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Paycheck Protection Plan draws feedback from pastors, ethicists

by Diana Chandler, posted Wednesday, April 08, 2020 (19 days ago)

SEATTLE (BP) -- As pastor of Epic Life Church in Seattle with only five employees, Keith Carpenter sees the Paycheck Protection Plan loan as a godsend during a devastating economic downturn prompted by the COVID-19 pandemic. So does pastor A.B. Vines, whose multisite New Seasons Church in Spring Valley, Calif., employs about 50.

But some pastors have theological and ethical concerns with the loan, which is administered by the U.S. Small Business Administration.

"The purpose behind the loan is to keep people employed," Carpenter said Tuesday (April 7), just a day after he applied. "I don't see a problem with doing it at all. It's being wise stewards of the resources God provides, and if not anything else, you can pass those resources on in some way to others who might be hurting, in the long run."

At least two pastors, Bart Barber at First Baptist Church in Farmersville, Texas, and Anthony Hicks of Clifton Baptist Church in Franklinton, La., have discouraged their congregations from applying for the loans offered under the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was passed by Congress last month.

"Generally speaking," Barber wrote in a blog, "if it takes an act of Congress to make it happen, there's more going on than just a loan from a bank."

But others, including Southern Baptist ethicists Russell Moore and Larry Lyon, said they do not see ethical compromises in receiving the loans. The Southern Baptist Ethics & Religious Liberty Commission (ERLC), which Moore leads, joined a bipartisan push to clarify that religious liberties of churches would be protected under the loans administered by the Small Business Administration.

The loans are included in the CARES Act, initially funded at \$2 trillion and designed to relieve economic hardship caused by the coronavirus pandemic that has killed thousands and stymied the economy. President Donald Trump said Tuesday (April 7) he'll work to add more money to the Paycheck Protection Program, which was initially funded at \$350 billion.

Businesses -- as well as churches and other faith-based nonprofits -- with fewer than 500 employees are eligible to receive loans covering up to 2.5 times their average monthly payroll, with a cap of \$10 million per loan, to cover expenses like payroll, utilities and rent or mortgage payments.

Carpenter said he intends to maintain his five-person staff at Epic Life Church in Seattle, which according to terms of the program would allow the loan to be forgiven.

"We're confident we're keeping all of our employees, and because of that it really seems like a very wise thing to do, that the government has given us this opportunity to kind of have some more money for ministry purposes," Carpenter said. "There's no strings attached as far as we can see. At this time, we haven't had to lay off anyone, but we don't know what the future's going to hold. The government I believe is rightly seeing 501c3s [nonprofits] as legitimate businesses in the states, and for them to keep people employed I think is a really good thing."

Vines, an ERLC trustee, had initial concerns about the loan, but he said those have been adequately addressed.

"I read that there were no loopholes or attachments of us to them [the banks]," Vines said. "There's no binding agreement that you now have a deed to our church or you govern us, there's nothing like that. And at the end of the day, it was about taking care of my people. We have laid nobody off at any of our locations. ... I don't want to lay God's people off."

Many of New Seasons' members are employed in the service, entertainment and education professions, Vines said, which are heavily impacted by the economic downturn. Loan recipients have until June 30 to ask for forgiveness. Vines will accept the loan as a grant, unless he finds the money is not needed.

"We'll get the money; if we do fine, we'll give the money right back," Vines said. "But I'd rather have a safeguard than no safeguard. If we come out of this thing fine, whatever amount we get, we'll turn around and give it right back to them."



Lyon, an ethics professor at New Orleans Baptist Theological Seminary, said the fact that the loans are forgivable makes them more useful to churches.

"If used in the ways that Congress intends, such as maintaining operations and payroll, then the forgiven loan becomes more like a public resource or public good that is provided by the government," Lyon said. "This could be likened unto the fire department, public roads, and water lines. Churches use these services within their communities and these services are financed principally through taxes.

"Churches do not typically deny these public goods on the grounds that if they are used then the government may possibly impose stipulations that alter the faithful preaching of the Bible," Lyon reasoned. "While the analogy is imperfect, the point remains, churches who take the stimulus loan with the intent of using it as it is meant to be used would not violate any biblical principle."

Ethical issues would arise, Lyon said, if churches misuse the money, because "then the churches are being deceptive and are violating the Scriptures."

Barber wrote blogposts Monday and Tuesday explaining why he'll counsel First Baptist Church of Farmersville against taking advantage of the federal stimulus package. In a post Monday, he referenced 17th Century Baptist pioneer John Smythe, who counseled churches to survive on tithes and offerings; and the biblical story in Genesis 14 of Abraham refusing to accept spoils of war from the king of Sodom, so others would know that only God had prospered Abraham. But Barber clarified in a follow-up post Tuesday that he was speaking only for himself, and that he was not attempting to tell others what to do.

The ERLC's Moore does not see the money as government loans, but as bank loans secured by the government.

"The loans themselves, whether to a church or to a hardware store, are not from the government at all, but, as always, from banks. The government's role is simply to guarantee to the banks these loans, in case of default. That does not privilege or penalize any religion in any way different from any other entity," Moore wrote in a column posted last week after Congress passed the CARES Act.

"Some church leaders are uneasy with the fact that some of these loans may turn out to be forgivable," Moore said. "Again, though, this is not government funding. It would be, of course, if the SBA declared that, say, loans would be forgivable for churches and not for other similar bodies, but that is not the case."

Hicks, pastor of Clifton Baptist in Franklinton, La., said he prefers not to take loans to preserve the separation of church and state, even as he acknowledged that religious liberty concerns surrounding the loans had apparently been resolved.

"I realize there are churches that are in different circumstances and they have to make decisions for themselves," Hicks said. "We personally [Clifton Baptist Church] are not going to take advantage of it, because even though supposedly, things ... have been worked out ... there [sometimes] are strings there that we don't know about until later."

Many Southern Baptist state conventions are working to inform pastors of the new resource and in some cases, assist them in navigating the application.

The Arkansas Baptist State Convention and the Florida Baptist Convention are among many groups providing online resources to help churches navigate the CARES Act and the paycheck protection loans. Bobby Thomas, president and CEO of the Arkansas Baptist Foundation, said in an April 6 video that the foundation has already guided churches through the loan application process. Meanwhile, Minnesota-Wisconsin Baptist Convention (MWBC) executive director Leo Endel said he does not expect many of its 200 member churches to apply for the federal loans.

Florida Baptist Convention executive director Tommy Green expects many Florida churches to apply for the loans. The state convention has posted several related resources at flbaptist.org.

"We are not counseling churches to do it or to not do it, we're just trying to help them with the best information as everybody else is," Green said. "We have many churches that I know are going to be making application, and we have some that probably will not make application for it. As a convention, we realize that there are churches that are in immediate peril and need. A lot of churches ... don't have reserves and they're pushing week to week or month to month, financially."

In Minnesota and Wisconsin, Endel said he was seeing interest in the loans only among the few larger churches in the convention.

"Most of our churches are small here in Minnesota-Wisconsin, and so I'm not anticipating a high percentage of them are going to take advantage of this," Endel said. "I do think that for our larger churches, there may be more pressure for them to take a loan, so that they can cover a larger than normal staff. And so I am seeing an interest among our largest churches in taking a serious look at this."

