



Letter to Pastors

March 28, 2020

Florida District Pastors,

We have been researching the content of the new CARES bill that the Senate approved on Wednesday and that the House of Representatives approved Friday afternoon. While there may be changes, here is our understanding at this point, as to how it might impact churches.

Part of the stimulus package is to provide loans to Small Businesses (of less than 500 employees), including not-for-profits and churches, because all have been financially impacted by this Coronavirus crisis. As churches, we have lost some revenue because of the inability to meet and to receive the usual tithes and offerings as we normally do.

1. The bill provides for non-profit organizations to apply for a Small Business Loan under the CARES bill, that is making \$370 billion available to assist small businesses and not-for-profits.
2. If used to fund payroll, rent, and/or mortgage interest expenses, the loan becomes a grant one year from now. You don't have to pay it back as long as you maintain the same number of Full-time Equivalent Employees in 2020 that you employed in 2019.
3. If you don't use it for that purpose, or you don't maintain the same level of FTEs in 2020 as you employed 2019, a percentage of the loan will become payable, and your first payment will be due one year from now, with approximately a 4% interest rate.
4. You can apply for an amount equal to 2.5 times your average monthly payroll total for all your employees. It is not certain that clergy housing allowance is allowed in this amount yet, but certainly the salary and other employee benefits would be included.
5. You would apply through one of several hundred financial institutions, like the local bank your church banks with. Most banks that offer SBA loans will be participating. You will need to go into that bank to apply.
6. You would likely need to take the following documentation, and perhaps more, to your bank:
 - Proof that you were an entity operating at least from February 15, 2020.

- Proof that you are a not-for-profit and tax exempt
 - Proof of your monthly payroll expenses
7. Because this loan is not secured by church property, you would not need to seek DAB approval for it. However, **the DAB is asking you to let us know if you do seek the loan, how much that was for, and whether or not you were awarded the loan/grant.**
 8. Also, there is one exception to #7. If your church is a "multi-congregational church" (see Manual 100.2), you will need to get approval from the DS, DAB and the local congregation through a vote of the congregation. Not many of our churches fall into this category, but just be aware of this requirement if yours does.
 9. **The pastor should NOT make the decision to seek this loan/grant on his/her own. Pastor, you need to have a board meeting, and have your board approve a formal motion, something to the effect of**

"We authorize our pastor (or board secretary or treasurer, or a combination of these), to apply for a SBA loan/grant under the CARES bill, for the amount of \$ _____, which is 2.5 times the monthly payroll of the church. These funds will be used to fund the payroll of the church so that we do not need to lay off employees. It is understood that the loan will be forgiven in a year if we maintain the same level of FTEs as we had in 2019. We will notify the local church and the District Advisory Board of the result of this application."

While this is not something that every church should apply for, it is something for which we felt the need to provide some initial guidance. Because of the demand for this program, if you feel that this is a program which would be beneficial for your congregation, we would encourage you to have this conversation with your board in a timely manner.

US Senators have assured us that the bill does not include any restrictions upon churches which would cause them to disregard the values of the church as it receives government funds. We asked them directly about this. But please be sure that in your application process there are no riders that require you to adhere to certain non-discriminatory policies contrary to our values and community covenants if you should choose to receive these government funds.

Please inform yourself as best you can through church communications, government communications and what your local bank has to share with you about the process. Let us know if you come up against challenges that we may be able to help you with.

One final word regarding staffing and layoffs that your church board might find itself considering in the days ahead.

If your church finds itself needing to reduce staff and lay people off, please remember that:

1. You have to pay their accrued PTO, Sick Days and Vacation Time in keeping with your employee handbook or state law.

2. If they receive unemployment benefits, which have been extended in amount and length, if your church has paid into the state unemployment fund, then the state pays the unemployment benefits. But if your church has not paid "reemployment tax" to the state, then the state will seek reimbursement from the church for these unemployment costs.

Pastor, I know that leading a non-profit organization through a financial crisis is not the reason that you responded to the call of God upon your life, but I also know that it's not an accident that God has called you where God has called you, when God has called you. I'm praying for you that you would know that it is for this very reason and for this very time that you are where you are.

Grace & Peace,

Dale Schaeffer

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