



# COVID-19 Issues for Congregational Leaders

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# Agenda

- Review of New HR Laws and Related Benefits and Loans
- Walkthrough of Completing PPP Loan Application
- Resources and Links
- Contacting and Working with Diocese and Chancellor's Office



# HR Issues – New Laws

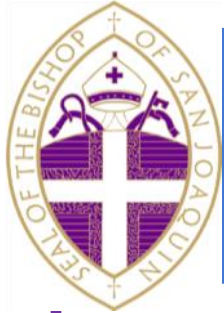
Overview on new Federal Laws relating to COVID-19:

- Families First Coronavirus Response Act (FFCRA)
- CARES Act



## HR Issues - Families First CoronaVirus Response Act (FFCRA) - Overview

- Applies to employers with fewer than 500 employees (as calculated at the time the leave is requested)
- All employees (full time, part time, temporary) are eligible for leave
- In effect from April 1, 2020 until December 31, 2020
- Employer must post notice explaining rights at workplace in conspicuous place
- Small employers (less than 50 employees) may qualify for exemption from certain aspects of the law if the leave requirements would jeopardize the viability of the business



## HR Issues – FFCRA – Emergency Sick Leave

Employee is entitled to two weeks (up to 80 hours) paid sick leave at employee's regular rate of pay (up to max \$511 per day, \$5,110 aggregate) if employee is unable to work or telework because:

- Employee is subject to isolation or quarantine order by Fed, State or local government order;
- Employee is in self-quarantine on advice of health care provider; or
- Employee is experiencing COVID-19 symptoms and is seeking a medical diagnosis or care.



## HR Issues – FFCRA – Emergency Sick Leave

Two weeks (up to 80 hours) paid sick leave at two-thirds the employee's regular rate of pay (up to max \$200 per day; \$2,000 in the aggregate) if employee is unable to work or telework because:

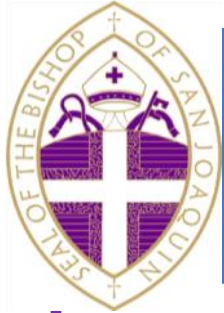
- Employee must care for an individual subject to quarantine or isolation order;
- Employee must care for child whose school or child care provider is closed for reasons related to COVID-19; or
- Employee is "experiencing a substantially similar condition as specified by the Secretary of Health and Human Services."



## HR Issues – FFCRA – Emergency Sick Leave

### Eligibility Requirements:

- Applies to all employees regardless of tenure with employer at time leave is taken.
- Is in addition to other leave provided by employer, and employer may not reduce amount of leave already offered in response to the Act.
- A worksite closure or furlough due to COVID-19 will not alone give rise to benefits under FFCRA.



## HR Issues – Extended Family Medical Leave Act - Overview

Twelve weeks of family and medical leave:

- First two weeks are unpaid (but may be paid through Emergency Sick Leave or other employer leave programs)
- Remaining ten weeks are paid at two-thirds the employee's regular rate of pay (up to max \$200 per day; \$10,000 in the aggregate) if employee is unable to work or telework because employee must care for child whose school or child care provider is closed for reasons related to COVID-19





# HR Issues – Extended Family Medical Leave Act

## Eligibility Requirements:

- Applies to employees who have been employed by employer for at least 30 days at time leave is requested
- Is in addition to other leave provided by employer, and employer may not reduce amount of leave already offered in response to the Act
- A worksite closure or furlough due to COVID-19 will not alone give rise to benefits under FFCRA
- May be taken intermittently; employer must work with employee on a schedule



# HR Issues – Extended Family Medical Leave Act

## Possible Small Employer Exception:

- Less than 50 employees
- Employer may seek exemption from laws requiring leave for purposes of school/child care closures
- Employer must be able to prove the leave requirements would jeopardize the viability of the business as a going concern



## HR Issues – FFCRA Tax Credits

Employer may claim dollar-for-dollar reimbursement for all wages paid under FFCRA via tax credits against employer's payroll tax obligations.



## HR Issues – CARES Act – Paycheck Protection Program (PPP) - Overview

- Authorized up to \$349B in forgivable loans small businesses during COVID-19 crisis.
- Loans terms will be the same for all
- Small businesses and sole proprietors apply starting April 3, 2020 (one week later for independent contractors and self-employed persons)
- Amount of loan will be equal to 2.5 times the employer's average total monthly payroll costs (based on 2019 data)
- Total payroll costs are capped at \$100,000 (annualized) per employee



## HR Issues – CARES Act – Paycheck Protection Program (PPP)

### Forgivable if:

- proceeds used to cover payroll, mortgage interest, rent and utility costs over the 8 week period after the loan is made
- employee and compensation levels must be maintained (although an employer may be permitted to rehire previously terminated employees to avoid penalty)



## Paycheck Protection Program (PPP) – Application Process

How the Diocese and Congregations will apply for the PPP loan:

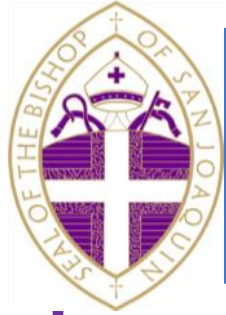
- The Diocese will be applying for the PPP covering the following :
  - Diocesan Office Staff
  - ECCO
  - Unincorporated Missions that don't have their own tax Id



## Paycheck Protection Program (PPP) – Application Process

How Congregations will apply (except as noted):

- Incorporated Parishes and Missions will apply directly for their own loan using their own Tax Id;
- Unincorporated Parishes with their own Tax Id will apply directly for their own loan
- Unincorporated Missions with their own Tax Id can either apply on their own or choose to be included in the Diocese's application
- Unincorporated Missions with no Tax ID or using Diocesan Tax Id will be included in Diocese's appl.



# Paycheck Protection Program (PPP) – Application Process

## Preparing to Apply for congregations:

- Contact your bank immediately and confirm that they are or plan to work with the SBA to administer the PPP Loans
- Payroll information for 2019 and Tax Id
  - If you cannot find your Tax Id please let us know ASAP





# Paycheck Protection Program (PPP) – Application Process

## Preparing to Apply for congregations:

- Proof of Non-Profit Status – IRS Exemption letter or Letter from 815 regarding parish inclusion in TEC's group Exemption.
  - We are not sure if this is going to be required by the SBA, but it is reasonable to assume they may
  - If you cannot find let Chancellor know \_ TEC is Preparing a packet for procedures to expedite getting exemption letters issued
- Download SBA Form, Completed, and **Submit to Chancellor's Office for review.**



# Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

Step 1: Aggregate payroll costs (discussed on next slide) from the last twelve months for employees whose principal place of residence is the United States.

Step 2: Subtract any compensation paid to an employee in excess of an annual salary of \$100,000 and/or any amounts paid to an independent contractor or sole proprietor in excess of \$100,000 per year.

Step 3: Calculate average monthly payroll costs (divide the amount from Step 2 by 12).

Step 4: Multiply the average monthly payroll costs from Step 3 by 2.5.

Step 5: Add the outstanding amount of an Economic Injury Disaster Loan (EIDL) made between January 31, 2020 and April 3, 2020, less the amount of any “advance” under an EIDL COVID-19 loan (because it does not have to be repaid).



# Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

## What qualifies as "payroll costs?":

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.



# Paycheck Protection Program (PPP) – Application Process – Calculating Payroll Costs

## Excluded from Payroll Costs:

Any compensation of an employee whose principal place of residence is outside of the United States;

The compensation of an individual employee in excess of an annual salary of \$100,000, prorated as necessary;

Federal employment taxes imposed or withheld between February 15, 2020 and June 30, 2020, including the employee's and employer's share of FICA (Federal Insurance Contributions Act) and Railroad Retirement Act taxes, and income taxes required to be withheld from employees; and

Qualified sick and family leave wages for which a credit is allowed under sections 7001 and 7003 of the Families First Coronavirus Response Act (Public Law 116–127).



## Paycheck Protection Program (PPP) – What can Proceeds be Used for

The proceeds of a PPP loan are to be used for:

- ❖ payroll costs;
- ❖ costs related to the continuation of group health care benefits during two month period following loan;
- ❖ periods of paid sick, medical, or family leave, and insurance premiums;
- ❖ mortgage interest payments (but not mortgage prepayments or principal payments); rent payments; utility payments;
- ❖ interest payments on any other debt obligations that were incurred before February 15, 2020; and/or Other SBA loans



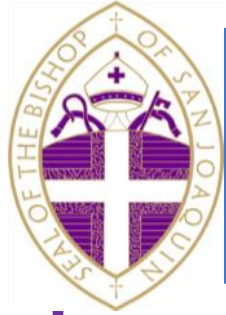
## Paycheck Protection Program (PPP) – Other issues with Application

- The current SBA form (OMB 3245-0407) asks for information regarding “Applicant Ownership”, which is not relevant to non-profits. Please complete that section as follows:
  - ❖ For Incorporated Parishes - “not applicable nonprofit religious corporation that does not issue stock” (if they are incorporated); or
  - ❖ For unincorporated congregations – “nonprofit religious organization”)
  - ❖ Use the same rubric for the “Signature of Owner”



## Paycheck Protection Program (PPP) – Resources

- To find a SBA Lender:  
<https://www.sba.gov/paycheckprotection/find>
- To download the latest version of PPP Loan Application for Borrowers:  
<https://www.sba.gov/document/sba-form--paycheck-protection-program-borrower-application-form>
- Interim SBA Rules on PPP Loan Application:  
<https://content.sba.gov/sites/default/files/2020-04/PPP--IFRN%20FINAL.pdf>



## Chancellor's Office is Here to Support YOU!

- Please call or email us so that we can help!
- Please remember that all PPP Loan Apps should be submitted to the Chancellor's Office prior to submission to your lender
- Additional form, resolutions and documents will be required by the lenders as they develop them and we will work with you to address those documents





# Questions

Questions, concerns or thoughts?

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