



ARCHDIOCESE  
OF  
DENVER

# CARES Act – Paycheck Protection Program

- Signed into law on March 27, 2020
- Loans 2.5x average monthly payroll of up to \$10MM
- Loan proceeds are only for payroll support including medical leave, costs related to health benefits, employee salaries, mortgage payments, rent, utilities, and any other debt payments incurred before the covered period. (These relief loans are not eligible for business acquisitions, real estate purchases, or other typical 7a loan proceeds)
- Available for currently eligible SBA borrowers AND not-for-profits – 500 employees or less or less than \$8MM in revenue
- Delegated (underwriting) authority will be made for SBA participating lenders to expedite loan processing
- Borrower and lender guarantee fees will be waived
- Provides a “process” (TBD) by which borrowers will be eligible for loan forgiveness in an amount equal to their payroll cost and costs related to debt obligations for the period between 3/1/20 and 6/30/20. The amount of forgiveness will be reduced proportionally by the number of employees laid off during this time, and it will also exclude employees making in excess of \$100k from this "forgiveness" calculation
- Lenders must verify payroll costs

# Navigating Finances

- **Assess** your financial situation
- **Stabilize** revenue
- **Freeze**, delay and or eliminate non-essential spending
- **Identify** savings and reserves that the parish can use
- **Seek** help

# Assess your financial situation: Cash Flow Projection

PROTECTED VIEW Be careful—files from the Internet can contain viruses. Unless you need to edit, it's safer to stay in Protected View. Enable Editing

A48

	A	B	C	D	E	F	G	H	I	J	K
1		<b>Parish Name</b>			Note: the amounts entered are for example only, change the non shaded amounts as needed						
2		<b>Cash Projection Mar-June2020</b>									
3			<b>(C)</b>		<b>(F)</b>						
4			July2019 - Feb2020 Actual		March-Projected	April-Projected	May-Projected	June-Projected	July-Projected	Aug-Projected	Sept-Projected
5											
6		Starting Cash	\$ 675,000		\$ 568,412	\$ 482,682	\$ 396,252	\$ 369,372	\$ 340,942	\$ 266,905	\$ 292,768
7											
8		<b>Projected Income</b>									
9	1	Offertory	\$ 325,000		\$ 11,000	\$ 11,000	\$ 40,000	\$ 30,000	\$ 27,000	\$ 28,000	\$ 40,000
10		Gifts, Bequests	\$ 20,000		\$ 250	\$ 250	\$ 1,500	\$ 2,500	\$ -	\$ -	\$ 25,000
11		Tuition/non-grant income	\$ 365,000		\$ 8,000	\$ 7,500	\$ 17,000	\$ 10,000	\$ 8,000	\$ 95,000	\$ 45,000
12		Grant Monies-SF, SOH, AOD	\$ 175,000		\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ -	\$ -	\$ -
13		Fundraising-Net	\$ 35,000		\$ 500	\$ -	\$ 12,000	\$ 25,000	\$ 5,000	\$ 5,000	\$ 15,000
14		Investment Income	\$ 6,000		\$ 250	\$ 250	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
15		Registration Fees, Program Income, Misc	\$ 75,000		\$ 2,500	\$ -	\$ 6,000	\$ 7,500	\$ 5,000	\$ 17,000	\$ 25,000
16		Other Income	\$ 10,000		\$ 450	\$ -	\$ 900	\$ 900	\$ 600	\$ 600	\$ 600
17		Capital Income	\$ 45,000		\$ -	\$ -	\$ -	\$ 25,000	\$ 30,000	\$ 30,000	\$ -
18		<b>Total Income</b>	\$ 1,056,000		\$ 38,950	\$ 35,000	\$ 94,150	\$ 117,650	\$ 76,350	\$ 176,350	\$ 151,350
19											
20		<b>Projected Cash Expenditures</b>									
21		Salaries, Taxes, Benefits	\$ 900,000		\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
22		Program Expenses	\$ 75,000		\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500	\$ 9,500
23		Program Expenses	\$ 65,000		\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
24											
25		Church	\$ 15,000		\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
26		Religious Education	\$ 12,588		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
27		Youth	\$ 8,000		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
28		School									

NOTES **Cash Flow Worksheet**

# Stabilize Revenue

- Encourage parishioners to continue to support the parish
  - Early look at March Offertory is encouraging – congratulations!
- The Church is deployed not closed
- Launch online giving if you haven't already
- Encourage school families to continue paying tuition

# Don't Have Electronic Giving?

- Direct people to the Archdiocese of Denver Parish Donation Support Page: <https://archden.org/coronavirus/help/>

## Prevention Resources

Your parish continues supporting those in your community in this challenging time of need. Especially with public Mass being suspended, your parish needs your support. You can continue to help your parish directly by clicking the button below. Or if you prefer, the Archbishop's Catholic Appeal supports forty archdiocesan-wide ministries including Catholic Charities, the Office of Catholic Schools, and Centro San Juan Diego. Thank you for your generosity!

Not sure which parish is near you? Find your parish



Página en Español

# Freeze Outflow

- Look for ways to delay, freeze or eliminate spending
- Eliminate all non essential spending
- Leave unfilled positions vacant unless critical
- Note: the priests' salaries are frozen at the FY 2020 level
  - The School Teacher Salary scale is frozen at the FY 2020 level
  - Returning teachers will receive the step and lane increase for another year's experience or for completion of sufficient, additional educational credits additional
- Note: School Budget deadline pushed back to June 1

# Identify cash, savings, reserves

- Identify funds that can be used to fund the financial shortfall
  - Note: self - designated monies can be undesignated and used
- Restricted Funds cannot be used
- Avoid selling long-term investments

# Seek help

- Contact the Office of Parish Finance
  - Help is not one size fits all – we want to consult with you and design help that fits your needs
- Utilize expertise of your Finance Council
- Help may include:
  - Payroll Protection Loans - ACT
  - Short term operating loans from IRFT
  - Deferral of Cathedraticum and other assessments
  - Deferral of insurance/benefit premiums
- Longer term – part of ACA will be dedicated to parish relief

# NEED HELP?

- Contact

- Ernie Armstrong ([ernie.armstrong@archden.org](mailto:ernie.armstrong@archden.org), 303-715-3120)

- Director of Parish Finance

- Brenda Cannella ([Brenda.cannella@archden.org](mailto:Brenda.cannella@archden.org), 303-715-3203)

- Chief Financial Officer



ARCHDIOCESE  
OF  
DENVER

# HR reminders & guidelines

- As you've just heard, your overall finance considerations drive much of what needs to be done moving forward.
  - Heed the suggestions you've just heard **before** making any employee structure decisions
  - Consider the impact of your monthly spend on payroll
- CARES ACT - - - consider what is/is not available to you under this act, as you may have a source of revenue to offset your payroll costs but know that careful consideration should be given to the next steps you take with your team members
- There is NOT one-sized-fits-all solution so this presentation aims to give you the foundational knowledge and introduce points of clarification we'll be making on your behalf in the coming days.

# FLSA Hourly vs. Salaried guidelines

These points below are to be followed all the time, but most especially now with consideration of COVID19. Until you hit pivotal changes in the direction of your staffing, heed these guidelines and ask if/as you need clarification.

<b>Hourly (non-exempt)</b>	<b>Salaried (exempt)</b>
<b>Paid at an hourly rate</b>	Paid an annual salary (divided by pay periods) “Guaranteed amount for work week in which work is performed”
<b>Eligible for OT – CO 12/40 rule @ 1.5 rate of pay</b>	NOT eligible for Overtime
<b>Tracks actual hours worked</b>	Only tracks supplemental pay like PTO
<b>May fluctuate up or down in hours</b>	Salary-basis employee's base pay <u>may not be</u> reduced if there is "no work" to be performed (do not confuse with reduction of hours)
<b>As hours reduce, may supplement PTO</b>	As hours reduce, still paid full salary
<b>Employer may supplement PTO for hours not worked <u>OR</u> employee may take fewer hours at their discretion and save PTO for later use</b>	Employer may supplement PTO for full days of no work or as PTO is requested by the employee
<b>When hours are not available and PTO is exhausted, no pay is required (an employer may always choose to pay an employee but must do consistently for all)</b>	When productive work is not available and PTO is exhausted, pay must still continue <u>unless</u> it is requested off by the employee – “unpaid leave”
<b>Nominally subject to forced leave programs because hrs can be reduced without extraneous regulation</b>	More vulnerable to “forced leave” (furlough) programs in lieu of hrs reduction or salary reduction ** (not suggested)

## Payroll Coding - - -

- REGULAR PAY: for regular hours worked, use your existing earnings codes like normal.
- PTO or Sick/VACA: depending on your paid leave structure  
Use to supplement hours reduction or legitimate time-off requests
- Emergency Pay (EME):  
Use to supplement hours if/as you will not be forcing use of PTO – this is the decision of the Pastor  
Use if/as Paid Sick Time or Paid FMLA leave apply under Families First Coronavirus Act

# Families First Coronavirus Act (FFCRA)

In effect 4/1 for organizations with fewer than 500 employees and includes 3 components:

- **Emergency Paid Sick Leave**

- At 80 hours of pay for those who:
  - Are being tested or treated for the disease
  - Have been diagnosed or advised to stay home by a Doctor
  - Have symptoms of it
    - Individual sick leave must be paid at the employee's usual pay rate, but it is capped at \$511 per day and \$5,110 in the aggregate
- At 2/3 rate of pay for those who:
  - are caring for an individual who is subject to a quarantine or for children whose schools have been closed due to COVID-19
    - Caregiver sick leave (two-thirds pay) is capped at \$200 per day and \$2,000 in the aggregate

***NOTE: Employees who have accrued PTO can elect to use the new paid sick leave first, and employers cannot require that an employee first use other accrued PTO***

- **Emergency Paid Family Leave of up to 12 weeks for all employees who:**

- Have worked at the company for at least 30 days
- Who are caring for children whose schools have closed due to the coronavirus and who do not have other childcare options and can not telecommute

NOTE: This new family leave does not apply to employees who have COVID-19 or symptoms of the disease, or employees who are caring for family members who have the disease or symptoms of the disease.
- The first ten days of this new family leave are unpaid, but the employee may use other leave benefits during this period (i.e., paid time off or vacation time).
- After ten days, paid family leave must be paid at two-thirds (67%) of the employee's usual pay rate, but it is capped at \$200 per day and \$10,000 in the aggregate.

- The FFCRA provides a tax credit to cover 100% of the costs:

- Employee's pay while on leave AND
- Medicare tax owed by the employer with respect to the leave payments AND
- Employer's share of the employee's health insurance premium.

- These tax credits are allowed against the employer portion of Social Security taxes. If the employer's leave costs exceed its Social Security taxes, the employer will receive a check to cover the difference.

- ***More to come on the mechanism for obtaining tax credits and how to track FMLA! We are working in and with Paycom to get this in place.***

# How will benefits work for affected employees?

Some things to consider:

- Those who drop below the required 30 hrs / week
  - We may have options under our existing plan documents to allow for coverage through 6/30. Reach out if/as this applies.
- Those placed on leave (ex: furlough or FMLA)
  - Coverage can continue so long as premiums are paid
- Those who separate employment, regardless of the reason
  - Ends on last day of month + continuation of coverage is available
- We are working on a plan to allow temporary modifications to Flexible Benefits contributions via deductions (child care + medical)
- Our self-funded medical plan consistent with federal requirements will allow coverage for testing, office visits, telehealth related to Coronavirus
- There is no plan to stop paying Employee Insurance Premiums

# *LET'S REVIEW TOGETHER...*

There are so many components to consider in how each of you proceed. On a case by case basis, let's review together to speak more in-depth about your situation.

We can cover your questions on the legalities of permanent reductions or temporary forced leave and so on.

We urge you to digest this all and not make sweeping staff changes without consultation. This will ensure you get objective feedback and have exhausted all options available to you!



ARCHDIOCESE  
OF  
DENVER

# Catholic Schools Update

# Catholic Schools Emergency Relief Fund

- Fundraising is beginning thanks to Office of Development and Seeds of Hope
- To provide emergency relief for:
  - Family access to technology for distance learning
  - Emergency financial support for families
- Application process being developed through Seeds of Hope

# Tuition Issues:

- Key question: *What if parents are requesting to discontinue payment or to reduce tuition debt?*
  - Due to financial hardship (i.e. unemployment, new budget constraints)?
  - Any other reason (i.e. dissatisfaction with distance learning)?
- If due to financial hardship → Emergency Relief (i.e. AoD fund or internal sources)
- If no due to hardship → Declaration to withdrawal/unenroll child(ren) subject to the penalties as outlined in the tuition agreement

# Tuition Issues:

*Can we go to 50% on the tuition for the remaining months? Can we get a refund?*

- Why? If not due to financial hardship/relief qualifying assistance, answer is **no**. We still believe a value is being offered for two reasons:
  - Distance learning is the new standard in education. Teachers are still working to support student learning.
  - The institutional support that comes from being enrolled in a school includes:
    - The school continuing to fulfill a family's legal obligation to ensure the compulsory education requirement.
    - The school will support the effective matriculation of students to the next grade level, especially 8<sup>th</sup> to 9<sup>th</sup>, and 12<sup>th</sup> to college/university.

# Contracts:

- Typical offer window opens April 1<sup>st</sup> and goes through May 15<sup>th</sup> (Policy #3160)
- Waivers to this policy will be granted to match delayed budget submission deadline. For returning teachers/APs: must be informed by June 1st
  - No policy for deadlines on offering of At-Will agreements

# CARES Act:

Elementary and Secondary School Emergency Relief Fund (Sec. 18003)  
(43.9% of total fund)

- \$13.5 billion in formula funding directly to states, to help schools respond to coronavirus and related school closures, meet the immediate needs of students and teachers, improve the use of education technology, support distance education, and make up for lost learning time.
- There are twelve uses for money provided under the fund, which include any activity under ESEA and IDEA, supplies to sanitize and clean facilities, planning for closures, purchasing educational technology, mental health support, etc.
- The allocation of this fund to the states, which goes to LEAs and then to schools is based the same proportion each received under Title IA in the most recent fiscal year.

# Other questions:

- Is there a change in the deadline for scholarship due to the change of tax deadline to July 15th?
  - Seeds of Hope, ACE Scholarship, Schmitz Family are asking that the application be turned in by April 17<sup>th</sup>. Documentation can be submitted by the tax deadline. Applications are needed to start getting a count for planning allocations for the fall.
- Can schools consider changes to promote registration for 2020?  
Reduced tuition; no registration fees; discounts for large families; etc?
  - Yes. Bear in mind this will impact your budget and budgeting will need to take into account a potential decrease in revenue. The Emergency Relief Fund or internal reserves, can be a source of support for some situations.

# Other questions:

- Financial Aid for families? Is there policy / guidance on how to do this during this time?
  - If families are seeking financial assistance they need to apply through the process in place: for VTP schools, the process remains. More than ever this tool can help to discern what need is and what support will be needed.
  - Ultimately, data informed decision making is critical.
- What is the long-term plan if schools remain shut down into the Fall Semester and beyond?
  - While not ideal, we must continue to offer distance learning.



ARCHDIOCESE  
OF  
DENVER