

April 3, 2020 CARES ACT GUIDANCE UPDATE:

Below is guidance we issued on March 31, 2020. **Our advice remains that as of today, April 3, 2020—please do not pursue this SBA loan opportunity.**

Central Services continues to closely monitor developments in connection with the federal CARES Act. A major component is the Payroll Protection Program, which is a forgivable loan administered by the SBA. Catholic Church entities around the country have been awaiting additional guidance to clarify whether and how each parish and separately incorporated school might be eligible for this program. Last evening (April 2), the SBA issued some guidance but unfortunately it did not address the critical “affiliate” question. They stated: “SBA intends to promptly issue additional guidance with regard to the applicability of affiliation rules” and also “with regard to religious liberty protections under this program.”

If eligibility for this program is clarified, we want to be able to work with you in applying with your bank as soon as possible. Completion of an application with some supporting payroll documentation will be required if parishes and schools are able to apply. We will be working with you to provide fiscal support to properly complete applications as soon as we receive the promised additional guidance from the SBA.

March 31, 2020: Archdiocese of Baltimore – Important Information on CARES Act provisions

As many are aware, the Coronavirus Aid, Relief, and Economic Security Act “CARES” became law last week. One of the provisions in particular has created a lot of interest – The SBA “forgivable” loans. We have had several inquiries from parishes. No doubt parishes have been getting contacted by banks and other finance institutions as well because these loans would be administered through them.

As of today March 31, 2020 – Please do not pursue this SBA loan opportunity. *It is possible that we will change this guidance. However, there are some major issues that we hope will be addressed before we can advise that you are eligible for the program.*

The primary issue is whether each individual parish and school meets the definition of a small business. In reality we believe each one is a separate small business. Each is separately incorporated, each has separate payroll, and each has separate federal ID, State ID and Unemployment IDs etc. Unfortunately, the SBA currently has a rule that joins the employee count of all “affiliates,” and thus the SBA might combine the employees of all parishes, schools, and the Archdiocese in a way that would put us over the 500 employee maximum to participate in the forgivable loan program. Much work is underway for the SBA to issue guidance that clarifies Catholic parishes and schools can participate. However, as of today this has not occurred. This is a national issue not

just for Baltimore. We have been in contact with individuals from USCCB, Maryland Catholic Conference, and the State of Maryland and are monitoring the situation closely.

There are several other provision in the CARES Act that could also help us. However, the "Affiliate" and similar issues unfortunately are obstacles for a number of these. The same "Affiliate" question also arises in connection with Maryland's Small Business COVID-19 Emergency Grant Relief Fund, where our advice likewise is to not pursue that State funding at this time.