



Catholic Paycheck Protection

The 2020 economy did not screech to a halt by itself; national lockdown came about by unprecedented government decree. Through no fault of their own, Americans in all walks of life suddenly found themselves effectively forbidden to work for a living. To alleviate this devastating effect of COVID-19, Congress passed the Paycheck Protection Program (PPP) just to keep people employed, whatever their livelihood might be.

Last month, however, a widely disseminated story questioned the integrity of Catholic participation in the PPP. By their “aggressive pursuit of funds,” the Associated Press reported, lobbyists for Catholic applicants received “special consideration” from the Small Business Administration (SBA). Regrettably, these misleading words fail to convey the full context of the PPP and the Catholic role in shaping it. Let’s take a look.

The CARES Act authorized \$699 billion in low-interest loans to businesses with fewer than 500 employees per location so that workers could keep their jobs. Capped at \$10 million each, the loans would be forgiven if a business used at least 75% of the funds to maintain its payroll for eight weeks after funds were disbursed. Any monies left over could be used only for mortgage, rent, and utilities payments.

By now nearly five million loans have been approved to businesses of every kind. As a result, hundreds of thousands of employees stayed on payroll and kept up their health insurance. PPP saved them from being laid off,

from having to draw unemployment benefits, from having to turn to welfare for medical assistance.

Throughout the country 13,000 of the 17,000 Catholic parishes applied for PPP loans, and many received them, including a number of parishes in the Diocese of Baker. It’s important to note what one Catholic fiscal manager pointed out: “The PPP isn’t about the federal government assisting. . . churches. PPP is about keeping people on payrolls . . . [and churches] have people on payrolls too.” PPP funds that come to us in Eastern Oregon will directly help those who work for the Church.

The atmosphere of national crisis last spring ratcheted up the pressure to put the immense and complex PPP together from scratch; speed was of the essence. Federal rules were laid down and federal deadlines were set. With no precedent to draw on, the learning curve was steep and fast moving all across the board. Every employer needed to get its ducks in a row as quickly as possible. In such conditions the Church was certainly not the only “business” that conducted instructional webinars for affiliate parishes and utilized lobbyists to clarify unique conditions and seek exceptions.

There was a particular need to clear away misunderstanding about the relation of bishops to parishes and other Catholic institutions. In church law parishes are distinct legal entities from each other and are not subsidiaries of dioceses. The same holds true for Catholic-affiliated institutions or agencies such as Catholic universities, Catholic hospitals, and Catholic Charities. They raise their own money, and the bishop doesn’t tell them how to spend it. As the rules for PPP were being drawn up, Catholic lobbyists worked to ensure that SBA understood this distinction and did not

mistakenly designate as but one single entity eligible for one single loan what were really legally distinct entities separately eligible for individual loans. If SBA were to consolidate the number of workers at different Catholic institutions and consider them as belonging to but one entity, the combined workforce might easily exceed the 500-employee cap for PPP eligibility and the applications would be denied. Thus it was crucial to bring this point home to SBA at a time when many others were vying for its attention. And, with effort, it was brought home.

A final note. The concerned parishioner who sent me the AP account got the impression that the Church was merely “taking advantage of loopholes to recoup monies lost by lawsuits [for] not removing pedophilic priests.” Such a thought, I wrote back, never entered my mind in applying for COVID assistance. Abuse cases against the Diocese of Baker were settled years ago. Neither here nor elsewhere will the PPP pay for sins of the past.