



December 4, 2012

The Honorable Charles Grassley  
United States Senate  
Committee on Finance  
Washington, DC 20510-6200

Dear Senator Grassley,

As Chairman of the Commission on Accountability and Policy for Religious Organizations, I am pleased to submit the accompanying report to you. While we will be submitting a second report to you next year—addressing political expression by religious and other nonprofit organizations—the accompanying report represents nearly two years of work by 80 Commission members and expert panelists addressing financial accountability issues for religious and other nonprofit organizations in nine topical areas.

On January 5, 2011, you wrote to Dan Busby, president of ECFA, requesting ECFA's help to facilitate discussion on accountability of religious and other nonprofit organizations stemming from your earlier investigation of six media-based ministries. In that letter, you stated that you believe "legislation should be the last resort..." and that "ideas for reform often inspire informed and thoughtful discussions which, in turn, lead to self-correction and eliminate the need for legislation." Your letter was accompanied by a 61-page report from your staff raising a number of questions about tax and policy issues for religious and other nonprofit organizations. We are pleased to offer in our accompanying report 43 specific responses and recommendations that we believe will enhance accountability by religious and other nonprofit organizations while avoiding excessive legislation or regulation that would be harmful or burdensome to them.

ECFA, as you know, created this Commission, which is a remarkable coalition of nonprofit leaders, legal experts, and leaders from nearly every major faith group in America – including mainline and evangelical Protestant, Catholic, Jewish, Muslim, Hindu, and Seventh Day Adventist leaders. These 80 leaders have met in person, shared ideas collaboratively between meetings, submitted position papers, considered public input, deliberated extensively, and reached an extraordinarily high level of agreement on the recommendations included in our report.

Both Dan Busby and I have appreciated the opportunities we have had to meet with you and members of your staff in the course of our work – even as recently as last week. We also met with the leadership of the IRS Exempt Organizations Division from whom we received very helpful and candid information.

You will see in the report that we believe the key to enhancing accountability in the religious and broader nonprofit sector is a combination of improved administration of existing law, better education and guidance about the law, proactive and verifiable demonstration by religious and other nonprofit organizations of their commitment to financial integrity, and a higher level of donor engagement in the giving process. Improving accountability is not the job of one group. All parties must participate. We sincerely believe that by working together to accomplish these objectives, we can make real improvements without the need for legislation that would be burdensome or harmful to the organizations that are doing so much good in our country.

We look forward to hearing from you and to submitting our second report as soon as it is complete.

Respectfully submitted,

Michael E. Batts  
Commission Chairman

MEB/jm

Enclosure: Commission Report