

ITEM H.208 **FOR INFORMATION**

PCUSA, A Corporation - Understanding Corporate Governance

The Book of Acts describes the early Church as a series of loosely connected gatherings of individuals scattered throughout the eastern Mediterranean. Missionary activity was encountering great success, but accountability structures were lacking. Tensions developed, eventually resulting in the convening of a council of apostles and elders in Jerusalem – a type of corporate structure – to determine the appropriate criteria for admission into the new body of believers in Jesus Christ¹.

Today, groups of like-minded persons who seek accountability from those charged with implementing their decisions use corporations to structure lines of authority and provide legally enforceable safeguards. Presbyterian polity in the new Form of Government expressly embraces streamlined corporate modes of accountability – a facet which is not new to the Presbyterian Church (U.S.A.)² When permitted by law, Section G-4.0101 of the Book of Order requires that all councils of the church to form corporations to “receive, hold, encumber, manage and transfer property, real or personal, for and at the direction of the council.” Other activities which cannot be effectively accomplished by church bodies without corporations include:

- Opening and maintenance of church bank accounts
- Employing church staff
- Exercising the right to sue (or be sued)
- Securing accounts for goods and services for church purposes
- Obtaining tax-exempt status from the IRS and state tax authorities

This list is only a few of the many functions for which formal corporate organization is required.

In congregations, oversight of corporate matters may be handled by a separate Board of Trustees that is ostensibly subordinate to the Session (G-4.0101), but conflicts are bound to occur. For example, the Session may adopt an annual budget for staff compensation that the Trustees may feel is too generous. Many churches, therefore, accept the Book of Order’s suggested default that all eligible ruling elders on a session all be the corporation’s trustees (G-4.0102), thus avoiding extended disputes which may result in disruption of core congregational functions and ministry.

Just like most local congregations, the General Assembly and its mission arm, the Presbyterian Mission Agency (PMA), has tasked the PMA’s Board of Directors with oversight of both mission and corporate oversight in a combined, or “unicameral,” model since 1993, after finding multiple challenges in a more distributed model. In this combined oversight model, conflicts between corporate and mission functions are addressed among PMA Board members sitting together³ to address competing concerns and managing any conflicts that may arise.

¹ See, Acts 15:1-35. See also, Galatians 2:1-10 for Paul’s alternate version of the events in Jerusalem.

² “The Presbyterian Church (U.S.A.) is being challenged to adopt simplicity in its life and work. In order to meet the demands of the gospel, we need new covenants between our governing bodies that enable us to focus on urgent concerns with flexibility and creativity...The General Assembly needs to model a far simpler mission design and style of work.” *Minutes of the 205th General Assembly (2003)*, p. 443.

³ “Mission and administration must gather around a common table.... This proposal seeks to establish a unicameral approach for direction and oversight of General Assembly Council entities. Thus, it deploys a majority of General Assembly Council members as members of division committees, rather than establishing relatively independent division committees. The intention is that the work of the divisions be a direct expression of the planning and mission understanding of the General Assembly Council, which is accountable to the General Assembly in this regard. The number and makeup of the committees and assignments in paragraph 30.125 will be adjustable to fulfill the intent of this report and be workable for the General Assembly Council in its mission, and also allow flexibility to meet changing emphasis in Presbyterian Church (U.S.A.) mission.” *Minutes of the 205th General Assembly (2003)*, p. 443.