

City of Springfield
Department of Recovery and Business Continuity
American Rescue Plan Act Program

Federal funding for religious organizations

What are the rules on funding religious activity with federal money?

The United States Supreme Court has said that faith-based organizations may not use direct government support to support "inherently religious" activities. Because the United States Constitution does not allow for government establishment of religion, direct federal grants cannot be used to fund religious worship, instruction, or proselytization.

Can federal funds ever be awarded to religious organizations?

The Supreme Court has made clear that religious organizations may use direct government grants to support non-religious social service programs they provide. In order to maintain the distinction between religious activities and social service programs, religious organizations must separate, by time or location, the two activities. For example, a religious organization can provide a social service program at a location other than the church, or can provide non-religious programming at a time that is separate from religious activity. The religious organization cannot require participation in religious activity as a requirement to participate in the social service program.

How do these rules apply to the City of Springfield's ARPA program?

The City cannot lawfully award ARPA funds to religious organizations to support inherently religious activities. The City may only provide funding to religious organizations to carry out specific social service programs available to the public without a requirement that participants engage in religious activity.

Why were religious organizations able to receive Paycheck Protection Program (PPP) or Economic Injury Disaster Loans (EIDLs), but they can't receive ARPA funds?

In order to provide relief to organizations during the COVID-19 pandemic, the Small Business Administration guaranteed third-party loans made available to certain organizations under the PPP program. The SBA also made direct EIDL loans to organizations.

The SBA has explicitly distinguished these loans from direct financial assistance grants. SBA guidance notes why these programs were allowed even though there is a general prohibition against federal grant funding for religious activities.