



Notice to ACSI Member Schools: Additional SBA Guidance on PPP and EIDL Programs April 4, 2020

Late on Friday, April 3, 2020, the Small Business Administration (SBA) issued a supplemental interim final rule to provide additional guidance on the application of affiliation rules for purposes of the Paycheck Protection Program (PPP) and the forgiveness of PPP loans in Sections 1102 and 1106 of the Coronavirus Aid, Relief and Economic Security (CARES) Act. It also issued a Frequently Asked Questions (FAQs) document regarding participation of faith-based organizations in the PPP and the Economic Injury Disaster Loan Program (EIDL).

Key points:

- “we additionally clarify that faith-based organizations are eligible to receive SBA loans regardless of whether they provide secular social services. That is, no otherwise eligible organization will be disqualified from receiving a loan because of the religious nature, religious identity, or religious speech of the organization.”
- “loans under the program can be used to pay the salaries of ministers and other staff engaged in the religious mission of institutions.”
- “Simply put, a faith-based organization that receives a loan will retain its independence, autonomy, right of expression, religious character, and authority over its governance, and no faith-based organization will be excluded from receiving funding because leadership with, membership in, or employment by that organization is limited to persons who share its religious faith and practice.”
- **“Receipt of a loan through any SBA program constitutes Federal financial assistance and carries with it the application of certain nondiscrimination obligations. Any legal obligations that you incur through your receipt of this loan are not permanent, and once the loan is paid or forgiven, those nondiscrimination obligations will no longer apply.”**
- “SBA therefore clarifies that its regulations apply with respect to goods, services, or accommodations offered generally to the public by recipients of these loans, but not to a faith-based organization’s ministry activities within its own faith community.”
- “Churches (including temples, mosques, synagogues, and other houses of worship), **integrated auxiliaries of churches**, and conventions or associations of churches qualify for PPP and EIDL loans as long as they meet the requirements of Section 501(c)(3) of the Internal Revenue Code, and all other PPP and EIDL requirements. Such organizations are not required to apply to the IRS to receive tax-exempt status. See 26 U.S.C. § 508(c)(1)(A).”
- “Receipt of a loan through any SBA program does not (1) limit the authority of religious organizations to define the standards, responsibilities, and duties of membership; (2) limit the freedom of religious

organizations to select individuals to perform work connected to that organization's religious exercise; nor (3) constitute waiver of any rights under federal law, including rights protecting religious autonomy and exercise under the Religious Freedom Restoration Act of 1993."

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