



SBA PAYCHECK PROTECTION PROGRAM AND HOW IT AFFECTS YOU

DIOCESE OF LA CROSSE

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WELCOME AND PRAYER

MOST REVEREND WILLIAM PATRICK CALLAHAN



DIOCESE of LA CROSSE
Serving the 19 counties of West Central Wisconsin



TODAY'S TOPICS

Coronavirus Aid, Relief, and Economic Security Act

Paycheck Protection Program

Economic Injury Disaster Loan

Payroll Tax Deferral

Personal Tax Rebates

Retirement Fund Relief

Federal Emergency Paid Sick and Family Leave

Enhanced Unemployment Insurance Benefit

Questions

PAYCHECK PROTECTION PROGRAM OVERVIEW

SBA loan that helps parishes and schools keep their workforce employed during Coronavirus (COVID-19) crisis

Loans will be forgiven if employees kept on payroll for 8 weeks and money is used for payroll, rent, and/or utilities

Program available through June 30, 2020 (unless extended)

Appropriation of \$349 billion



WHO CAN APPLY



Any small business with less than 500 employees



Includes sole-proprietorships, independent contractors, and self-employed persons



Not-for-profit organizations may also apply



Small businesses in hospitality and food industries with multiple sites may qualify on a per site basis (if less than 500 employees at a site)



HOW TO APPLY?



Any existing SBA 7(a) lender



Any FDIC-insured bank or federal credit union



Other regulated lenders once approved



Lenders may begin processing loan applications from small businesses Friday, April 3



Independent contractors and self-employed can start applying Friday, April 10



Expedited and simplified processes – 60-day turnaround



HOW MUCH CAN YOU BORROW?



2.5 times average monthly payroll



Measuring period: one year before loan made



Payroll includes salary, wage, commission and similar compensation, cash tips, vacation pay and sick/family leave, unless you took a credit under the Families First Act



Also includes severance pay, health insurance premiums and other group health care benefits, employer paid portion of the 403(b) Thrift Retirement Plan

HOW MUCH CAN YOU BORROW (EXCLUSIONS)



Excluded from payroll: the portion of the compensation of an individual employee in excess of an annual salary of \$100,000, payroll taxes, income taxes and any compensation of an employee who lives outside the US




Also excluded from payroll: qualified sick leave or family leave wages for which a credit is allowed under Families First Coronavirus Response Act




Overall loan cap of \$10 million

BORROWER REQUIREMENTS

Good faith certification that the loan is needed because of COVID-19 economic uncertainty and will be used to maintain payroll and make required payments



Certification that borrower is not receiving duplicative funds for the same uses from another SBA program – no double-dipping



No collateral or personal guarantees required



Need to provide payroll documentation



WHAT ARE THE LOAN TERMS?



MAXIMUM LOAN MATURITY DATE
OF 10 YEARS



MAXIMUM INTEREST RATE OF
4.0%



LOAN PAYMENTS DEFERRED FOR
6-12 MONTHS



NEITHER THE GOVERNMENT NOR
LENDERS WILL CHARGE SMALL
BUSINESSES ANY FEES



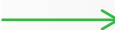
WHAT CAN YOU USE LOAN FOR?

75%
of the
Proceeds

Payroll costs



Group healthcare
benefits

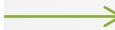


Insurance premiums.
• Employer Paid Portions of
the Benefits

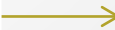


Not
More
Than
25%

Any Interest, but not
principal, on any debt
incurred before
February 15, 2020



Rent on any real
estate property lease
in force prior to
February 15, 2020.



Utility payments.

WHAT YOU CANNOT USE LOAN FOR?

Cannot use loan proceeds to pay employees for the portion in excess of \$100,000 per year per employee

For Example: A salary of \$120,000, \$20,000 is excluded
\$100,000 is included

The employer paid 403(b) portion on the excluded
\$20,000 salary would be excluded. $\$20,000 \times 3.0\% =$
\$600.00 would be excluded

Cannot use loan proceeds for payroll or withholding taxes or compensation of non-US resident employee

Cannot use loan proceeds for qualified sick leave or family leave wages for which a credit is allowed under Families First Coronavirus Response Act



LOAN FORGIVENESS

Loan recipients eligible for loan forgiveness for 8-week period starting on loan origination

Equal to the amount of costs that recipients incur during the period for certain designated categories

Includes payroll costs (compensation above \$100,000 rate excluded)

Payment of interest on mortgage obligations

Real estate rent and lease obligations

Utility payments

Cannot exceed amount borrowed



LOAN FORGIVENESS REDUCTION/LIMITATION

Proportionally reduced if average number of employees is less during 8-week forgiveness period as compared to same period in 2019

Reduced by amount of reduction in total employee salary during covered period that exceeds 25% as compared to same period in 2019

Borrowers who re-hire workers by June 30 won't be penalized for having smaller workforce at beginning of period

Due to high subscription, likely not more than 25% of forgiven amount may be for non-payroll costs

DISTRIBUTION REPORTING WORKSHEET

This Paycheck Protection Worksheet is available on the Temporalities Covid Response Page <http://www.diolc.org/parish-covid-resources>

SMALL BUSINESS INTERRUPTION LOANS			
Paycheck Protection Program			
Estimated Maximum Loan Availability and Forgiveness Amount			
* This estimate is based on State Bank Financial's understanding of the CARES Act as of 04/06/20 and is subject to change as additional guidance is issued.			
** This spreadsheet is only to be used for traditional business with payroll, use the self employed calculator for self employed (reported on schedule C or Schedule F)			
Maximum Loan Amount			
Represents the maximum amount a qualified borrower may apply for.			
NOTE: Yellow highlighted cells represent variables that should be completed with your final business data.			
		12 month total	Average Monthly
Maximum Loan Amount:			
Payroll Costs:*			
Salaries, wages, commissions, vacation and sick pay (not to exceed \$100K per employee) paid during 2019			\$ -
Group Health Insurance (including shareholders health insurance)			-
Retirement Benefit Costs			-
State/Local Taxes on Employee Compensation (i.e., employer U.C.)			-
Average Monthly Cost			-
			2.5
<i>Subtotal</i>		a)	\$ -
MAXIMUM LOAN AMOUNT [Lesser of a) or \$10 million]		b)	\$ -
Segregated account #1 - To be used for Payroll			
			\$ -
Segregated account #2 - To be used for non-payroll items			
			\$ -
Allowable Uses of Funds During the Period 8 week period			
1) Payroll costs (defined above)			
2) Health care benefits (including group health insurance)			
3) Interest on mortgages (not principal) ****			
4) Rent (including rent under a lease agreement) ****			
5) Utilities ****			
6) Interest on any other debt obligations ****			

DISTRIBUTION REPORTING WORKSHEET

Loan Forgiveness Amount			
<i>Represents the maximum amount a qualified borrower may have forgiven.</i>			
Payroll Costs Incurred During the "Covered" Period (8 weeks following loan origination):			
Payroll Costs			
Salaries, wages, commissions, vacation and sick pay			
Group Health Insurance (including shareholders health insurance)			
Retirement Benefit Costs			
State/Local Taxes on Employee Compensation (i.e., employer U.C. tax)			
Tentative Forgivable payroll costs (before required reductions)			\$ -
Non-Payroll Costs Incurred During the "Covered" Period (8 weeks following loan origination):			
Rent			
Utilities			
Interest on Covered Mortgages (on real or personal property)			
Tentative forgivable Non-payroll costs (before required reductions)			\$ -
Tentative total forgivable expenses (before required reductions)			\$ -
25% of tentative total forgivable expenses			\$ -
Non payroll expenses in excess of 25% forgivable expenses			\$ -
LESS: Required Reductions in Loan Forgiveness:			
<i>Number of Employees:</i>			
Monthly Average Full Time Equivalent ("FTE") Employees for the Covered Period (8 weeks following origination of the covered loan)**			
<i>Lesser of (at borrower's choice):</i>			
Monthly Average FTE's for the period February 15 to June 30, 2019			
Monthly Average FTE's for the period January 1 to February 29, 2020**			-
% Reduction		0.00%	-
<i>Compensation Reduction:</i>			
Individual Employee Compensation Reduction in Excess of 25% Compared to the Most Recent Full Quarter Before Origination of Loan***			
Tentative Loan Forgiveness			c) \$ -
TOTAL LOAN FORGIVENESS [lesser of b) or c) above]			d) \$ -
BALANCE OF LOAN NOT FORGIVEN (if any)			\$ -
<small>* For seasonal businesses, use the costs incurred during the period February 15, 2019 or, at the election of borrower, March 1 to June, 30, 2019.</small>			
<small>** A reduction in FTE's between February 15th and April 27th, 2020 is disregarded if the reduction is eliminated by June 30, 2020 for purposes of the reduction in number of employees and/or compensation.</small>			
<small>*** Compensation Reduction does not apply to any employee who, during any pay period in 2019, wages or salary at an annualized rate of pay in an amount of more than \$100,000.</small>			
<small>**** Rent, utilities, and interest only count if you entered into the obligation (lease, loan service agreement) prior to Feb 15, 2020</small>			

This Paycheck Protection Worksheet is available on the Temporalities Covid Response Page <http://www.diolc.org/parish-covid-resources>

ECONOMIC INJURY DISASTER LOAN

Some businesses have received, or applied for, an Economic Injury Disaster Loan (EIDL) from SBA related to COVID-19

If received EIDL between January 31, 2020 and April 1, 2020, able to refinance EIDL into Paycheck Protection Program loan

Can't take out EIDL and Paycheck Protection Program loan simultaneously

If received \$10,000 EIDL grant, that is subtracted from amount forgiven under Paycheck Protection Program

PAYROLL TAXES



- Employers may delay payment of their portion of 2020 payroll taxes to 2021 and 2022.
 - You cannot delay tax payments without approval of the Diocesan Finance Officer
 - You are personally responsible for missing payments (Pastor, Bookkeeper, and or Corporate Trustees)



DIRECT PAYMENTS TO TAXPAYERS

Taxpayers will receive a one-time direct deposit of up to \$1,200

Married couples will receive \$2,400, plus \$500 per child.

Payments available to taxpayers with incomes up to \$75,000 for individuals and \$150,000 for married couples.

RETIREMENT FUNDS

10% early withdrawal penalty waived for distributions up to \$100,000 for COVID-19 related purposes, retroactive to January 31

Withdrawals still taxed

401(k) loan limit increased from \$50,000 to \$100,000



FEDERAL EMERGENCY PAID SICK AND FAMILY LEAVE



Families First Coronavirus Response Act (FFCRA)



April 1 through December 31, 2020



All employers with 500 or fewer employees



Exempts "health care providers" from eligibility to leave



A business of fewer than 50 employees can request exemption for financial hardship

FEDERAL EMERGENCY PAID SICK AND FAMILY LEAVE (CONT'D)



FFCRA ADDS TO ANY OTHER PAID LEAVE (STATE PAID LEAVE, PTO, ETC.)



AMOUNT OF LEAVE BASED ON FT EMPLOYEE; AVAILABLE FOR PT ON PRORATED BASIS



1:1 REIMBURSEMENT TO EMPLOYERS ON COSTS OF LEAVE THROUGH PAYROLL TAX CREDITS

FFCRA QUICK REFERENCE

HR 6201 (Families First Coronavirus Response Act)

Dates	-Signed by President Trump on March 18, 2020 -Effective on April 1, 2020 (15 days after March 18, 2020) -Sunssets on December 31, 2020
Posting Requirement	-Employers must post a Sec. of Labor prepared poster for HR 6201 rights in a conspicuous place in the workplace OR distribute to employees per normal communication e.g., email (https://www.dol.gov/sites/dolgov/files/WHd/posters/FFCRA_Poster_WH1422_Non-Federal.pdf)
Employer Coverage	-500 or fewer employees -Exception (Health care): Employers may elect to not provide the leave to health care providers and emergency responders
Retaliation	- No retaliation for use of HR 6201: Employers may not discharge, discipline, or discriminate against employees who make use of the leave or file/participate in a proceeding related to HR 6201 - No substitution requirement: Employers may not require employees using HR 6201 leave to find replacement employees to cover hours for absences

Available Leaves	Reasons for Leave	Eligibility	Amount of Leave	Pay Rate	Pay Maximums	Effect of Employer Closure	Employer Tax Credits
Emergency Sick Leave (Division E) - Employee's own sickness or quarantine	1. Employee subject to federal, state or local quarantine or isolation 2. Employee is quarantined by recommendation of health care providers 3. Employee is seeking medical diagnosis due to COVID symptoms	All employees (subject to health care provider/ emergency responder exception)	80 hours OR prorated(fn.2) amount for part-time or variable hour employees. Must be <i>in addition</i> to an employer's sick leave provided by policy/accrued by employee prior to HR 6201 passage	100% regular pay	\$511/day or \$5,110 total	Div. E Sick Leave available only "to the extent that the employee is unable to work (or telework) due to a need for leave <u>because</u> " of one of the 6 reasons(fn.4)	Costs to employers shall be offset through payroll tax credit refunds up to \$511/day or \$5,110 total per employee
Emergency Sick Leave (Division E) - Care of other or Misc.	4. Care for another individual (family or household member) under governmental quarantine/isolation OR health care provider quarantine 5. Care for child due to closure of school or daycare or unavailability of care provider due to COVID(fn.1) 6. Employee is experiencing any of substantially similar condition specified by the Sec. of HHS in consultation with Sec. of Treasury and Labor	All employees (subject to health care provider/ emergency responder exception)	12 weeks (OR prorated(fn.2) amount for part-time or variable hour employees)	2/3 pay	\$200/day or \$2,000 total	Div. C Family leave available only if employee is "unable to work (or telework) <u>due to</u> a need for leave to care for the son or daughter under 18 years of age..." (See fn.4)	Costs to employers shall be offset through payroll tax credit refunds up to \$200/day or \$2,000 total per employee
Family (Child Care) Leave (Division C)	Employee unavailability to work (or telework) due to need to leave to care for son or daughter under 18 years old if school or place of care care closed, OR if care provider is unavailable due to public health emergency (COVID 19)	All employees employed for 30 or more days (subject to health care provider/ emergency responder exception)	12 weeks (OR prorated(fn.2) amount for part-time or variable hour employees)	2/3 pay AFTER the first 10 days (fn.3) being unpaid	\$200/day or \$10,000 total	Div. C Family leave available only if employee is "unable to work (or telework) <u>due to</u> a need for leave to care for the son or daughter under 18 years of age..." (See fn.4)	Costs to employers can be offset through payroll tax credits up to \$200/day per employee up to 10 weeks

(Fn.1) Note: There appears to be no exception to the payment of the ESL Division E even if telework/telecommuting is feasible, as is the case with Division C Family leave.

(Fn.2) Proration is a part-time employee's normally scheduled hours or, for a variable hour employee, their average hours over 6-month period prior to leave OR the rate of the "reasonable expectation" the employee would have worked on average per day

(Fn.3) Employees may substitute accrued paid leave during 10 day period OR may take initial 10 day period unpaid.

(Fn.4) Employees may use and are owed FFCRA leave (sick or family) only until an employer closes, at which time, the employee becomes eligible to apply for unemployment benefits as the result of the closure. See DOL FFCRA Questions and Answers Nos. 23, 24, 25 at <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

Job Restoration -Eligible employees taking leave under HR 6201 are entitled to job restoration to the position they held when the leave began or an equivalent position.



FEDERAL EMERGENCY PAID SICK LEAVE

- 80 hours of leave (or PT pro rata equivalent) at full pay (capped at \$511 per day) if employee unable to work or telework because:
 - Under a COVID-19-related quarantine order
 - Has been asked to self-quarantine due to COVID-19 by health care provider
 - Employee experiencing COVID-19 symptoms and seeking medical diagnosis

FEDERAL EMERGENCY PAID SICK LEAVE (CONT'D)

- 80 hours of leave (or PT pro rata equivalent), at 2/3rds rate of pay (capped at \$200 per day) if employee unable to work or telework because:
 - Employee caring for family/household member subject to COVID-19 quarantine or isolation order or experiencing COVID-19 symptomsor
 - Employee caring for son or daughter because school closed or childcare provider unavailable due to COVID-19

FEDERAL EXTENDED FAMILY & MEDICAL LEAVE



Dates, coverage, eligibility all the same except one criterion



Employee must be employed for 30 calendar days

EXTENDED FAMILY & MEDICAL LEAVE (CONT'D)



Employee entitled to leave if unable to work or telework in order to care for son or daughter under 18 years old if elementary or secondary school or place of care has been closed, or childcare provider unavailable, due to public health emergency



12 weeks of leave, first two of which are unpaid (but employees can elect to use other paid benefits, including FFCRA Emergency Sick Leave)

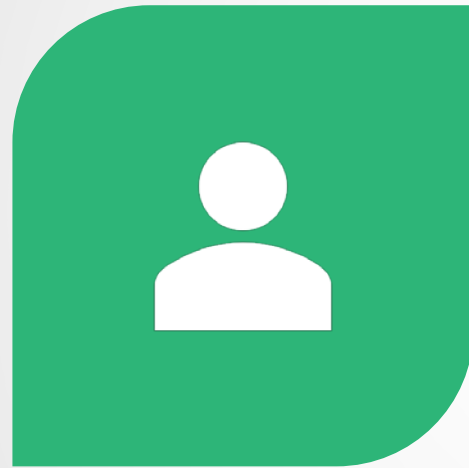


Remaining 10 weeks are at 2/3rds employee's regular rate of pay, capped at \$200 per day



Intermittent permitted with employer permission

ADDITIONAL INFO – FEDERAL PAID BENEFIT PROGRAMS



REQUEST PROCESS: NAME, DATE,
REASON, STATEMENT UNABLE TO WORK



REQUEST FORM PREPARED FOR USE

FAMILIES FIRST CORONAVIRUS RESPONSE ACT REQUEST PROCESS

FAMILIES FIRST CORONAVIRUS RESPONSE ACT LEAVE REQUEST

Employees requesting Emergency Paid Sick Leave (EPSL) or Extended Family Medical Leave (EFML) pursuant to the Families First Coronavirus Response Act (FFCRA) must complete this form. Upon completion of this form, submit it to your Parish Pastor/School's Human Resources Manager for processing.

Employee Name: _____	
Employee Home Address: _____	
E-mail(s): _____	
Home Phone Number: _____	Cell Phone Number: _____
This is a (choose one): <input type="checkbox"/> New request for leave <input type="checkbox"/> Request for an extension of leave	
Anticipated Begin Date of Leave: _____	Expected Return to Work Date: _____
You must provide as much advance notice as is reasonably practicable.	
Reason for Leave (check all applicable) I am unable to work (or telework) for the following reasons:	
<input type="checkbox"/> I am subject to state, federal or local quarantine or isolation order related to COVID-19	
<input type="checkbox"/> I have been advised by a health care professional to self-quarantine due to concerns related to COVID-19	
<input type="checkbox"/> I have symptoms related to COVID-19 and I am seeking a diagnosis	
<input type="checkbox"/> I am caring for an individual who is subject to quarantine or has been advised to quarantine related to COVID-19	
<input type="checkbox"/> I need to care for my child under age 18 because the child's school, child care or child care provider is closed or unavailable because of COVID-19	
<input type="checkbox"/> I am experiencing other conditions substantially similar to COVID-19 as specified by HHS.	
I will need (choose one):	
<input type="checkbox"/> Continuous leave	
<input type="checkbox"/> Intermittent leave	
If your need for leave is intermittent, please describe the nature of your intermittent leave:	

I certify that the above information is accurate and complete. I understand that if I fail to report for work on or before the scheduled return date indicated above or fail to contact the Parish Pastor/School's Human Resources Manager regarding my absence from work beyond such scheduled date of return, I may face disciplinary action, up to and including termination.

Employee Signature: _____ Date: _____

- Little employer verification permitted
- Examples:
 - Government that issued quarantine order
 - Physician that recommended quarantine/advice
 - Name of child, name of school or place of care closed and statement that no other suitable person is available for childcare



PANDEMIC UNEMPLOYMENT ASSISTANCE



Employee entitled to Federal Pandemic Unemployment Assistance (PUA)



Allocated federal funds to unemployment benefits for employees of religious employers that opted out of state unemployment programs



Weekly compensation not less than \$600



Time/Max term: January 27 to December 31, 2020 up to 39 weeks. WI is accepting applications April 21, 2020



No job search requirement

PANDEMIC UNEMPLOYMENT ASSISTANCE (CONT'D)

Factors of ineligibility for benefits: no eligibility if telework is available, receiving paid sick leave or other paid leave benefits (like expanded family leave).

Requirement = Loss of income/work due to COVID-19

- Employee diagnosis with COVID-19 or advised to quarantine by health care provider
- Member of Employee household diagnosed with COVID-19
- Employee providing care for family/household member with COVID-19
- Employee primary caregiver for child at home due to school/childcare closure due to COVID-19
- Place of employment is closed as a result of COVID-19
- Employee not able to reach place of employment because of quarantine imposed as a result of COVID-19
- Employee has had to quit job as result of COVID-19
- Other criteria



FURLOUGH, LAYOFFS AND TERMINATIONS

Furlough, layoffs, and termination

Basics – what are they?

- Termination: separation of a position, sometimes due to “for cause” conduct of employee or alternatively due to other economic or other factors. No intention to replace terminated employee.
- Reduction in force: elimination of position(s) due to decreased work demand or economic support within business. No intention to replace eliminated position.
- Layoff: temporary separation from employment (not due to conduct of employee) with intention to recall employee.
- Furlough: mandatory unpaid time off or reduced schedule (typically for temporary period of time). Example: one week unpaid within a two-month period, or a mandatory reduction for FT from 40 to 32 hours. Caution: exempt employees.

FURLOUGH, LAYOFFS AND TERMINATIONS CONT'D

All need to be documented

- In writing
- Date of action
- Simple statement of action being taken (layoff, furlough, etc.)

Provide final paycheck on next scheduled pay date

COBRA notice, if applicable

Payment of accrued PTO if applicable based on employment policies

FURLOUGH, LAYOFFS AND TERMINATIONS – UNEMPLOYMENT CONSIDERATIONS

Church Unemployment Pay Program benefits: no eligibility for temporary furloughs or temporary layoffs, eligibility for permanent separations depends on circumstances

Wisconsin Department of Workforce Development Unemployment Insurance Division – NO eligibility (the Diocese/Parishes/Schools do not participate)

Coronavirus Aid, Relief and Economic Security Act's (CARES) Federal Pandemic Unemployment Assistance (PUA)– eligibility depending on separation resulting from COVID-19 caused separation

REDUCTION IN HOURS – EXEMPT AND CONTRACT EMPLOYEES



Exempt employees:

For exempt employees, must ensure still earning at least minimum salary threshold under governing statutes to maintain the exemption. Exemption for certain employees, like teachers.

Employer may consider converting the employee to an hourly non-exempt employee.

If exempt employee works during a work week must be paid for the full week even if the employer had them stay home for a portion of it.



Contract employees: contract terms remain in place without force majeure clause

REDUCTION IN HOURS (CONT'D)



Must give notice to employees with Rate of Pay Change Form



Ensure minimum wage satisfied



Employee cannot fall below required hours threshold in healthcare plan

REDUCTION IN HOURS – BENEFITS PLANS

Diocesan Lay Group Employee Medical Benefit Plan effects

- Note: FFCRA (addressed earlier) paid leave, so employee contributions to benefits will continue through payroll, as normal

Reduction in hours: employee required to continue to make employee contribution for benefits, despite reduction in hours

Furlough/temporary layoff: continuation of benefits permitted so long as continued employment. Employee required to continue to make employee contribution for benefits.

- Can require payment in advance of month, e.g., delivery of check prior to 1st of the month.

SUBMITTED QUESTIONS

Who will be the main contacts for questions outside of this meeting?

Pay and Federal Acts - James Reider

Employee Benefits and Insurance - Dennis Herricks

Will the Diocese provide guidelines for cleaning; for all staff and for custodial and classroom teachers school and church prior to reopen?

We can get that distributed. Mostly, there is a focus on disinfecting commonly accessed/touched areas, like doorknobs, handles, machine buttons, etc., but we can pull information together and get it sent around.



SUBMITTED QUESTION

We are aware of another employee who intends to resign as soon as businesses open back up. The new destination has a *hiring freeze* in place and the offer timing is contingent upon when businesses go back to work. If that resignation comes in prior to 4/26, should we attempt to keep this person past that date so as not to impact repayment, or does that not matter?

- There is no need to induce employees to stay solely for purposes of the PPP loan.
- At this time, our understanding is that the forgiveness is based on the 75/25 assessment of the use of the loan proceeds, rather than a 1:1 analysis of retained employees.

How will this affect planning for open enrollment, etc. that usually begins in May?

Do we classify Employee Hot Lunch Program as a taxable benefit?

Our parishes share the salaries of certain employees where one parish reimburses the other. When the funds from the SBA loan arrive will that still be the way we should do it?



CLOSING COMMENTS
AND FINAL BLESSING



THANK YOU FOR ATTENDING TODAY'S WEBINAR

FINALLY, DRAW YOUR STRENGTH FROM THE LORD AND FROM HIS MIGHTY POWER. ¹¹ PUT ON THE ARMOR OF GOD SO THAT YOU MAY BE ABLE TO STAND FIRM AGAINST THE TACTICS OF THE DEVIL. EPH., 6:10-11