

Understanding the Payroll Protection Program

Why the Catholic Church Received Federal Loans?

When the COVID-19 crisis abruptly shut down small businesses across the country, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to assist individuals and businesses who'd experienced a financial impact. Part of the act included a payroll protection program (PPP) designed to help small businesses continue to pay their employees. The program is managed by the Small Business Administration (SBA), which requires the money to be used for employee compensation and other restricted uses.

Among the businesses that received aid were several non-profit organizations, which employ large numbers of people across the country, such as symphony orchestras, museums, universities and churches. The majority of Catholic parishes (approximately 13,000 out of 17,000 in the U.S.) applied for the government's payroll protection program, and nearly 10,000 received funds that enabled them to continue to pay employees when limited funds were coming in from donations.

How has PPP loan money helped Catholic organizations and parishes?

Without funding from the PPP, many parishes would have had no choice but to lay-off their employees, reducing the church's ability to assist people in need, and forcing our people to seek unemployment. Some organizations may have had to close. Here are a few examples of how PPP funds helped keep parishes, schools and Catholic agencies in the Diocese of St. Augustine afloat during this unprecedented crisis.

According to Steve Bell, the chief financial officer, about 83 of the 107 parishes, missions and schools in the diocese received assistance that made it possible for them to mitigate the number of jobs lost during the sharpest rise in unemployment since the Great Depression. The funding helped the Catholic Church in North Florida support employment for about 2,500 lay employees.

"We are so grateful that these loans made it possible for the diocese and many of our parishes and schools to support employment for thousands of employees, including office managers who maintained the essential day-to-day operation of our parishes, program managers who kept food pantries open, and teachers who developed and implemented distance learning for thousands of students," said Bishop Felipe Estévez.

"The purpose of the PPP has always been to keep workers paid and employed because, during an economic crisis of this size, every job lost hurts the economy while every job saved



Linda Mensching providing food assistance for a family in need.
Photo by St. Augustine Catholic/Mark Udry

is a step in the right direction and has a positive impact on our entire community."

For example, Catholic Charities in the 17-county region of the diocese received \$863,000 in PPP loans to cover payroll for its workers. "We have seen a 100 percent increase in the demand for assistance from people who have lost their jobs during the pandemic," said Anita Hassell, chief executive officer and diocesan director of Catholic Charities. "But our agency has put the needs of individuals and families affected by COVID-19 ahead of our own needs," said Hassell, adding operations have been adjusted to protect the health and safety of staff, volunteers and clients alike." Catholic Charities assists families with food, rent and utility bills.

The diocese is also committed to a faith-based education, which the PPP helped sustain. As Deacon Scott Conway, superintendent of Catholic schools, explained, "Catholics and parents of students who attend Catholic schools are taxpayers. The employees of our schools deserve the same rights as employees of any other small business who received payroll assistance." He emphasizes the PPP loans went to employees, not the schools themselves. If we had not

received the PPP loans, Deacon Conway said Catholic schools in North Florida were in jeopardy of closing.

“We are thankful to Sen. Marco Rubio and many other government officials who worked hard to ensure that Catholic schools throughout the nation received PPP loans. We are committed to this work because we know a good education means a healthier future for the entire community.”

A statement from the USCCB

Archbishop Paul S. Coakley of Oklahoma City, chairman of the U.S. Conference of Catholic Bishops’ (USCCB) Committee on Domestic Justice and Human Development, issued the following statement in response to news stories about the Church and the PPP:

“The Catholic Church is the largest non-governmental supplier of social services in the United States. Each year, our parishes, schools and ministries serve millions of people in need, regardless of race, ethnicity or religion. The novel coronavirus only intensified the needs of the people we serve and the demand for our ministries. The loans we applied for enabled our essential ministries to continue to function in a time of national emergency.

“In addition, shutdown orders and economic fallout associated with the virus have affected everyone, including the thousands of Catholic ministries -- churches, schools, healthcare and social services – that employ about 1 million people in the United States. These loans have been an essential lifeline to keep hundreds of thousands of employees on the payroll, ensure families maintain their health insurance, and enable lay workers to continue serving their brothers and sisters during this crisis.

“The Paycheck Protection Program was designed to protect the jobs of Americans from all walks of life, regardless of whether they work for a for-profit or non-profit employers, faith-based or secular.

“Despite all of this, more than 100 Catholic schools have announced that they plan to close, with hundreds more facing an uncertain future. Businesses, hospitals, schools, and churches all across the country are facing many of the exact same problems.

“We will continue advocating for everyone negatively affected by this terrible pandemic, praying for all the sick, for all who have died and are in mourning, and especially the poor and vulnerable at this time of great need.”

Why did church entities receive government funds?

There have been some comments that the church shouldn’t receive funds from the government since the church doesn’t pay taxes. While it is true that churches do not pay property taxes, they do pay the same payroll taxes as any other employer. Church employees are primarily lay

people who work for relatively small organizations and depend on their salaries to provide for themselves and their families. Had they not had the assistance of PPP loan money, many of those people would have been furloughed and become dependent on other government funds, such as unemployment compensation.

According to Joseph Eisenhauer, Ph.D., dean of the College of Business Administration at the University of Detroit Mercy, because the Payroll Protection Program was designed to prevent economic catastrophe, not to promote or endorse any particular organization, religious organizations were eligible to apply for the funding. “The plan was to help employees remain employed by keeping organizations operable. Whether that’s a faith-based or non-faith-based organization, economically, it doesn’t matter,” Eisenhauer said.

Isn’t the church a big, wealthy organization?

People sometimes think the church is a monolith – something akin to a big corporation with the pope as its CEO. But that is not the reality. Each parish and school functions independently of each other. Their expenses must be paid out of donations or tuition they collect. Parishes usually pay some assessments to their dioceses to provide ministries that parishes could not afford to do on their own.

Are Catholic dioceses who received the PPP funds allowed to use the money to pay off debt caused by the sexual abuse crisis?

The funding from the PPP program is used solely for the purposes outlined in the law, which is to continue to pay employees their salaries and benefits. Not one penny of that money was used in any way to settle lawsuits or pay victim-survivors of abuse. All of the money has been distributed to workers, and the government is carefully auditing it.

By the Numbers

On July 6, the Small Business Administration released the data showing which businesses received PPP loans. The SBA set the framework of rules for qualifying for a PPP, but individual lenders made the determinations about who was qualified for a loan.

86.5% of loans were for less than \$150,000

4.9 million loans have been made

\$107,000 is the average size of a PPP loan

83 number of parishes and schools in the Diocese of St. Augustine that received PPP loans

Top Loan Recipients:
restaurants, medical offices and car dealerships