

To the Members of the Executive Council of The Episcopal Church
from the bishops of Province IV.

Subject: Classifying Paycheck Protection Program loans as income received in response to a disaster.

Beloved in Christ,

The bishops serving in Province IV held a zoom meeting on January 11. One of the items discussed was the treatment of Paycheck Protection Program (PPP) loans on the parochial report for the year in which the loans are forgiven. Bishop Anne Hodges-Copple participated in our discussion and suggested that if those on the zoom meeting wished to create a proposal concerning the treatment of PPP loans, it should be sent to Executive Council prior to the January meeting.

We respectfully submit for consideration that the federal Paycheck Protection Program (PPP) loans received by some congregations and dioceses be considered as disaster relief funds not subject to the assessment on the parochial report.

The Church currently provides for certain income that comes to a congregation or diocese from various sources following a natural disaster to be excluded from the diocesan assessment, and from the assessment a diocese sends to the wider Church through the DFMS operating budget. Many of our dioceses have experienced firsthand the assistance provided by disaster funds and can testify to the importance of the practice of not including those funds as income subject to the assessment.

The current pandemic is a natural disaster of proportions never before experienced in our lifetime. The current policy concerning income to deal with the aftermath of a disaster is a valuable starting place, but the ongoing realities of the pandemic for congregations and dioceses are not all addressed in the current instructions for considering what income is to be excluded from the assessment formula.

As a Church we are not yet dealing with the aftermath of the pandemic. On the ground situations can change almost day to day, and faithful people, congregations, and dioceses are showing great commitment and resiliency in finding ways to support local outreach and parish ministry when new obstacles arise in the communities we serve, small and large. PPP loans have been essential to providing some of that flexibility by ensuring that employees do not face loss of income or benefits, and that utilities are covered so that congregations and diocesan offices can continue to support local mission including community outreach to the most vulnerable.

As most of our congregations have experienced a drop, sometimes significant drop, in income including pledge and plate, rental, and investment income, the PPP funds played a major role in

helping congregations and dioceses meet constantly changing circumstances. Though the PPP guidelines are clear about what the loan is to be used for, the broader reality is that that money enabled other income to be used to address some of the greatest needs that this pandemic has so far created. And the havoc caused by the coronavirus is continuing to cause devastation and hardship in the very places Christ calls us to be especially present and active. This pandemic has created a new natural disaster, and expanding the current policy or creating a new policy recognizing it as a new sort of disaster, will assist local congregations, institutions, and dioceses, to meet immediate and longer term needs arising from this disaster.

As bishops we are deeply grateful for the leadership and commitment of the members of Executive Council, and we commit to continuing to work together in every way to seek and serve Christ in all people, and to build up the Body of Christ as we journey together on the Way of Love, during this pandemic and beyond.