**FINANCIAL GUIDANCE FOR OKLAHOMA ANNUAL CONFERENCE AMID COVID-19**

The COVID-19 pandemic is likely to create fiscal challenges for churches and pastors. The financial impacts of current church closures and the aftermath of this public health crisis may be felt for a period even after we return to “business as usual.” Bishop Nunn, the Cabinet, and other conference leadership are working hard to keep you informed. The following material represents the current array of information we have. We believe it is important to send this much now. We will revise the material as needed, so please be on the lookout for further communications.

**IMPORTANT REMINDERS**

- Be sure to get your information from trusted sources. Do not act on the first thing you hear. Try to confirm your information through additional channels.
- Even this unwelcome interruption in the flow of our lives creates opportunities to learn new things, make lasting changes, and thus secure a better future.
- Keep good notes as you go, even if it is nothing more than a day by day log in a legal pad. The notes will help you with your follow up. You also will be able to review and put in place a process that might be helpful for such events in the future.
- The COVID-19 reality is uncharted territory in many ways. Things are changing quickly, and some of the standard procedures we are used to will not apply or will be amended from what is customary.
- Anxious times cripple our imaginations. Invite church leadership to resist taking the immediate step of reducing staff and wages. Ask, “What do you want the church and staff to look like following the pandemic?” Also resist the impulse to seek for rescue money from outside resources. Encourage creativity. Entertain the widest possible array of ideas.

**POSSIBLE RESOURCES**

- Families First Coronavirus Response Act (FFCRA) is for employees who contract the virus or need to care for family members who have. It is in effect from April 1 to December 31, 2020. GCFA is providing support and information; log onto [www.gcfa.org](http://www.gcfa.org).
- The Coronavirus Aid, Relief, and Economic Security Act (CARES) may have provisions for unemployment benefits for church employees. Guidance from GCFA is forthcoming soon. Meanwhile, please read carefully the following information and guidance.

  - A part of CARES was a provision called the Paycheck Protection Act (PPP). This is NOT Small Business Administration disaster grants. You will not need to go to the SBA to be a part of the PPP. Currently, there are only two requirements to be met for the loan, which could eventually turn into a grant:
    1. Was the borrower operational on February 15, 2020?
    2. Was the borrower paying salaries and payroll taxes on independent contractors at that time?
  - The loan/grant can be used for the following purposes:
    - Payroll costs, excluding prorated portion of any person’s comp above $100,000 per year
    - Mortgage interest and rent payments
    - Utilities
    - Interest on debt that existed as of February 15, 2020
For the loan to be forgiven, you will need to maintain the current payroll (in other words, do not lay off or furlough staff) during the grant period. You can apply for 250% or 2.5 months of payroll. (This would allow for already laid off persons to be rehired.) It is important to consider what your project your staffing will need to be in the latter half of the year, not just in this short-term time frame.

Please be aware that we are receiving reports from other parts of the country that some lenders are telling churches that they are not eligible for the PPP loans. This seems to be occurring with churches that don't have their own 501(c)(3) status (i.e., their own individual IRS exemption determination letter). If your church is covered under the denominational group ruling, then please be aware that this could exclude you from participation according to some lenders’ SBA guidance. Congress is aware of the difficulty and already taking steps to address this issue, but it is presently still a problem. We will keep you apprised as we learn more. Please let your DS know in writing (an email is preferable) if you encounter this issue and provide the DS with the name of the financial institution involved.

These are the steps you can take now:

1. Create a spreadsheet which outlines all your payroll and related expenses for the last 12 months so that you know your average. Also, create a spreadsheet showing payroll from February 15, 2020 to April 30, 2020
2. These loans will be handled through local banks, so you should be in touch with your bank now to see if they are participating and to get on their radar, to turn a phrase. You will want to do that as soon as possible, since some competition for funds is likely
3. If your bank does not plan to participate, ask their recommendation for one who does
4. Offer reassurance to your employees that you are working on a plan

Other important steps, if you are pursuing this loan/grant PPP opportunity:

1. Notify your DS in writing (an email is preferable) that you are working with a bank
2. Work with your church leadership (Finance committee, etc.) to draft a letter which spells out how the funds will be administered [SEE THE ATTACHED SAMPLE]
3. That letter will need to be signed by the pastor and other key leaders
4. Hold a vote of church leadership (Church Council or Leadership Team) via email with the DS in the loop or provide minutes with electronic signatures if you hold the meeting another way
5. If you receive PPP proceeds, then you should also be aware that a failure to account for and document that the proceeds are used for the allowed purposes could potentially jeopardize PPP forgiveness to the extent that such documentation does not exist. For this reason, the establishment of financial safeguards including the possible creation of a unique designated account with your financial institution should be given serious consideration so that your church can more readily account for how each dollar is spent.
STEWARDSHIP STRATEGIES

• Churches are not required to pay unemployment tax; therefore, church employees do not qualify for unemployment for their church position. However, it is important they still apply for unemployment, as they may qualify for some level of benefit based on previous employment history.

• Sensitivity is called for in a time when people are losing jobs, watching savings dwindle, and laying off valued staff. It is important to continue to remind church members and partners to give as consistently as possible, while also demonstrating care and concern for their livelihoods.

• Doing a mail-out of offering envelopes is worthwhile, since people are not in the building for worship services. How often to do so is a matter for discussion with the church’s finance committee or equivalent.

• Now is the time to make use of the variety of avenues for online giving, if you do not have that in place already. Vanco Services, PushPay, and Tithe.Ly are a few examples.

• Find ways to connect with the church’s key givers. Update them on how the church is weathering the storm. Let them know of specific needs that might arise.

• With the facility closed and fewer programs occurring, what margins can be created to help offset lack of income?

• Appointed clergy salaries cannot be changed within the appointment year, per the Discipline. However, some clergy are donating a part of their salary to a special fund for purposes of supporting church staff or offsetting some other expense. This needs to be done only through conversation with the church’s finance committee or equivalent, and the agreement should have supporting document as to the arrangement. Keep in mind, pension billing will still occur at the level indicated on the compensation form.

• Any appointed clergy salary changes can be made effective July 1, 2020, only. If the intent is for this change to be temporary, a charge conference may be requested to restore the salaries when the church has sufficiently recovered.

• If the option of deferring self-employment/Social Security tax come up, please bear in mind this will only be a short-term issue. 50% would need to repaid by December 2021 and 100% repaid by December 2022.

• If you have concerns about upcoming retirement in the midst of this pandemic, follow these steps:
  1. Call EY services for upfront consultation
  2. Work with Wespath on details emerging from the EY conversation
  3. For more local questions, contact the conference pension/health benefits office

• The following links are trusted sources of information for you to peruse

OKUMC resource page https://www.okumc.org/PandemicResources
CARES Act summary https://www.gofa.org/media/2173/cares_faq_03332020.pdf
GCFA general info https://www.gofa.org/about-us/resources-during-covid-19/
WESPATH https://www.wespath.org/about-wespath/Coronavirus
HORIZONS STEWARDSHIP https://horizons.net/covid-19-resources/