Important Information for your Congregation on the CARES ACT and the FFCRA

Over the last few weeks, the Federal government has passed two pieces of legislation which have a direct impact on congregations.

To help congregations understand the impact of these new laws, **the Virginia Synod will be offering a series of informational webinars beginning on Thursday, April 2.** The same webinar will be repeated four times, so it is only necessary to attend once. All rostered ministers and congregational leaders are invited to attend. Please note that we will be covering a tremendous amount of material in a short time during the webinar. It would be helpful to **review the information in this email prior to the beginning of the webinar**.

Information on the dates and times for the webinars and the Zoom links are at the end of this document.

CARES Act

The CARES Act is the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) H.R. 748 which was passed by the Federal government last week. The act is designed to provide financial relief for individuals and small businesses. The act specifically includes non-profits and churches.

During the webinars, we will cover a number of provisions of the CARES Act, but the one that may have the most significant immediate impact for congregations is the **Payroll Protection Loan which can be converted to a grant**. The Payroll Protection Loan is intended to allow small businesses (churches) to retain and pay their staff for two months from the date the loan is received.

According to **Payroll Protection Loan Information Sheet for Borrowers released by the US Treasury Department on March 31, 2020**, **the proceeds of the loan can be used for**:

- "Payroll costs, including benefits;
- Interest on mortgage obligations, incurred before February 15, 2020;
- Rent, under lease agreements in force before February 15, 2020; and
- Utilities, for which service began before February 15, 2020.

Payroll costs include:

- Salary, wages, commissions, or tips (capped at $100,000 on an annualized basis for each employee);
- Employee benefits including costs for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit;
- State and local taxes assessed on compensation; and
- For a sole proprietor or independent contractor: wages, commissions, income, or net earnings from self-employment, capped at $100,000 on an annualized basis for each employee"

The **Payroll Protection Loan Information Sheet for Borrowers** **also addresses how much of the loan will be forgiven**? "You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll."

Payroll Protection Loan will be made through your local bank. If you think you may want to access a Payroll Protection Loan, **contact your bank now** to express interest and to receive the appropriate paperwork. Banks will begin processing Payroll Protection Loans on Friday, April 3. The US Department of the Treasury also released this **loan application**, but you need to contact your local bank to determine what paperwork is required.

The ELCA and a number of organizations have released guidance on the CARES Act. You can access more information using the following links:

- **Church Alliance Summary of CARES Act Summary 03 30 20 v2 (from ELCA website)**
- **ELCA Summary of COVID-19 Relief Resources Summary for Congregations, Synod, and Employees 03 30 20 (from ELCA website)**
- **An Overview of the CARES Act for Churches from the website: Church Law & Tax**
- **US Dept of the Treasury CARES Act Website: Assistance for Small Businesses**

FFCRA

The FFCRA is the Families First Coronavirus Relief Act. According to an **article by Church Law and Tax** , this act "is designed to provide paid leave to cushion employees who cannot work due to certain virus-related circumstances. The Act accomplishes this by both: (1) amending the Family and Medical Leave Act (FMLA) to expand family and medical leave; and (2) establishing new paid sick leave mandates."

While the existing FMLA laws have typically not applied to churches, this new act generally applies to all employers who meet the coverage tests and most churches meet these coverage tests.

The FFCRA creates two new benefits which must be provided to employees - FMLA+ and Emergency Paid Sick Leave. The intent of these laws is to provide paid leave to employees who contract coronavirus, are suspected of having coronavirus, or who are unable to work because they must care for someone who is impacted by coronavirus.

The FFCRA includes limits on the amount of paid sick leave and compensation available. The FFCRA is intended to be revenue neutral, so there are provisions in the act to reimburse employers for costs incurred to provide the required leave.

The Insurance Board of the United Church of Christ has provided an extremely helpful 30 minute webinar on FFCRA requirements and there are two articles on Church Law and Tax which cover the act and how to get reimbursed if you need to provide leave. Here are the links to those resources.

- **Recorded Webinar from the Insurance Board of the United Church of Christ** (begin at 4:07)
- **How New FMLA Changes Will Affect Churches During the Coronavirus Outbreak** (Church Law and Tax Website)
- **Your Church Can Be Reimbursed for Mandated Sick Leave Pay** (Church Law and Tax Website)

While the details of the FFCRA are complex, there is **one simple action that all churches with employees are required to take**. You must post an Employee Rights poster with details of the new act. Under the current conditions, the recommendation is that you email a copy of the poster to all employees and post it in your building when people return to working on-site.

FFCRA Employee Rights Poster English
FFCRA Employee Rights Poster Spanish

Webinars

Pastor John Wertz will be leading webinars on the CARES Act and FFCRA. If you are unable to attend one of the webinars and have questions, please email Pastor John at **wertz@vasynod.org**.

Thursday, April 2, 2020 at 3:00 PM
Join Zoom Meeting: **https://zoom.us/j/429806952**
Meeting ID: 429 806 952
Dial by your location
+1 253 215 8782 US
+1 301 715 8592 US

Thursday, April 2, 2020 at 7:30 PM
Join Zoom Meeting: **https://zoom.us/j/568799866**
Meeting ID: 568 799 866
Dial by your location
+1 253 215 8782 US
+1 301 715 8592 US

Friday, April 3, 2020 at 1:00 PM
Join Zoom Meeting: **https://zoom.us/j/898686367**
Meeting ID: 898 686 367
Dial by your location
+1 301 715 8592 us
+1 253 215 8782 US

Sunday, April 5, 2020 at 1:00 PM
Join Zoom Meeting: **https://zoom.us/j/137532564**
Meeting ID: 137 532 564
Dial by your location
+1 253 215 8782 US
+1 301 715 8592 US

Disclaimer

The Virginia Synod does not claim to be an expert in Federal law. This information is provided as general guidance and is believed to be accurate upon its presentation. Please seek additional assistance from your legal, tax, financial, lending, and other competent professionals.