



THE CHURCH-STATE ISSUE

in the Paycheck Protection Program

BY RICH HANNON

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into American law.¹ It is a 2.2 trillion dollar stimulus package intended to blunt the economic impact of the COVID-19 pandemic. Social distancing has necessitated massive business closures, with a resultant tsunami of layoffs. One provision of the CARES Act is the Paycheck Protection Provision (PPP). A significant, and somewhat controversial, allow-

ance in this provision is that faith-based organizations can apply for loans that would then be used to forestall layoffs within their enterprise, under the same terms given to secular businesses.² This has raised concerns about whether such an inclusion violates the Establishment Clause of the US Constitution, the relevant text in that clause being: “Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.”³

Concerns flow in both directions: that is, government

giving money to religious organizations, and religions taking money from government.⁴ In the “giving” direction the fear is that government would be the initiator of a creeping and inappropriate bridging of the Establishment Clause. In the “taking” direction, the typical Adventist reactions I’ve seen, in article comments and on social media, is that this would violate the longstanding Seventh-day Adventist position on separation of church and state.

On April 10, *Spectrum* republished an article from the North American Division, which states that the NAD is counseling American Adventist administrative entities to *refrain* from applying for these monies. The relevant section states:

Great care has been taken by the Seventh-day Adventist Church’s administrative, legal, and human resource functions to evaluate these available programs. The need to balance ... was carefully considered.

North American Division leadership, in consultation with the leaders of its nine union conferences, has recommended that church entities abstain from participation in portions of these programs providing direct financial assistance to the church. They are asking church leaders across the division to prayerfully consider both biblical prophecy and principles as well as the church’s long-standing warnings on the intermingling of church and state prior to obtaining government assistance.⁵

The article links to the official guidance statement. Relevant sections from that document are:

[T]here have been questions regarding how receiving this money fits into the Seventh-day Adventist Church’s longstanding and historic

commitment to the separation of church and state. ... While the risk associated with this money is uncertain, NAD leadership’s primary concern is remaining faithful to the counsel we’ve been given regarding church-state relations.

We acknowledge that the April 3, 2020 guidance regarding this issue stated that at that time Office of General Counsel saw no “strings” that would be objectionable to the Seventh-day Adventist Church. ... however that is not the primary motivating factor of this more specific guidance. ... in light of the teachings of Revelation 13, NAD leadership believes that regardless of the legal implications of these programs not participating is most consistent with our long-standing beliefs and practices.⁶

Several things are evident to me from this verbiage. First, legal counsel saw no “strings” that would be objectionable. Yet, “in light of the teachings of Revelation 13,” NAD leadership recommends non-participation. But, however much we are assured that “great care” was taken—and I don’t question the sincerity of those words—I do question whether this decision has been adequately thought through. The documents make clear that the core concern is theological, not pragmatic, but there is no explanatory verbiage detailing just *how* the PPP provision is theologically wrong; even though legal counsel sees no entanglement. Now, such vagueness would be of little consequence if the ramifications of some wrong decision were minimal, but the risk here involves potentially laying off a large number of church employees. If that risk proves to be real, then it seems to me that the NAD needs to have a strong, defensible case for their position, adequate to justify the consequences—serious harm to many faithful Adventist employees.

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Now, my guess is that a significant majority of readers, at this point, would be in disagreement with my questioning. I think the Adventist subculture is thoroughly infused with the idea that *we just don't take government money!* Full stop. And the reasons are presumed to be obvious—notably the risk of entanglement, whereby acceptance of money forces the church into compromise and dependency. And *that* type of risk is certainly important and should be avoided. But is this what's happening in the PPP case?

There are a number of interconnected issues that, I think, deserve detailed examination. And it's difficult to lay the argument out linearly. Key questions are:

- How do Adventists typically consider the church-state question? Is it always valid?
- What is the cost to the church if PPP money is not pursued?
- What is the government trying to accomplish with the PPP program? Is there a classic church-state risk?
- Is the NAD recommendation actually an adequately grounded *theological* position, or is it essentially pragmatic?

Categorical Thinking

The generic Adventist aversion to the state being involved with the church, in any capacity, is an example of categorical thinking. A categorical position admits no exception, and this is how I'm seeing it played out in this context. Here are some categorical-sounding comments I've seen on the internet relating to PPP:

- “This is a direct violation of the First Amendment separation of church and state.”
- “Hands across the gulf!”
- “I'd be worried about Marshal [*sic*] Law coming if the government is paying pastors salaries.”
- “The further religion and government stay apart,

the more comfortable I am.”

But there are two things here that are very important to note.

1. A categorical position is extremely hard to defend. All it takes is one exception to defeat the position. The classic example is the maxim: “All swans are white.” At one time the civilized world had not encountered any black swans, until one was seen in 1697, in Australia. This surprise occurrence is part of the historical context where the term “black swan event” has come to mean an unusual and surprising exception. The point is, we theoretically ought to be tentative in making categorical assertions because we don't know everything, and thus cannot always have adequate confidence that a current situation might not be an exception to an otherwise appropriate general rule.

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2. People, somewhat subconsciously, develop categorical working rules to help them navigate life. In the bestselling book *Thinking Fast and Slow*, author Daniel Kahneman uses the term *heuristic* to describe a simple procedure, or rule-of-thumb, that helps find adequate, though often imperfect, answers to complex situations. And humans need such heuristics, a “thinking fast” approach, for making quick decisions that usually work. We cannot possibly deliberate at length—“thinking slow”—about everything that requires judgment. The problem occurs when our heuristic, which usually serves us well, fails due to an exceptional situation where “thinking slow” would be the right move.

Now, in pointing these two things out, I am not suggesting that *this* situation *is* an exception to the general rule that church-state mingling is dangerous. Just that it might be. And, depending on how severe the consequences of ignoring that possibility are, it might be proportionately appropriate to step back and not simplistically assume “all swans are white.” So, let's consider possible consequences

in the current economic repercussions to the COVID-19 pandemic.

The Cost/Benefit Calculation

The necessity of social distancing has precipitated what will likely be a massive, worldwide recession. JP Morgan estimates the US economy could shrink by 4% this quarter and 15% for the year—a figure that rivals the 1930’s Great Depression.⁷ The St. Louis Fed has estimated that US unemployment could reach 32%, which translates to 47 million workers rendered jobless by the COVID-19 pandemic.⁸ These are *massive* numbers and projections. And it seems unlikely there will be a quick bounce-back, the so-called “V-shaped Curve.”⁹ Some job losses are already permanent as their employers were at risk before the pandemic hit. Others will quickly reach the insolvency tipping point and their laid-off workers then would have no chance of being re-hired. This is exactly the concern of PPP, and why speed in delivering relief is crucial.

Now, church closures have compromised revenue to the conferences, which is needed to pay salaries. And a number of conferences are already struggling with inadequate working capital. But it is the increasing, massive unemployment that will provide the major, unrelenting blow to the Adventist Church. Many church members have already been laid off. But recessions and depressions are all about collapse of demand. And the demand projections look bleak. The virus is not going to magically disappear soon, and people will be unlikely to resume normal spending when they still risk infection. This first wave of unemployment, plus changed spending habits, is depressing demand and breaking more businesses, which will necessitate additional layoffs and depress demand further. It is a vicious circle. Church revenues should decline in direct proportion to the increasing layoffs and, as tithes and offerings fall through the floor, the church will also face layoffs, just like any “business” that needs revenue from “customers” that have income to spend. Now, there might be some mitigation of this bleak scenario because many members consider the tithe to be a sacred obligation. But, if you live paycheck-to-paycheck and lose your income, you have nothing to tithe from. All this means the church is going to be faced with the unavoidable necessity of major reductions in force. Thus, many pastors, teachers, administrators, secretaries,

etc. will fall victim to the economic consequences of the pandemic. Because there is somewhat of a lag between member unemployment and giving, the peak problem has not yet hit the church. But by summer it will be severe and economic rebound very unlikely in the near term. Thus, there is a *big* price to pay for passing up the PPP money: avoidable layoffs within the institutional church. Consequently, deciding that declining government money is the proper choice ought not to be considered casually! But categorical “thinking fast” is exactly what the average Adventist is likely to do. If church administrators don’t do better, they risk great harm to their employees. Thus, the NAD position should be vetted with the utmost thoroughness.

A Category Mistake?

It is important to understand the intent of the PPP provision, as I think the sort of casual reactions I quoted above are likely short on literacy. The CARES Act in general is an attempt to massively infuse liquidity into the economy to hold back the sort of rolling demand collapse I’ve just sketched out. And the Paycheck Protection Program (PPP) is the government—the only place where cash can be created “de novo”—stepping in to provide employers enough liquidity to forestall the otherwise inevitable layoffs. It starts as a loan, but that loan is forgiven if the employees, who would be paid from these funds, do not get laid off. In essence, it is an attempt to “freeze” current demand conditions in the economy by protecting jobs so, when the virus wanes and business and government try to ramp the economy back up, the wreckage will not be as severe as if no intervention had occurred. And the reason church entities have been included is that this Act is treating jobs *agnostically*. That is, there is no differentiation considered. From an economic perspective, a job saved is a job saved—regardless of what the job does. The intent is to provide uniform access to the money, so the post-COVID economy is not skewed by job category. Looked at this way, if churches were not allowed to apply, the government—far from being engaged in *establishing* religion—would, in fact, be *dis-establishing* religion. Any stipulations on who can apply amounts to social engineering. Setting the religious question aside for a moment, the government could, for example, have stipulated that brothels, abortion clinics, or casinos be

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disallowed access. Then those sectors of the economy would disproportionately be at risk of failure. The great irony here, from a religious liberty perspective, is that PPP is an attempt to be *religiously neutral*.

A better way to look at PPP has been suggested by economist Paul Krugman who, in a recent *New York Times* op-ed, compares the CARES government intervention to *disaster relief*.¹⁰ The artificial, but absolutely necessary economy shutdown is in response to a physical disaster that, analogous to a hurricane, threatens to “flatten” the landscape. But it is not physical buildings being destroyed, it’s jobs. Interestingly, the government has in the past provided disaster relief, during Hurricane Harvey, where FEMA made funds available to churches as well as secular businesses.¹¹ Unsurprisingly, there was concern raised about church-state boundary crossing in that instance, and one can make a “slippery slope” argument, especially as the Trump administration has actively courted evangelical Christianity. But the rationale for FEMA’s opening their “wallet” to religious institutions was to allow the community to rebuild, as before, without *disadvantaging* religion. Had FEMA not been egalitarian in that situation it could be viewed as “prohibiting the free exercise” of religion, in *violation* of the Establishment Clause.

I recognize that framing the PPP this way involves a big paradigm shift, and the mental adjustment from the standard suspicion of government offering cash to religion is likely to be a “bridge too far” for some people’s worldview. But I’m suggesting that we should consider the possibility that this situation is *really different* from the normal, categorical church-state aversion argument, and to frame it in the standard way is actually a category mistake.¹²

Principle or Pragmatics

An allusion to Revelation 13 is, so far, the only stated religious rationale provided by the NAD for their recommendation. It is not controversial, I think, to say that if a strong *religious* case for declining aid in this situation can be made, then the NAD recommendation is

well-grounded. But I do not think this can be adequately done. And the cost of getting it wrong is heavy.

Consider this alternate-reality thought experiment. Suppose the NAD had been given a Urim-Thummim device by God, with instructions that it could be used one time only, and it would then vanish such that only those insiders employing it would ever know it existed. So, the NAD, in consultation with the unions, decides to use it to answer this PPP question. They essentially ask God: Is it okay to apply for the money—yes or no? Now, let’s say the device responds—*no*. This then is an infallible answer to justify declining the money. And we don’t really even have to know the reason. God is God and we’re not. A few people might ask for some rationale, but mostly it would be accepted as consistent with Adventist tradition. But what if the device said—*yes*? Now any supposed theological basis for declining disappears. God is okay with it and any remaining issues are purely *pragmatic*. But, in this case, a major problem still does exist. Accepting money would mean the church was making a significant exception to the norm, and a detailed explanation would be needed to assuage a skeptical Seventh-day Adventist public. Even then there would be severe criticism. So, leaders would face difficulty in “selling” this to Adventism. This impediment would exist even if leadership infallibly knew God did not object to seeking aid.

Now of course, no such device exists. The leaders can only *think* they are acting out of moral-religious reasons, and not pragmatic ones. Consequently, they need to provide, at least in their own minds, strong theological justification. Failing that, whether they wish to frame it this way or not, the decision is mostly pragmatic and involves reticence to subject themselves to inevitable criticism.

Summary and Conclusion

This has been a long article—longer than I would like. But the argument I’ve laid out is complex, and even considering the possibility that the COVID-driven economic crisis is “black swan-ish,” is hard to understand. We are all conditioned to apply the standard church-state

heuristic. So, at the risk of some redundancy, let me here summarize the argument:

The NAD has recommended that church administrative units in the US not apply for funds available under the PPP provision. As quoted above, this is portrayed as a theological stance, alluding to Revelation 13, and certainly is consistent with Adventism's historic religious liberty position. But no real case has yet been made available, in the NAD's public statements, to support this stance. And if a clear "connect the dots" argument cannot be made to buttress their recommendation, then it suggests the decision was in the main more pragmatic than principle driven. Adventists have always opposed government money, to avoid compromise. And, if the consequences of getting this recommendation wrong were minimal, then why not stick with the default position?

But the consequences, so say I (and I have tried to demonstrate), will be severe. I believe many church employees will be laid off. Yet there is a lag between the present near-term waves of unemployment and consequences to the church when a dramatically lowered giving capacity translates into gaping holes in revenue. Come this summer I would predict a cash-flow crisis severe enough to precipitate these layoffs, especially in conferences that already have financial problems. But, as it hasn't happened yet, church leadership might very well be underestimating the severity of the consequences and opting for a "play it safe" position of declining government help.

And a "play it safe" posture is understandable, even defensible to a degree. If this situation really is an exception and ought to be framed outside the traditional church-state aversion model, then a difficult and complex explanation must be given to the Adventist public. And many people in that populace, psychological research would suggest, are either unable or unwilling to adequately engage in a "thinking slow" exercise, such that they could be persuaded that this really was a "black swan" event.

I think, therefore, given the consequences of a mistake, the NAD should be obligated to give a defensible theological reason for their recommendation, if they can. Especially, as their legal counsel has found no objectionable strings attached. I frankly question whether this can be done, but would welcome it. And, if a solid case cannot be made then the NAD recommendation

seems to simplify into a trade-off: layoffs vs. conservatively sticking with tradition. Seen in this light this seems to me an unacceptably high price to pay for taking the default position.

Endnotes

1. https://en.wikipedia.org/wiki/Coronavirus_Aid,_Relief,_and_Economic_Security_Act.
2. <https://www.sba.gov/sites/default/files/2020-04/SBA%20Faith-Based%20FAQ%20Final.pdf>.
3. https://en.wikipedia.org/wiki/Establishment_Clause.
4. <https://www.alternet.org/2020/04/so-much-for-church-state-separation-us-government-to-pay-pastors-salaries-with-relief-funding/>.
5. <https://spectrummagazine.org/news/2020/nad-leadership-provides-guidance-government-funding-assistance-due-covid-19-crisis>.
6. <https://www.nadadventist.org/sites/default/files/inline-files/NAD%20Counsel%20Regarding%20Coronavirus%20Government%20Aid%20Final%5B3%5D.pdf>.
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11. <https://www.christianitytoday.com/news/2018/january/new-fema-policy-allows-aid-churches-flooded-harvey-houston.html>.
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