

To: All Clergy & Sr. Wardens

From: Dwight Babcock, Diocesan Administrator

Latest Update: **March 30, 2020**

As we all deal with issues of health and safety that very few of us considered even a month ago, we are also faced with a changing financial and administrative landscape for our congregations. We are aware of the stresses that this unprecedented situation has caused. Below are several items we hope will help provide available information around church administration that we have at this time. We will update this document as new information is released. Remember, this is an unprecedented time and its evolving on a daily basis; what we may notate today may change in another week / month. Stay tuned!

CPG Benefits and Insurance Payment Extensions:

Until June 30, 2020, CPG will not be cancelling any group benefits or property & casualty insurance coverages or charging interest for failure to make timely payments. Institutions that can afford to make full or partial payments for pension assessments, health benefits (including individuals on extensions of benefits), property & casualty coverage, life insurance, and disability policies offered through a Church Pension Group company should continue to do so, but they are temporarily implementing a 90-day hardship grace period for those who cannot make timely payments.

Clergy Pension Assessments

CPG has provided an opportunity for eligible congregations in regard to their clergy pension obligations. CPF may waive the obligation for clergy pension plan assessments for a period of up to two months if they meet provided criteria. The CPF Board of Trustees approved temporary relief to parishes whose ability to function is severely impaired following a major disaster (such as a state of emergency).

To qualify, a diocesan bishop of the Episcopal Church must certify 1) that the senior most government official in his or her nation, state, or region has declared a major disaster (such as a state of emergency), 2) that as a direct result of the disaster, the ability of each parish seeking relief to function has been severely impaired, and 3) that there are inadequate resources (including endowments) within the affected congregation and diocese to pay assessments and continue to function. Please contact the Bishop if you believe you need to consider a waiver.

Healthcare Out-of-Pocket Expenses

Pursuant to The Families First Coronavirus Response Act, which became law on March 18, 2020, The Episcopal Church Medical Trust (the Medical Trust) will waive all co-pays, deductibles, and coinsurance for its members for healthcare services relating to the evaluation and testing for COVID-19. In addition, the Medical Trust will waive all co-

pays, deductibles, and in-network coinsurance for its active members for healthcare services relating to the treatment of COVID-19. CPG is in the process of updating the Summary of Benefits and Coverage, which is available at www.cpg.org.

Any cleric, lay employee, or other member with questions about benefits and coverage under healthcare plans offered through the Medical Trust should visit his or her provider's website or call the toll-free number on the back of the health insurance card.

For retirees enrolled in a Medicare Supplement plan with United Healthcare, Medicare has announced that there will be no out-of-pocket costs for COVID-19 lab tests. For more information regarding Medicare benefits and additional information, please visit <https://www.medicare.gov/medicare-coronavirus>.

Church Property/Liability Insurance:

CIC will work with for extending payments for 90 days beyond the effective/due date before cancellation. It will take them time to adjust the system-generated billing notices. If you have any questions, please contact CIC Billing department in order to make the necessary adjustments. The toll-free number is 1-800-819-2984.

Financial Stewardship in Uncertain Times

Clergy are looking for creative ways to be the church in this quickly changing landscape. Churches are streaming worship services via Facebook Live, holding morning prayer via Zoom, or finding new way to support vulnerable church members. But what about financial stewardship? The vital work that clergy, employees, and vestry members do has not gone away, and neither have the expenses. It can be difficult for churches to maintain support when people are not physically gathered in the church. We've put together a helpful document with a few suggestions and resources

<https://www.diocgc.org/concerning-covid19>. In addition:

- The Diocese is providing the ability to give online for congregations that do not have ways to collect an offering or donation electronically at this time. There is now a "Donate" button added to the diocesan website (<https://www.diocgc.org/donations>) specifically for donations to churches during this crisis. Note that 100% of the gift will be sent to the church donor selects.
- We've added a resource article on how to get started on digital giving (such as online and mobile), on the our COVID resource page (<https://www.diocgc.org/concerning-covid19>).
- **Charitable contributions:** The recently passed CARE Act encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not (above the line).

Current Legislation:

Our employer landscape is changing rapidly. We are learning more about what may be available in recent legislation that may be available to churches. Please know that information on eligibility / filing specifics may not be fully determined so please be patient until we receive further guidance. Quick info on some recent changes:

On March 18, 2020 the President signed into law The Families First Corona Virus Response Act (FFCRA). The Act creates a temporary Pandemic Unemployment Assistance program through December 31, 2020, to provide payment to those not traditionally eligible for unemployment benefits (self-employed, independent contractors, those with limited work history, and others) who are unable to work as a direct result of the coronavirus public health emergency.

CARES ACT: The Coronavirus Aid, Relief, and Economic Security Act passed the House and was signed into law by the President this past Friday. This Act may provide economic benefit to a number of parishes within our Diocese. Pending verification that churches are eligible under this legislation, the Act may provide parishes a loan to cover payroll, mortgage payments, rent payments, and payments on any qualified debt obligations March - June 2020. This loan would be forgiven (basically turning the loan into a grant) in the amount equal to the cost of maintaining payroll continuity during the covered period. Until the specific details of the Act are interpreted, we recommend that parishes with full and/or part-time staff make minimal changes to staffing if possible as forgiveness eligibility may be impacted.

- At this time these loans will most likely be issued and administered through the banking system. Specific guidance will be provided to banks later this month (April).
- We'll continue to monitor and learn about these changes together and will be there to assist our congregations as these changes are rolled out. A good source of church information (free) can be found "Church Tax & Law": [special coronavirus page](#)
- A free webinar hosted by CT Church Law & Tax on April 2nd. By church legal and tax expert Richard R. Hammar. Hammar, an attorney and CPA. It will provide a helpful overview of the 900-page stimulus package, how it works, and the provisions churches and leaders should know to minister well to their congregations and communities.
https://zoom.us/webinar/register/9515853469562/WN_2x7BAEIIIS7KhNETwg2UDBQ
- In addition, Episcopal Church Foundation will be holding a webinar on these changes. We expect to hear shortly of the date / time.

Potential Loan / Credit Sources:

The SBA is required to issue regulations within 15 days after the enactment of the

CARES Act. Once the SBA publishes regulations for the PPP application process, we will be able to advise and help businesses apply for PPP loans.

Paycheck Protection Program: The program would provide cash-flow assistance through 100 percent federally guaranteed loans to employers who maintain their payroll during this emergency. If employers maintain their payroll, the loans would be forgiven, which would help workers remain employed, as well as help affected small businesses and our economy snap-back quicker after the crisis. The amount any small business is eligible to borrow and be forgiven is 250 percent of their average monthly payroll expenses. Florida SBA Office: <http://floridasbdc.org/disaster/>

- General Eligibility: Available to entities that existed on March 1, 2020 and had paid employees.
- Nonprofit Eligibility: Available for charitable nonprofits with 500 or fewer employees (counting each individual – full time or part time and not FTEs). The final bill does not include a provision in earlier drafts that would have disqualified nonprofits that are eligible for payments under Title XIX of the Social Security Act (Medicaid).
- Loan Use: Loan funds could be used to make payroll and associated costs, including health insurance premiums, facilities costs, and debt service.
- Loan Forgiveness: Employers that maintain employment between March 1 and June 30 would be eligible to have their loans forgiven, essentially turning the loan into a grant.

Economic Injury Disaster Loans & Emergency Economic Injury Grants

There is guidance to be released if these loans/grants will even be eligible for churches. If they are, these grants provide an emergency advance of up to \$10,000 to small businesses and private non-profits harmed by COVID-19 within three days of applying for an SBA Economic Injury Disaster Loan (EIDL). To access the advance, you first apply for an EIDL and then request the advance. <https://disasterloan.sba.gov/ela/>
Again, churches might not be eligible; waiting on confirmation.

Payroll taxes

The Act provides a refundable payroll tax credit for 50 percent of wages paid by employers to employees during the COVID-19 crisis. The credit is available to employers whose (1) operations were fully or partially suspended, due to a COVID-19-related shut-down order, or (2) gross receipts declined by more than 50 percent when compared to the same quarter in the prior year.

Charitable contributions

The Act encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not (above the line).

For Your Vestries:

- Continue and enhance engagement with your congregation in new ways. Conduct ministry in accordance to CDC/state/local guidance and mandates.
- Remember that you are the governing body for your congregation. Important decisions will be made by you in the coming months as circumstances become more clear. Focus on healthy and regular communication through this uncertain time.
- Pay careful attention to essential administrative and financial functions of the church office (communication, mail, financial transactions).
- Meet as vestry via Zoom or phone conference: determine alternative plans, intentionally communicate with the congregation, analyze your financial situation, articulate plans and needs.
- Communicate your concerns, suggestions, and practices that have worked for you to the Diocesan Staff. We will do our best to help answer questions and share what we've learned together.

A Few Other Reminders:

1. **Review your Budget:** Budgets are road maps, not roads. Sometimes detours are necessary. Review your entire budget. See what income needs to be reassessed and identify what cuts may be necessary now or in the near future. Try to run various scenarios or plans to forecast their financial impact. With churches closed, what is the impact to loss of the Sunday plate?
2. **Employees:** Be sensitive to the importance of clergy and staff. They are working tirelessly to foster the relationships that support the vitality of your parishes. Do not make irrational cuts to employment status.
3. **Keep an eye on your Building and Grounds:** Please consider some of the following:
 - Reduce Energy Use. While current guidance provides visibility out two to three weeks, assume it will be longer. Turn off or reduce temperature settings for hot water heaters and turn A/C up to a more energy-efficient savings.
 - Keep building unoccupied by working remotely but make sure someone periodically checks on the parish.
 - Defer any parish projects you have scheduled unless absolutely critical.