

Notes – SPAS Congregation President Zoom meeting, 4/2/20

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I. Context for staffing decisions

A. Expanded Unemployment Benefits: Minnesota Executive Order & federal CARES Act

- Expanded benefits for COVID19-related job interruption: for furlough, layoff, reduction in hours in some circumstances
- We believe church workers are entitled to benefits, at least under the federal CARES Act – encourage affected workers to apply to determine eligibility
- Minnesota unemployment provides around one-half of regular income in a weekly benefit, capped at \$740/week for COVID19-related eligibility
- New CARES Act adds federal money to the mix, in the form of an additional weekly benefit amount and an extension of time when benefits are available; waiting for federal Department of Labor guidance and information from Minnesota Department of Employment and Economic Development (“DEED”) for information on interplay between federal and state benefits

B. Federal Families First Coronavirus Response Act (“FFCRA” or “Families First Act”)

- **Sick Leave Provision:** Two weeks/ten days of COVID19-related paid time off, to be used for various COVID19-related absences; expires December 31, 2020
 - Part-time employees receive two weeks of time calculated at their average number of hours worked per week. (Example: employee working 20 hours per week on average receives 40 hours of COVID19-related paid sick leave)
 - Not every COVID-related reason for absence is covered – five specific reasons (some self-related, some related to care for others), with a catch-all at the end that U.S. Department of Labor may fill in later

Recommendation: [Leave request forms](#) that offer guidance on the reasons leave may be requested; good to have employees complete that request form both to understand their reason for leave and to keep documentation to get tax credit discussed below

- Pay for this sick leave:

For reasons 1-3 (related to employee's own illness): full pay up to a cap of \$511 per day

For reasons 4-6 (care of others): 2/3 pay up to cap of \$200 per day

- **Expanded COVID19 FMLA leave**

- All employers with fewer than 500 employees are covered (new for most churches; standard FMLA applies only to employers with 50 or more employees)
- Only available for school and daycare closure-related absences
- Employee must verify that they cannot work because of a school or daycare closure, that there is no one else to care for children, and for children 14 and over, explain why they need care during daytime/work hours
- 12 weeks total leave; first two weeks covered by paid sick leave provisions, remainder paid at 2/3 pay, capped at \$200/day

- **Both FFCRA Sick Leave and FMLA Leave wages are reimbursable to the employer** through federal employment tax credits/rebates – work with your payroll and accounting resources to set up codes for this leave time and to submit IRS forms for credit or reimbursement

II. Payroll reduction options

- Furlough: temporary, involuntary leave of absence
 - Employee entitled to unemployment benefits if COVID19-related
 - In most cases, can use accrued but unused PTO (paid time off) before drawing unemployment
 - Furloughs for “exempt” staff (who aren't paid overtime) must be in full weeks; must pay for any week during which the employee works any hours
- Layoff: separation from employment
 - Employee entitled to unemployment benefits

- Look at your policies: employee might be entitled to payout of accrued but unused PTO (paid time off)
- Wage cuts: many employers are doing across-the-board percentage decreases during crisis period
 - Depending on decrease, might entitle employee to partial unemployment benefits
 - In general, best to treat all employees the same; avoid discrimination claims

III. CARES Act PPP loans

- Available to churches
- Designed to help businesses and tax-exempt organizations maintain headcounts and payrolls during crisis
- Must make representation that organization has been financially impacted by COVID19 crisis – awaiting guidance on what that representation includes
- Total loan amount is 2.5 times your average monthly payroll over a 12-month look-back period
- 4% interest cap
- Backed by federal government
- Funding through banks
- Forgiveable if:
 - Funds used on qualifying expenses (payroll, benefits, rent/mortgage and similar expenses)
 - Used in first 8 weeks after loan disbursement
 - Organization maintains payroll or head count at a certain level, measured within a couple of months after loan disbursement and compared to look-back period – still waiting for specifics on those measures
- Work with your bank; applications can be taken starting 4/3/20 but many banks still working on application process