



DIOCESE OF SACRAMENTO

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Date: May 18, 2020
To: Pastors, Parochial Administrators, Parish Stewards, Agency Directors, Office Managers, and School Principals
From: Anna Schiele, Dan Pollard, Antonette Agustin, and Ron Hamilton
RE: **Paycheck Protection Program (PPP Loan)**

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll reducing the need for unemployment.

The money is available to pay employees to work. It is up to each employer to determine the type of work they offer to their employees. We encourage the employer to find tasks for the employee to fulfill their normal workweek, even if those tasks are outside of their normal duties. Again, our goal is to keep employees working their normal hours. If the employee would like to take time off of work due to being ill or for the need to take vacation, they may do so with the supervisors' approval (following the normal protocol). The PPP Loan money is intended to cover payroll costs for 8 weeks, including the use of vacation and sick hours. Reducing the number of hours that an employee normally works can qualify the employee for unemployment benefits.

If the employer offers work to the employee and the employee is unable to work (due to illness or child care needs), the employee maybe eligible for a leave of absence or other benefits. Please contact Lay Personnel for situations such as this as it may not be covered under the PPP Loan and needs to be handled on a case by case basis.

Questions and Answers:

1. Q: If an hourly employee is not working their full workweek, does the employer still pay the employee for the full workweek?

A: **NO** – the employee is only paid for hours worked. If the employee did take time off due to being ill or to use a vacation day this time is still covered by the PPP Loan. Remember, the employers goal is to provide employees with work to complete even if it is outside of their normal duties. A reduction in the employees' normal workweek can qualify the employee for unemployment benefits and may reduce the forgivable portion of the PPP Loan.

2. Q: What does the PPP Loan define as “payroll costs”?

A:

Payroll Costs = Not less than 75% of the Loan proceeds

Payroll Costs:

Salary, wages, commissions, or tips (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
Payment of any retirement benefit

Payroll costs include *taxes withheld from employees' wages* and all state and local taxes assessed on compensation,
Payroll costs *do not include the employer's portion* of social security tax, the employer's portion of Medicare tax, and federal unemployment tax.

3. Q: How should hourly employees complete their timesheet during the PPP Loan?

A: The employee should complete the timesheet just like normal. Each column should be completed as they normally would. The employee needs to record hours worked, vacation hours and sick hours using the appropriate columns. In addition, the employee should be submitting a PT501 form for any use of vacation or sick hours (this is our normal protocol).

4. Q: What if an employee is working a reduced schedule due to work restrictions? How should the employee record hours their hours on the timesheet?

A: This employee would follow the same direction provided in question #3. The employee will only be paid for hours worked, therefore there is no need to record hours that are not worked. Again, we encourage the employer to find work for the employee to perform. If the employee must reduce their schedule for personal needs, please partner with Lay Personnel to discuss the unique situation and to determine the appropriate action to take.

5. Q: Does the employee need to make any special distinction on their timesheet for hours worked offsite, from home, or performing tasks they do not normally perform.

A: NO – the employee does not need to notate working from home or specific duties performed on their timesheet. Again, the employee is to report worked hours, vacation hours or sick hours as they normally would.

6. Q: Does the payroll clerk process payroll entries in ADP as usual or does the payroll clerk need to insert any special columns for the PPP Loan?

A: The payroll clerk does not need to insert any special columns for the PPP Loan. The payroll clerk will process payroll as normal with no special actions to take (following the pre-COVID19 process).

7. Q: How does the employer handle employees who cannot work because the employee must provide care to children who cannot attend school or daycare? Does the employer continue to pay these employees 2/3 of their wages or their full rate?

A: First, it is important to note that hours recorded under the Families First Coronavirus Relief Act (emergency paid sick leave and EFMLA) cannot be claimed under the PPP Loan (again the Families First Coronavirus Relief Act benefits are reimbursed through the social security tax credit). An employer cannot “double dip”.

Depending on the specific circumstance of the employee, there are two options on how to handle and pay the employee. Please refer below:

- **Option #1:** If an employee is working a portion of their normal hours and intermittently using the EFMLA, then the employee should be provided with their full normal wages (this amount would be part of the PPP Loan). The employer would discontinue using the EFMLA pay code (which is 2/3 of employees’ wages). The payroll clerk will need to manually keep track of the hours that the employee is off and using their leave (this will ensure we do not over extend the amount of leave time provided to the employee).
- **Option # 2:** If an employee is completely off of work and unable to perform any duties, then the employee should remain on the EFMLA. The payroll clerk will continue to use the EFMLA pay code (which is 2/3 of the employees’ wages). The employee **will not** be provided with their full pay. The amount paid to the employee under the EFMLA pay code will not be part of the PPP Loan as it is offset through the social security tax under the Families First Coronavirus Relief Act.

Note: The scenarios discussed above **only apply to the EFMLA**. An employee who is currently on or going to take a normal Medical/Family Leave should be handled in the normal manner (following the pre-COVID19 process).

8. Q: If the employee has not exhausted all of their emergency paid sick leave or EFMLA, is the employee still eligible to use these hours after the PPP Loan period is exhausted?

A: Yes, the emergency paid sick leave and EFMLA is provided under the Families First Coronavirus Relief Act. The employee is eligible to use any available emergency paid sick leave or EFMLA until December 31, 2020.

9. Q: If an employee is currently obtaining unemployment, what does the employer do?

A: The employer needs to contact the employee and place the employee back to work as soon as possible. Social distancing protocols will need to be followed and it may be necessary to let the employee work from home. The employee cannot decline returning to work. If the employee does not want to return to work, then the employee will need to submit their resignation. If the employee does not return to work and does not provide the letter of resignation and a 3-day period has lapsed, please contact Lay Personnel as this constitutes as job abandonment.

Note: An employee declining work or abandoning a job compromises their ability to maintain unemployment benefits. In addition, by maintaining their employment with the site the employee is able to maintain their medical and retirement benefits.

10. Q: Which employees can return to work on site?

A: Employees who are deemed as essential employees may work on site to perform essential duties. All other employees and all other duties should be performed remotely as the “Stay at Home” order is still in effect. Essential employees may include those who provide sanitation and repair services to the site (this does not necessarily include gardeners unless it is to address a potential safety hazard). If you have questions regarding which employees are deemed as an essential employee, please contact Lay Personnel.

Note: An employee who was considered part of the “vulnerable group” and unable to work on-site (even if the employee was considered an essential employee) **must** have a doctor’s note releasing the employee back to work. **If the doctor provides any restrictions for the employee, the restrictions must be reviewed with Lay Personnel before authorizing the employee to return to work.**

If you have any questions regarding the above or any other matter, please do not hesitate to contact one of us at the following:

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