

PRESBYTERY OF THE TWIN CITIES AREA

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TO: Moderators, Treasurers, Administrators
FROM: Steve Robertson, Presbytery Treasurer
RE: Financial and Legislative Responses to COVID-19 for PTCA Congregations

There are several financial opportunities and recent legislative acts that we want to make our congregations aware of. This includes dues relief from the Board of Pensions and emergency grant funds available from the Presbytery.

Congress has passed two acts recently in response to the COVID-19 pandemic that impact and provide significant assistance available to churches, religious organizations and their employees:

- **Families First Coronavirus Response Act (FFCRA)**
- **Coronavirus Aid, Relief, and Economic Security Act (CARES Act),**.

This summary focuses on the main provisions of the acts that most directly affect churches and their employees; it does not attempt to describe all aspects of these legislative acts, or to go into the technical details of them.

For more detailed information on these legislative acts, please refer to the document **COVID-19 Related Legislation Overview: A Guide for Presbyterian Churches and Ministries**, found on the website of the Presbyterian Church (USA) (<https://www.pcusa.org/covid19/>). Congregations are also encouraged to consult their payroll provider, accountant or CPA, and/or legal counsel as appropriate for particulars of these provisions.

At the PTCA, we will also provide resources and further information to our congregations to assist in the implementation of these legislative provisions. You may reach Presbytery Treasurer Steve Robertson by email at treasurer@ptcaweb.org or by cell phone at 612-655-7594.

I. Dues Relief from the Presbyterian Board of Pensions

The Presbyterian Board of Pensions is offering **dues relief** for congregations of 300 members or less with a single pastor enrolled in Pastor's Participation coverage that self-identify as having extreme need. Up to three months of Pastor's Participation dues will be waived, with no change to benefits.

In addition, they are offering **dues deferment** for larger congregations for minister and employee coverage.

The dues relief or deferment is granted on a case-by-case basis, in consultation with the presbytery. For more specific information and to apply for that relief, see the Board's web site: <http://www.pensions.org/news-and-events/articles/board-of-pensions-offers-covid-19-relief-to-churches-and-employers>

II. Emergency Aid from PTCA to Support Congregations Experiencing Financial Hardship

During this unprecedented time, the Presbytery of the Twin Cities Area will provide emergency aid to congregations from its Strategic Ministries Fund for the following purposes:

- **GRANTS** of up to \$10,000 **to individual congregations to cover basic expenses** if shortfalls in income create financial hardship. Grants may provide for salary and benefit continuation for pastoral or other church staff, utility bills or other costs of essential operation including mortgage loan payments.
- **GRANTS** of up to \$10,000 **to individual congregations to cover community-based ministry**, either for *existing* ministry that is experiencing higher than expected need, or to address a *newly defined* need, brought on by the impact of the coronavirus/COVID-19. Grants may provide for direct support to persons engaged in outreach ministry, community organizations, or direct support of individuals, or organizations who serve individuals.
- **GRANTS** of up to \$5,000 **to congregations to cover technology products** necessary to allow them to reach their people (e.g., a CD burner, equipment needed to livestream, or a subscription to Zoom).
- **GRANTS** of up to \$5,000 **to minister-members of the Presbytery experiencing personal financial hardship** due to the pandemic. These grants may be done in conjunction with the Board of Pensions Emergency Grant program or directly by the Presbytery.

For more detailed information on any of the Presbytery's grant programs or to apply for a grant, please see the document **Emergency Aid to Support Congregations Experiencing Financial Hardship** on the Presbytery's website: <http://ptcaweb.org/>

III. Families First Coronavirus Response Act (FFCRA)

Paid Sick Leave and Family Medical Leave

The FFCRA requires employers (INCLUDING CHURCHES) to provide paid sick leave and family medical leave for employees resulting from COVID-19 and provides payroll tax credits to employers (including churches) to pay for these benefits. This provision applies to all congregations, regardless of the number of employees.

A good summary of the qualifying reasons for leave related to COVID-19 can be found on the **poster required to be visible in all workplace**. This poster is also a good summary to provide to church employees to meet the employee notice requirement. The poster can be downloaded at: https://www.dol.gov/sites/dolgov/files/WHD/posters/FFCRA_Poster_WH1422_Non-Federal.pdf

A detailed resource on the FFCRA that was prepared by Michael Kirk, General Counsel of the PC(U.S.A.) can be found at: https://www.pcusa.org/site_media/media/uploads/covid-19/article_for_councils_and_congregations_re_families_first_coronavirus_response_act.pdf

The U.S. Department of Labor has posted a helpful FAQ regarding FFCRA: <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

Regardless of your payroll service provider, the Synod of Lakes and Prairies has prepared helpful tracking worksheets that we can make available to any PTCA congregation who needs to implement this employee benefit.

IV. Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

The CARES Act provides a multitude of assistance to churches and their employees, including:

- Payroll Tax Relief.
- Pandemic Unemployment Assistance Program.
- Paycheck Protection Program.
- Charitable Contribution Incentives.

These programs are briefly summarized below. A detailed resource on the FFCRA that was prepared by the Church Alliance on behalf of the PC(USA) can be found at: https://www.pcusa.org/site_media/media/uploads/covid-19/cares_act_summary_33020.pdf

A. Payroll Tax Relief

The CARES Act provides two types of payroll tax relief: (1) deferral and (2) credits:

1. Payroll Tax Deferral

The CARES Act allows employers to defer payroll taxes from 2020 and pay them over two years, with half due in 2021 and half due in 2022. Note that this does not allow churches or other employers to avoid paying payroll taxes; it just allows for the payment to be deferred.

The deferral is NOT available to anyone who had a Payroll Protection loan (see below) forgiven.

Clergy may be eligible to defer their share of the Self-Employment (SECA) (6.2%) tax on the employer portion of their obligation. This provision does NOT apply to the employee portion of their SECA tax. Clergy are encouraged to consult their personal tax professional regarding this provision.

2. Employee Retention Credit

The CARES Act allows for a refundable payroll tax credit for retaining employees during the crisis. Employers are eligible for the credit if: (1) operations were fully or partially suspended due to a COVID-19-related government order; or (2) gross receipts declined by more than 50% when compared to the same quarter in the prior year.

The credit is equal to 50% of qualified wages paid to an employee on or after March 13, 2020 (and before Jan. 1, 2021) in each calendar quarter, up to a total of \$10,000 per employee for all quarters (50% of \$10,000 = maximum credit of \$5,000/employee for the year). The credit is against an employer's applicable employment taxes for each calendar quarter, with any excess refunded to the employer.

Again, employers receiving a Payroll Protection loan (see below) are not eligible for this credit.

B. Unemployment Compensation for Church Employees

In most states, churches do not participate in the unemployment insurance program and church employees are not eligible for unemployment benefits. Under the CARES Act, however, church employees who are out of work due to COVID-19 may collect unemployment benefits.

In addition, the CARES Act extends the duration of benefits from 26 to 39 weeks and provides for an additional \$600 weekly payment available for up to four months. Benefits are also available for those who have had their hours reduced.

To apply for unemployment benefits, laid off or reduced time workers should contact their state unemployment office.

C. Paycheck Protection Program Loans

The Paycheck Protection Program provides loans to small businesses, including qualifying nonprofit organizations, going through COVID-19 related closures. These loans are capped at 2.5 times the organization's monthly payroll.

Loan proceeds can be used for:

- Payroll costs, excluding the prorated portion of any compensation above \$100,000 per year for any person.
- Mortgage interest and rent payments.
- Utilities.
- Interest on debt that existed as of Feb. 15, 2020.

The loan can be forgiven in whole or in part to the extent that the loan proceeds have been used for the following costs incurred and payments made during the eight-week period after the loan is made:

- Payroll costs, excluding the prorated portion of any compensation above \$100,000 per year for any person.
- Mortgage interest (but not prepayments or principal payments) and rent payments on mortgages and leases in existence before Feb. 15, 2020.
- Certain utilities, including electricity, gas, water, transportation, and phone and internet access for service that began before Feb. 15, 2020.

However, the amount forgiven may be reduced if the employer reduces staff.

Note that participating in this program will prevent the organization from taking part in all or part of the payroll tax relief described above.

To apply for such a loan, you should contact an approved Small Business Administration lender, which includes most local financial institutions.

D. Charitable Contribution Incentives

The CARES Act encourages individuals to contribute to religious and other charitable organizations by creating a new “above the line” deduction (i.e. for taxpayers who take the standard deduction). This deduction will permit them to deduct up to \$300 of annual monetary contributions.

The CARES Act also increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50% of adjusted gross income limitation is suspended for cash contributions made in 2020.

E. Required Minimum Distribution Waiver

The CARES Act provides a waiver of the required minimum distribution (RMD) for defined 401(a), 403(b), and IRAs for calendar year 2020. While this provision does not impact congregations directly, it may affect member contributions in light of recent market volatility.

(This summary is not legal or tax advice. Organizations and employees seeking such advice should consult with a legal, tax or accounting professional.)