

Dear CSFB Partner Schools,

You are now ending the second week of operating your schools remotely in a Covid-19 world and from everything we are hearing, you are meeting this challenge with all the optimism and energy you bring to your schools every day of the year.

The CARES Act and other stimulus bills passed recently by Congress include several ways private and independent schools like yours can get relief from the financial challenges caused by the pandemic.

Here is a summary of the provisions of the Act and most importantly guidance on how to apply for immediate help. Some of these rules are still changing and systems are just becoming operational, so please be patient if you aren't successful in your first attempt.

MOST IMMEDIATE DIRECT FINANCIAL SUPPORT:

PAYCHECK PROTECTION PROGRAM (PPP): Through the PPP, your school can apply for a loan for 2.5 times your average monthly payroll (looking at the last 12 months), up to a cap of \$10 million. The loan can be used for payroll, benefits, mortgage interest, rent, and utilities. Some portion of the loan can be forgiven if you keep staff employed and paid. If your teachers are already on unemployment, you would need to hire them back to participate in this program. It is not clear how soon you will receive payments.

How to apply: You will have to complete the PPP application and then ask your current bank/lender to process the paperwork. It's very important you go to a bank that already knows you and your school, because that will speed up the process. Here is a link to the PPP application on the U.S. Treasury Department website: <https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Application-3-30-2020-v3.pdf>

And here is a link to a fact sheet providing information about the PPP application process: <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

ECONOMIC INJURY DISASTER LOANS (EIDL): The CARES Act expands emergency loans for private nonprofit organizations (of any size) **enabling them to receive advances for \$10,000 within three days of applying for the loan.** EIDLs are loans of up to \$2 million that carry low interest rates (we've heard between 0.5% and 2.75%) for nonprofits, as well as principal and interest deferment. In essence, this \$10,000 advance is a grant and is not required to be repaid, even if the application is denied; however, the amount of the advance must be deducted from any loan forgiveness amounts under a PPP loan, discussed above. A business that receives an EIDL now for Covid-19 is also eligible to apply for a Paycheck Protection Program loan. (Source: <https://www.pkfod.com/insights/the-cares-act-relief-for-nonprofit-organizations/>)

How to apply: Here is the link where you can check your eligibility and apply online for an Economic Injury Disaster Loan: <https://www.benefits.gov/benefit/1504>

Please note that you can apply for both a Paycheck Protection Program loan AND an Economic Injury Disaster Loan.

There's also a provision for payroll tax deferral (explained below) but please note that your school cannot benefit from the payroll tax deferral if you are participating in the Paycheck Protection Program (PPP).

PAYROLL TAX DEFERRAL: The CARES Act allows for a refundable credit to be claimed on payroll tax returns, applicable for all wages paid between March 13, 2020 and before January 1, 2021. The credit is computed on a calendar-quarter basis and equals 50% of qualified wages up to \$10,000 paid to each employee or \$5,000 in actual credit.

This credit can be used by a nonprofit organization if its operations were fully or partially suspended by a Covid-19 governmental order, which includes your school. (Source: <https://www.pkfod.com/insights/the-cares-act-relief-for-nonprofit-organizations/>)

How to apply: There is no application process necessary for payroll tax deferral. The payroll tax would simply be reflected on your quarterly form 941 payroll filing.

LESS IMMEDIATE FINANCIAL IMPACT:

TITLE I ELEMENTARY AND SECONDARY SCHOOLS: \$13.5 billion in formula funding will go directly to states based on how much money they receive through Title I. The local educational agency receiving grant funds under the Act must provide students and teachers at non-public schools with “equitable services in the same manner” as under Section 1117 of Title IA, which provides financial assistance to qualifying private schools with high percentages of children from low-income families. The Act directs local education agencies to consult with representatives of non-public schools to coordinate the scope of these services. (Source: <https://foleyhoag.com/publications/alerts-and-updates/2020/march/what-educational-institutions-need-to-know-about-the-cares-act>)

How to apply: *We don't know exactly how you would get access to these funds, but please start with the same channels you normally use to get Title I funds for your school.*

We hope some of this information is helpful to you in finding financial assistance for your school. We will share more information as it becomes available, and please let us know if there is anything else we can do to help you and the families you serve so you can continue your good work for years to come.