COVID-19 RELIEF

ACCOUNTING MANUAL

Quick Guide for Recording and Reporting for Parishes in the Archdiocese of Milwaukee

ARCHDIOCESE of MILWAUKEE

CONTENTS

INTRODUCTION

We are providing this manual to assist your parish/school navigate through this unprecedented time of crisis and provide guidance as it relates to the government programs that may be available to your parish under the CARES Act and other COVID-19 related resources. We are receiving new guidance on these resources every day and will update this manual as pertinent information becomes available.

The Archdiocese of Milwaukee continues to monitor the current situation and financial impact on parishes and schools. Please check the Archdiocesan website for updates to information on relief programs, updates to this manual and other important information.

PAYCHECK PROTECTION PROGRAM (PPP)

Program Information

The Paycheck Protection Program is a loan program that originated from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This is a nearly $660 billion program intended to provide American small businesses and nonprofits with eight weeks of cash-flow assistance through 100 percent federally guaranteed loans. The loans are backed by the Small Business Administration (SBA).

The Paycheck Protection Program Flexibility Act (PPPFA) of 2020 was signed into law June 5, 2020. The PPPFA updates provisions of the original PPP relating to loan maturity, deferral of loan payments, and forgiveness provisions.

At least 60% of the PPP loan is required to be used to fund payroll and employee benefit costs. The remaining amount can be spent on mortgage (or other debt) interest payments, rent and lease payments, and utilities.

Payroll costs under the PPP program include:

- Salary and wages (capped at $100,000 on an annualized basis for each employee)
- Employee benefits including costs for vacation, parental, family, medical, or sick leave allowance for separation or dismissal; payments required for the provisions of group health care benefits including insurance premiums; and payment of any retirement benefit
- State and local taxes assessed on compensation

Most payroll costs are covered. However, payments made to independent contractors are not covered. This includes checks issued from Accounts Payable to extra clergy, musicians, cantors, etc.

You'll need to provide payroll/bookkeeping records to prove your payroll expenses. That could include:

- Payroll processor records
- Payroll tax filings
- Payroll tax forms from 2019 (Forms 941, 940 and W-3)
- Form 1099-MISC records

Payroll costs may **not** include:

- Cash compensation of an individual employee in excess of an annual salary of $100,000 in one year, pro-rated
- An employer's share of payroll taxes (FCIA)
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages or family leave wages for which a credit is allowed under sections 7001 or 7003 of the Families First Coronavirus Response Act
- Amounts paid to independent contractors.

Covered Period

The Covered Period is the 24-week period beginning on the date the lender disburses the PPP loan. Alternatively, a borrower that received a PPP loan before June 5, 2020 may elect for the Covered Period to end eight weeks after the date of disbursement of the PPP loan.

Alternative Payroll Covered Period

For administrative convenience of the borrower, a borrower with a bi-weekly (or more frequent) payroll cycle may elect to use an Alternative Payroll Covered Period that begins on the first day of the first payroll cycle in the Covered Period and continues for either (a) eight weeks, in the case of a borrower that received its PPP loan before June 5, 2020 and elects to use an eight-week Covered Period, or (b) 24 weeks, in the case of all other borrowers.

Eligible Expenses

In general, payroll costs paid or incurred during the Covered Period are eligible for forgiveness. Payroll costs are considered paid on the day that paychecks are distributed or the borrower originates an ACH credit transaction. Payroll costs incurred during the borrower's last pay period of the Covered Period or the Alternative Payroll Covered Period are eligible for forgiveness if paid on or before the next regular payroll date; otherwise, payroll costs must be paid during the Covered Period (or Alternative Payroll Covered Period) to be eligible for forgiveness.

A nonpayroll cost is eligible for forgiveness if it was (i) paid during the Covered Period; or (ii) incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period.

In the Covered Period following your loan signing date, all expenses related to the following may be forgiven:

- **Payroll:**
  - Compensation in the form of gross salary, wages, commissions, and tips
  - Payment for vacation, parental, family, medical, or sick leave (other than leave for which the employer was reimbursed under the Families First Coronavirus Response Act)
  - Allowance for separation or dismissal
  - Qualified housing for clergy
  - Employer contribution for employee group health care coverage
  - Employer contribution for employee retirement plans
- **Mortgage interest** – interest payments on any business mortgage obligation on real or personal property that was incurred before February 15, 2020 (but not any prepayment or payment of principal)
- **Rent** – payments on business rent obligations on real or personal property under a lease agreement in force before February 15, 2020
- **Utilities** – business utility payments for the distribution of electricity, gas, water, transportation, telephone, or internet access for which the service began before February 15, 2020
- **Other Expenses (PPP-2 Only)** – business software or cloud computing software that facilitate business operations, costs related to property damage resulting from vandalism in 2020 that are not covered by insurance, and costs associated with purchasing PPE for workers and other protective equipment required in order to abide by local, state and federal COVID-19 guidelines

Proper records and receipts proving your parish/school expenses during the Covered Period will be required. Please consult your lending institution for what documentation you should retain. Parishes/Schools will also need to have spent at least 60% of the loan on payroll in order to qualify for loan forgiveness.

Paycheck Protection Program – Second Round (PPP-2)

In December of 2020, the second round of PPP lending was passed through The Economic Aid Act, a COVID economic stimulus package. Eligible employers included employers that previously received a PPP loan during the first round of lending who met defined criteria for revenue reduction, as well as those applying for the first time.

A parish/school is generally eligible for a second draw PPP loan if:

- Previously received a PPP-1 loan and will or has used the full amount for allowable purposes;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

The guidance in PPP in this manual applies for both PPP programs, unless otherwise noted.

PPP Loan Forgiveness Process

To receive loan forgiveness, a borrower must complete and submit the Loan Forgiveness Application to its lender (SBA Form 3508 or SBA Form 3508EZ, as applicable, or lender equivalent). The lender should provide a forgiveness calculator. If they do not, contact the Parish Finance Office.

- SBA Form 3508 Instructions
- SBA Form 3508EZ Instructions

Application for forgiveness should be submitted as soon as the PPP funds have been exhausted.

Providing an accurate calculation of the loan forgiveness amount is the responsibility of the borrower, and the borrower attests to the accuracy of its reported information and calculations on the Loan Forgiveness Application Form. Lenders are expected to perform a good-faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning amounts eligible for loan forgiveness.

As a general matter, the lender will review the application and make a decision regarding loan forgiveness. The lender has 60 days from receipt of a complete application to issue a decision to SBA. SBA will, subject to any SBA review of the loan or loan application, remit the appropriate forgiveness amount to the lender, not later than 90 days after the lender issues its decision to SBA.

Parishes and schools are required to confirm loan forgiveness to the Archdiocese via a Loan Forgiveness Proxy Request.

Reductions to Loan Forgiveness Amount

Among the things that could potentially reduce the forgiveness amount or be excluded from forgiveness consideration include:

- Reducing the number of full-time employees or decreasing the average annual salary or hourly wage during the Covered Period or the Alternative Payroll Covered Period by more than 25 percent of the employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020.
- Using funds for non-eligible expenses.
- Having unused funds after the eight-week period.
- Paying amounts to an independent contractor or sole proprietor (other than you as the borrower).
- Providing compensation to employees whose principal place of residence is outside the United States.
- The portion of an employee's total compensation which exceeds $100,000 on an annualized basis.

Section 1106 of the CARES Act specifically requires certain reductions in a borrower's loan forgiveness amount based on reductions in full-time equivalent employees or in employee salary and wages.

Reduction in Salaries or Wages of More Than 25%

For employees who earned $100,000 or less in 2019 (or were not employed by the borrower in 2019), the borrower's loan forgiveness will be reduced for each employee whose average pay (salary or hourly wage) during the 24-week period is less than 75% of their average pay from the full quarter prior to the 24-week period (for most borrowers: January 1 to March 31, 2020). The amount of the reduction in loan forgiveness is based on the amount of the reduction in pay.

Reduction in Full-Time Equivalent Employees

The borrower's loan forgiveness will be reduced if the average number of weekly full-time equivalent employees (FTEs) during the 24-week period is less than the average number of FTEs during the borrower's chosen reference period. Borrowers can choose between the following reference periods:

- February 15 to June 30, 2019,
- January 1 to February 29, 2020, or
- In the case of a seasonal employer, a consecutive 12-week period between May 1 and September 15, 2019.

Two methodologies are available to calculate full-time equivalency (FTE) for purposes of the loan forgiveness application. The first method requires the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0. A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.

Exemptions to Loan Forgiveness Reductions

Several exemptions are in place that would allow the borrower to avoid having their loan forgiveness amount reduced:

1. Safe Harbor #1: Borrowers who are able to document an inability to return to the same level of business activity as such business was operating at before February 15, 2020, due to compliance with requirements established or guidance issued by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration during the period beginning on March 1, 2020, and ending December 31, 2020, related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
2. Safe Harbor #2: There is no reduction in the forgivable loan amount for borrowers who reduced their FTEs during the period beginning on February 15 and ending on April 26, 2020, but who by no later than December 31, 2020 restored the FTEs to the level that existed on February 15.
3. Borrowers who in good faith are able to document:
    a. An inability to rehire individuals who were employees of the eligible recipient on February 15, 2020; and
    b. An inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.

4. Borrowers who made a good faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer.
5. Employees for which the Borrower, during the Covered Period or the Alternative Covered Period:
    a. Were fired for cause,
    b. Voluntarily resigned, or
    c. Voluntarily requested and received a reduction of their hours.

If the parish's projections indicate that all of the PPP funds received cannot be spent on allowable expenses, please contact the Parish Finance Office.

Recording Paycheck Protection Program (PPP)

Parishes/schools who receive funds from the Small Business Administration (SBA) under the Paycheck Protection Program (PPP) must record the proceeds, loan and expenses as they pertain to the loan. Unless otherwise required by your financial institution, a separate checking account is not required.

The following accounts will be necessary to add to the parish/school chart of accounts if applicable to the loans or funds received by the parish:

- Other Current Liability: 2130 – PPP Loan Payable
- Restricted Revenue: 3455 – Pandemic Assistance
    - 3455.1 PPP Revenue
    - 3455.2 Inter-Parish Pandemic Assistance
    - 3455.3 Other Pandemic Assistance (ERTC, EANS, ESSER, GEER, EIDL, Milwaukee City Forward Collective Grant, Wisconsin Child Care Counts)

For this example, the parish received a $100,000 loan through the Covid-19 emergency relief Paycheck Protection Program under the federal CARES Act.

To record principal balance of loan payable, record as of the date the cash is received.		
DR. Cash	100,000	
(CR.) 2130-PPP Loan Payable		(100,000)

The funds received are used to pay payroll (at least 60%), utilities, rent and mortgage interest. Record these expenses as they are paid. The example journal entry uses a payroll expense account; please use other expense accounts as appropriate.		
DR. 4000/4100-Salaries & Benefits Paid	60,000	
(CR.) Cash		(60,000)

At the end of the Covered Period, the parish calculates the estimated portion of the loan, prepares the reports per the lender and requests forgiveness of the loan. The parish estimates that $80,000 of the loan will be forgiven and the remaining $20,000 will be paid back according to the terms of the loan. The entry should be recorded as of the date the loan is forgiven.		
DR. 2130-PPP Loan Payable	80,000	
(CR.) 3455.1-Pandemic Assistance (Restricted)*		(80,000)

*Account 3455-Pandemic Assistance will not be subject to the Archdiocesan Parish Assessment.

**Due to Wisconsin DPI waiving the 2019-2020 requirement to include the forgiven portion of the PPP loan that was used for education programming purposes as offsetting government assistance revenue, schools in the Choice program should consult with their auditors on when and how to record PPP loan forgiveness as revenue.

The parish/school needs to make payments on the $20,000 remaining balance on the loan. The parish has two years to make the payments at an assumed interest rate of 1%. (For loans made after June 4, 2020 the loan term is five years.) The parish should confirm these payment terms with the loan documentation provided by the lending institution. If the parish chooses to pay off the loan early, the loan documents should be reviewed for guidance on this process. Please contact the Parish Finance Office if your parish needs assistance recording these transactions.		
DR. 4640 – Interest Expense	xxx	
DR. 2130-PPP Loan Payable	xxx	
(CR.) Cash		xxx

Inter-Parish Transactions for Shared Staff

Parishes/schools who share staff must apply an equitable approach to the use of PPP funds. Pastors/parish directors and parish trustees are encouraged to be a part of the decision-making process. It is expected that a parish allocate the PPP loan forgiveness amount ratably. Based on the Paycheck Protection Program Flexibility Act, which extended the Covered Period to 24 weeks, the **entire** loan amount would go towards the intended purpose (payroll costs) and once forgiveness has been received, a credit allocated back to the parish that pays a portion of the shared employee salaries/benefits.

A template is available from the Parish Finance Office to use for your parish.

For this example, Parish A received a $100,000 loan through the Covid-19 emergency relief Paycheck Protection Program under the federal CARES Act. Parish A bills Parish B an average of $5,000 per month for shared staff salaries & benefits. It would be reasonable to assume that if Parish A submitted a PPP loan application based on a total $40,000 average monthly payroll ($40,000 X 2.5 = $100,000, amount of PPP loan), and Parish B is covering $5,000 per month of the salaries and benefits, that Parish B is entitled to a credit of $5,000/$40,000, or 12.5% of the total PPP loan received by Parish A. In this example, 12.5% of $100,000 would be $12,500.

Regular monthly invoice*. *Parish A bills Parish B for shared staff salaries & benefits. This journal entry or invoice process should occur as "normal," meaning it would be billed during the regular invoice cycle and would follow the already-established methodology of allocation (such as hours worked and/or percentage of salary). However, the due date for the invoice should be extended out to December 31, 2020 in anticipation of PPP loan forgiveness credit. This invoice would occur every month, unless there is a change in the normal course of business.*		
	Parish A	**Parish B**
DR. Accounts Receivable (A/R)	5,000	-
(CR.) 4000/4100-Salaries & Benefits Paid	(5,000)	-
DR. 4000/4100-Salaries & Benefits Paid	-	5,000
(CR.) Accounts Payable (A/P)	-	(5,000)

Inter-Parish Pandemic Assistance credit memo*. *Parish A credits Parish B for shared staff salaries & benefits that were covered using PPP funds. This journal entry or invoice process should occur after PPP forgiveness has been granted, meaning a credit memo would be issued upon confirmation from Parish A's financial institution that the PPP loan was forgiven by the SBA. It is possible this will not occur for up to 5 months following Parish A's application for PPP loan forgiveness.*		
	Parish A	**Parish B**
DR. 3455.2 Inter-Parish Pandemic Assistance (Restricted)	12,500	-
(CR.) Accounts Receivable (A/R)	(12,500)	-
DR. Accounts Payable (A/P)	-	12,500
(CR.) 3455.2 Inter-Parish Pandemic Assistance (Restricted)	-	(12,500)

*Parish A may use the invoice and credit memo function in their accounting software. This will create the transactions listed above under "Parish A" automatically. Contact Parish Finance if assistance is needed to set up an invoice or credit memo. Parish B would enter the invoice and credit memo into their accounting software (for example, "Enter Bills" in QuickBooks), coding the transaction to the account numbers reflected above.

Note: These entries are the recommendation of the Archdiocese of Milwaukee. If your parish/school financial records are kept on the GAAP basis due to your participation in the Choice program, we plan on publishing those journal entries in the future. Please contact your auditor if you need immediate assistance.

Reporting Paycheck Protection Program (PPP) on Confidential Financial Statement (CFS)

The CFS template will include a form for reporting PPP loan and forgiveness information. Parishes/Schools are required to report all COVID-19 relief on the CFS.

Funds received by parishes/schools through PPP will not be subject to the Archdiocesan Parish Assessment.

ECONOMIC INJURY DISASTER LOAN (EIDL)

Economic Injury Disaster Loan (EIDL)

The Economic Injury Disaster Loan (EIDL) Program can provide up to $2 million of financial assistance (actual loan amount of economic injury) to small businesses or private, non-profit organizations that suffer substantial economic injury as a result of the declared disaster, regardless of whether the applicant sustained physical damage.

An EIDL can help you meet necessary financial obligations that your parish/school could have met had the disaster not occurred. It provides relief from economic injury caused directly by the disaster and permits you to maintain a reasonable cash position during the period affected by the disaster. EIDLs do not replace lost sales or revenue.

The SBA can provide up to $2 million in disaster assistance to a business. The $2 million loan cap includes both physical disaster loans and EIDLs. There are no upfront fees or early payment penalties charged by SBA. The repayment term will be determined by your ability to repay the loan.

Please inform the Parish Finance Office if your parish or school received an EIDL loan. The Parish Finance Office will provide assistance as needed in recording the accounting transactions.

EIDL Emergency Advance/Grant

An additional $10 billion was allotted through the CARES Act to pay SBA EIDL applicants an advance on their loans. This injection aims to help small businesses bridge the critical time spent waiting for a final decision on their loan.

If you get an SBA loan under the Payment Protection Act and are eligible for loan forgiveness, this grant will reduce the amount eligible for forgiveness. Additional information on the EIDL emergency advance/grant can be reviewed on the SBA website.

Please inform the Parish Finance Office if your parish received an EIDL emergency advance/grant.

Recording EIDL Emergency Advance/Grant

To record receipt of an EIDL Emergency Advance/Grant		
DR. Cash	10,000	
(CR.) 3455.3 Other Pandemic Assistance		(10,000)

Reporting EIDL on Confidential Financial Statement (CFS)

The CFS template will include a form for reporting EIDL information. Parishes/Schools are required to report all COVID-19 relief on the CFS.

Funds received by parishes/schools through EIDL will not be subject to the Archdiocesan Parish Assessment.

EMPLOYEE RETENTION CREDIT

ERTC Program Information

The Employee Retention Tax Credit (ERTC) is a payroll tax credit to encourage businesses and organizations to retain employees during the pandemic. The provisions in the CARES Act limited eligibility of the credit, but the more recent American Rescue Plan Act approved in March of 2021 extended the ERTC beyond 2020 through June 30, 2021 and allowed businesses who took out PPP loans to participate in this credit for 2020 retroactively and prospectively for 2021. The 2020 and 2021 ERTC varies, in both eligibility and in the total credit amount.

Employee Retention Tax Credit

	2020	2021
Eligibility	100 employees or less	500 employees or less
	50% reduction in gross receipts a quarter compared to same quarter in 2019 **OR** subjected to mandatory partial or full shutdown	20% reduction in gross receipts a quarter compared to same quarter in 2019 **OR** subjected to mandatory partial or full shutdown
Maximum Tax Credit per Employee	$5,000 for 2020	$28,000 for 2021
Tax Credit Calculation	50% of the first $10,000 in qualified wages per employee in a quarter	70% of the first $10,000 in qualified wages per employee in a quarter
Availability	March 13, 2020 – December 31, 2020	Janunary 1, 2021 – December 31, 2021

Note: Wages paid to Clergy do not qualify for the ERTC.

Due to the Wisconsin Safer at Home Order, which went into place on March 17, 2020, most parishes are eligible for the ERTC. To help with the analysis and filing for the ERTC, the Parish & School Finance Office has identified two accounting firms that can assist parishes and schools. Please contact the Parish & School Finance Office for more information. For additional IRS information and FAQs, please visit the IRS Website.

Recording the ERTC

To record an ERTC received in the form of a check:		
DR. Cash	10,000	
(CR.) 3455.3 Other Pandemic Assistance		(10,000)

To record an ERTC received in the form of a payroll tax credit.		
DR. Accounts Receivable	10,000	
(CR.) 3455.3 Other Pandemic Assistance		(10,000)

To record the use of an ERTC received in the form of a payroll tax credit.		
DR. Payroll Tax Expense	3,000	
(CR.) Accounts Receivable		(3,000)
*This entry will need to be entered with each payroll, until the ERTC has been fully used.		

Please inform the Parish Finance Office if your parish applied for or received the Employee Retention Credit.

Reporting ERTC on Confidential Financial Statement (CFS)

The CFS template will include a form for reporting ERTC information. Parishes/Schools are required to report all COVID-19 relief on the CFS.

Funds received by parishes/schools through the ERTC will not be subject to the Archdiocesan Parish Assessment.

EDUCATION STABILIZATION FUND (GEER, ESSER, EANS)

Education Stabilization Fund (GEER, ESSER, EANS) Program Information

The Education Stabilization Fund is intended to meet needs resulting from COVID-19, such as:

- Ensuring health and safety
- Developing and implementing plans for the continuing of instruction
- Providing resources for distance education and other integral services
- Assessing and addressing learning loss
- Preparing schools to reopen safely

Timeline

Date	Legislation	Key Highlights
March 27, 2020	CARES Act (Coronavirus Aid, Relief and Economic Security Act)	Created Education Stabilization Fund • ESSER I (Elementary & Secondary Schools Emergency Relief Fund) • GEER I (Governor's Emergency Education Relief Fund) ***Obligated by September 2022***
December 27, 2020	CRRSA Act (Coronavirus Response and Relief Supplemental Appropriations Act)	Furthered Education Stabilization Fund • ESSER II • GEER II - Created EANS I program (Emergency Assistance to Non-Public Schools) ***Obligated by September 2023***
March 11, 2021	ARPA (American Rescue Plan Act)	Additional Updates to Education Stabilization Fund • ESSER III or ARP ESSER • EANS II or ARP EANS (expansion of EANS I program) ***Obligated by September 2024***

CARES Act – ESSER I, GEER I

The CARES Act provides $30.75B to the Department of Education for the Education Stabilization Fund. Under this stabilization fund, two funding streams allocate funding to K12 schools through grants to states. Those two funding streams are the Governor's Emergency Education Relief Fund (GEER I) and the Elementary and Secondary School Emergency Relief Fund (ESSER I). For both of these funding streams, the local educational agency (LEA/school district) must make equitable services available to non-public schools in the same manner as provided in the federal Elementary and Secondary Education Act (ESEA).

CRRSA Act – ESSER II, GEER II, EANS I

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020, and provides an additional $81.9 billion to the Education Stabilization Fund (ESF). GEER I & II and ESSER I & II funds must be used for equitable services for the purposes specified under CARES Act, section 18003(d), and modified under CRRSA.

A significant component for private schools, the CRRSA Act also provides $2.75 billion for the Emergency Assistance to Non-Public Schools (EANS) program, which is part of the Governor's Emergency Education Relief Fund. Under the EANS program, the Department will award grants by formula to each Governor with an approved Certification and Agreement to provide services or assistance to eligible non-public schools to address the impact that the Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on non-public school students and teachers in the State.

The purpose of the EANS program is to provide services or assistance to eligible non-public schools to address educational disruptions caused by COVID-19.

Although a Governor applies for EANS funds, the statute requires that the State Educational Agency (SEA) administer the program. For Wisconsin, DPI (the Department of Public Instruction) has contracted with Cooperative Educational Service Agency #6 (CESA 6) to administer the EANS program. CESA 6 will manage all reimbursements and disbursements of funds for contracts established with and by CESAs on behalf of private schools in the EANS Program.

Certain allowable expenses are eligible for reimbursement, but most are required to be contracted through a CESA for direct service. The full listing of EANS allowable expenses may be found at the link included under "Important Resources" below.

Private schools are eligible for EANS under the following guidelines:

- Not for profit
- Accredited, licensed, or otherwise in accordance with state law
- Did not, and will not, apply for and receive a Payroll Protection Program (PPP) loan on or after December 27, 2020 (the second round of PPP funding)
- Faith-based schools are eligible

Receiving Paycheck Protection Program (PPP) funds prior to December 27, 2020 does not make a school ineligible for EANS. However, if a school accepted a PPP loan after December 27, 2020, then the school is not eligible for the first round of EANS funding.

ARPA – ESSER III (or ESSER ARP), EANS II (or EANS ARP)

In March 2021, over $170 billion in new resources was allocated to the U.S. Department of Education through the American Rescue Plan Act (ARP Act) to support ongoing state and institutional COVID-19 recovery efforts.

The ESSER component to ARPA requires each SEA to use at least 90% of the funds awarded to make subgrants to LEAs in proportion to each LEA's share of Title I-A grants made during FY2020; this is consistent with the ESSER I & II programs.. LEAs would be required to use at least 20% of the funds they receive to address learning loss.

ARPA also provides $2.75 billion for the EANS program. The funds must be used by the SEA to provide services or assistance to non-public schools that "enroll a significant percentage of low-income students and are most impacted" by the COVID-19 pandemic. Reimbursement will be prohibited; any expenditures must be directly contracted through the SEA. Additional information is pending from the Department of Education.

Important Education Stabilization Fund (GEER, ESSER, EANS) Resources

- Wisconsin DPI: Wisconsin's Federal Stimulus Relief Funding – FAQ
- Wisconsin DPI: Overview of Federal Stimulus Packages
- Wisconsin DPI: Plan for ARPA Funds
- U.S. Department of Education: Emergency Assistance to Non-Public Schools (EANS) Program FAQ
- Wisconsin DPI: CRRSA Act (EANS)
- Wisconsin DPI: List of EANS Allowable Expenses

The Archdiocese of Milwaukee has a deep interest in ensuring that our Catholic schools are able to maximize the benefit of the funding provided in these funding streams as well as continued federal/state funding and services for Catholic schools.

While regulatory agencies, including the Wisconsin Department of Instruction (DPI), work to clarify the particular details and timing for the distribution of these funds in Wisconsin, Catholic schools in the Archdiocese should continue to carefully assess future needs and track any allowable expenditures related to COVID-19 that correspond to the programs listed above.

Recording Education Stabilization Fund (GEER, ESSER, EANS)

To record payments received for expenses that were approved by the contracted agency for reimbursement.		
DR. Cash	10,000	
	(CR.) 3455.3 Other Pandemic Assistance	(10,000)
*All other relief should be handled through the contracted agency process, which requires approval in advance. Both the expense for Direct Services and the asset value or expense of items purchased directly through the contracted agency (instead of through a reimbursement) should not be reported on the school books.		

Reporting Education Stabilization Fund (GEER, ESSER, EANS) on Confidential Financial Statement (CFS)

The CFS template will include a form for reporting Education Stabilization Fund (GEER, ESSER, EANS) Program information. Parishes/Schools are required to report all COVID-19 relief on the CFS.

Funds received by parishes/schools through the Education Stabilization Fund (GEER, ESSER, EANS) Program will not be subject to the Archdiocesan Parish Assessment.

Other COVID-19 Related Resources

Unemployment

Church Unemployment Pay Program

The Church Unemployment Pay Program (CUPP) was established to assist Wisconsin parishes, schools, and other church employers meet their social justice responsibilities by providing church-funded unemployment coverage for lay employees in the Archdiocese of Milwaukee and the Dioceses of La Crosse, Madison, and Superior. Church affiliated employers do not participate in the regular Wisconsin State unemployment compensation fund, and therefore, traditional unemployment compensation through the state system is not available to former employees. The CUPP program provides unemployment benefits to qualifying employees who have been **permanently terminated**. Benefit payments are withdrawn from the employer reserves held at CUPP and are reimbursed by the employers involved in specific claims. Additional information can be found on the CUPP website and at the Archdiocese of Milwaukee website.

Pandemic Unemployment Assistance

The CARES Act created the Pandemic Unemployment Assistance (PUA) for individuals not otherwise eligible for state unemployment compensation when impacted by the COVID-19 pandemic. The Wisconsin Department of Workforce Development (DWD) has a Pandemic Unemployment Assistance website. PUA is a new temporary federal program that provides up to 39 weeks of unemployment benefits to individuals who are not eligible for regular Unemployment Insurance (UI). The DWD is accepting PUA applications.

If the Parish has an employee that files for PUA, the parish will need to fill out form UCB-16R. Please contact the CUPP program for more information.

Families First Coronavirus Response Act (FFCRA)

The Families First Coronavirus Response Act (FFCRA) requires certain employers to provide employees with paid sick leave and/or expanded paid emergency family and medical leave for specified circumstances related to COVID-19. The expanded paid sick leave and paid family leave provided under FFCRA expired on December 31, 2020.

In response to FFCRA expiring, the 2021 Consolidated Appropriations Act (CAA), permitted employers to decide whether their companies would provide paid lave, and, therefore, be eligible for the payroll tax credit. That program was available until March 31, 2021. In March of 2021, the American Rescue Plan Act of 2021 (ARP) was approved and included the expansion of the optional paid leave program. The current act extends the tax credits for sick and family leave to September 30, 2021. It also added additional reasons employees can qualify for paid sick and family leave, and increased the limit on the credit for paid family leave to $12,000.

The Archdiocese of Milwaukee strongly recommends that Parishes and Schools extend this optional leave program for your employees. The extension of the leave programs should be communicated to your employees.

Archdiocese of Milwaukee Coronavirus Emergency Fund

The Archdiocese has created a Coronavirus Emergency Fund to help alleviate the financial hardship caused by the outbreak. This fund will support the ministries serving those in need and members of our community who have been negatively affected by the pandemic, including parents of Catholic school students struggling to make tuition payments. For more information, or to submit an application for funding consideration, see the Archdiocesan website.

Entering into Contracts during the Pandemic

The COVID-19 pandemic has served as a reminder for parishes and schools to use due diligence when reviewing and signing contractual agreements.

Parishes or schools entering a contractual agreement should have a *Force Majeure* clause. Sample language:

> *Neither Party will be liable for any failure or delay in performing an obligation under this Agreement that is due to any of the following causes, to the extent beyond its reasonable control: Acts of God, accident, riots, war, terrorist act, epidemic, pandemic, quarantine, civil commotion, breakdown of communication facilities, breakdown of web host, breakdown of internet service provider, natural catastrophes, governmental acts or omissions, changes in laws or regulations, national strikes, fire, explosion, generalized lack of availability of raw materials or energy. For the avoidance of doubt, Force Majeure shall not include (a) financial distress nor the inability of either party to make a profit or avoid a financial loss, (b) changes in market prices or conditions, or (c) a party's financial inability to perform its obligations hereunder.*

While lawyers have included these clauses in contracts for years, it is easy to forget to use it as situations that trigger these clauses are not necessarily all that common. Then, something like the COVID-19 pandemic hits, and we are all reminded of the importance of including this type of clause in written agreements. A parish or school would not want to find itself in a situation where it is contractually obligated to, for example, pay a fee for a product or service which is no longer needed or even possible due to fallout from the pandemic.

Going forward, parishes and schools should look for a clause like this in contracts. This clause would relieve the parish or school from liability if it is unable to perform an obligation under a contract due to a pandemic like COVID-19. Different types of contracts may require different wording for force majeure clauses. For example, a force majeure clause for a band that is performing at a parish festival will likely be much more tailored to weather events ("If the band is unable to perform due to extreme weather, the band will not be liable to parish for non-performance"), while a force majeure clause for a computer hardware manufacturer might focus more on Acts of God that could disrupt the supply chain and make the manufacture of computer hardware next to impossible. Because of the wide variety of situations and obligations that contracts in general can cover, force majeure clauses need to be drafted around the specific nature of the contract at hand. It is OK to have a standard clause at the ready, but the parish or school should be ready to tailor it to a particular situation. Also, note that these clauses typically go both ways, meaning that the vendor that the parish is dealing with could also use the clause as a shield if that vendor can't perform under the contract.

When entering into any contractual agreement, parishes are required to be diligent and prudent. Utilize a parish attorney during any contract review or change. As a reminder, parish and school staff (i.e., business managers or principals) should not sign contracts on the parish's behalf. Only a pastor or administrator (or any other representative per the bylaws of the organization) are authorized to sign contracts.

FAQ

Q: Will the revenue received from our PPP loan be subject to the Archdiocesan Parish Assessment?

A: No. Any funds received through the PPP, or any other related COVID-19 federal or state aid, will not be subject to the assessment.

Q: Are parishes still required to quarantine cash and delay count of the Saturday and Sunday collections?

A: No. Parishes are no longer required to quarantine mass collections, as long as the parish is able provide hand washing or hand sanitizing to money counters. Some parishes are providing latex gloves to counters. Also, counters should still follow guidelines regarding social distancing and mask wearing.

CONTACT INFORMATION

Christopher Brown, *CFO*
brownc@archmil.org
414-769-3325

Katie Esterle, *Director of Parish & School Financial Consulting*
esterlek@archmil.org
414-769-3377

Denise Montpas, *Parish Finance Consultant*
montpasd@archmil.org
414-769-3336

Parish Finance General Office
parishfinance@archmil.org

Jenny Moyer, *Director of Parish & Schools Human Resources*
moyerjc@archmil.org
414-769-3370

Church Unemployment Pay Program
https://www.wisconsincatholic.org/church-unemployment-pay/

Molly Hatfield, *Catholic Mutual Claims/Risk Manager*
mhatfield@catholicmutual.org
262-255-6906