



# COVID-19 EMPLOYMENT CHALLENGES

Churches, schools, preschools, and other religious nonprofits are facing unprecedented financial challenges from the economic devastation of COVID-19 and resulting stay-at-home mandates. The lamentable reality is that this pandemic is forcing ministries to do the unthinkable: implement mandatory layoffs or furlough some or many employees. Many churches and ministries have reached out to the NCLL for advice and assistance on this matter.

## **What Options Do We Have as a Nonprofit, Ministry, or Church?**

At this time, federal mandates regarding COVID-19 employee requirements only apply to companies and organizations that employ fifty or more employees. Small businesses, however, including nonprofit organizations, have a wide range of options in managing such employment-related questions. We know that, as an employer, you naturally want to help—not hurt—the employees in your care. However, your organization will need to make decisions about the general direction you intend to go with the employees you are unable to continue paying. These decisions will impact how your employees qualify for state and/or federal assistance. This is the case regardless of whether your organization has opted out of unemployment insurance (in states where that is legally permissible).

### ***The following are your options:***

- 1. Layoff** – you may choose to terminate employees by laying them off due to insufficient revenue or mandatory closure.
- 2. Furlough** – you may choose to furlough employees for a period of time until the COVID-19 public health crisis has passed, then bring them back to their jobs at the conclusion. Furlough is typically unpaid.
- 3. PTO/Sick Time** – you may require employees to take paid time off and/or use up sick time during the period they are not able to perform their usual work functions.
- 4. Unpaid Time Off** – for hourly employees, you may have them simply take unpaid time off without allocating these hours/days to their earned PTO or sick time.

## **Communicate Clearly to the Employee and Provide a Letter**

When communicating the above-described employment decisions to employees, do so via written letters that clearly explain the type of action you intend to take. Employees that are being furloughed need to be told when the furlough will start and when it will end (to the extent you are able to do so) along with any applicable financial information (benefits/pay, etc.). Clearly communicate to employees in the other categories any information that applies to them (benefits/pay/balance of PTO/sick time, etc.). This letter is critical for employees to assist them in qualifying for federal or state financial assistance. Clear communication also ensures the employee is able to prepare for the impact this action will have on his or her life.

## **State Assistance Options**

Every state has different options available during this public health crisis. Many states are providing exemptions to their typical funding requirements, are funding unemployment claims faster, and are reducing the limits on payouts. If you would like more information, please contact our office for a state-specific analysis for your church, ministry, or nonprofit.



## Federal Assistance Programs

The Small Business Administration (SBA) has current funding options available through its disaster fund to assist corporations and small businesses to provide for their employees during this public health crisis. The SBA Disaster Loan Process is described here: <https://disasterloan.sba.gov>.

Many churches and nonprofits do not pay unemployment taxes, which means their employees do not qualify for unemployment benefits. The federal Disaster Unemployment Assistance (DUA) program can assist in these circumstances. This program provides unemployment benefits to individuals who have become unemployed as a direct result of a presidentially declared major disaster. In order to qualify for this benefit, your employment or self-employment must have been lost or interrupted as a direct result of a major disaster declared by the president of the United States and you **must have been determined not otherwise eligible for regular unemployment insurance benefits under any state or federal law.**

Payment will be made to an unemployed worker, who as a direct result of a presidentially declared major disaster,

- no longer has a job,
- is unable to reach his or her place of work,
- cannot work due to damage to the place of work,
- becomes the head of household and is seeking work because the former head of household died as a result of the disaster, or
- cannot work because of a disaster-incurred injury.

To file a claim, individuals who are unemployed as a direct result of the disaster should contact their state unemployment insurance agency and ask about DUA.

Applications for DUA must be filed by an individual within thirty days of the announcement of the availability of DUA in the state. Individuals must follow the instructions in the announcement and file for DUA based on the filing methods used by the state (i.e., in person or via mail, telephone, or internet).

**Federal Website Link:** <https://www.benefits.gov/benefit/597>

**Families First Coronavirus Response Act Explained:** <https://www.ncll.org/news-alerts/families-first-coronavirus-response-act-explained>

## Next Steps for Your Employees

As you move forward with your employees and provide them their next steps, have them do the following:

1. File with the state unemployment office to get a determination of benefits (make sure each employee has the letter previously discussed—a sample is provided at the end of this resource).
2. If the state denies the claim, submit a claim to the federal program described above.
3. Contact our office for assistance if an employee is not accepted to the state or federal program.

If your organization or employees need assistance, please contact our office by calling 888-233-6255 or emailing [info@ncll.org](mailto:info@ncll.org). We will set up a coaching session, and one of our team members will gladly assist you.