permitted to use other federal student aid dollars for emergency aid as well.

Congress has also granted permission for the U.S. Department of Education to provide waivers on federal student aid distribution. This flexibility will allow Federal Work-Study (FWS) recipients to receive their wages through the end of the academic year even if they cannot continue working. Additionally, students unable to complete will not have this semester counted toward their Pell Grant Lifetime Eligibility Used (LEU) and Satisfactory Academic Progress (SAP) calculations.

In order to access these supports, **students need to take action**. Currently enrolled students who are seeking emergency aid or reinstatement of FWS wages should contact their school's financial aid office.

For more information, the Office of Federal Student Aid has created a helpful Q&A page that [you can find here](#).

Finally, federal student loan borrowers will receive relief as well. Borrowers currently enrolled in school will not have interest accrued on their unsubsidized loans, and if they must drop out for the semester, the loan balance will be forgiven. For borrowers in repayment - **and this applies to our alumni** - student loan interest will not accrue and payments are not required through Sept. 30. Importantly, even if students do not make payments between now and September, these months will still count toward many loan forgiveness programs.

Note that this does not constitute advise for currently enrolled students to withdraw. If possible, it is far better that we assist collegians to persist.

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## CARES ACT RESOURCES AND MORE INFORMATION

These links are to articles that look at how the CARES act applies to nonprofits:

- <https://nonprofitquarterly.org/how-nonprofits-can-utilize-the-new-federal-laws-dealing-with-covid-19/>
- <https://insidecharity.org/2020/03/28/cares-act-for-nonprofits/>
- <https://www.venable.com/insights/publications/2020/03/the-cares-act-what-you-need-to-know-about>

This links is to an article that speaks to the CARES Act and student loans:

- <https://www.studentloanborrowerassistance.org/what-the-cares-act-means-for-repayment-of-federal-studentloans/>
- NCAN's [COVID-19 policy blog](#) (updated regularly) and via [Twitter](#).
- NCAN's [curated roundup](#) includes lists of useful articles, webinars, member-submitted examples of communications to students, and more.