

 Sheppard Pratt HEALTH SYSTEM		Policy Number: HS-210.3
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Manual: Sheppard and Enoch Pratt Hospital Administrative Manual		Effective: 9/27/2017
Section: 200 - Human Resources	Sub-section:	Prepared by: Stella Markov
Title: Employee Hardship Fund		

POLICY:

Sheppard Pratt is committed to providing quality care and services in a safe, ethical, and customer-friendly environment that complies with all legal, regulatory, and safety requirements. The health system and its affiliates are also committed to helping maintain the wellbeing and safety of its employees, and being an employer-of-choice by offering competitive employee benefits.

PURPOSE:

To provide guidelines, information, and regulatory requirements for the Employee Hardship Fund.

Overview and Purpose

Sheppard and Enoch Pratt Foundation, Inc. and subsidiaries (the “Foundation”) has established an Employee Hardship Assistance Fund. The purpose of this fund is to provide financial assistance to employees of Sheppard Pratt Health System, Way Station, Inc., Mosaic Community Services, Alliance, Inc. (a subsidiary of Mosaic Community Services), and Family Services, Inc.

Application, Selection, and Distribution of Assistance

A. Application Process

- a. The Employee Hardship Fund Application and Agreement Form (attached) should be completed, when possible, by the employee requesting funds.
- b. Depending upon the circumstances, some employees may not have access to a computer or the form. In these situations, the employee may need to convey application information by phone, email, or text to the Employee Relations’ contact for documentation purposes.
- c. Identifying information about employees who apply to the hardship fund will remain confidential. The identity of applicants’ will only be shared with individuals directly involved in award administration processing, such as Employee Relations and Finance.

B. Selection and Notification

- a. The Employee Hardship Committee will independently approve or deny all applications for hardship funds.
- b. The committee will not have access to the employee’s identity.
- c. Once the committee reaches a decision about an application, they will notify the Employee Relations representative. Decisions will be made within one business day of receipt of request.
- d. A minimum of five (5) members of the committee must vote for an approval or denial to be determined. The majority vote will determine if the award is approved or denied.
- e. The Employee Relations representative will notify the employee of approval or denial of assistance, and when the funds will be available for receipt.

- f. All decisions of the Employee Hardship Committee are final; there will be no appeals process.

C. Receipt of Funds

- a. Employees receiving approved hardship funds will have to sign for receipt of the funds.
- b. The receipt will disclose any tax implications, the requirement for documented confirmation of the hardship, and the consequences of not furnishing confirmation.
- c. If an employee fails to provide the necessary confirmation, and the health system is unable to substantiate it, the employee would have to repay the hardship dollars through payroll deduction or otherwise. The employee would also be subject to Human Resources investigation and follow-up action.

D. Other Assistance

- a. As providers of behavioral health services, Sheppard Pratt Health System has the advantage of knowledgeable social workers and others who can help employees get the resources they need during a crisis.
- b. The Employee Relations representative will provide applicants with Employee Assistance Program (EAP) information, and information about social workers/resource contacts in the region who can provide additional support, advice, and assistance.

General Information

As a 501(c)(3) non-profit organization, Sheppard Pratt Health System and its affiliates may establish a qualified hardship assistance fund to provide assistance programs to respond to current and future disaster or employee emergency hardship needs. This fund is considered an employer-sponsored public charity. The health system and its affiliates will meet the following regulatory requirements surrounding the fund:

- The fund is open-ended. It is established to meet current and future disasters and employee emergency hardships, rather than a single event.
- The employer does not exercise excessive control over the fund.
- The persons eligible for assistance from the fund must be sufficiently large or indefinite.
- The recipients must be selected based on an objective determination of need.
- The recipients must be selected by an independent selection committee.
- The selection committee members are persons who are not in a position to exercise substantial influence over the affairs of the employer.
- No member of the board of trustees or management will have any influence over the grants or the operation of the committee.
- No contribution to the fund can be earmarked for a specific individual.

Documentation

The health system will maintain adequate records to (1) appropriate needs assessments based on the applicants' financial resources and physical, mental, and emotion well-being; and (2) that distributions have been made to recipients in follow-up to those careful assessments. Documentation should include:

- A complete description of the assistance provided.
- The purpose for which the aid was given.
- How the recipients were selected.

- The name and address of each recipient, and the amount distributed.
- The composition of the selection committee approving assistance.
- Any relationship between a recipient and officers, directors, or key employees of, or substantial contributors to, the Foundation and its affiliates.

Hardship Relief Payments

The hardship relief payments may be subject to payroll withholding. Certain payments for government-declared disaster and catastrophic hardship qualify for exemption from payroll withholding.

Contributions

Contributions to the fund may be made by employees, managers, and the broader community. The contributions cannot be earmarked for a certain individual. The Foundation will provide a charitable receipt to all donors who contribute to the fund.

Criteria for Eligibility

To be eligible for receipt of funds from the Employee Hardship Fund, one must be actively employed by the Sheppard Pratt Health System, Way Station, Inc., Mosaic Community Services, Alliance, Inc. (a subsidiary of Mosaic Community Services), or Family Services, Inc.

Per IRS regulations, employees eligible for funds must be part of a “charitable class”. This class of beneficiaries is large or indefinite, and includes:

- Active employees with a minimum of one (1) year of continuous service
- Only employees with less than \$50,000 per year as their earnings from the health system
- Eligible employees may receive hardship funds once every 12 months
- No funds will be awarded if the fund goes below \$2,500.

Emergency Hardship Criteria

Internal Revenue Code section 139 provides that qualified disaster relief payments from any source, including employers, reimbursing or paying individuals’ specified expenses in connection with qualified disasters are not taxable as income and are not subject to employment taxes or withholding.

A. Qualified Disaster

- a. A qualified disaster is defined in section 139 as a disaster that:
 - i. Results from terrorist or military actions
 - ii. Results from an accident involving a common carrier
 - iii. Is a Presidentially-declared disaster
 - iv. Is deemed catastrophic by the Secretary of Treasury
- b. Qualified disaster relief payments within the meaning of section 139 include payments received (regardless of the source) for the following expenses:
 - i. Reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster

- ii. Reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence due to a qualified disaster (a personal residence can be a rented residence or one owned)
- iii. Reasonable and necessary expenses incurred for the repair or replacement of the contents of a personal residence due to a qualified declared disaster
- c. Qualified disaster relief payments do **not** include:
 - i. Payments for expenses otherwise paid for by insurance or other reimbursements
 - ii. Income replacement payments, such as payments of lost wages, lost business income, or unemployment compensation

B. Personal Hardship

- a. The health system may choose to distribute funds to employees for personal hardships that are not considered qualified disasters under Internal Revenue Code 139. These funds will be subject to applicable tax withholdings.
- b. Examples of personal hardships that may be application include:
 - i. Serious illness or injury
 - ii. Undue hardship not caused by employee
 - iii. Fire, flood, or natural disaster
 - iv. Military deployment
 - v. Violent crime
 - vi. Death in the family

C. Qualified Incidents Do Not Include

- a. Longstanding financial problems not related to a specific event
- b. Elective medical procedures
- c. Legal fees
- d. Miscellaneous bills (credit, rent, phone, cable)
- e. Loss of household income due to cut back in hours or lost job
- f. Divorce
- g. Home Foreclosure
- h. Automobile repairs
- i. Elective medical procedures
- j. Litigation
- k. Bail
- l. Garnishment
- m. Child Care
- n. Incidents that occurred more than 60 days in the past

Employee Hardship Committee and Health System Representatives

The Health System Cabinet will select the Employee Hardship Committee members from those who have volunteered in response to a broad, system-wide invitation to participate.

- The committee will be comprised of approximately nine non-management employees who have volunteered to serve on the committee.
- The committee will provide a broad representation of the entire system and affiliates, including Mosaic, Alliance, Way Station, Family Services, and health system programs in Towson, Ellicott City, Jefferson, and the Day Schools programs.

- Committee members will serve terms of one to three years.
- Due to their broad program representation and the need for quick response, the committee will communicate remotely by phone, text, email, and conference call.
- Acting within policy guidelines and in compliance with the IRS definition of employee hardship, the committee will be responsible for approving or not approving applications, determining the amount of the award, and documenting and communicating the decision to the Employee Relations representative.

The Employee Relations team will act as point for all applications to the Employee Hardship Fund.

- The Employee Relations Manager (or trained backup representative) will provide 24/7 coverage for calls concerning access to the employee hardship fund.
- The purpose of the Employee Relations team's involvement is to:
 - Verify the individual's employment
 - Compose an anonymous profile of the employee for the committee
 - Send the request to the committee for the review and approval process
- Employee Relations will maintain the confidentiality of the employee, and the employee's name will not be shared with the committee.
- The Employee Relations representative is responsible for all documentation regarding administration of funds.

Donating to the Employee Hardship Fund

Employees who wish to donate to the Employee Hardship Fund can access the Statement of Intent to Give (attached). This form should be completed and returned to the Office of Philanthropy at 6501 N. Charles St., Baltimore, MD 21204 or via fax at 410-938-4026.

References:

Attachments:

[Employee Hardship Fund Application & Agreement Intent To Give Form](#)

Revised Dates:

Reviewed Dates:

9/17

Signatures:

Armando Colombo: 9/27/17

Harsh Trivedi: 9/27/17