The Episcopal Diocese of Arizona
Resources for Covid-19
Resources for Covid-19

Agenda

• Episcopal Support

• Government Support
  • Families First
    • Mandated Sick Leave benefits
    • Expansion of Family Medical Leave Act
  • CARES Act
    • Paycheck Protection Program
    • Economic Industry Disaster Loan
    • Emergency Unemployment Relief
    • Employee Retention Program
    • Expansion of Contributions
    • Stimulus Checks

• Other Aid Sources
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Episcopal Support

• Emergency Fund established at the Diocese to support cash shortfalls. Contact Bill Potts, Canon for Finance & Property
• Church Pension Group is providing a 90-day extension to make Benefits and Insurance payments
• Clergy Pension payments will allow a waiver of up to two months of pension obligation for clergy. Contact Bill Potts if you need to take advantage of this offer
• Other resources pages –
  • Episcopal Diocese of Arizona
  • Episcopal Church Foundation
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Families First Coronavirus Response Act (FFCRA) – Passed by Congress and signed into law by President Trump on March 18, 2020.

- Requires employers with fewer than 500 employees to provide certain paid sick leave and family medical leave benefits to eligible employees affected by the coronavirus pandemic.

- The FFCRA requires the federal government to cover the cost of the required benefits on an almost real-time basis via refundable payroll tax credits.

- At this point, we believe clergy are excluded from this benefit.
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Emergency Paid Sick Leave (EPSL)
Generally mandates that employers pay up to two weeks (maximum of 80 hours) of sick pay (subject to certain limits) to current full-time or part-time non-clergy employees for any of the following reasons:

1. Subject to a quarantine or an isolation order related to COVID-19
2. Advised by health professional to self-quarantine
3. Experiencing symptoms of COVID-19 and seeking a diagnosis
4. Caring for individual in circumstance 1 or 2
5. Caring for son or daughter with school closed or child-care provider is unavailable
6. Employee experiencing any other substantially similar condition specified by the Secretary for Health & Human Services

First 3 reasons receive 100% of pay up to $510 per day; reasons 4-6 receive 66 2/3% of pay, to a maximum of $200 per day.

Federal employment tax deposits (FWT, ER and EE Fica) are reduced by the amount of sick pay paid; and credit is claimed on the quarterly 941.
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Emergency Family and Medical Leave (EFML)
Generally mandates that employers allow up to twelve weeks of family medical leave (subject to certain limits) to current full-time or part-time employees who are unable to work or telework for reason five:

5. Caring for son or daughter with school closed or child-care provider unavailable due to COVID-19

Employers are to provide 12 weeks of leave. The first two are unpaid (which would be covered under the Emergency Paid Sick Leave) and the next ten weeks would be paid at 66 2/3rd of average pay to a maximum of $200 per day.

Payments for leave are reimbursed like sick leave; offset against payroll tax deposits with a credit reported on the 941.

Employers with fewer than 50 employees may request an exemption from this act; Department of Labor is expected to issue guidance for exemptions.
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Other matters pertaining to Families First

This rule is effective from April 2, 2020 through December 31, 2020. The rule was operational on April 1, 2020.

A Department of Labor notice must be posted at your work site or sent to all employees so that they are aware of their rights under the act.

Payroll vendors such as ADP, PayCom, etc.. are frantically updating their platforms to accommodate these new rules. Please reach out to your vendor.

At this point, it appears that the payments to employees are not subject to FICA tax but may be subject to Federal Withholding tax.
Other matters pertaining to Families First

For a part-time employee, generally use the employee’s regular rate of pay times the number of hours that part-time employee works over a two-week period.

If the part-time employee does not have regular hours, then use 1) the average hours the employee was scheduled per day over the 6-month period ending on the date on which the employee takes leave, or 2) if the employee did not work for the employer for 6 months, then use the reasonable expectation of the employee at the time of hiring of the average hours per day.

If you are on a bi-monthly vs. weekly or bi-weekly payroll, note that only the average hours over the first 14 days, (2 weeks) up to a maximum of 80 hours for full time employees is used, not the entire pay period which is usually 15 or 16 days.

Department of Labor Frequently Asked Questions can be found here-
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Coronavirus Aid, Relief and Economic Security Act (CARES)

This rule was signed into law on March 27. It provides over $2 trillion for aid and economic security to individuals, businesses, non-profits and governmental entities.

The main objective of the law is to KEEP PEOPLE EMPLOYED
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CARES Act

The $2 trillion in aid is allocated as follows:

- $560 Billion - Individuals
- $500 Billion - Big Corporations
- $377 Billion - Small Businesses (including Nonprofits)
- $340 Billion - State & Local Governments
- $153 Billion - Public Health
- $44 Billion - Education
- $26 Billion - Safety Net
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These are the primary component of the CARES Act that are of interest to churches and non-profits:

• Paycheck Protection Program
• Emergency Economic Industry Disaster Loans and Grants (EIDL)
• Emergency Unemployment Relief for Governmental Entities and Nonprofit Organizations
• Employee Retention Credit for Employers Subject to Closure Due to COVID-19
• Allowance of Partial Above the Line Deduction for Charitable Contributions
• Modifications of Limitations on Charitable Contributions During 2020
• Stimulus checks to individuals
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Paycheck Protection Program (PPP)

Small employers with fewer than 500 employees are eligible, including non-profits and churches. The Small Business Administration (SBA) issued additional guidance to address the inclusion of churches. See a summary at BMLW, Non-Profit CPA

Loans from the SBA (up to a maximum to $10 million) are available. The amount of the loan can be forgiven if certain criteria are met.

Generally, the loan amount is calculated based on 2.5 times your 2019 average monthly payroll and payroll related costs including Salaries & Other wages, employer paid Health care benefits, employer paid retirement benefits and employer paid state and local payroll taxes. Your lender may have a different method. You will also need to know your 2020 head count as of February 15.

Other requirements:
• Borrower had to be in operation on February 15, 2020.
• Make good faith certification of uncertainty due to current economic conditions
• Funds must be used for specific purposes
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Paycheck Protection Program (PPP)

Loan Proceeds must be used on the following 2020 costs over an eight-week period commencing on the date you receive the loan proceeds:

• Payroll costs
• Group Health Care costs
• Interest on Mortgage obligations
• Rent, including leasing arrangements
• Interest on debt incurred before the covered period
• Utilities (electric, gas, water, phone and internet)
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Paycheck Protection Program (PPP)

• At least 75% of the loan proceeds must be attributed to payroll costs
• If salary or wages of an employee are reduced by more than 25% during the period of February 15, 2020 through June 30, 2020, loan forgiveness is reduced by the amount of the salary or wage reduction in excess of 25%
• To encourage employers to rehire any employees who have already been laid off, borrowers that re-hire workers previously laid off will not be penalized for having a reduced payroll at the beginning of the period.
• If any portion of the loan is not forgiven, it must be repaid over a two-year period at interest rate of 1%.

It is highly recommended that borrowers place loan proceeds in a separate account and carefully track the use of the loan.
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Economic Industry Disaster Loan (EIDL)

• EIDL is an existing SBA Program used for regional disasters, but for Covid-19, they are now available to eligible small businesses and nonprofits in the United States.

• Applicants of EIDL Loans may request a $10,000 emergency advance to be paid in three days after applying for an EIDL grant.

• If the EIDL application is denied, the applicant is not required to repay the $10,000 advance. Emergency advance funds can be used for payroll costs, increased material costs, rent or mortgage payments, or repaying obligations that cannot be met because of revenue losses. THIS IS A GRANT.
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Paycheck Protection Act (PPP) and Economic Injury Disaster Loan (EIDL)

Lenders for the Small Business Administration (SBA) started accepting applications for these two provisions of the act on Friday, April 3. The funds available are limited and loans are awarded on a first come, first served basis.

Many lenders were not prepared to accept the applications on Friday and a number have already discontinued accepting applications.

If you haven’t submitted an application yet, you are still encouraged to do so. Congress will apparently begin work on an expansion of the CARES Act to address funding shortfalls.
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Diocese of Arizona Actions

The Diocese manages the payroll for over 70% of the churches in the state as well as Chapel Rock. Since the amount of the loan was based on 2019 payroll and payroll related costs, and since we have all the data, it made sense for us to file on behalf of the 45+ churches and the camp. Our lender also required our 2019 quarterly 941’s and our W-3.

• Standing Committee approved for churches to apply for the PPP loans on Friday, April 3.
• Diocese worked with our banking partner at Chase to gather the information needed for the loan.
• Our application was submitted late yesterday and is now going to Underwriting at Chase and if approved, will go to the Small Business Administration.
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Diocese of Arizona Actions

Assuming we receive the loan, we will not invoice churches for payroll.

We will need to establish a system for covering other costs such as employer portion of:
• Employee health benefits
• Retirement benefits

And:
• Utilities (Electric, water, gas, telephone & internet)
• Mortgage Interest on Loans in place by Feb. 15
• Rent
• Interest on debt incurred before the covered period

More to come on this.
Unemployment Relief for Governmental Entities and Nonprofit Organizations
Pandemic Unemployment Assistance (PUA)

- PUA will provide up to 39 weeks of benefits for people who are unemployed, partially unemployed or unable or unavailable to work because of Covid-19.
- Benefits are retroactive to as early as Jan 27, 2020 and end by Dec. 31, 2020.
- PUA will be available to people who don’t usually qualify, including self-employed workers, gig workers, independent contractors, those lacking sufficient work history, workers from church and religious organizations and small non-profits.
- Benefits will be administered by state unemployment agencies.
- Benefit amount is a flat $600 per week in addition to what an individual may qualify for under state unemployment system.
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Deferral of Payment of Employer’s Share of Social Security Taxes

- Payment of employer’s share of Social Security tax deposit due on or after the enactment date of the CARES act and through Dec. 31, 2020 may be deferred.
- Appears to apply only to the 6.2% of Social Security tax
- Half of the deferred payments are due by Dec. 31, 2021
- Remainder is due by December 31, 2022

This provision is not available to an employer who has had debt forgiven in connection with the PPP.
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Employee Retention Credit for Employers Subject to Closure or Substantial Revenue Loss

- Provides eligible employers, including tax exempt organizations, a refundable credit against the employer’s share of payroll taxes.
- Eligible employers must have carried on a trade or business during 2020 and satisfy one of two tests:
  - Have fully or partially suspended business due to orders from a governmental entity
  - Experience a reduction in gross receipts of at least 50% when comparing any calendar quarter of 2020 as compared to the same quarter in 2019
- Credit is 50% of the first $10,000 in wages per employee (including health plan benefits)
- Other restrictions apply--

This provision is not available to an employer who has had debt forgiven in connection with the PPP.
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Changes to Charitable Contributions

• New Charitable Contribution of $300 for individual taxpayers who do not itemize
  • Donation must be in cash; gifts of appreciated securities and gifts to a donor advised fund to not qualify

• No cap on Charitable deductions for taxpayers who do itemize
  • Donors who itemize can usually deduct cash contributions up to 60% of their adjusted gross income. For 2020, that cap is increased to 100%

• No required minimum distributions (RMDs), but qualified charitable distributions still possible
  • RMD’s from many retirement plans are eliminated in 2020
  • It is still possible for donors who are over 70 ½ to contribute up to $100,000 to a charity
Direct Payments to Individuals (Stimulus Checks)

- Individuals who earn less than $75,000, or you and your spouse collectively make less than $150,000 will receive $1,200 each plus $500 for each child under 17.
  - Amounts are reduced for higher incomes and individuals with $99,000 in earnings (or $198,000 for a couple) will receive nothing.
- No action is necessary; the IRS will use a taxpayer’s 2019 income tax return and if that is not filed, then they will use the 2018 return.
  - Watch for scammers – do not give out Social Security number, Paypal number, bank account number etc. to anyone who claims this information is essential to sign you up for a check. You should not need to do anything.
- Social Security Beneficiaries who are typically not required to file a return will not need to file an abbreviated return. Payments will be deposited into their bank accounts.
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Other Potential Aid Sources

Arizona Coronavirus Relief Fund

- Non-profit organizations providing community support to mitigate the impacts of Covid-19 in Arizona may qualify for support from the AZ Coronavirus Relief Fund.
- Community Support might include
  - Healthcare/Medical Assistance
  - Nutrition Assistance Programs
  - Support for the Homeless Population
  - Domestic Violence Prevention/Shelter
  - Education and Student Services
  - Access to Technology
  - Housing Assistance
  - Other
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Other Potential Aid Sources

Arizona Covid-19 Community Response Fund

• The Arizona Community Foundation established the Arizona Covid-19 Community Response Fund to support immediate and long-term needs of non-profits in Arizona

• Immediate Grant Relief
  • Should Address funding for general operations related to changes in service delivery because of Covid-19 in Arizona, or to provide assistance to economically vulnerable individual and families including provision of:
    • Food, housing, utilities, transportation, childcare, and/or health services
  • Grant funding cannot be for new services; only services in place prior to 3/11/20.

• Long-term recovery grants
  • Requests should address the impact of lost revenue due to closures, cancellations, or service disruptions to be considered
  • Requests of this type and funding levels will be evaluated by an advisory council
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Questions??

Suzy Mortenson, Diocesan Treasurer
Bill Potts, Canon for Finance and Property