

Restructuring Considerations for Parish, School, & Collaborative Leaders

June 26 and 29, 2020

Agenda

- Updates on the PPP relative to staffing
- PPP Covered Period and Forgiveness Updates
- Staffing for Mission
- Planning for Potential Staff Changes
- PUA Update
- Prime Pay and Benefits Information
- Tools and resources available to help you plan and execute
- Note: instruction on applying for PPP loan forgiveness will be provided in future webinars, dates TBD

PPP Funds – Covered Period Changes

- Original Payroll Protection Program (PPP) “covered period” during which funds must be used was 8 weeks, with minimum 75% of loan proceeds used for “payroll costs.” FTE count was required to remain at pre-shutdown levels to maximize forgiveness.
- Payroll Protection Flexibility Act added an option to extend the “covered period” to 24 weeks, with a minimum of 60% used for “payroll costs” to receive maximum forgiveness.
 - Unclear if periods between 8 and 24 weeks could be used, and if so, as of what date the FTE-level certification must be made

PPP Funds – Covered Period Changes

- On June 16, the SBA released an “EZ” forgiveness application (for employers that did not reduce any employee’s salary or hourly rate by more than 25%) that allows for maximum forgiveness regardless of final FTE count if the employer was unable to operate during the loan utilization period at the same level of “business activity” as before February 15, 2020, due to virus-related restrictions (state or local stay-at-home orders, social distancing requirements, etc.).
- SBA also released new guidance on the 8-week/24-week timeframe on June 23:

When must a borrower apply for loan forgiveness?

A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan – including before the end of the covered period – if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness.

PPP Funds – Covered Period Changes

- We believe all parishes and schools would meet the FTE requirement exception due to the impact on the “business activity” as a result of the ongoing Massachusetts restrictions on operations.
- Translation: Parishes/schools can and should continue to use PPP funds to cover “payroll costs” and “non payroll costs” until the funds are exhausted.
- Additional guidance and calculation support will be provided by the RCAB once documentation requirements are available from the lenders.

PPP Funds –New FAQs

- A school has hourly staff who would normally not be paid after the June 12 (or June 26) pay date. If PPP funds have not been exhausted and/or the 8-week period continues past these dates, must the school continue to pay these individuals?
 - In light of the updated guidance and the EZ application language, we believe these employees do not need to be paid past their normal final pay date of the school year.
- If a parish or school has returned employees to payroll who are not working (either due to lack of work or continued social distancing limits), must they continue to pay them if the location is still within the 8-week period? Ex: musicians, cafeteria workers.
 - We believe that for the 8-week period and beyond, PPP funds should be used to pay these employees just as they are used for those employees who are still working.

Calculating “Payroll Costs” Used to Date

- RCAB will assist with loan forgiveness application reporting at a global level.
- To determine where the parish/school is with using PPP funds, in IOIPay, under Reports → Report Archives, for each pay date using PPP funds, run an 051-Payroll Register Report. These download to PDF, but if you are comfortable converting CSV to Excel, you can use the C03 report.
- Note any “orphan” non-PPP earnings or hours. This could mean payroll was processed with PPP earnings on a different line from hours. It could also mean employees were double paid (if you forgot to check the “Salary Override” box on Paycheck Options.) Contact Prime Pay for help on YTD adjustments to fix these; if not fixed, forgiveness application may be incorrect.

PAY-AB001-051 V4.8
GENPFRG1 BRANCH 10 2020-012-01
CURRENT DATE 06/09/2020 10:48:03

-----	E A R N I N G S	-----
DESCRIPTION	HOURS	EARNINGS
GTLAUTO	0.000	59.62
PPPREG	693.000	18,324.90
MEDPRTB	0.000	280.10
#ROCMERD	0.000	1,200.00
REG 2	0.000	50.00
STLEPND	0.000	80.00

Calculating “Payroll Costs” Used to Date

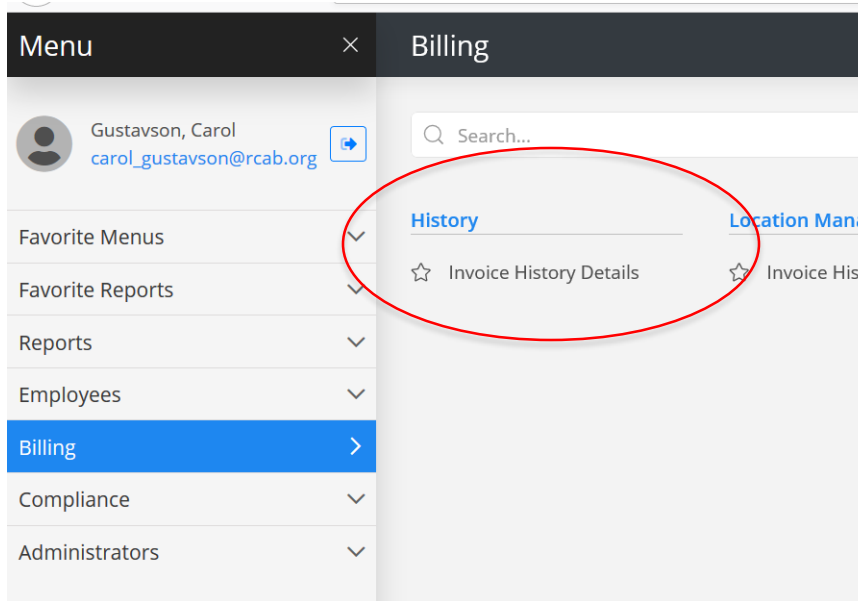
- Total the PPPNOWRK and PPPREG and PRTB earnings (if any).
- Total the 401M MTC and CLRG401M.
- To double check your math on the PPP earnings codes, run an 003 – Employee YTD Report. Then look for PPPReg and PPPNOWORK to see if your totals match your prior totals.

-----	E A R N I N G S	-----	*-- DEDUCTIONS / ACH --*	
DESCRIPTION	HOURS	EARNINGS	DESCRIPTION	AMOUNT
REGULAR	0.000	2,568.04	*401A FEE	3.62
GTLAUTO	0.000	10.46	401KLOAN	30.17
PPPNOWRK	93.750	1,782.73	*401M MTC	86.56
PPPREG	257.000	3,823.07	401KPT	185.84
#ROOMBRD	0.000	1,200.00	*CLRG401M	62.12
			GTLAUTO	10.46
			ACH-CHKG	5,942.07
			ACH-SVNG	348.86

Calculating “Payroll Costs” Used to Date

For Health Plan employer cost, “rough justice” method:

In MyEnroll, take monthly invoice and apply cost sharing for two of the months included in 8-week period. Clergy costs are included in full. Benefits is working on more targeted reporting.



June 2020 Employees' E

MyEnroll ID	Period	Benefit Class	Medical
919843	202006	Clergy	\$1,470.00
533595	202006	Clergy	\$1,336.00
679940	202006	Lay	\$778.00
506323	202006	Lay	\$0.00
1043254	202006	Lay	\$1,947.96
1139340	202006	Lay	\$778.00
583734	202006	Lay	\$633.40
OPHER 627268	202006	Lay	\$0.00
L 959886	202006	Lay	\$0.00
506324	202006	Lay	\$778.00
597896	202006	Lay	\$0.00
Count: 11			\$7,721.36

Restructuring in the Context of Mission

- **Framework for restructuring is the budget**
 - Budget process needs to be inverted for FY 2021
 - Zero based budgeting approach starting from scratch
 - Revenue driven versus building expenses based on prior year
 - Conservative projections (Offertory, Grand Annual) during this recovery period
 - Project other resources available

Restructuring in the Context of Mission

- Identify the **critical and core areas of Mission**
 - Delivered or provided in a new way
 - Build cost structure to support
 - Identify resources needed to operate
- Critical to forecast monthly and review budget assumptions
- Work with PFS Consultants and Evangelization Consultants

Planning for Staffing Changes

A thorough plan should contain:

- A statement explaining the objective/reason(s) for planned changes
- A description of the future state
- An evaluation of existing staff in the context of critical roles and functions, revenue, and budgetary guidelines
- Consideration of actions that can be taken to meet your goals AND minimize the impact on the existing staff
- The criteria upon which staff changes will be based
- A look at the impact that the proposed changes will have on individuals or groups

Plan Steps

- Write a concise statement of the objective/ reasons for the proposed change. Examples might include:
 - A 20% reduction in overall costs
 - A need to consolidate staffs for operational efficiencies
- Importantly, changes made without a clear objective may not yield expected results (savings or efficiency, for example) or the most equitable result for affected staff or those staff that remain

Plan Steps

Envision the future state:

- What will the organizational chart look like – who reports to whom?
- What critical positions/functions will remain?
- Are all critical functions adequately staffed?
- Do we have clear job descriptions that support the organizational structure?
- How many positions will you have overall?

Plan Steps

Evaluate your existing staff:

- Do any have the qualifications – degree, skills, experience, temperament, etc. – to fit your future state needs/job descriptions?

Consider alternatives to permanent lay-offs or position eliminations – be creative:

- Can current staff be re-purposed?
- Can current staff be trained for a new role?
- Might a modest decrease in pay or reduced schedule for all staff allow them to retain their jobs/benefits?
- Would a job share allow me to retain experienced staff?

Plan Steps

Determine the criterion/criteria upon which staff changes will be based*

- **Performance** – have formal, written performance evaluations been completed?
- **Conduct** – have conduct issues been addressed with staff? Have they been addressed in writing?
- **Seniority** – within a specific job (Grade 5 teachers for example) or a function (administrative support)?
- **New skills or experience required** – based on new job descriptions
- A **combination** of the above

*IMPORTANT - once determined, you should not deviate from it/them

Plan Steps

Consider the impact that the proposed changes will have on individuals or groups

- Have I disparately impacted a protected group – for example, older staff?
- Will my plan affect a staff member who has recently taken a federally-protected leave like FMLA or filed a whistleblower complaint?

Restructuring plans should be reviewed by HR or the Legal department before being executed to ensure a clear, non-discriminatory business reason justifies the proposed change(s)

Pandemic Unemployment Assistance Update

- PUA applicants are not required to file for regular unemployment benefits before filing for PUA benefits, so long as the sole wages paid in calendar year 2019 were from a Catholic employer or other entity that does not participate in the MA regular unemployment program.
- Teachers, teacher aides and other school staff who do not have a contract or offer letter for the following school year are permitted to file for PUA benefits over the summer.
- Employees who reject offers of re-employment/return to payroll in order to continue to receive PUA benefits must be reported to the DUA. The DUA is working on the mechanism for this required reporting.

Pandemic Unemployment Assistance Update

- PUA reasons for applying now include the employee quitting a job, having hours reduced, or being laid off due to COVID-19.
- If PUA benefits are denied or exhausted, TAP claims can be made. Note that TAP benefits are now maximum of 50% of pay and continue to be maximum of 30 weeks of benefits, ending no later than one year after employment ends. Both could be changed in the future.
- See PUA FAQs for additional detail.

Prime Pay and Benefits Information

- Any vacation payouts or other wages due must have any 401(k) deductions that are in effect as of that date taken out. If using a special check for this payment, 401(k) deductions will auto-populate.
- Severance payments, if any, should not have 401(k) deductions taken out
- Employees on temporary layoff/unpaid leave can continue to be benefit-eligible through 8/31/2020.
- To turn off benefits billing in advance of actual termination of employee in Prime Pay, enter the Benefit Term Date (will round to last day of the calendar month in which entered). For Benefit Termination Reason, select Termination of Employment. This will terminate benefits but not affect payroll prior to your final termination of this employee.

Tools & Resources

- Sample letters sent previously to move staff to lay-off, reduced hours, furlough, etc.
- Sample letter – returning someone to lay-off, reduced hours, furlough, etc. will be shared following the webinar. If job action is a result of COVID-19, letter should so state.
- Staff planning consultations with the HR & Legal departments
- PUA Application FYI document and Updated PUA FAQ's
- A Short Guide to Staff Reductions

Questions?

- For review of staffing change plans and questions about PUA/unemployment and TAP, contact hr@rcab.org.
- For assistance with staffing for mission, contact Denise Biernat at Denise_Biernat@rcab.org or your Parish Financial Services consultant.
- For questions about how to process PPP payroll, call Prime Pay. For policy questions on utilization of PPP funds for payroll, contact Carol Gustavson at cgustavson@rcab.org or 857-225-0522.
- For questions about COC or other benefits issues, contact Carol Gustavson at cgustavson@rcab.org or 857-225-0522.

