

**Corporate Peer Discussions on Leveraging Assets to Support Employees,
Assistance Funds and Local Community Needs During COVID-19**
Summary of Best Practices on Corporate Response

Virtual convenings held on April 1 and 2, 2020

Convening Organizations: ACCP CECP, Points of Light, Council on Foundations (COF)

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Association of Corporate Citizenship Professionals (ACCP), Council on Foundations (COF), Chief Executives for Corporate Purpose (CECP), and Points of Light (POL), which collectively represent more than 400 of the most socially and environmentally responsible global companies, are joining forces to support leaders of corporate purpose and to advocate for the field by convening dialogue on relevant solutions and to share best practices. While some companies are still assessing their response, we have already seen hundreds of corporations respond to the COVID-19 crisis with courage and determination. Their leadership sets an example for the sector to follow. In the sessions on Leveraging Assets to Support Employees, Assistance Funds and Local Community Needs During COVID-19, 62 member companies participated.

Best Practices for Leveraging Assets to Support Employees, Assistance Funds and Local Community Needs

Grantees are facing challenges due to the COVID-19 crisis, including significant loss of operating capital, decrease in income for those with social enterprise model, increased and layered demand for critical services, a need to transition to virtual programming, and a lack of volunteers, among other challenges. The long-term economic indicators are unsettling. There will be a long tail to recover, and community needs will evolve over time.

More than 600 funders have signed a COF [Pledge](#) to release restrictions on grants, provide more operating support, engage in advocacy, eliminate reporting requirements, transition sponsorships to grants, accelerate payments, and continue to fund organizations where employees volunteer, among other adjustments. To aid in these commitments, COF has also provided a [Sample Addendum](#) to a grant agreement that can be used to shift from program support to a general operating grant. By providing operating support, funders will strengthen relationships with partners and have stories to share about improving their communities in meaningful ways.

This crisis began at a time when there was robust discussion underway around the role of business in society, with the [Business Roundtable restatement of the role of business](#) and [Larry Fink of BlackRock's letters to CEOs](#) on the reshaping of finance. In addition, it comes at a time of deep self-reflection among funders around how they can transform systems for sustainability and equity. That intersection – of the role of business and of funders – positions corporate social engagement leaders to respond authentically. This is the time for corporate philanthropy to show up as leaders and collectively make a difference.

One of the ways in which companies are responding is by **supporting their employees** who are experiencing personal hardship due to the COVID-19 crisis. There are several levers companies are using to provide relief.

1) Supporting Employees through the Business

- Some companies are providing increased pay, bonuses for front-line workers, stipends to workers making less than a certain hourly rate, and/or expanded PTO policies (up to 14 additional days) to take care of self or a family member who may be affected by COVID-19.

- For some companies that are in-demand, same-day hiring and increased starting hourly wages have removed obstacles for employment.
 - Some CEOs are leading by example by forgoing their salaries to make funds available for employees at other levels.
 - With schools closed, supplemental childcare benefits for front line workers can alleviate the strain for families needing childcare.
 - For companies that are operating factories for essential services, measures are being taken to protect workers, including instituting temperature checks, providing PPE, and staggering shifts. Note that these adjustments need to be made in consultation with Labor Unions.
 - Companies that have vacant space available are providing parking lots for COVID-19 testing.
- 2) **Employee Assistance Funds (EAFs):** While companies are first looking to help employees by connecting them to relief through government programs and measures available through the core business, EAFs are being activated for COVID-19. EAFs allow a company to make a grant to individual employees in order to alleviate personal hardship. In light of the COVID-19 pandemic, some companies are:
- **Expanding eligibility and accessibility** of EAFs by waiving requirements for employment for more than 1 year. Companies are also providing flexibility by waiving documentation requirements for grants of \$500 or \$1,000 and by creating a weblink rather than intranet application, for example.
 - **Increasing available funds:** with more demand for assistance, companies are seeking to add funds by making corporate donations into the fund. While being sensitive of asking too much of employees at this time, some companies are running a donation drive for employee contributions into the fund and matching those funds (or increasing the match). Some companies also allow for donation of unused Paid Time Off (PTO) into the fund, valued at the day rate of that employee's salary.
 - **Relief Grant Amounts:** The most common cap cited was \$1,500 per employee for the COVID-19 program. Within that, there may be varying tiers of support due to an employee's situation. This amount is likely based off of the federal relief checks of \$1,200 person and is lower than employee relief caps most commonly cited on the calls for natural disasters, which typically max out at \$5,000.
 - **In-House or External:** Companies can either manage the Employee Relief Funds internally or use an outside vendor. While there are many vendors, the most commonly cited vendors on the peer-to-peer calls were [E4E Relief](#) and [Emergency Assistance Foundation](#). The primary reason why companies decide to outsource the management of these funds is to rely on the expertise in the complexity of the funds and minimize the administrative burden on staff. Using a third party also eliminates the risk for self-dealing for corporate foundations. For those companies that manage the funds in-house, it can be a full-time job for a team of 3-4 people to process requests, in partnership with HR.

Questions related to EAFs:

What are the legal risks of self-dealing with Employee Assistance Funds for COVID-19?

- Employers often seek to help employees who have emergency needs, large and small. Generally, however, all amounts received by an employee from an employer are included in gross income. This is true even if the purpose of the grant is to relieve hardship and made from the company's foundation. The IRS has taken the view that if a private foundation provides hardship relief grants to employees of its sponsoring company *outside the context of a qualified disaster*, the foundation substantially benefits the sponsoring company. The belief is that grants would help employers recruit and retain workers—providing company with a competitive advantage. Additionally, the grants could help employers maintain a stable workforce by enabling employees to return to the job more quickly after an emergency strikes. The IRS regards such grants as self-dealing transactions.
- However, IRC Section 139 allows employers to contribute to employees in the wake of “qualified disasters” in a manner that is tax-free to the recipients. Pursuant to the statute, gross income does

not include any amount received by an individual as a qualified disaster relief payment even if paid by employer (directly or through its foundation).

- Corporate Foundations with an EAF need to look at how their fund was set up, and what the parameters for accessing the funds are. Section 139 of the U.S. tax code focuses on disasters under the Stafford Act; COVID-19, in contrast, is a pandemic and was a presidential declaration of a national emergency. While the language is different, it has been largely interpreted by law firms as being a valid qualifying event triggering the use of EAFs designated for hardship due to national disasters.
- The risk for a corporate foundation is that if it is not declared a disaster, those payments would not be tax-deductible and could count as self-dealing. There have been requests sent to the IRS to clarify.

What are the criteria for who is eligible to receive assistance?

- With the widespread infection rate of COVID-19, many employees may seek to access funds through an EAF. Some companies have limited the fund for someone diagnosed with an illness or who has a family member who tested positive. Other companies have left the fund open for any COVID-19 hardship, such as the economic toll of reduced hours or loss of a spouse's job, for example.

Volunteerism and Fundraising

- April is National Volunteer Month, and a time of year when many companies ramp up their service events. It is also Earth Day, which lends itself to big hands-on volunteer events which are now canceled. Many companies are continuing to fund partners with whom they had planned to volunteer so that the nonprofit can pay workers to fill those needs, and they are also discussing ways to provide volunteers virtually.
- Virtual volunteerism can provide safe opportunities to volunteer in areas such as capacity building, financial capability work, thanking donors, fundraising, digital transformation, tech infrastructure, mobile resources, visiting with elderly virtually, etc. IT workers can help nonprofits and educators adjust to virtual learning.
- Specific virtual volunteering resources shared on the calls include:
 - [Points of Light](#) virtual volunteer opportunities
 - [All for Good](#): Points of Light's database of thousands of volunteer opportunities
 - [GenerationOn](#) volunteer opportunities
 - [Create the Good](#): Initiative by AARP
 - [BeMyEyes.com](#) – an app that connects blind and low-vision people with sighted volunteers and company representatives for visual assistance through a live video call.
 - [MissingMaps.org](#) - an open, collaborative project in which you can help to map areas where humanitarian organizations are trying to meet the needs of vulnerable people.
 - [7Cups.com](#) – be a volunteer listener in this emotional support app.
 - [Translators without Borders](#)
 - [Bookshare](#) – eBooks for people with reading barriers. Volunteers scan and proofread, describe images, and provide support for Bookshare® teachers and families.
 - [Crisis Textline](#) – crisis counseling
 - [TutorMate](#) pairs corporate volunteers with thousands of young people learning to read.
- **Flexibility** - One company removed the 501c3 requirement for service time so that employees could use their Volunteer Time Off (VTO) time do shopping for a neighbor, story time over facetime, or find other ways to help individuals in their communities. Or, employees can help within the company with developing relief programs. At one company, corporate responsibility and foundation employees stepped up to serve as call center representatives to help employees navigate changes in benefits and relief funds.
- **Matching gifts**: Many companies are increasing the corporate match to employee donations (often, to 2:1 from a match of 1:1), or providing an additional \$500/employee for matching donations. Some of these matches are time-bound (expiring end of April, for example), others will become permanent. Some companies have restricted the match to designated nonprofits addressing COVID-19, others are open for employees to identify any nonprofit in their community doing important work at this time.

Phased approach to philanthropy: Given that the COVID-19 crisis is evolving rapidly and likely going to last for a while, many companies are taking a phased approach to their giving. This is consistent with how companies approached their giving after the 2008 financial crisis and a best practice in relief for natural disasters. Some companies are staying on mission with their planned focus areas but lifting restrictions on grant dollars; others are injecting supplemental funding to areas of immediate need like food access and supporting health care workers.

1. **Immediate** - Companies are moving quickly to meeting needs of food insecure communities, often by donating to collaborative funds set up by third parties like community foundations or global NGOs.
2. **Intermediate** – In subsequent months, companies seek to address a broader set of community needs, taking into account where the gaps are after other relief packages (from government, etc.) are known.
3. **Long-term** - Finally, it's important to keep in mind long-term recovery, strengthening supports and offering help with capacity building, economic growth and sustainability, and building resilience.

Other topics mentioned:

- Companies have the opportunity to **serve as a convener** of nonprofit partners that work in similar areas to share best practices and ideas on challenges.
- **Giving Tuesday Now** (for COVID response, planned for May 5th) – not many companies on the calls were participating because of concern about conflicting with other planned campaigns and the time needed to ramp up communications for a day like Giving Tuesday.
- **Legislation incentivizing individual giving:** It was discussed that individual giving might go down because of economic challenges. Legislation has been passed to try to incentivize donations. The CARES Act makes charitable tax deductions universal and “above-the-line,” allowing all taxpayers the option to write off charitable donations on their taxes whether or not they choose to itemize, providing maximum relief for those looking to donate to tax-exempt charitable organizations. Section 2204 of Act includes a new above-the-line deduction (universal or non-itemized deduction that applies to all taxpayers) for total charitable contributions of up to \$300. [The incentive applies to contributions made in 2020 and would be claimed on tax forms next year.](#) Qualified charitable contributions must be made in cash and cannot be made to certain charities, including donor advised funds, supporting organizations, and organizations such as many nonoperating private foundations.

Amid this massive disruption, what does the future look like?

- The long-term effects of the economic disruption will impact customers and companies.
- Innovation through adaptation is coming out of the way people engage and deliver services.
- The shift to immediate needs and social services raises questions about the ability to respond to environmental sustainability, among other issue areas.
- The disruption of COVID-19 is a re-set for the world, leading to a heightened awareness that we need collective action on major challenges.
- The business case for CSR is clear, as companies step up in so many ways and those that do will be rewarded by consumers and employees.
- The convening partners will be organizing additional calls to discuss long-term recovery from COVID-19.

Partner Resources

- ACCP: [COVID-19 Resources for Corporate Citizenship Professionals](#)
- CECP: COVID-19 Resources [Recap for CEOs](#) and [Recap for CR Leaders](#)
- COF: [COVID-19 Resource Hub](#)
- POL: [COVID-19 Action Plan](#)