

# LEGAL AND FINANCIAL ISSUES IN MINISTRY

## SYLLABUS

### I. COURSE DESCRIPTION

A study of legal issues affecting ministry organizations with attention to administration, compliance with state and federal regulations, plant and property concerns and various forms of liability coupled with an analysis of good financial practice for non-profit ministries, including budgeting, accountability, and general stewardship of gifts and revenues.

### II. COURSE OBJECTIVES

#### A. Cognitive

The student will...

1. Comprehend fundamental concepts of American jurisprudence.
2. Review the basic structure of court systems in the U.S.
3. Comprehend fundamental concepts of financial management, specifically in areas of budgeting, record-keeping, and policy development.
4. Become familiar with some fundamentals of accounting for nonprofit organizations, and be able to read and interpret typical financial reports.
5. Understand the concept of "risk management" and the role of insurance coverage of various types in limiting potential loss.
6. Understand the application of copyright law to Christian ministries.
7. Know the procedure for securing a loan for a church or ministry.
8. Understand the principles that govern contracts and the various procedures for resolving contract disputes.
9. Evaluate clear guidelines for the screening of workers to prevent child sexual and physical abuse.
10. Become familiar with federal and state employment law and their application to ministry.

#### B. Affective

The student will...

1. Appreciate the importance of a comprehensive risk management strategy for any ministry.
2. Commit to ensuring that their ministry has a program in place to help prevent against child sexual and physical abuse.
3. Value the necessity of sound financial management in their ministry.

### III. COURSE TEXTBOOKS

#### A. Required

Busby, Dan, Michael Martin, and John Van Drunnen. *Zondervan 2017 Church and Nonprofit Tax & Financial Guide*. Grand Rapids, MI: Zondervan Publishing House, 2016. (216 pgs)

- Busby, Dan, Michael Martin, and John Van Drunnen. *Zondervan 2017 Minister's Tax & Financial Guide*. Grand Rapids, MI: Zondervan Publishing House, 2016. (185 pgs)
- Flowers, Ronald B. *That Godless Court, 2<sup>nd</sup> Ed.* Louisville: Westminster John Knox Press, 2005. (198 pgs)
- GuideOne Center for Risk Management. *The Missing Ministry*. Loveland, CO: Group Publishing, 2008. (170 pgs) **This one will be gifted to you for free.**
- GuideOne Center for Risk Management. *Essential Steps to a Safer Church Workbook*. Des Moines, IA, 2012. (60 pgs) **This is a free pdf I will provide.**
- Hammar, Richard R. *Pastor, Church & Law: Employment Law, Vol. 3*. Carol Stream, IL: Christianity Today International, 2007. (311 pgs)
- Hammer, Richard R., Steven W. Klipowicz and James F. Cobble, Jr. *Reducing the Risk of Child Sexual Abuse in Your Church – Leaders Guide, 3<sup>rd</sup> Ed.* Matthews, NC: Church Ministry Resources Press, 2008. (118 pgs) **This is a free pdf I will provide.**
- Malphurs, Aubrey and Steve Stroope. *Money Matters in Church*. Grand Rapids, MI: Baker Book House, 2007. (215 pgs)

## B. Suggested

- Cobble, James F. and Richard R. Hammar. *The 2016-2017 Compensation Handbook for Church Staff*. Carol Stream, IL: Christianity Today International, 2014.
- Cobble, James F., Jr. and Richard R. Hammar. *Selecting and Screening Church Workers*. Matthews, NC: Christian Ministry Resources, 1996.

## C. Supplementary Bibliography

- Babbes, George S. and Michael Zigarelli. *The Minister's MBA*. Nashville: Broadman & Holman, 2006.
- Bergstrom, Richard L., Gary Fenton and Wayne A. Pohl. *Mastering Church Finances*. Portland, OR: Multnomah Press, 1992.
- Buzzard, Lynn Robert, and Susan Edwards. *Risky Business*. Ann Arbor, MI: J. W. Edwards, Inc., n.d.
- Chaffee, Paul. *Accountable Leadership*. San Francisco, CA: Jossey-Bass, 1997.
- Cobble, James F., Jr., and Richard R. Hammer. *Risk Management Handbook for Churches and Schools*. Matthews, NC: Christian Ministry Resources, 2001.
- Couser, Richard B. *Ministry and the American Legal System*. Minneapolis, MN: Fortress Press, 1993.
- Crabtree, Jack. *Better Safe Than Sued, 2<sup>nd</sup> Ed.* Loveland, CO: Group Publishing, 2008.
- Deuink, James. *Management Principles for Christian Schools*. Greenville, SC: Bob Jones University Press, 1996.
- Dropkin, Murray and Bill LaTouche. *The Budget-Building Book for Nonprofits*. San Francisco: Josey-Bass, 1998.
- Eidsmoe, John. *The Christian Legal Advisor*. Milford, MI: Mott Media, Inc., 1984.
- Eyres, Patricia S. *The Legal Handbook for Trainers, Speakers, and Consultants*. New York, NY: McGraw-Hill, 1998.
- Hammar, Richard R. *Church & Clergy Tax Guide*. Matthews, NC: Christian Ministry Resources, 2017.
- Hammar, Richard R. *The Church Guide to Copyright Law, 3<sup>rd</sup> Ed.* Matthews, NC: Church Ministry Resources, 2001.
- Hammar, Richard R. *Pastor, Church & Law: Legal Issues for Pastors, Vol. 1*. Carol Stream, IL: Christianity Today International, 2008.

- Hammar, Richard R. *Pastor, Church & Law: Church Property & Administration, Vol. 2*. Carol Stream, IL: Christianity Today International, 2008.
- Hammar, Richard R. *Pastor, Church & Law: Liability & Church State Issues, Vol. 4*. Carol Stream, IL: Christianity Today International, 2008.
- Hammar, Richard R., and James F. Cobble, Jr. *Risk Management for Churches: A Self-Directed Audit*. Matthews, NC: Church Law & Tax Report, 1997.
- Henry, Jack A. *Basic Accounting for Churches*. Nashville, TN: Broadman & Holman, 1994.
- Henry, Jack A. *Basic Budgeting for Churches*. Nashville, TN: Broadman & Holman, 1995.
- House, H. Wayne. *Christian Ministries and the Law, 2<sup>nd</sup> Ed.* Grand Rapids: Kregel Publications, 1999.
- Lai, Mary L., Terry S. Chapman and Elmer L. Steinbock. *Am I covered For...?* San Jose, CA: Consortium for Human Services, Inc., 1992.
- Lansing, Carl F. *Legal Defense Handbook for Christians in Ministry*. Colorado Springs, CO: NavPress, 1992.
- Pollock, David R. *Business Management in the Local Church*. Chicago, IL: Moody Press, 1996.
- Vargo, Richard J. *The Church Guide to Financial Reporting*. Matthews, NC: Christian Ministry Resources, 1995.
- \_\_\_\_\_. *The Church Guide to Internal Controls*. Matthews, NC: Christian Ministry Resources, 1995.
- \_\_\_\_\_. *The Church Guide to Planning and Budgeting*. Matthews, NC: Christian Ministry Resources, 1995.

#### D. Internet Resources

Ministry Safe [www.ministrysafe.com](http://www.ministrysafe.com)

Church Law and Tax Group [www.churchlawandtax.com](http://www.churchlawandtax.com)

GuideOne Insurance [www.safechurch.com](http://www.safechurch.com)

## IV. COURSE REQUIREMENTS

- A. Reading Assignments (25%) **Due as indicated on course schedule and reported through Canvas.**

Students will read the textbooks by the due dates on the course schedule. Special instructions will be given concerning several of the textbooks. Complete the master reading report form indicating the percentage of each book completed on the due date indicated. **Reading assignments may not be completed late.**

- B. Written Assignments (75%) **All written work will be submitted in pdf format through Canvas according to the course schedule on Canvas.**

1. Staff Benefit Plan (15%)
  - a. Budget permits \$375,000 for salary and benefits in a church of 5 employees (\$375,000 to work with divided according to your discretion) counting the pastoral staff. Prepare a proposal for a benefit package designed for maximum attractiveness to people

typical of your “ideal” staff. All costs associated with the benefit plan must be funded out of this pool of money, including the employer’s portion of FICA, staff development/training, and any other non-salary benefit for which the organization incurs an actual cost. Base benefit insurance premium costs on reasonable estimates of current group rates. Create a ledger type page for each employee so that the financial figures are easy to see, understand, and total. **(5 page minimum, at least 1 page for each employee position).**

- b. Assume your employees are organized in three broad levels: executive (pastors), managerial (ministry oversight), and staff (secretarial/custodial). Provide a rationale for establishing different levels of compensation for the range of positions within the organization.

## 2. Risk Management Assessment (15%)

Analyze your church’s approach to risk management using the **Essential Steps to a Safer Church** workbook as a guide. Based on field research of an existing church, describe the ministry's risk management strategy including insurance coverage presently held by that ministry for its own protection. (This would not include employee medical coverage or student insurance.) You must interview the administrator, business manager, the pastor, or an informed employee or board member. **(5 page maximum executive summary of findings with recommendations + Completed Workbook)**

You need to discover:

- a. The type of coverage the ministry has in place (fire and other property damage coverage; liability; workmen’s compensation; vehicular coverage; malpractice coverage; etc.)
- b. The dollar limits of coverage and approximate costs (if they are willing to share the information); is the coverage considered adequate? How have recent changes in insurance premiums made an impact on the budget?
- c. Their risk management strategy: (protect against any/all perils? Catastrophic only? Self-insured? Faith alone?)
- d. Provide recommendations and action steps for the church as if you were the administrator to safeguard the ministry’s assets and resources?

## 3. Budget Planning Procedures (15%)

You have been named administrator of a Christian ministry (church or para-church) and wish to establish policies and procedures for developing and administering the annual budget (the previous administrator did it all by himself). Summarize what you would plan to do, including answers to these questions. **(5 page maximum)**

- a. Who will be included in the process of formulating the budget? How will they contribute their input? Standard request forms, report forms, etc.?

- b. Which general budgeting philosophy will you use (incremental, zero-based, programmatic, etc.) to develop the budget and **why**?
- c. What approximate calendar time-line will be followed for budget development and approval so that budget-related issues may be handled in a timely way (contracts, registration, purchasing, etc.).
- d. How will the budget be adjusted if revenue projections are off?
- e. What authority should the administrator have to modify the budget during the year?
- f. Who gets to authorize spending, and what authorization procedures will be followed?

4. Court Case Report (10%)

Given a verbatim transcript of a US Supreme Court decision (**transcript will be provided as a pdf**), the student will read the transcript completely and then explain the case using the following guidelines. (**2 page maximum**)

- a. Summarize the essential facts of the case.
- b. Define the major issues in dispute, i.e. the legal question(s) the court must decide.
- c. Summarize the significant legal principles that guided the court in reaching its decision; these may be legislative statutes, constitutional principles, precedents in case law, definitions of interpretations of legislative intent, etc.
- d. State the decision reached by the court.
- e. Provide an evaluation of the decision and its **implications** for Christian organizations; how might ministry groups make/modify policy to ensure compliance?

5. Legal Issues Research Paper (15%)

- a. Topic: The topic for research may be one of the following or a topic of comparable importance selected in consultation with the professor; topics should be formulated as a question to be answered or an issue to be resolved. Some possible topics are:
  - How does a ministry qualify for tax-exempt status?
  - What responsibilities does a ministry have to ensure the safety and security of its children and youth from physical and sexual abuse?
  - What constitutes "due process" in terminations? (students or staff)
  - Are there limitations on what/how a Christian ministry pays its staff?
  - How does "truth in advertising" affect Christian ministries?
  - What should be a church/school's policy on Infectious Diseases?
  - Other topics of current importance might include: sexual harassment (workplace or classroom); gender discrimination; homosexual issues related to church practices; Americans with Disabilities Act compliance(ADA); counseling risks; church

discipline practices; clergy/administrator malpractice; "Equal Access"; etc.

- b. **Research:** The completed project should demonstrate awareness of and ability to utilize appropriate resources including standard legal reference works and periodicals. It is unlikely that the resources of Mosher-Turpin Libraries will be adequate for completing this assignment. SMU, DPL, UTA, UNT, TCU libraries are all better equipped to help you.
- c. The research paper should be **2500 – 3000 words** in length, following **Turabian style**. At least 5 outside sources must be cited in the paper with a minimum of 2 content footnotes per page (Bible reference footnotes do not count).

C. Class Participation (5%)

It is expected that students will come prepared to interact and dialogue with the professor, guest speakers and other students. The Christian Education Department takes the view that students can and should learn from one another as well as from the instructors.

**Student Handbook Section 1.15.1 Electronics Etiquette**

Students should refrain from using cell phones, laptop computers, or other devices in a manner that distracts others in the class. Playing games, browsing the Internet, using email, instant messaging, or text messaging, etc., are considered unacceptable when class is in session.

D. Quizzes and/or Exams

No quizzes or exams will be given.

**V. COURSE SUPPLEMENTAL INFORMATION**

- A. As a graduate school, Dallas Theological Seminary expects all work to be written in a professional manner; reflecting Turabian style, correct spelling, and good English grammar. Points will be deducted on any assignment that is not written in a professional, graduate school manner. If the student is unfamiliar with Turabian formatting, please consult the guides available at <http://library.dts.edu/Pages/RM/Write/>. The professor and GTAs assume the student has a working knowledge of Turabian. ***Please put a title page on every assignment to properly identify yourself and the work submitted. Submit all work in PDF format.***
- B. DTS does not discriminate on the basis of disability in the operation of any of its programs and activities. To avoid discrimination the student has the responsibility of informing the Coordinator of Services for Students with Disabilities and the course instructor of any disabling condition that will require modifications.

**VI. COURSE POLICIES**

## A. Letter/Numerical Grade Scale

A+	100-99	B+	93-91	C+	85-83	D+	77-75	F	69-0
A	98-96	B	90-88	C	82-80	D	74-72		
A-	95-94	B-	87-86	C-	79-78	D-	71-70		

## B. Weighting of Course Requirements for Grading

Reading	25%
Court Case Report	10%
Staff Benefit Plan	15%
Budget Planning Procedures	15%
Risk Management Assessment	15%
Legal Issue Research Paper	15%
Class Participation	5%
TOTAL	100%

## D. Late Assignments

Late assignments will be penalized 2% of the value of the assignment for each calendar day (including weekends) it is late.

## E. Absences

Students are allowed four 75 minute session absences for the semester without grade penalty. The DTS handbook dictates a final grade reduction of 4½ % for each 75 minute class session missed above the allowed.