



# Texas-Louisiana Gulf Coast Synod

## Evangelical Lutheran Church in America

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Congress has passed three acts recently in response to the COVID-19 pandemic. The latter two, the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provide significant assistance that is available to churches, religious organization and their employees.

For information from the ELCA on these two acts and their implications for churches, please refer to the ELCA's "[Update and Resources on COVID-19-related Benefits for ELCA Congregations, Synods, Other Ministries and their Employees](#)" document.

### **Piece #1 - Payroll Tax Credit**

Congregations that have a full or partial COVID-19 related closure OR a 50% decline in revenue, are eligible for a payroll tax cut, fully refundable, up to 50% of an employee's wages up to \$10,000, which would max out at \$5000/employee/year. Churches have to keep the employee on payroll, but this tax credit is not a loan, and thus there is no need to have a congregation meeting to apply for this tax credit. The IRS has not yet sent information on how to apply for this but have sent word that guidance is coming. However, you cannot get the tax credit and also get a Payroll Protection Program loan, which is Piece #2

### **Piece #2 - Paycheck Protection Program**

As part of the CARES Act, Paycheck Protection Program provides 100% federally guaranteed loans to small businesses, including qualifying nonprofit organizations. These loans can be for up to two months of your average monthly payroll costs from the last year, plus an additional 25% of that amount. Importantly, these loans are forgivable if used for payroll, mortgage, and certain utilities.

While certain aspects of this program are still being determined, what is important to know now is:

- Churches, schools, food banks, and other small businesses with less than 500 employees DO qualify.
- This program is administered by the SBA through your bank or lender, so your first step is to contact your bank to see if they are working with the SBA on this type of loan and to get information on their process for applying (which begins on April 3, 2020). Do this as soon as possible. Money may run out. But it may also take a week or two to get the application done due to the high demand for these loans.
- If you have a mortgage, contact your lender, to make sure you are clear to apply for this loan.
- You will need to calculate your average monthly payroll costs in order to

apply (see the resources below to learn about which costs to include in this calculation).

- Banks do not always understand congregations, and congregations don't always understand their connection to the greater church. In the application, under "owner" do not put ELCA or Texas-Louisiana Gulf Coast Synod. Put "member owned".
- Borrowers are eligible to have their loans forgiven (see criteria listed in the information sheet below).

There is some question as to whether a congregation meeting is needed to receive this money, as some are interpreting it as a grant. But the law calls it a loan, and loans must be approved by the congregation. To be safe, call an electronic special congregation meeting as soon as possible. C10.03 in the model constitution gives rules for notice in calling a special meeting. The rules for an electronic congregation meeting are outlined in C10.08 of the 2019 Model Constitution, which is downloadable from [elca.org](http://elca.org). If you follow the guidance of C10.08, whether it is in your constitution or not, you should be good to go under CA state law. **But do not wait to contact your bank until you have your meeting. Contact them right away.**

Below are resources which may be helpful in understanding the Paycheck Protection Program:

- [Coronavirus Emergency Loans - Small Business Guide and Checklist](#)
- [Paycheck Protection Information Sheet for Borrowers](#)
- [Paycheck Protection Program Application Form](#)
- [ELCA FAQ on Paycheck Protection Program Loans](#)

### **Piece #3: Unemployment Compensation**

Expanded to include people who were not previously eligible, including church employees whose employers have not paid into the system. Anyone who is laid-off, furloughed, or reduced time from a church is eligible. If you want to include the pastor, make an appointment to talk with Bishop Andy Taylor-there are constitutional issues that need to be discussed. But any employee who is furloughed, has reduced hours, or is laid off is eligible. Please note: Some churches/pre-schools pay UI insurance. Their employees are eligible under standard EDD guidelines.

The ELCA is constantly updating information on the CARES Act. Please check for the latest info under [elca.org/publichealth](http://elca.org/publichealth) and scroll down to the heading "What is the ELCA doing?"

If you have any questions, we will do our best to answer them. Please contact the synod office at 281.873.5665.

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