News

People in Fort Smith, Okla., wait in line to file for unemployment April 6, 2020, during the coronavirus pandemic. Religious nonprofits, including schools, parishes and some dioceses, are eligible for assistance under regulations implementing portions of the massive $2.2 trillion Coronavirus Aid, Relief and Economic Security Act, or CARES Act. (CNS/Reuters/Nick Oxford)

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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% of the loan is used for payroll costs.

The regulations are set to undergo the normal comment process as required by law, but they essentially took effect April 3.

The law also includes a provision for church employees who are laid off from entities that do not participate in a state or a private unemployment insurance program to receive jobless benefits.

Anthony Picarello, associate general secretary and general counsel of the U.S. Conference of Catholic Bishops, explained the provision permits those employees to receive unemployment benefits in much the same way that contract and so-called gig workers can under the new law.

"They will not be left hanging out to dry," he told Catholic News Service.

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 at https://bit.ly/39TkjY5 reviews a series of questions regarding the Paycheck Protection Program.

A man in New York City picks up an item at the grocery store March 28, 2020, during the coronavirus pandemic. Religious nonprofits, including schools, parishes and some dioceses, are eligible for assistance under regulations implementing portions of the massive $2.2 trillion Coronavirus Aid, Relief and Economic Security Act, or CARES Act. (CNS/Reuters/Caitlin Ochs)

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. Sister 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.

Picarello told CNS his office has worked with state Catholic conferences to clarify how accessing unemployment insurance by laid-off or furloughed employees affects diocesan operations.

"Everyone wants to keep their people," he said. "We're trying to do our best to help them keep their people."

In addition to the CARES Act provision that allows workers of religious employers that have opted out of state unemployment insurance programs to still receive benefits, Picarello identified three other categories of how workers can access support.

The first customarily involves a faith-based employer paying into a state unemployment insurance fund, like other companies, allowing a worker to apply and receive benefits.

In other cases, a religious employer may have opted to pay for a private unemployment insurance policy. Workers then can apply to receive benefits from the insurance company. Benefits would be similar to that which a state provides.

In still other cases, when a church employer opts out of paying unemployment taxes, its former employees can still obtain benefits from the state through the established application process. The state then would seek reimbursement from the employer.

The CARES Act includes a provision that would cover 50% of the reimbursement costs for the employer. That leaves the employer covering the remaining 50%.

Picarello said about five states acted quickly, agreeing to cover the costs not included in the new law.



This story appears in the **Coronavirus** feature series. View the full series.