

SBA allows church entities to obtain needed loans to keep workers on staff

Dennis Sadowski Apr 8, 2020 CATHOLIC NEWS SERVICE

(Excerpts only, and highlights – for Diocese of Scranton purposes)

CLEVELAND - Religious nonprofits, including schools, parishes and some dioceses, are eligible for assistance under regulations developed to implement portions of the massive \$2.2 trillion Coronavirus Aid, Relief and Economic Security Act, or CARES Act.

Interim final rules governing the law's implementation state that faith-based organizations are eligible to seek and obtain Small Business Administration loans to continue paying employees for up to eight weeks provided at least 75 percent of the loan is used for payroll costs.

The CARES Act's complexities were still being unraveled April 6 as the country reels from an intensifying economic shutdown resulting from the COVID-19 pandemic. Federal officials are working to smooth the way for nonprofits and small businesses employing up to 500 workers to access \$350 billion in low-interest loans available under law's Paycheck Protection Program.

"But the loan is forgivable. It becomes a grant if you keep your employees," Picarello said. "Even if you have already let people go and if you bring them back, you can still get loan forgiveness."

The program is based on the average monthly payroll of school or parish, which is extrapolated to eight weeks. The cost of maintaining staff for that period becomes the loan amount. Picarello said the loan application is simple to complete once the loan amount is determined.

The USCCB and government affairs staffers of several major Catholic nonprofit agencies worked throughout the week of March 30 to ensure that the unique nature of church entities would not make them ineligible for the program.

One concern revolved around the relationship of individual parishes, schools or local Catholic Charities operations to a diocese. The question: Would their affiliation with a diocese make them ineligible for a loan because more than 500 people were employed across the diocese?

"This is not about advancing religion," Picarello said. "It's about keeping people on the payroll. This is one of the arguments we were making."

Department of Treasury officials charged with drafting the interim rules for the program determined that **each individual entity such as a school or a parish would be eligible to obtain a loan.**

Other concerns in the discussions focused on religious rights regarding operational and employment standards, such as membership in a particular faith, that are guarded under the Religious Freedom Restoration Act.

Picarello said the **independence of faith-based groups is preserved** under the regulations. A [post on the Small Business Administration website](#) reviews a series of questions regarding the Paycheck Protection Program.

The SBA response to a question focusing on sacrificing autonomy or First Amendment rights said: “Simply put, a faith-based organization that receives a loan will retain its independence, autonomy, right of expression, religious character and authority over its governance, and no faith-based organization will be excluding from receiving funding because leadership with, membership in, or employment by that organization is limited to persons who share its religious faith or practice.”

While layoffs at Catholic entities have been limited as of April 7, officials at some of the major professional organizations in the church expect them to grow if stay-at-home orders continue for weeks and the public celebration of Mass remains suspended. Weekend collections make up the primary source of parish revenues. With people no longer attending Mass at church, collections have declined. Not all parishes have implemented automatic contribution programs and even in places where such a system is in place, not all parishioners participate.

Schools also are facing economic challenges with parents laid off from their jobs being unable to pay tuition in many locales, said Presentation Sister Dale McDonald, director of public policy and education research at the National Catholic Educational Association. Spring also is the season for major school fundraising events. McDonald said many schools have canceled events, leading to further economic hardship.

Meanwhile, the ability of laid-off workers to seek unemployment benefits has been hampered as states have been swamped with tens of thousands of claims. Although there are delays in processing claims, benefits are retroactive to the day a worker received notification of a furlough or layoff.