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# VIRGINIA SYNOD, ELCA

## CONVERSATIONS ABOUT THE CARES ACT AND FFCRA

- Welcome
- Please Keep Your Microphone Muted
- If you have questions, please Ask your Question in the Chat
- Slides at [vasynod.org/covid-19](https://vasynod.org/covid-19) under the “Preparedness and Resources Tab”, then click on “CARES Act and FFCRA”

# AGENDA

- Prayer
- CARES Act
- FFCRA
- Questions

## 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.

ELCA

<https://elca.org/publichealth>

Church Law and Tax

<https://www.churchlawandtax.com/web/2020/march/what-cares-act-means-for-churches-and-church-staff.html>

Injoy Stewardship and Church Fuel:

<https://www.injoystewardship.com/cares-act> CARES Act

UCC Insurance Board

<https://www.insuranceboard.org/online-learning/>

US Treasury Department

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

## SOURCES

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# CARES ACT



## 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.

## CARES ACT: IMPACT ON INDIVIDUALS

### Cash Payments

- \$1,200 per person
- \$500 per child (17 & under)
- \$3,400 maximum per family

### Cash Payment Phase Out

Individuals: \$75,000

Phase out: \$75,000 - \$99,000

Couples: \$150,000

Phase out: \$150,000 - \$198,000

# CARES ACT: IMPACT ON INDIVIDUALS CHARITABLE DONATIONS

The CARES Act allows an individual to make a cash **contribution up to \$300** and deduct the contribution “above the line” when computing adjusted gross income

Taxpayer will receive this deduction in addition to their standard deduction

**For those who itemize**, the new law temporarily lifts the limits on charitable giving for 2020

Cash contributions can be deducted up to 100% of adjusted gross income for 2020 (normally limited to 60%)

Excess contributions can be carried over to the next five years

# CARES ACT: CONGREGATIONS – PAYROLL PROTECTION PROGRAM

## Payroll Protection Program

- **Forgivable Loans**
- **Churches are eligible.** The Payroll Protection Program Fact Sheet from the US Treasury Dept. says “All businesses – **including nonprofits**, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees can apply.”
- ELCA congregations are non-profits. They included under the **ELCA 501c3 group exemption.**



# CARES ACT: CONGREGATIONS – PAYROLL PROTECTION PROGRAM

## What can I use the Payroll Protection Loan for?

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."

*From the Payroll Protection Program Fact Sheet (4/1/20):*  
<https://home.treasury.gov/system/files/136/PPP-Fact-Sheet.pdf>

## What counts as Payroll Costs?

- "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"

# CARES ACT: CONGREGATIONS– PAYROLL PROTECTION PROGRAM

## How much can I borrow?

You can borrow 2.5 times your average monthly payroll costs.

## Example:

Monthly Payroll Costs:

- \$20,000

Payroll Protection Loan Eligibility:

- \$50,000

From the Payroll Protection Program Fact Sheet (4/1/20):  
<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

# CARES ACT: CONGREGATIONS – PAYROLL PROTECTION PROGRAM

## How much can 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.

You will also owe money if you do not maintain your staff and payroll.

- **Number of Staff:** Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- **Level of Payroll:** Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- **Re-Hiring:** You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.”

From the Payroll Protection Program Fact Sheet (4/1/20):

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

# CARES ACT: CONGREGATIONS – PAYROLL PROTECTION PROGRAM

## Loan Terms

All funds not forgiven will convert to loans. All loans under this program will have the following identical features:

- Interest rate of 0.5%
- Maturity of 2 years
- First payment deferred for six months
- 100% guarantee by SBA
- No collateral
- No personal guarantees
- No borrower or lender fees payable to SBA
- No prepayment fees

## What do I need to certify?

- Loan necessity based on economic uncertainty
- Funds will be used to retain workers and maintain payroll or to make mortgage, lease, and utility payments
- You will verify qualifying expenses for covered 8 week period
- Documents you present are true to the best of your knowledge
- You have not received another loan under the program
- Lender can share application information with SBA personnel

# CARES ACT: CONGREGATIONS - PAYROLL PROTECTION PROGRAM

## NEXT STEPS

Contact



**Contact your local bank** and ask for an application. All loans are made directly through your local bank where you currently have your account.

Check



**Check your Constitution** to determine if you need to hold a congregational meeting to approve your application for a Payroll Protection Loan (CI2.05)

Check

If you have an **outstanding mortgage**, check your mortgage to see if you are prohibited from incurring additional indebtedness. If yes, contact your lender immediately to see if you can apply for a Payroll Protection Loan.

MODEL  
CONSTITUTION  
12.05

C12.05. THE CONGREGATION COUNCIL SHALL BE RESPONSIBLE FOR THE FINANCIAL AND PROPERTY MATTERS OF THIS CONGREGATION.

A. THE CONGREGATION COUNCIL SHALL BE THE BOARD OF [TRUSTEES] [DIRECTORS] OF THIS CONGREGATION AND, AS SUCH, SHALL BE RESPONSIBLE FOR MAINTAINING AND PROTECTING ITS PROPERTY AND MANAGING ITS BUSINESS AND FISCAL AFFAIRS. IT SHALL HAVE THE POWERS AND BE SUBJECT TO THE OBLIGATIONS THAT PERTAIN TO SUCH BOARDS UNDER THE LAWS OF THE STATE OF \_\_\_\_\_, EXCEPT AS OTHERWISE PROVIDED HEREIN.

B. THE CONGREGATION COUNCIL SHALL NOT HAVE THE AUTHORITY TO BUY, SELL, OR ENCUMBER REAL PROPERTY UNLESS SPECIFICALLY AUTHORIZED TO DO SO BY A MEETING OF THIS CONGREGATION.

C. THE CONGREGATION COUNCIL MAY ENTER INTO CONTRACTS OF UP TO \$\_\_\_\_\_ FOR ITEMS NOT INCLUDED IN THE BUDGET.

# MODEL CONSTITUTION

## 12.05

D. THE CONGREGATION COUNCIL SHALL PREPARE AN ANNUAL BUDGET FOR ADOPTION BY THIS CONGREGATION, SHALL SUPERVISE THE EXPENDITURE OF FUNDS IN ACCORDANCE THEREWITH FOLLOWING ITS ADOPTION, AND MAY INCUR OBLIGATIONS OF MORE THAN \$\_\_\_\_\_ IN EXCESS OF THE ANTICIPATED RECEIPTS ONLY AFTER APPROVAL BY A CONGREGATION MEETING. THE BUDGET SHALL INCLUDE THIS CONGREGATION'S FULL INDICATED SHARE IN SUPPORT OF THE WIDER MINISTRY BEING CARRIED ON IN COLLABORATION WITH THE SYNOD AND CHURCHWIDE ORGANIZATION.

E. THE CONGREGATION COUNCIL SHALL ASCERTAIN THAT THE FINANCIAL AFFAIRS OF THIS CONGREGATION ARE BEING CONDUCTED EFFICIENTLY, GIVING PARTICULAR ATTENTION TO THE PROMPT PAYMENT OF ALL OBLIGATIONS AND TO THE REGULAR FORWARDING OF MISSION SUPPORT MONIES TO THE SYNOD TREASURER.

F. THE CONGREGATION COUNCIL SHALL BE RESPONSIBLE FOR THIS CONGREGATION'S INVESTMENTS AND ITS TOTAL INSURANCE PROGRAM.



QUESTIONS



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# FFCRA: FAMILIES FIRST CORONAVIRUS RELIEF ACT

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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."

# FFRCA: IMPACT ON CONGREGATIONS

## What changes does the Act make to family and medical leave?

“Section C of the Act (the “Emergency Family and Medical Leave Expansion Act”) expands family and medical leave under the FMLA. Section E (the “Emergency Paid Sick Leave Act”) establishes a **new paid sick leave entitlement**. The Act requires employers, for the first time, to provide workers paid leave, albeit only in limited circumstances.”

*<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020*

# FFRCA: IMPACT ON CONGREGATIONS

## **Does the Act apply to nonprofits and religious organizations?**

The FMLA generally **applies to all employers that meet the coverage tests**, whether commercial, for profit, nonprofit, or charitable. The Act does not alter that scope. However, employees of religious organizations who are “ministers” may be exempt under the so-called ministerial exception to employment laws.

*<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020*

# FFRCA: IMPACT ON CONGREGATIONS

## Does the Act change which employers are covered by the FMLA?

The FMLA normally applies to employers with 50 or more workers. The FMLA+ leave provisions apply to employers with fewer than 500 employees. That includes employers with fewer than 50 workers. Employers must count employees who are on leave to determine whether they have fewer than 500 employees.

<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020

# FFRCA: IMPACT ON CONGREGATIONS

## What is FMLA+?

FMLA+ leave is leave taken because of a “qualifying need related to a public health emergency,” which means that an employee is unable to work (or telework) due to a need for leave to care for his or her son or daughter (under 18 years old) if the child's school or place of care has been closed, or the child’s care provider is unavailable, due to a public health emergency.

<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020

# FFRCA: IMPACT ON CONGREGATIONS

## What does the Emergency Paid Sick Leave (EPSLA) do?

The EPSLA is stand-alone legislation, rather than an amendment to the FMLA. It requires employers to provide emergency paid sick (EPSL) leave in covered situations.

<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020

# FFRCA: IMPACT ON CONGREGATIONS

**Does the EPSLA cover the same employers and employees as the FMLA?**

The EPSLA and FMLA+ leave provisions cover the same group of employers. The EPSLA covers every worker, not just those who have been on the job for a certain length of time.

*<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020*

# FFRCA: IMPACT ON CONGREGATIONS

## When is leave required under the EPSLA?

In six situations—specifically, when an employee is absent because he or she:

- is subject to a federal, state, or local quarantine or isolation order related to COVID-19;
- has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
- is caring for an individual who (a) is subject to a federal, state, or local quarantine or isolation order related to COVID-19; or (b) has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
- is caring for a son or daughter of such employee if the school or place of care of the son or daughter has been closed, or the childcare provider of such child is unavailable, due to COVID-19 precautions; or
- is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services.

<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020



# FFRCA: IMPACT ON CONGREGATIONS

**Are there limits on how much FMLA+ and EPSL our congregation must provide?**

**Yes, there are limits** to how much leave must be provided and to how much an individual can be paid during the leave. Please consult the US Department of Labor for specific information on how much leave is to be provided and for leave compensation rates.

*<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020*

# FFRCA: IMPACT ON CONGREGATIONS

**Is there any financial assistance for congregations that need to provide FLMA+ and ESPL?**

**Yes.** “New federal regulatory guidance details **how employers can recoup qualifying paid leave expenditures** under the newly adopted Emergency Family and Medical Leave Expansion Act (FMLA+) and the Emergency Paid Sick Leave Act (EPSLA). Specifically, the Internal Revenue Service (IRS) and US Department of Labor (DOL) have specified a process ‘**designed to immediately and fully reimburse (employers), dollar-for-dollar, for the cost of providing Coronavirus-related leave to their employees.**’”

<https://www.churchlawandtax.com/web/2020/march/reimbursing-churches-for-mandated-sick-leave-because-of-cov.html>– accessed 4/1/2020

# FFRCA: IMPACT ON CONGREGATIONS

**How does our congregation get reimbursed for providing FLMA+ and ESPL?**

Please consult the US Department of Labor for specific information on how to get reimbursed.

The process is described by Church Law and Tax in the article below:

<https://www.churchlawandtax.com/web/2020/march/reimbursing-churches-for-mandated-sick-leave-because-of-cov.html>

# FFRCA: IMPACT ON CONGREGATIONS

**Is there any action I need to take regarding FLMA+ and ESPL today?**

**Yes,** but they do not require immediate action. For example, employers must post a Notice of Employee Rights prepared by the Department of Labor. In addition, the law prohibits retaliation against workers for taking leave or filing a complaint to enforce the law.

*<https://www.churchlawandtax.com/web/2020/march/how-proposed-fmla-changes-affects-churches-coronavirus.html> – accessed 4/1/2020*

You can access the Notice of Employee Rights in English and in Spanish at:

[https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA\\_Poster\\_WHI422\\_Non-Federal.pdf](https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WHI422_Non-Federal.pdf)

<https://www.dol.gov/sites/dolgov/files/WHD/Pandemic/I422-spanish.pdf>

# FFRCA: IMPACT ON CONGREGATIONS

**To learn more about FFRCA, you can watch a webinar from the United Church of Christ Insurance Board using the link below. The webinar begins at 2:04.**

<https://www.insuranceboard.org/online-learning/>

SLIDES AVAILABLE  
AT  
[VASYNOD.ORG/COVID19](https://vasynod.org/covid19)

CLICK ON:  
“CARES ACT AND  
FFRCA”  
UNDER THE  
“PREPAREDNESS AND  
RESPONSE TAB”

# QUESTIONS