

Reflection on PPP and Invitation to Discernment... on Diocesan Relief and Structural Inequities Highlighted by Discussions on PPP from Executive Council 4-16-2021

For more than nine months Executive Council's Joint Standing Committee on Finance (FIN), and Executive Council itself, wrestled with the question, **should forgiven PPP loans be assessed**. It was only late in these conversations that the focus shifted to, **should, or must, forgiven PPP loans be reported as income** on the Diocesan Report and therefore be part of the diocesan funds subject to assessment.

It became clear to the Diocesan Relief Working Group and to the Joint Standing Committee on Finance and Executive Council that the governing documents and practices of The Episcopal Church and the Domestic and Foreign Missionary Society hold sway over any discussion of whether forgiven PPP loans must be reported as income and therefore are subject to assessment. The [Chancellors and Chief Legal Officer's Memo](#) to the Diocesan Relief Working Group lays out clearly why this is true.

Executive Council offers this reflection to emphasize that there remain many more areas for conversation and reconciliation generated by the PPP discussions.

The first instinct of some was to say, forgiven PPP should not be assessed. Why add to diocesan financial burdens? The ensuing discussion highlighted systemic inequalities and injustices prevalent in our church. The treasurer illustrated that not to assess the forgiven PPP loans privileges recipients of PPP and penalizes those dioceses that don't receive PPP. When a forgiven PPP loan is not treated as income and assessed, those entities that received it not only get the extra money, but would in addition get an assessment break, while those entities that did not receive PPP did not get help with extra funds, are not getting an assessment break, and so are left with even fewer resources.

Not all dioceses chose to apply for PPP; furthermore, not all dioceses were eligible to apply, especially dioceses outside the US; and there may be some dioceses that tried to apply but their financial institutions were not helpful in getting the applications through. In short, PPP is a USA program and thus not equally accessible by all of TEC. Even in the USA, PPP was not distributed equitably or justly. Dioceses, institutions, and congregations that did not receive PPP did not get any income replacement or relief. For others, PPP appears to be a windfall for some, while covering budget shortfalls for others. PPP is income replacement for some, not relief for all.

Requests for diocesan relief and objections to assessing the forgiven PPP as income came to the Presiding Bishop, Executive Council members, and FIN members. At the same time, few assessment waiver requests came in. There was a growing desire among FIN members, Executive Council officers, and the Executive Leadership Team to acknowledge and remediate the financial strain on dioceses. However, it is difficult to determine true need and formulate a just response when many dioceses made no request and issues of privilege are also at work. How does Council say, "We are in this together; we understand that it's hard right now and most of us are struggling in one way or another. How can we best plan strategically for our future together?"

In response to these requests and questions, in January 2021, Executive Council approved [FIN 127](#), which mandated immediate diocesan relief, was approved by Executive Council, and a working group was formed.

The Diocesan Relief Working Group decided at its first meeting on February 19, 2021, that it need to consider separately the questions of, first, the inclusion of forgiven PPP as income on the Diocesan Report, and therefore part of assessable diocesan funds, and, second, how to provide relief. See the [Chancellors and Chief Legal Officer's Memo](#) for more detail on reporting forgiven PPP loans as income and its assessment.

The Working Group heard both from dioceses that were not experiencing financial strain and from dioceses that were dealing with shortfalls and tightening budgets, and yet not asking for relief. Their point was that the need for relief was not universal. Nonetheless, the Working Group was charged with developing a plan for relief.

So, [FIN 140](#) outlines a plan that offers the opportunity for diocesan leadership to discern diocesan need, to request funds to help fulfill those needs, and to share the funds with others in need.

The Working Group also wondered what, besides financial relief, dioceses really want and need. Is the focus on finances a symptom of an underlying longing or deficit? What would be most helpful to the varied dioceses? How could Council ascertain how to be most helpful?

And, at the same time, the Working Group wondered whether there is a way to help Diocesan leadership, and others, understand the systemic privilege that is at work here, and invite them to a change of mind and heart.

The pandemic and resulting hardships have laid bare underlying systems of inequity that have permeated the economic and social institution of the U.S. from its inception. The final decision on reporting forgiven PPP as income, and therefore subject to assessment, was an issue of governance and practice as required by General Convention. Executive Council's examination of the PPP as well as its designing of additional avenues of relief tailored to the unique needs of our Province of the Anglican Communion have given members more insight into the capacities and limitations of our Church's structures. Executive Council will continue to wrestle with these issues and the dismantling of institutionalized systems of racism and other forms of abuse of power. Executive Council hopes the Church will appreciate the depth of thought and discussion resulting from our efforts.

Council commends to the dioceses applying for relief, the optional discernment process included in the relief grant request form and included below. These questions and priorities have guided Executive Council's actions in redirecting funding to the most vulnerable communities and the most promising remedies.

A plan for use of these funds is not required in order to receive the relief grant or as a way of expediting the distribution of funds. Rather, diocesan leadership is invited through prayer and discernment to determine how God is calling that diocese to be the church it needs to be today.

And please note: All dioceses may request a relief grant, regardless of whether they are current with their assessments or have, or have not, received an assessment waiver.

Diocesan Relief Discernment (optional)

The Council invites diocesan leadership to reflect on what needs might be met by receiving a relief grant. For example (*words in italics are from the [Plan for Budget Management](#)*:

To be the church we are called to be in this time:

- cover diocesan budget shortfall
- provide support for diocesan congregations or institutions
- provide support for diocesan programs or governance

- Other, please describe

To strive for justice and peace, to respect dignity, and to fight racial injustice:

- encourage outreach and justice work
- explore and combat systems of oppression
- promote beloved community among those who are estranged
 - Other, please describe

To support the most vulnerable, the marginalized, and the under-served and under-resourced within our church and beyond:

- request the funds and share them with ministries, congregations, and dioceses in need or that support the most vulnerable among us
- request the funds and share them with congregations, organizations, or institutions that are working on combating racism and white supremacy
- not request a grant - EC will allocate undistributed funds for diocesan relief after all requests are met, as soon as feasible, after November 30, 2022.
 - Other, please describe
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How else can Executive Council offer relief to your dioceses? Is there anything you would like Executive Council to know?