

# COMMONWEALTH POLICY CENTER ★★★

## Coronavirus Aid, Relief, And Economic Security (CARES) Act: What Does This Mean for Your Church?

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#### What is the CARES Act?

Congressional legislation provides \$350 billion of relief for businesses, 501(c)3 nonprofits (including churches), and individuals to provide temporary aid in this time of dire economic hardship due to the global COVID-19 pandemic. There are two relevant provisions for churches:

1. **Paycheck Protection Program (PPP).** All loan amounts will be FORGIVEN AS LONG AS: The loan is used to cover the costs of payroll, most mortgage interest (incurred before February 15, 2020), rent (under lease agreements in force before February 15, 2020) and utility expenses (for which service began before February 15, 2020). This money will cover an 8-week period after the loan is made. Employee and compensation levels must be maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee. More here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>
2. **Economic Injury Disaster Loan (EIDL)** This loan advance will provide up to \$10,000 of economic relief to businesses that are currently experiencing temporary difficulties. The money must be used for payroll, mortgage, rent, utilities or other expenses related to maintaining the business or church. This loan does not need to be repaid. More here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>

#### Does my church qualify?

Yes, as long as your church has a 501(c)(3) nonprofit designation as defined by the IRS.

#### What are the steps my church needs to take to access these funds?

To learn more about the **Paycheck Protection Program (PPP)** go here: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>.

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To learn more about the **Economic Injury Disaster Loan (EIDL)** go here:  
<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/economic-injury-disaster-loan-emergency-advance>.

Visit [www.sba.gov](http://www.sba.gov) for a list of SBA lenders and additional information.

## **When can I apply and how quickly can my church expect to receive aid once approved?**

You can apply immediately. This program is open until June 30, 2020 and you are encouraged to do so as soon as possible due to the anticipated demand and time needed for lender processing. Aid will then be distributed on a first come, first served basis.

## **How much money can be borrowed?**

Up to 2 months of your average monthly payroll costs from the last year plus an additional 25% of that amount.

## **How much of my loan will be forgiven?**

100% of your loan will be forgiven as long as you stay within the parameters aforementioned (payroll cost, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan). For more information click [here](#).

## **Should I be concerned with this enabling government interference or control?**

This loan will be processed through the SBA and will be backed and guaranteed by the government, much like any other loan that your church may currently have through a bank or other lending institution. Currently there seems to be no other reason to be concerned of overreach by the federal government.