

## FFRCA Webinar Follow-up – Additional Information

**I am receiving numerous questions on the CARES Act, especially as it relates to forgivable small business loans and unemployment compensation for church employees.** No regulations have been issued on these new laws yet, and thus interpretations are subject to change. This email summarizes provisions that will be of most interest to our churches.

The CARES Act includes the Paycheck Protection Loan Program, providing funding to small businesses and nonprofit organizations (under 500 employees) to cover up to 8 weeks of payroll and related costs, with such loan to be entirely forgiven if an employer maintains all of its employees and salaries during the period of time commencing February 15, 2020 through June 30, 2020. Loan proceeds may be used for payroll costs, employee salaries (with some exceptions for salaries in excess of 100k/year), commissions, costs related to group health care benefits (including sick, medical or family leave and insurance premiums), interest payments on mortgage obligations or other debt obligations incurred prior to February 15, 2020, rent and utilities. Under the language of the Act, churches and religious organizations are not excluded, and according to at least one Senator, churches may participate in this program. To qualify for forgiveness, employers must retain employees through a specified period of time and a few options are provided to the borrower as to how to calculate employees during that time period. There are also provisions relating to payroll tax delay and payroll tax credits for retaining employees if the business has closed due to COVID-19, but the credit will not apply to wages paid to clergy in exercise of their ministerial duties. Other loan programs are available to larger businesses (over 500 employees). This program is administered by the Small Business Administration (SBA) and more information can be found at [sba.gov](http://sba.gov).

The CARES Act also includes Pandemic Unemployment Assistance. This extends coverage to workers who are self-employed, seeking part-time employment (if permitted under state law), do not have sufficient work history, **or otherwise would not qualify for regular unemployment under state or federal law** and become unemployed or cannot find work due to COVID-19. This includes workers laid off from churches and religious institutions who may not be eligible under the state's program. Please see the attached CARES Act Unemployment Insurance Explainer, stating this. Churches which may normally be exempt from state unemployment requirements are covered under the CARES Act, but we do not know how States will administer this for those unemployed church workers. It is not clear how ministers will be treated under this program. Workers will only be eligible for PUA if they are unemployed for specified reasons relating to COVID-19. Unemployment will be administered by each state.