

First thing: breathe deeply.

04/04/2020 Update: [SBA Formally States Religious Organizations Are Eligible for PPP and EIDL Programs](#) This update also answers the affiliation question (that yes, individual parishes may apply even though we are tax-exempt via TEC).

It is easy to become so concerned about the financial impact of this pandemic on our parishes that we forget God's providence. It is also easy to want to move quickly to action to mitigate any risk whatsoever.

We do not know how long this will go on. It may be several weeks. It may be several months. Gather all the information you can, knowing that each day seems to bring new information that could affect our decision-making.

We do know that there are already programs in the works to assist parishes with short-term cash-flow concerns, like the **CARES Act and SBA Loans**. On Friday, Congress passed the CARES act. This legislation creates a program of Small Business Administration loans open to religious organizations. It makes provisions for 1. Loans designed to save institutions from having to dismiss employees and 2. Improved support for employees who do lose their jobs and who may not have been eligible for unemployment assistance otherwise. The legislation is so new that there are many questions about what is being offered and how to access the assistance. We are distilling summaries from law firms; Episcopalians and friends on Capitol Hill; and our audit firm. We recognize the desire to act fast but want you to be as well-prepared as possible. **Linked below are several resources including program summaries from the Small Business Administration and the application for the Payroll Protection Program.**

Our guidance on this program right now has three points:

1. If you think you will need this program, contact your bank ASAP. You will be applying through a bank, not the SBA itself. While this particular program is new to the bankers too, lenders will be familiar with other SBA programs. They will be among the first to fully parse the regulations and be able to tell you the documents you may need. It goes without saying that there are upsides and downsides to working with the larger lenders, but you might check to see what your bank's experience level with SBA lending is.
2. If you do not have a letter from TEC establishing your tax-exempt status, begin the process of obtaining one today. NEW SINCE FRIDAY: Normally, these letters come from TEC; Friday we learned that they are overwhelmed and have given us tools to provide these letters for you. We have set up a process for diocesan staff to produce them. Please email ksmith@thediocese.net with your parish name, address, and Tax ID number and we will produce a letter for you.

Please do note that there is another loan program, the Economic Injury Disaster Loan program (EIDL), that is also available. Loans issued under this program do not have the forgiveness provision that the PPP loans do. You cannot apply for both types of loans.

There is a canon (14.1) in place requiring approval from the Bishop and Standing Committee for parish debt. In the case of these CARES loans, subsection “b” of 14.1 applies, requiring consent for borrowing over 20% of the prior year’s parish receipts for operational uses. Parishes whose aggregate debt will be below that threshold need no approval from the Bishop and Standing Committee. For those who will, JP Causey, Mary Thorpe, and I are working to put in place a process for these approvals.

Vis-à-vis your clergy: If they are laid off so as to receive unemployment payments as per the provisions of the CARES Act (a maximum of four months), they cannot serve you while they are receiving those benefits because they are deemed to be unemployed.

Concerning unemployment benefits that will be offered for either clerical or lay employees, the Federal Government will pay the state half of those costs under this act. The parish as the employer will be obligated to pay the other half.

For information on payment of benefits to CPG, Church Insurance, and the Medical Trust, please refer to the “What We Know Now” document on the [“Financial Matters”](#) section of the COVID-19 Resource page of the diocesan web site.

We urge parishes to be “wise as serpents and gentle as doves” in this anxiety-producing time. Prepare for whatever resources might be available, such as ensuring you have a relationship with banks in your area that are SBA lenders, and making sure you have current financial reports to share. As mentioned above, get a copy of the tax-exempt status document for your materials. Do not make precipitous decisions relating to staff until you have all the information you need to make wise decisions. Understand that while the Diocese wants to support you in every way we possibly can, we do not have the resources to cover shortfalls in all the parishes that might experience them, so move slowly, carefully, and prayerfully in all you choose to do.

Links and Documents You May Find Helpful (or Necessary):

[SBA: Payroll Protection Program Summary](#)

[SBA: Payroll Protection Program Application](#)

[DoV: Constitution and Canons](#)

[SBA: List of all SBA lenders in Virginia](#)

[SBA: SBA Lenders in Virginia by volume](#)