

3 Considerations for Churches Taking Advantage of the Payroll Protection Provisions of the CARES Act of 2020 (H. R. 748)

By Don Pucik

“Our Sunday offerings have dropped off dramatically.” As church members are unable to work due to the COVID-19 closures of their workplaces and schools, the financial support of church ministries and staff are also being affected. Many pastors are reporting that weekly gifts have decreased. Although some churches have reserve funds to help cover expenses through the crisis, others are facing the prospect of reducing pastoral compensation or laying off staff.

On Friday, March 27, 2020, President Donald Trump signed the [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act \(H. R. 748\)](#) into law, making immediate financial assistance available to taxpayers, small businesses, churches, and nonprofits across the United States.

Churches struggling to pay their pastors and staff during the COVID-19 pandemic need to be aware of the payroll protection provisions of the CARES Act. **Churches can now apply for a small business loan from a local lender designed to help employers maintain employment levels and compensation at pre-coronavirus levels.**

What does this mean for the church?

- In order to meet payroll obligations and essential operational expenses, churches can borrow up to two and one-half times their average monthly payroll.
- The low-interest loans are then repaid over a two-year period, beginning 6 months after the loan origination date.
- If a church maintains their staffing levels and compensation during the crisis, using the loan primarily on payroll expenses, the loan can be 100% forgiven. In which case, the loan essentially becomes a grant or a “gift” from the federal government.

If you are a pastor or church leader, it is likely that you have already heard of the payroll protection loans. Many of us have received multiple messages “explaining” the loans and the requirements for obtaining loan forgiveness.

How can you lead your church through the growing financial challenge posed by the Covid-19 pandemic? Where should you begin? *What steps should a church consider before obtaining a payroll protection loan under the CARES Act of 2020?*

(1) Encourage Dependence on the Lord

The church should sound a clear message during this crisis: *our Father can be trusted!* I am not suggesting that a church receiving assistance from the federal government is unethical or unfaithful. Not at all!

Our Father overrules all the nations of the world. All governmental authorities exist to confront evil (e.g. a deadly virus) and to do good for their people (Romans 13:3-4). As taxpayers in the United States, you and I are the reason financial assistance can be offered by our government. But no matter what country you live in, our God reigns! If He is directing aid to the church through secular sources, we can genuinely thank Him for His provision.

However, one of the recurring downfalls of God's people in the Old Testament was their failure to trust God during times of national crisis. Driven by a desperate sense of self-preservation, leaders were especially vulnerable to unholy alliances with pagan deities and military forces. During the current national crisis, be certain that the Lord is calling His people to trust Him (and nothing else) for direction and power.

In the New Testament, Jesus taught His people not to worry about food, clothing, and shelter (Matthew 6:25-26). God gives a supernatural peace to the person who trusts Him in prayer with their needs (Philippians 4:6-7). The reason we can abandon ourselves and our needs into His hands is because of the great concern and care He has for us (1 Peter 5:7)!

During this coronavirus crisis, we have a time-sensitive opportunity to lead His people to fully surrender to His care and wisdom as families and as the people of God.

(2) Gather Accurate Information

Your participating local lenders are your best source of information regarding the application requirements and terms of the new payroll protection loans for churches and nonprofits. As you reach out to them for guidance, bear in mind that they are doing business during a life-threatening pandemic. Many financial institutions have closed public access to their buildings, allowing customers to enter by appointment only. In addition, lenders are being overwhelmed by the sheer number of loan applicants seeking payroll assistance. Whether by phone, email, or in person, watch for the opportunity to minister to your lender personally before you connect with them professionally, offering to pray for their needs, families, and work associates. What information will you need your lender to provide?

- How can we apply for a payroll protection loan under the new CARES Act?
- What information and documents will we need to provide with our completed application?
- What are the repayment terms of the loan?
- What do we need to do to qualify for loan forgiveness?

In addition, conduct personal research into the CARES Act using online websites and webinars. Use well-known and trusted sources such as the Evangelical Council for Financial Accountability ([ECFA](#)), [GuideStone](#) Financial Resources of the Southern Baptist Convention, and the Church Law & Tax Report ([Richard Hammar](#)).

(3) Walk with Your Church Leaders through this Decision

Engage and inform your leaders regarding the benefits available through the CARES Act. Pray with them about the decision to borrow the funds. Draw on their expertise and rely on their practical wisdom as you weigh the application process.

Since a loan commits the entire church to a financial obligation, it is important to observe the pre-pandemic, decision-making processes of your church. If your bylaws and guiding documents require congregational approval at a time when churches are unable to conduct onsite business meetings, you may need to alter your normal decision-making practices. What should you do?

Inform and involve as many of your leaders as possible. Communicate what you are doing and why to the entire church. Conform to your normal decision-making process as much as you can, maintaining the “spirit” of the guiding documents.

A Final Word: Focus on Sustaining Ministry with the Funds He Provides

For most of us, our church buildings are sitting unused during the crisis. Our auditorium seats are empty. Our offering plates are not being passed on Sunday. But our ministry was never meant to be limited to a once-a-week worship service. During this season of physical separation, we can still proclaim the gospel, pour out mercy on our communities, and do ministry in a way that changes lives. The Lord will supply everything we need to do all that He has called us to do.

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