From the Presiding Bishop

The PAW Reporter is an electronic newsletter intended to inform church leaders of the Pentecostal Assemblies of the World, Inc. It is filled with informational articles, timely resources, and practical how-to applications. It is also very diverse in content and provides information from executive leadership articles and fundraising advice to human resources information, finance and church management tips.

The PAW Reporter is a useful publication that hopefully both clergy and church leaders will look forward to receiving and reading cover to cover. Our readers should feel free to share, in full without modification, any issue(s) of The PAW Reporter with fellow clergy and friends.

In this edition of the e-newsletter, we highlight an issue of significance and value to clergypersons: “How Churches and Religious Leaders Can Lawfully Participate in Political Campaign Activities.” We have also included in this edition two other important articles that may be helpful in these challenging times of the Coronavirus Pandemic (COVID 19): Summary of the CARES Act; and Should Religious Organizations and Churches Hold Virtual Board Meetings?

It is our hope and prayer that our readers will view The PAW Reporter as a consistent and valuable resource, and will provide us with some valuable input and feedback from time to time.

Respectfully,

Bishop Theodore L. Brooks, Sr.
Presiding Bishop

The PAW Reporter
3939 Meadows Drive
Indianapolis, IN 46205
## Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAW News Alert 2020-1</td>
<td>3</td>
</tr>
<tr>
<td>How Churches and Religious Leaders Can Lawfully Participate in Political Campaign Activities</td>
<td>6</td>
</tr>
<tr>
<td>A New Poll Asks Protestants Pastors What Worries Them About the Church</td>
<td>16</td>
</tr>
<tr>
<td>Half of Americans Say The Bible Should Influence U.S. Law</td>
<td>16</td>
</tr>
<tr>
<td>Young Adults Reveal Their Goals for the Next Decade</td>
<td>16</td>
</tr>
<tr>
<td>Should Religious Organizations and Churches Hold Virtual Board Meetings?</td>
<td>17</td>
</tr>
<tr>
<td>The Cost of a Wedding</td>
<td>18</td>
</tr>
</tbody>
</table>
Summary of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act), signed into law by President Donald Trump on March 27, 2020, provides $2.2 trillion of emergency appropriations in response to the COVID-19 pandemic. Although many provisions focus on the private sector industries, certain provisions are also applicable to religious institutions, including various loans as well as other items such as unemployment benefit reimbursements, an employee retention credit for the employer’s share of employment taxes, a delay in the payment of payroll taxes and a maximum deduction of $300 for charitable contributions for taxpayers that elect not to itemize their deductions.1

Paycheck Protection Program

The new Paycheck Protection Program (PPP) permits loans directly to any “nonprofit organization” – defined to include tax-exempt organizations described in Internal Revenue Code (IRC) Section 501(c)(3), including religious institutions. Thus, religious institutions are eligible for loans during the covered period of Feb. 15, 2020 through June 30, 2020, as long as the organization does not have more than 500 employees and was operational as of March 1, 2020. The CARES Act makes religious institutions subject to the SBA’s “affiliation” rules in determining size, meaning that the organization must take into account the number of its own employees as well as any related organizations, whether nonprofit or for-profit. These affiliation rules and regulations are far-reaching and complex, and careful analysis of them is required.2

Religious institutions can use the loan proceeds for certain payroll costs, rent, utilities, mortgage interest, and interest on other debt obligations incurred before Feb. 15, 2020. In addition, these organizations are eligible to have such loans forgiven, effectively turning the loans into grants if additional requirements are met.3

The maximum PPP loan available to any “nonprofit organization” is $10 million or, if less, 2.5 times the average monthly payroll costs of the “nonprofit organization” over the year prior to the making of the loan, excluding any annual compensation above $100,000 for any person, prorated for February 15 through June 30, 2020.4

PPP loans bear interest at a maximum rate of 4% and mature no later than 10 years after determination of the amount, if any, to be forgiven. Payments under PPP loans may be deferred for 6–12 months, and the SBA is directed to issue guidance on the terms of this deferral. PPP loans have no collateral or personal-guarantee requirements.5

PPP loans can be forgiven to the extent that the loan proceeds have been used for the following costs incurred and payments made during the eight-week period after the loan is made:

• Payroll costs, excluding the prorated portion of any compensation above $100,000 per year for any person
• Mortgage interest (but not prepayments or principal payments) and rent payments on mortgages and leases in existence before February 15, 2020
• Certain utilities, including electricity, gas, water, transportation, and phone and Internet access for service that began before February 15, 2020.6
Economic Injury Disaster Loans (EIDL) and Emergency Economic Injury Grants

Churches and many religious nonprofits will not be eligible for the EIDL or grant since “a recipient that is principally engaged in teaching, instructing, counseling, or indoctrinating religion or religious beliefs, whether in a religious or secular setting, or primarily engaged in political or lobbying activities is not eligible to receive an EIDL”.

Provisions for Individuals and Families

Under the provisions of the CARES Act, individuals making up to $75,000 (with a tax liability of $1,200 or greater) will receive $1,200. For couples filing jointly, the rebate totals $2,400 for those making up to $150,000. Those without tax liability, or liability up to $1,200, will receive an amount between $600 and $1,200. Additionally, each qualifying child in the household of a single parent or couple will receive $500. However, this assistance begins to phase out for individuals making over $75,000 a year. For every $100 over $75,000, the rebate drops by $5. Thus, an individual making over $99,000 a year (or $198,000 for a couple filing jointly) would receive nothing. The information for determining a household’s eligibility comes from 2019 tax returns (filed 2020). If no 2019 tax return has yet been filed, the government will look to the 2018 return. If no tax return was filed for 2019 or 2018, the government will determine your eligibility based on Form SSA-1099 (Social Security Benefit Statement).

Homeowners and renters also get some relief. Homeowners with federally backed mortgages will be protected from foreclosures for up to one hundred eighty days. Payments and interest on qualified federal student loans will be suspended until September 30, 2020. Finally, individuals with 401(k) savings can withdraw up to $100,000 penalty-free if necessary. Typically, retirees, 70½ and over (recently increased to 72 beginning in 2020) are required to take a Required Minimum Distribution (RMD) from their retirement accounts. The Act now allows these RMDs to be waived or deferred for 2020. As a result, retirees who do not need to make a distribution now, will not be forced to make a distribution this year while the market is low due to coronavirus-related market fluctuations.

Unemployment insurance provisions now include an additional $600 per week payment to each recipient for up to four months, and extend “unemployment insurance benefits” to self-employed workers, independent contractors, and those with limited work history. The federal government will provide temporary full funding of the first week of regular unemployment for states with no waiting period and extend “unemployment insurance benefits” for an additional 13 weeks through December 31, 2020 after state “unemployment insurance benefits” end.

Employee Retention Tax Credit

Under the CARES Act, employers may be eligible for a refundable tax credit for the employer’s share of the 6.2% Social Security tax (the “SSI Tax Credit”). The potential SSI Tax Credit is for 50% of the first $10,000 in qualified wages (including health plan expenses) paid to each employee commencing on March 13, 2020. To be eligible, an employer must (i) have had operations fully or partially suspended because of a shut-down order from a governmental authority related to COVID-19, or (ii) have had gross receipts decline by more than 50% in a calendar quarter when compared to the same quarter in 2019 (and will remain eligible until the earlier of (i) gross receipts exceeding 80% relative to the same quarter in the prior year, or (ii) December 31, 2020). For employers with more than 100 employees (based on 2019 employment levels), qualified wages are limited to wages paid to employees who were not providing services due to the COVID-19 crisis. Note, however, that the SSI Tax Credit is not available if the employer receives a covered loan from the SBA.
Payroll Tax Deferral

In addition to potentially receiving the SSI Tax Credit, the CARES Act allows employers to defer the payment of the employer’s share of the 6.2% Social Security tax on wages paid beginning on March 27, 2020 and ending on December 31, 2020. A corresponding deferral is also permitted for the equivalent portion of self-employment taxes. The deferred amounts are payable in two installments, with 50% of such taxes being due on December 31, 2021, and the remainder due on December 31, 2022. This deferral of Social Security taxes is not, however, allowed where the employer has had a covered loan forgiven under the Forgivable SBA Loan Program.12

Student Loans

All payments of principal and interest for certain federal student loans are suspended. The suspended payments are treated as if made for consumer credit reporting. The CARES Act also waives or modifies requirements with respect to the receipt of federal education grants, and allows deviations in the use and distribution of such grants. Further, provisions are made for students who have withdrawn from school or relocated due to the COVID-19 crisis.13

Partial Above the Line Charitable Deduction for Individual Donors

The CARES Act provides a maximum deduction of $300 for charitable contributions for taxpayers that elect not to itemize their deductions in arriving at their adjusted gross income (AGI) on their tax return. The tax incentive applies to cash contributions only and does not apply to contributions to a supporting organization, a Donor Advised Fund, or a carryover contribution. It is effective for contributions made in calendar year 2020.14

Suspension of AGI Limits for Individual and Corporate Donors

For contributions made in cash during 2020, the 60 percent AGI limits will not apply to individuals. The limit for contributions from corporations has been increased from 10 percent of taxable income to 25 percent. These changes will not apply to contributions to a supporting organization or a Donor Advised Fund. The limit on contributions of food inventory is increased from 15 percent to 25 percent of taxable income. The suspension is effective for qualified contributions made in 2020. Suspending AGI limits as a temporary measure to stimulate more giving is an effective strategy that Congress has used in response to past natural disasters and national emergencies. Excess contributions may be carried over to later tax years.15

For more information or professional assistance with church or para-church matters, contact:
Dr. Wyatt McDowell (JD, LLM) at (740) 938-4067 or www.clergyzoom.com.
**Featured Article**

**How Churches and Religious Leaders Can Lawfully Participate in Political Campaign Activities**

The debates and the energy with which they are pursued reveal that the issue of political activity by tax-exempt organizations and churches goes deep within the self-understanding of the church and its perception of its character and role in society. The church’s very capacity to be the church, to be faithful to its moral traditions and sense of mission requires an engagement with society that may be threatened by extreme or discriminatory application of IRS lobbying or campaigning regulations. It is, therefore, important to understand some aspects of the current engagement of the church with political questions, and the historical and theological roots of those engagements.¹

In particular, Black churches and clergy, for mere survival purposes, find it necessary to be continually involved in a broad range of political activities, both reformist and radical.² Their interpretation of Old Testament stories, prophetic pronouncements and New Testament edicts compel them to be active and involved.³ Black church leadership has always been viewed as having a political astuteness to its call. Leaders are expected to speak out against inequities and injustices, particularly racial discrimination and other forms of injustice.⁴ Because their voices and votes count in the political arena, leaders of the Black church enlisted the deepest loyalties of its members and constituents. Lessons of democratic participation and involvement, and the exercise of the right and responsibility to vote, took on meaning and substance in eliminating many barriers. This precluded Black participation in the mainstream of American life.⁵ Continuing this involvement remains imperative in light of the need to eliminate the remaining barriers prohibiting Blacks from full participation in our society. Recent events such as the perception of general moral decay suggest that political campaign activities are far from settled. Ever-increasing pressures and competitiveness between political parties on critical issues will likely trigger much more political campaigning by churches wishing to assert their position on abortion, education, race, and sexuality. To the extent that the Internal Revenue Service continues to limit churches and religious organizations from political campaign activities, the church is diminished in both its priestly and prophetic roles. The church’s capacity to witness, whether in China, North Korea, Russia or the United States, depends largely on its freedom from governmental suppression, intrusion and seduction.⁶

**The Law**

Organizations described in Section 501(c)(3) of the Internal Revenue Code that are exempt from federal income tax are prohibited from participating or intervening in any political campaign on behalf of, or in opposition to, any candidate for public office. Charities, educational institutions, and religious organizations, including churches, are among those that are tax-exempt under this code section. Charities should be careful that their efforts to educate voters remain within the Internal Revenue Service guidelines for political campaign activities. These organizations cannot endorse any candidates, make donations to their campaigns, engage in fundraising, distribute statements, or become involved in any other activities that may be beneficial or detrimental to any candidate.

**Participation or Intervention in a Political Campaign**

The word participation or intervention means the same thing: an involvement in some way, by an individual or an organization, in a political campaign. These types of political activities include the solicitation or making of political campaign contributions; the use of the facilities or resources of an organization to benefit the candidate or any efforts to impair or hurt the candidacy of an individual; the volunteering of services for or against a candidate for public office; and the publication or distribution of literature in support of or opposition to a candidate for public office.⁷

**Example One**

A church was denied tax-exempt status because it assisted the “governor-elect” during his transition period in implementing an orderly change of administration.⁸ The church’s involvement was determined to constitute improper participation.

**Definition of Political Campaign**

Federal tax law does not provide a definition for the term “political campaign.” However, for the limitation to apply, the church must be involved or participate in the campaign of the individual seeking public office.⁹ Federal tax law is also silent regarding when a political campaign commences. However, with respect to what constitutes a political campaign, the IRS applies the “facts and circumstances test,” meaning that all relevant and material facts shall be evaluated for the purpose of making a determination.¹⁰
**Prohibited Campaign Activities**

To avoid violating the political campaign prohibition set forth in Section 501(c)(3) of the Internal Revenue Code, churches and religious organizations should abstain from the political activities discussed below:

**Rating Programs to Evaluate Candidates**

If a church openly rates candidates as qualified or unqualified and the ratings receive broad distributions, the activity represents an impermissible involvement in the political campaign and may result in the revocation of the church’s tax-exempt status by the IRS.\(^{11}\)

**Example One**

The classification of candidates by the pastor or the church, a governing board, or any other duly constituted committee as too conservative or too liberal represents an improper rating system.\(^{12}\)

**Endorsements or Statements of Opposition to a Candidate**

A church or religious organization may not directly or indirectly make any statement, in any medium, to endorse, support, or oppose any candidate for public office, political party or PAC.\(^{13}\) This prohibition includes statements made in a sermon, church bulletin, or periodical or the distribution of filled-in sample ballots.\(^{14}\) In addition, churches and religious organizations should avoid making statements that indirectly oppose or support a particular candidate. For example, the labeling of a candidate as pro-life or anti-family, or using plus (+) or minus (-) signs or using code words, is also improper.\(^{15}\)

If a church official should endorse a candidate without the authorization of the membership or the governing board, the church should issue a disclaimer in the same meeting, indicating that the statement does not reflect the view of the church. On the other hand, if the endorsement is made during the sermon, the minister may wish to issue a disclaimer before the close of the worship service, solely attributing or relating the comments to be personally his/her views. Be mindful, however, that in the sight of the IRS a “corrective disclaimer” is not sufficient to undo the endorsement.

**Publishing a Candidate’s Statement**

More often than not, churches and religious organizations wish to share their positions on issues with the candidates running for office. On the other hand, they often seek to obtain the candidates’ positions on all issues of interest to the church and may even wish to publish the responses. In publishing responses, however, the church can violate the law.

The income tax regulations provide that a church or religious organization may not directly or indirectly participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office for any reason.\(^{16}\)

Accordingly, it should be crystal clear that a candidate’s statement may not be distributed to the media or the general public. The only exception would be statements made in the context of a compilation of voting records of all members of Congress on major legislative issues involving a wide range of subjects.

**Publishing Names of Candidates Who Adhere to Certain Practices**

There are a number of churches or para-church (church-related) organizations that routinely seek to report the voting records of legislators to members or subscribers. The thrust of the report card is to outline and demonstrate which legislators’ voting records are consistent with or inconsistent with the position of the church or related organization. This activity is not permitted if the intent is to appeal for the election or defeat of certain candidates and timed in such a manner that the results are reported during the political campaign season.\(^{17}\)

**Example One**

During a sermon, the Pastor of First Church openly advocates the defeat of all candidates (running for office in the November 2020 general election) who support and endorse abortion. By calling for the defeat of candidates premised upon a single issue, this statement is biased and is not permitted.

**Candidate’s Questionnaires**

The issue of questionnaires poses a very troubling problem for church and religious organizations. The rule is that questionnaires sent to candidates on a wide range of subjects, without any evidence of bias, and the generation of candidate responses in like manner, poses no problem. However, it is very unusual for a church to have mastered the required breadth of issues since its interests are usually narrowly focused. Therefore, undertaking this kind of activity is not recommended. If, on the other hand, the church wishes to proceed, it should only do so after having evaluated the total circumstances, making sure narrowness and bias are eliminated.\(^{18}\)

**Financial and Other Kinds of Support for Candidates**

It is improper for a church or religious organization to solicit funds on behalf of a candidate for public office. It is also improper for these organizations to provide financial support to a political party or Political Action Committee (PAC). However, there is one exception with regard to political action committees. The IRS rules permit the use of a PAC where the activities engaged in by that committee are not political campaign activities by definition.
Example One

A church or religious organization may not solicit financial support for or opposition to any candidate, PAC, or political party. Therefore, the taking of a collection or passing the basket at a church function, or using the church’s letterhead to make written appeals for financial support are improper and prohibited activities.

It is also improper for a church or religious organization to provide or solicit any kind of support in the form of free or selective use of volunteers, paid staff, facilities, or equipment.

Use of Mailing Lists

It is improper for a church to provide its mailing lists to candidates, political parties, or political action committees on a discriminatory or preferential basis or without charge. However, the “regular sale” of a mailing list of a church or religious organization would not violate the political campaign prohibition requirements and is permitted under Section 501(c)(3) of the Internal Revenue Code, provided such lists are available to all candidates on the same terms and for the same fee.

Example One

First Church wants to support its member, John Jones, in his quest for election to the U.S. House of Representatives. The church has never sold its mailing lists to anyone before but sells it to Mr. Jones’s election committee for less than its fair market value. Since First Church does not regularly sell its mailing lists and is not making it available to all candidates on the same basis, the sale of such lists is improper.

Publicizing the Campaign of Candidates

A church or religious organization should not distribute or display the campaign literature of any candidate for office on the church’s premises. This includes biased educational material as well as campaign literature. Likewise, such material should not be distributed through any kind of mailing made by the church. Nor should any campaign literature be distributed or discussed during any religious service. Finally, permission should not be given to any members of the church or other persons who wish to distribute campaign literature before or after religious worship services on church property.

Letters to the Editor

A church or religious organization should be very cautious in this area. When political campaign activities are published in the church’s paper or periodical, it usually results in a violation of the prohibition. Since the editor selects the letters for publication, a violation is likely if the following guidelines are not observed:

1. Selected letters are based upon criteria which do not require agreement with the organization’s position on the issue;
2. Published letters reflect positions on both sides of the issue;
3. Letters are published from individuals and organizations who endorse or oppose specific candidates; and
4. A disclaimer is used which indicates that the letters reflect only the opinion of the author (candidate) and not that of the organization.

Sponsoring a Political Action Committee

A Political Action Committee (PAC) is an organization whose purpose is to influence or assist one or more individuals in becoming elected to political office. Therefore, it is improper for a church or religious organization to establish, organize, or support a PAC. On the other hand, individual church members, including the pastor and leadership of the church, may wish to establish a PAC for support of a political party or candidates seeking election to public office. However, the church or religious organization may not support this enterprise or serve as a platform or facilitator for the advancement of political points of view.

Whether a political action committee is an individual activity is a question of factual analysis. The IRS has set forth three factors it will consider in determining that a PAC is not an individual activity:

1. Similarity of the name of the church and the PAC;
2. Usage of the same persons on the Board of Directors of both organizations; and
3. Using or sharing of facilities by both organizations.

Websites

The Internet has become a widely used communications tool. Section 501(c)(3) organizations use their own websites to disseminate statements and information. They also routinely link their websites to websites maintained by other organizations as a way of providing additional information that the organizations believe is relevant to the public.

If a church posts something on its website that favors or opposes a candidate for public office, the church will be treated the same as if it distributed printed material, oral statements or broadcasts that favored or opposed a candidate.

Example One

First Church, a Section 501(c)(3) organization, maintains a website that includes biographies of its ministers, times of services, details of community outreach programs, and activities of members of its congregation. John Doe, a member of First Church’s congregation, is running for a seat on the town council. Shortly before the election, First Church posts the following message on its website, “Lend your support to John Doe, your fellow parishioner, in Tuesday’s election for town council.” First Church has intervened in a political campaign.

Loans

A church or religious organization may not make loans to or execute loan guarantees on behalf of any candidate, political party or PAC. Such activities violate the political campaign intervention prohibition even if market-rate interest is charged and the loan is repaid.
Permitted Campaign Activities

On the positive side, churches and religious organizations may engage in a number of activities without violating the political campaign prohibitions set forth in Section 501(c)(3) of the Internal Revenue Code.

Pulpit Appearances

When candidates are permitted to visit and make appearances in the pulpit or at other worship services this may pose a problem for the involved churches and religious organizations. If an individual is invited to appear in a candidate capacity, equal access must be provided to other candidates for the same office. On the other hand, if the candidate is invited to appear in a non-candidate capacity, it is not necessary to provide equal access to other candidates.

Example One
Minister Edwards is the Pastor of First Church. In the month prior to the election, Minister Edwards invited the three Congressional candidates for the district in which First Church is located to address the congregation, one each on three successive Sundays, as part of regular worship services. Each candidate was given an equal opportunity to address and field questions on a wide variety of topics from the congregation. Minister Edward’s introduction of each candidate included no comments on their qualifications or any indication of a preference for any candidate. The actions do not constitute political campaign intervention by First Church.

Example Two
Minister Frank is the minister of Holy Church, a section 501(c)(3) organization. The Sunday before the November election, Minister Frank invited Senate Candidate Johns to preach to her congregation during worship services. During his remarks, Candidate Johns stated, “I am asking not only for your votes, but for your enthusiasm and dedication, for your willingness to go the extra mile to get a very large turnout on Tuesday.” Minister Frank invited no other candidate to address her congregation during the Senatorial campaign. Because these activities took place during official church services, they are attributed to Holy Church. By selectively providing church facilities to allow Candidate Johns to speak in support of his campaign, Holy Church’s actions constitute political campaign intervention.

Distributing Candidate Voting Records

A church or religious organization may publish the voting records of incumbent candidates on selected issues without violating the political campaign prohibition, provided the following criteria are met:

1. The voting records of all members of Congress on a wide range of subjects are published;
2. The organization conducts the activity annually, whether or not an election is being held;
3. The voting records contain no editorial comments or opinions; and
4. The voting records do not indicate approval or disapproval of incumbents’ votes.

Candidate Questionnaires

This particular approach (in which all candidates are polled on a wide range of issues) represents a very useful and educational tool for religious organizations. However, the questionnaire must be neutral and not biased in any form. Generally, a candidate questionnaire will not be considered biased provided it satisfies the following criteria:

1. It must be sent to all candidates;
2. All responses must be published;
3. A wide range of issues must be covered;
4. The responses must be published without editing by the organization; and
5. The questions must not indicate a bias toward the organization’s preferred position.

Example Two
The church limits the distribution of its questionnaires to candidates unknown to the church or whose positions on the issues remain unclear. This questionnaire would be characterized as being biased because the questionnaire is not sent to all candidates.

Sponsorship of Voter-Education Events (Public Forums and Debates)

The IRS has approved the sponsorship of political forums, debates and lectures by church and religious organizations in which the speakers explain their views to the public, so long as the church or religious organization does not:

a) indicate its views on the issue;
b) comment on the candidates’ responses; or
c) in any other way indicate a bias for or against a particular candidate, party, or position.

The IRS has identified the following factors as important for determining the proper structure for candidate forums and debates:

- All legally qualified candidates should be invited to participate;
- The questions should be prepared and presented by a non-partisan panel;
- The topics discussed should cover a broad range of issues of interest to the public;
- Each candidate should be given equal opportunity to present his or her views on the issue; and
- The moderator should not comment on the questions or in any way imply approval or disapproval of any candidate.
Educating Candidates on the Issues
During an election campaign, a church or religious organization may seek to educate the candidates about the issues in an attempt to change their positions on these issues. However, if a candidate is an incumbent legislator, whether federal, state or local, undertaking this kind of activity could constitute lobbying activity subject to the “substantial limitation rules” set forth in Sections 501(h) and 4911 of the Internal Revenue Code. If substantial lobbying is undertaken by a church or religious organization, their tax-exempt status may be put in jeopardy.

Paid Political Advertisements
It is permissible for churches and religious organizations to accept paid political advertisements for publication in their periodicals if the following conditions are satisfied:
1. The organization must accept advertisements on the same basis as other nonpolitical advertising;
2. All advertisements must be identified as paid political advertisements;
3. The organization must express that it does not endorse any candidate; and
4. Such advertising must be made available to all candidates on an equal basis.

It is very prudent for religious organizations and churches to have policies requiring documentation for all political advertisements. It should be a fundamental policy consideration that free or reduced rates for any advertisements are unacceptable, since doing so would constitute an in-kind contribution to a candidate.30

Example One
First Church runs a paid advertisement for Senator John Doe and the advertisement is prepared by John Doe’s Committee for Reelection without any statement that it is a paid political advertisement. The IRS considers this to be a violation of the political campaign prohibition, since the required notification/disclaimer set forth in the criteria above has not been incorporated into the advertisement.

Membership Lists
Many religious organizations and churches give, sell, trade, or lend their membership lists to other individuals and other organizations. However, if they wish to make the membership lists available to political candidates, there is no problem in doing so provided the following conditions are met:
1. All candidates must be made aware of the opportunity;
2. All candidates must be given the same access to the list; and
3. If a fee is charged, the same charge must be assessed for all candidates.

There is one significant concern that must be factored into the decision regarding whether the list should be given or loaned to a candidate. If the list is either loaned or given to any candidate, it, in effect, constitutes the making of an in-kind political contribution, which is a prohibited activity.

Example One
First Church sells its membership list to local candidates for City Council for a $25.00 fee and charges candidates for the State Legislature a $100.00 fee. This is a prohibited activity since the charges are different for candidates for public office.

Voter Registration Drives and Get-out-the-vote Campaigns
Both the IRS and the Federal Election Campaign Act permit churches and religious organizations to sponsor voter registration drives and to encourage citizens to exercise their right to vote, provided that no bias for or against any candidate or political party is evident. However, voter registration or get-out-the-vote drives should only be conducted when the following conditions are being met:
1. They must not be conducted in cooperation with any political campaign;
2. They must not be conducted in a manner that is identified with any incumbent candidate; and
3. They must not be conducted or operated based upon a candidate’s agreement or disagreement with the church or organization’s positions.

A church or religious organization may operate a voter registration table at a local shopping center or run a phone bank encouraging voters to get out and vote, provided that it can demonstrate that its activities are not conducted in a manner intended to benefit or harm any particular candidate. In addition, churches and religious organizations can target their voter registration activities at particular groups, even if those groups are statistically more likely to favor a particular candidate, as long as the group is selected on a nonpartisan basis.

Thus, it is perfectly proper for a church to register members of a politically underrepresented group, such as the poor or minorities, despite the fact that members of these groups may vote predominantly for one candidate or party. Likewise, voter registration campaigns directed at residents of a particular geographical area are not considered partisan and thus will not be deemed improper. On the other hand, voter registration activity and get-out-the-vote drives directed at a particular group premised upon their likelihood to vote for a particular individual or political party are clearly improper and prohibited.31

Individual Actions
It should be very clear that the political campaign prohibition operates only against a religious organization or a church and not to thwart “individual participation” in political campaigns, no matter how intensely the leaders of the church are involved in political activities as “individuals.”

It should also be understood that religious organizations and churches undertake no risk in encouraging members and friends to be responsible citizens and become involved in the political process. However, if the church should urge such participation for the sake of supporting a particular candidate or political party, this activity crosses the line and is prohibited since the organization is now involved.
Furthermore, individuals may organize their own PACs to perpetuate their involvement in the political process. However, the rule of thumb is that contributions made to these committees are normally not tax-deductible by the individuals making them. Therefore, persons considering forming a PAC should obtain legal counsel. There are a number of legal requirements and other considerations that must be evaluated before a wise or informed decision can be made.

Finally, the IRS has indicated that officers, directors, trustees, and other officials acting in an individual capacity should make it clear that they are acting in such capacities while at the same time operating on behalf of a church or religious organization. The failure to do so may cause problems, since the impression may be that such remarks are being made on behalf of the religious organization or church. Thus, the risk for failing to issue this disclaimer can be devastating to the church or involved religious organization.

**Potential Sanctions for Violating the Political Campaign Prohibition**

Any religious organization or church that violates the absolute prohibition against political campaign activities will be exposed to some harsh and drastic sanctions, including the following:

- Loss of tax-exempt status, which means:
  - The church must pay corporate tax on its net income (offerings, tithes, and donations);
  - No member can deduct contributions made to the church;
  - The church would lose its eligibility for reduced mailing rates.

- The church would be liable for an excise tax on the prohibited political expenditures ranging from 10% to 100% of the impermissible expenditures.

- The manager (Chairman or President or Pastor or Business Manager) of the organization is also subject to a tax penalty up to a maximum of $10,000.00.

- If the IRS feels the organization’s political involvements have been flagrant, it may go to court and obtain an injunction to prevent further abuses and to ensure that the organization’s funds are preserved for the designated religious purpose.

In any case in which an initial excise tax is imposed against a church or religious organization, and the expenditures are not corrected within the period allowed by law, an additional tax equal to 100 percent of the expenditures may be imposed against the church or religious organization. In that case, an additional tax is also imposed against the church or organization’s manager(s) (jointly and severally) who refused to agree to make the correction. The additional tax on management is equal to 50 percent of the expenditures and may not exceed $10,000 with respect to any one expenditure.

**Correction.** Correction of a political expenditure requires the recovery of the expenditure, to the extent possible, and the establishment of safeguards to prevent future political expenditures. Please note that a church or religious organization that engages in any political campaign activity also needs to determine whether it complies with the appropriate federal, state or local election laws, as these may differ from the requirements under Section 501(c)(3) of the Internal Revenue Code.
Conclusion

From the beginning of American history, religion and democracy have been inextricably intertwined. Despite the many changes in human behavior and the institutions forming our government, economy, politics and social forums, the relationship between the religious community and government has not lost its vigor and vitality.37

From the standpoint of the public good, the most important service churches offer our society is nurturing spiritual values that serve to enhance capitalism and give direction to democracy and the world. This national strength has contributed immensely to the development of moral content on significant issues that confront our society.38

Several realities now stand very apparent! First, the clear and growing conviction within the Christian community that its very faith in Jesus Christ as Lord, its prophetic and moral heritage, and its duty to bear witness require it to bring matters of faith to bear upon public issues and leadership. Second, the nature of many policy issues now bears a heavy moral overtone involving spiritual perspectives. Third, the mind-set of much of our society believes that the church and religious leadership ought to “stay in their place” and not mix religion and politics. Fourth, while tax policy has traditionally favored charitable and religious activities, that climate may well be changing in the context both of the search for new sources of revenue and the diminished special place of religion in American life.39

The result of these forces may well increase clashes on various aspects of national tax-exempt policy. Certainly, in the broad context, churches and other charitable ministry organizations ought to be aware of legislative and administrative agency developments in this area, and be prepared to assist lawmakers in understanding the theological and public policy issues in framing the specific rules the IRS will apply.40

At the individual level, ministries and churches ought to recognize that broad areas remain indisputably open to Christian political commentary and advocacy. It would be tragic if the IRS enforcement chilled the necessary prophetic contribution of religious communities from our national discourse. In the context of issues we face today, our culture desperately needs the witness of spiritually and morally attuned individuals and communities.41

Disclaimer

This article is designed to provide accurate and authoritative information in regard to the subject matter covered. It is being provided to church and ministry leaders with the understanding that the author(s) are not engaged in rendering legal, accounting, tax, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought. Laws vary by jurisdiction, and the specific application of laws to particular facts requires the advice of an attorney.

For more information or professional assistance with church or para-church matters, contact: Dr. Wyatt McDowell (JD, LLM) at (740) 938-4067 or www.clergyzoom.com.
Bethel summarizes its religious beliefs and related practices in its Parent/Student Handbook. The handbook contains a “statement of nondiscrimination,” which states, in relevant part, that Bethel “does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.” Bethel does not include sexual orientation or gender identity in its statement of nondiscrimination.

In the next paragraph, the handbook says,

It should be noted, however, that Bethel Christian Academy supports the biblical view of marriage defined as a covenant between one man and one woman, and that God immutably bestows gender upon each person at birth as male or female to reflect his image ... faculty, staff, and student conduct is expected to align with this view.

Irrespective of any language in the handbook, Bethel does not consider sexual orientation in the admissions process. Admissions at Bethel is a competitive process based on a formal entrance exam, an evaluation of previous grades, and a pre-enrollment interview. Once students are admitted, the school’s policies apply equally, regardless of a student’s sexual orientation or sexual attraction. For example, the student conduct policy prohibits any communication of a sexual nature and any harassment, physical contact, or public displays of affection.

Bethel Christian Academy offers a faith-based, academically rigorous and caring education to more than 250 low-income students in the Baltimore metro area, including students from over 40 different nations, children who recently immigrated to the United States, and families with different or no religious affiliations. While over 20% of the students receive some financial aid, many families were able to afford to send their children to the school because it participated in Maryland’s Broadening Options and Opportunities for Students Today (BOOST) school voucher program. In August 2018, just weeks before the school year started, Maryland officials abruptly notified families that they could no longer use their BOOST vouchers to educate their children at the school.

Maryland law forbids participating BOOST schools from discriminating in admissions on the basis of sexual orientation, among other things. When the church-run school applied to participate in the program, school officials truthfully stated that the school does not exclude students because of their sexual orientation. Sometime prior to the 2017-18 school year, the Maryland Department of Education started reviewing the websites of participating religious schools. Although the school fully complied with the program’s requirements, state officials disqualified the school (Bethel Christian Academy) from participating in the BOOST program after reading Bethel’s Christian beliefs about marriage and sexuality, even though the school has not—and will not—turn down a student based on their sexual orientation. The school only simply asks students to refrain from engaging in any sexual conduct. Further, the state demanded that the school repayment over $100,000 for previous participation in the program.

Bethel filed a Complaint (lawsuit) on June 24, 2019, alleging six constitutional violations against the Maryland State Superintendent Salmon and the seven members of the Broadening Options and Opportunities for Students Today (“BOOST”) Program Advisory Board—all in their official capacities.

In response to the lawsuit, the Defendants filed a Motion to Dismiss the Plaintiff’s Complaint (lawsuit), which was subsequently denied by the Court for the reasons set for the below.
Law and Discussion
Section 1983 of the U.S. Code “provides a cause of action for the deprivation of federal constitutional and statutory rights under color of state law (allegedly acting beyond the bounds of lawful authority).” See Pink v. Lester, 52 F.3d 73, 74 (4th Cir. 1995). Bethel reasonably alleged that Defendants violated several of its First and Fourteenth Amendment rights in the course of deeming the school ineligible for the BOOST program. The nondiscrimination provision passed by the Maryland legislature states, in relevant part, that schools participating in the BOOST program cannot discriminate on the basis of sexual orientation “in student admissions.” Critically, Bethel has consistently maintained that the school does not discriminate in student admissions on the basis of sexual orientation. The Advisory Board for the BOOST program corresponded with Bethel for more than a year about its admissions process and, specifically, about whether the school was compliant with BOOST program’s nondiscrimination requirement. Bethel explained, in several written responses, that it does not consider sexual orientation or sexual attraction when evaluating applications for admission, stating that Bethel does not require applicants or admitted students to “agree with the school’s Statement of Faith or specific beliefs.”). In fact, the Defendants have not identified any student that Bethel has discriminated against in admissions on the basis of sexual orientation. As such, Bethel alleged in its complaint (lawsuit) — which the Court accepted as true at this stage — that it “has not, and will not, discriminate against a student in admissions based on an applicant’s sexual orientation.” Despite these assertions, Defendants voted to deem Bethel ineligible for the BOOST program, based on a perceived lack of compliance with the nondiscrimination provision.

If, as it alleges, Bethel has not discriminated on the basis of sexual orientation in admissions, then it has reasonably alleged that Defendants infringed upon several of its constitutional rights. Namely, Bethel has presented a plausible (probable) case that the Advisory Board’s determination of ineligibility was motivated by the school’s religious affiliation. Bethel is “unabashedly Christian,” and has invoked Christian values in all of its materials that are distributed to prospective applicants and their families. Bethel has plausibly alleged that Defendants deemed it ineligible for the BOOST program not because of evidence of discrimination in admissions, but because of it’s Christian identity. In other words, it is plausible that the Advisory Board, in determining that Bethel violated the nondiscrimination provision, unjustly conflated the school’s religious beliefs with discriminatory behavior. This possibility is evinced by the Advisory Board’s decision to consider Bethel’s eligibility in a closed session, a maneuver that Bethel alleges was a departure from normal procedures.

If the Advisory Board was in fact motivated by Bethel’s religious affiliation, then Defendants took several actions that may have infringed upon its First and/or Fourteenth Amendment Rights. For instance, the Complaint (lawsuit) alleges that Defendants sent Bethel a document containing examples of how the school might revise its handbook language to retain the BOOST program eligibility. In the lawsuit, Bethel has reasonably alleged that Defendants regulated the text of the handbook based on its religious character and content. Accordingly, when the government imposes a financial burden on entities because of the content of their speech, such an action may infringe upon their Free Speech rights under the First Amendment. See, e.g., Agency for Int’l Dev. v. Alliance for Open Soc’y Int’l, 570 U.S. 205, 214 (2013).
Additionally, in the lawsuit, Bethel has plausibly alleged that Defendants discriminated against it because of the school’s religious beliefs, in violation of its rights under the Equal Protection Clause. The Equal Protection Clause commands that similarly situated entities should be treated alike. See City of Cleburne, Tex. v. Cleburne Living Ctr., 473 U.S. 432, 439 (1985). Defendants concede that two other schools, Broadfording Christian Academy and Grace Academy, were deemed eligible for the BOOST program on the same day that Bethel was deemed ineligible. Moreover, according to the lawsuit, Broadfording Academy, Grace Academy, and Bethel all have similar beliefs and policies on marriage and sexual conduct. As such, Bethel alleges that Defendants treated its school differently, without any justification.

For similar reasons, Bethel has met its burden with respect to the other counts in the lawsuit. The lawsuit provides several examples in which Bethel made clear that sexual orientation is not considered in its admissions process. As previously noted above, in ruling on Defendants’ Motion to Dismiss, the Court must take as true that Bethel has not discriminated in admissions on the basis of sexual orientation, and thus, must reasonably infer that Bethel has complied with the nondiscrimination provision enforced by Defendants. Accordingly, Bethel has pled facts amounting to a plausible (probable) showing that Defendants deemed the school ineligible for the BOOST program because of its religious affiliation, thereby depriving it of its rights under the Free Exercise Clause, Due Process Clause, and the Establishment Clause.

**Conclusion**

The Court determined that the plaintiff plausibly pleaded that the advisory board, in determining that Bethel violated the nondiscrimination provision, unjustly conflated (combined or confused) the school’s religious beliefs with discriminatory behavior. Accordingly, the Court held that when the government imposes a financial burden on entities because of the content of their speech, such an action may infringe the First Amendment.

For the reasons set forth above, the Court denied the Defendant’s Motion to Dismiss the lawsuit, meaning that Bethel Ministries, Inc (Bethel Christian Academy) is entitled to a full and complete hearing (courtroom trial).

**Bottomline**

The government may not discriminate against religious schools simply because it dislikes their religious beliefs. The government may not refuse to play by its own rules and expel a school from a neutral government voucher program without just cause. The United States Supreme Court and lower court precedent make clear that penalizing a school for its beliefs goes beyond regulating conduct to regulating expression in violation of the Free Speech Clause of the United States Constitution, and coercing a school to renounce its religious character is in violation of the Free Exercise Clause of the United States Constitution. Simply put, the government does not have the right to deny children scholarships due to the beliefs and policies set forth in the school’s parent-student handbook. Source: www.adflegal.org

The United States Supreme Court has ruled that laws benefiting a wide range of secular nonprofit organizations are not rendered unconstitutional by the fact that religious organizations are included among the beneficiaries. In Walz v. Tax Commission of the City of New York, 397 U.S. 664 (1970), the United States Supreme Court held that the granting of property tax exemptions by the New York City Tax Commission did not violate the Establishment Clause. The Court further held that the purpose of the exemptions was to neither advance nor inhibit religion… The Court noted that “benevolent neutrality” toward churches and religions was “deeply embedded in the fabric of our national life.”

Source: www.churchlawandtax.com (04/07/20)
Religion

A New Poll Asks Protestants Pastors What Worries Them About the Church

The Barna Group survey reveals that the number one concern amongst clergymen when they look at the body of Christ in this country is the watering down of the gospel. 72% of Protestant pastors pick that as problem number one out of a long list of them.

The second biggest worry is the on-going transition of American culture away from its Christian foundations.

Number three of the list is the failure of many congregations to properly disciple their members. Source: www.srnnews.com (02/18/20)

Half of Americans Say the Bible Should Influence U.S. Law

On March 12, 2020, the Pew Research Center released a new poll about religion and politics. As usual, there’s a lot to chew on, but one finding really stood out: Americans are almost evenly split over whether the Bible should influence U.S. law.

Pew found that 23 percent of American adults said the Bible should influence the law “a great deal.” An additional 26 percent say it should influence the law “some.” By contrast, 50 percent told pollsters the Bible should have not much or no influence over American law.

Pew then asked a follow-up question of those people who backed Bible-based law: If the Bible and the will of the people conflict, which should prevail? Twenty-eight percent of all adults backed the Bible. Among white evangelicals, that number soared to 68 percent. Source: www.au.org (03/13/20)

Young Adults Reveal Their Goals for the Next Decade

Of those who participated in the survey, nearly half had finished their education (48%) and become financially independent from their parents (46%). Four out of 10 say they traveled to other countries (43%), started a career (41%) and became spiritually mature (40%). Milestones that ranked lower on the list included getting married (25%), caring for the poor and needy (25%) and buying a home (21%).

Practicing Christians are leading young adults in focusing on family, with nearly one in three (32%) reporting they’ve already gotten married (vs. 26% non-practicing Christians, 29% practicing other faith and 25% no faith) and 37 percent reporting becoming a parent (vs. 34% non-practicing Christians, 31% practicing other faith and 25% no faith). Additionally, just over half say they have already become spiritually mature (53% vs. 39% non-practicing Christians, 43% practicing other faith and 33% no faith).

Source: www.barna.com (01/08/20)
Miscellaneous

Should Religious Organizations and Churches Hold Virtual Board Meetings?

Introduction

The stay-at-home directives, prompted by the Coronavirus Pandemic (COVID-19), in place throughout most of the country have driven much discussion among church leaders regarding whether they should conduct virtual worship services. Another significant question lingers in the background is “how can religious organizations and churches” conduct official business, board meetings if public gatherings of fewer than 10 people are not permitted? The answer looms large when considering the numerous decisions and actions many religious organizations and churches likely must make in these uncertain days and weeks—and possibly months—ahead, particularly with respect to budgets, personnel, and ministry priorities.1

Virtual Meetings

Technology has brought us many valuable business tools, including the ability to hold virtual board meetings. As with any new product, initial board meeting software solutions were imperfect at best. Over time, programmers learned how to design the features and functions for meeting participants to conduct virtual meetings via teleconference and videoconference that place meeting attendees in the same virtual space.2

Virtual meetings can be of great value to the boards of religious organizations and churches because their purpose and needs differ from those of corporate boards. Board management software takes virtual meetings a step further with solutions that streamline processes for creating board packets, developing agendas and creating board meeting minutes. Board management software also supports other vital board functions like self-evaluations, board orientation, auditing, compliance and other annual board processes.3

Why Virtual Meetings Work So Well

1. They’re Efficient: Virtual meetings are super-efficient for the boards. No time traveling to the meeting. No scramble to find parking. And no travel time after the meeting. What might take three hours for an in-person meeting will take only an hour or less for a virtual meeting.4

2. They’re Effective: Extraneous information tends to fall away from virtual meetings and people focus more tightly on the agenda than when you are in the same room. Virtual meetings encourage clarity, simplicity, and discipline. A conference call (audio or video) doesn’t lend itself to just hanging out. People want to get on, discuss business, figure out what the next steps are, and get off.5

3. They’re Usually Short: Virtual meetings are often an hour or less. People tend to call in on time and expect to finish on time too. You can often get done in 30 minutes what might take more than an hour in an in-person meeting.6

Common Disadvantages of Virtual Meetings

1. Some people may need more time to learn how the latest technology works and this could be a drawback if you don’t know how software works and the system requirements needed for it to run and function.

2. Managers and decision-makers also use the non-verbal signs when making decisions and virtual meetings will not in any way provide this.

3. The short attention span of some members of the team during virtual meetings and that some may resort to other non-productive online activities.

4. Information could fall in the wrong hands if your password and other security information are not properly secured.7

Preparation is Key

Virtual board meetings require extensive preparation, particularly for the inaugural meeting. Do not spring a virtual meeting on board members without first conducting and sharing research, discussing the implications of such a change at an in-person meeting.8

It is up to the staff of your religious organization or church to ensure that everyone has the necessary equipment. Test the system ahead of time to make sure it works as needed and establish backup plans in the event of technological failures. Staff also should send board members any supporting materials well in advance of meetings and consider making them available online during the event.9

Recognize that voting on any issue will need to be verbal and not anonymous, with each board member identifying himself or herself. Also, certain issues are better suited to virtual discussion than others. Virtual meetings generally work best for straightforward discussions with no controversy. For example, updates from church development staff or the formal approval of a policy.10

State Laws May Apply

Do not switch to virtual meetings without checking applicable state laws for non-profit board meeting requirements. Some states, for example, allow teleconferencing but not videoconferencing. Also, you may need to amend your bylaws and other governance documents to permit virtual meetings before you commence with holding a virtual meeting.11 Finally, before you hold a virtual meeting, decide on a set of rules that, at minimum, addresses how you will decide whether a quorum is present, how you will recognize members, and how you will take votes.12
Conclusion

Virtual meetings, like any other thing in life, have their advantages and disadvantages. It is true that they are perhaps the most cost-effective, convenient and time-saving modes of communication so far. But they also greatly reduce a personal connection as well as make a religious organization or church vulnerable to hackers’ attacks.\(^{13}\)

The dangers can be tamed though. If you use a reliable online service, and if you still meet in person from time to time, virtual conferences will truly help you stay informed, trained and updated, regardless of your time zone, location and financial situation.\(^{14}\)

Disclaimer

This article is designed to provide accurate and authoritative information in regard to the subject matter covered. It is being provided to church and ministry leaders with the understanding that the authors are not engaged in rendering legal, accounting, tax, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought. Laws vary by jurisdiction, and the specific application of laws to particular facts requires the advice of an attorney.

The Cost of a Wedding

The average cost of a wedding ceremony/reception in 2019 was $28,000 though the day-of costs vary significantly by location. Midwestern locales like Columbus ($23,500) and St. Louis ($24,000) see day-of wedding costs fall below $25,000, while prices in major northeastern cities are significantly higher (Manhattan: $83,000, Boston: $38,600, DC: $34,700, Philadelphia: $34,300).

In addition, guest count, time of year, number of vendors and venue type are all factors that greatly impact wedding spending. The venue is the biggest driver of ceremony/reception costs, typically accounting for one-third of the spending. Banquet halls (21%) and farms/barns (18%) were the most popular venue types last year. Source: www.wedinsights.com

For more information or professional assistance with church or para-church matters, contact:

Dr. Wyatt McDowell (JD, LLM)
at (740) 938-4067 or www.clergyzoom.com.