This message is being sent from Heather E. Kimmel, General Counsel of the United Church of Christ to all Conference Ministers, Conference Attorneys, the Senior Leadership Team, and other covenanted partners of the UCC. Please feel free to forward it to anyone else who may find it useful.

Dear Colleagues--

On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. The CAA is an enormous bill. This message considers only the sections of the legislation that may be of interest to our church settings relating to extensions of the Paycheck Protection Program, Pandemic Unemployment Assistance, the CARES Act, and the Families First Coronavirus Response Act (FFCRA). If you have questions about the original legislation please contact your Conference Minister or Conference Attorney who can provide you with previous communications on these topics.

Paycheck Protection Program

Second Draw PPP Loans are available to churches and other religious organizations that have previously received a PPP loan. To be eligible, the organization must have previously received a PPP loan and used it/ be using it for authorized purposes; must have no more than 300 employees; and can demonstrate at least 25% reduction in gross receipts between comparable quarters in 2019 and 2020. The maximum loan amount is $2 million, or 2.5 times the average total monthly payment for payroll costs during 2019, or during the one-year period before the loan is made, whichever is lower. The application deadline is March 31, 2021. Churches should apply through a lender identified at www.sba.gov.

The CAA has broadened the scope of expenses that can be paid using PPP funds. Along with payroll costs, mortgage interest, rent, and utilities, the funds can now also be used for worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations. Churches should contact their lender for details.

The CAA provides a simplified forgiveness process for PPP loans of $150,000 or less, either under the CARES Act (First Draw) or the CAA (Second Draw). The organization may submit a one-page certification that provides the description of the number of employees the organization was able to retain because of the loan, the estimated amount of the loan spent on payroll costs, and the total loan value, with an attestation that the information provided is accurate, that the organization has complied with the applicable laws, and that the organization is retaining records that prove the information in the certification for the required length of time (three or four years depending on the record type). Churches should contact their lenders for instructions about the forgiveness application.

Pandemic Unemployment Assistance

The Pandemic Unemployment Assistance (PUA) provisions of the CARES Act created eligibility for unemployment benefits to many individuals who were not otherwise eligible under state law, including many church employees. Under the CAA, PUA is extended through April 5, 2021, for weeks of unemployment, partial unemployment, or inability to work caused by COVID-19 ending on or before March 14, 2021. Individuals can now receive up to 50 weeks of unemployment assistance under the program, so long as it is before April 5, 2021. The CAA has implemented new requirements for individuals receiving assistance to prove their previous employment and to recertify each week. Individuals should check with their state unemployment compensation offices for details.

Pandemic Unemployment Compensation

Under Pandemic Unemployment Compensation (PUC), eligible individuals received $600 in federal assistance over and above state unemployment compensation per week. While PUC has been extended to March 14, 2021, the amount has been reduced to $300 per week starting December 26, 2020. Additionally, eligibility for the Pandemic Emergency Unemployment Compensation (PEUC) program, which provides an additional benefit to individuals after they have exhausted their state benefits, has been extended from 13 weeks to 24 weeks, with an end date of March 14, 2021. Individuals should check with their state unemployment compensation offices for details.

Families First Coronavirus Response Act

Employers are permitted, but not required, to extend sick leave benefits and paid family leave benefits under the Families First Coronavirus Response Act to March 31, 2021. Employers may continue to take the payroll tax credit if they do. Please note that this extension does not create a new eligibility for the leave in 2021—in other words, if an employee has exhausted their leave under the FFCRA once, they are not entitled to new leave under the CAA. Of course, our settings are always free to provide leave to employees; leave granted outside of the FFCRA/CAA will not be eligible for payroll tax credits.

Employee Retention Credits

Some churches may be eligible to claim an employee retention credit under the CARES Act. That eligibility has been extended to wages paid before July 1, 2021, and the prohibition on a PPP recipient claiming the retention credit has been retroactively eliminated, meaning that PPP recipients can also retroactively claim an employee retention credit if they are otherwise eligible. Churches should check with their accountant or www.irs.gov for further details. At the time this memo is being written the IRS has not yet updated their website with new information on the extension of the retention credits.

I hope this information is helpful to you.