

# rethink finances

MINISTRY IN A POST-COVID WORLD



## 1 Why COVID Has Impacted Financials

The impact of COVID-19 has impacted the financial landscape in several ways. First, the record unemployment numbers along with furloughs have strained family incomes, thereby affecting giving. Recent research from the Evangelical Counsel for Financial Accountability (ECFA) indicates smaller congregations are most at-risk of experiencing these issues. Further, churches who were not participating in an online giving strategy are finding the greatest difficulties in overcoming the financial hardship. As reopening has begun, unemployment numbers are improving, and with that the financial outlook for the church as well. The recent ECFA report indicates a more favorable outlook from evangelical churches regarding finances. This is most likely attributed to the hope we have in Christ and the certainty we rest in knowing he is in control of all things. The continued certainty and preparedness of congregations is important for the future of the church. Yet until a vaccine has been developed for COVID-19, the church must be prepared for further disruptions. Epidemiologists are concerned of a second or even third wave of the disease. Churches who were not as prepared during the first disruption can take time now to ensure their financial models are viable and prepared for additional disrupters, COVID-19 or otherwise.

## 2 Practical Guidance

**Online Giving** According to research from the ECFA, 64 percent of churches surveyed indicated an increase in online giving during COVID-19 ranging from 10 to 30 percent. Online giving should be considered a viable model for the church of the 21st century. There are arguments that giving online takes away from a person's worship through giving. However, as one who gives online, let me assure you it does not. During the time of giving in the worship service (and there should be an offering opportunity during services), those who give online are able to reflect on the same spiritual practice as does anyone placing a check or cash in the offering plate. This is a reflection time. This is a time for you to prayerfully explore faithfulness in bringing the tithe into the storehouse. We reflect on the same things—it is just as much a time of worship and challenge to be faithful stewards as we reflect on what we gave online as if we were placing an envelope in the plate as it passes by. Churches should create and cultivate online giving strategies to encourage faithful giving to ensure the ministry of the gospel can continue during times of disruption.

**Restore (or Build) Reserve Funding** A reserve fund is established to meet unexpected future financial obligations. The recent Payroll Protection Program (PPP) saw most churches apply for assistance. According to the ECFA report, larger churches were the least likely to request PPP funds. This is most likely due to the reserve cash larger churches have established for unexpected needs. A common practice is to have 3-6 months of operating capital in reserves, though some churches function under a dollar amount. However, most often, smaller congregations are unable to establish these funds and typically function with a "give as the need arises" model. Some say this is living on faith, and there is no need to have a reserve fund. However, we see throughout Scripture a need to store up for the future. This is what Joseph did in Genesis as he prepared Egypt for a famine: he stored up the grain so when a famine came, Pharaoh had grain in order to sell to the people. In the New Testament we have the Parable of the Talents (Luke 19) demonstrating a stewardship principle of storing up, but also gaining interest, in order to be a benefit for the original owner. In the churches' case this owner is the Lord Jesus. We are the stewards and as a church we should store up for a rainy day, and do so in such a way to grow what is invested so that,

whatever does not get spent, grows in value. Therefore, create a reserve fund. Start small and let it grow from year to year. The easiest way to begin doing this is at year end to move into a reserve account any overage the church has. The church should determine whether to use a dollar amount or a monthly amount (which is recommended). Churches should have available 4 months' minimum of their operational costs (this is not 4 months of the budget, but rather 4 months of fixed expenses). Ideally strive for 6 months.

**Retire Debt** Debt has caused some of the greatest challenges from COVID-19. Therefore a goal of debt retirement should be a priority. There are several ways for a church to retire debt. Some might advocate making debt a part of the budget and establishing a monthly payment plan as you would in your personal budget. I am not opposed to this, however, if that is all you are doing, then your debt will get paid off when the loan requirement is fulfilled, which could be 5 years, 10 years, or more, meaning debt will be on your books for that many years. A more aggressive approach might be to not only include it in your budget but also engage in a debt retirement campaign. Depending on the debt service, establish a 3-year campaign of debt retirement. If the debt load is greater than a 3 year plan, consider an ongoing plan where all giving on the fifth Sundays goes entirely to debt relief. Establishing a true 12-month, 4 Sundays-per-month budget for the remainder of the year, gives a church two or three Sundays each year to completely give toward debt retirement. Coupling this plan with a 3-year campaign could accelerate debt retirement.

## 3 Creating Movement

**Online Giving** Embrace the platform for online giving and find creative ways to include it as a part of your worship service. One example I recently observed is when the pastor stood in the pulpit and discussed the giving options available to the church, and as the offering plates were distributed he talked the church through giving online as he actually gave online as a part of worship.

**Reserve Funds** At year-end move any cash overage into a reserve account. If the church is experiencing a positive cash flow throughout the year, these funds could be moved quarterly in order to begin establishing the reserve model.

**Retire Debt** Establish debt retirement in your budget, then use giving from your fifth Sundays to pay off debt.

## 4 Personalizing Finances

- How have you changed and prepared the church financially for future difficulties and challenges?
- Has your church developed an online giving platform?
- How might you be able to develop a more aggressive approach to pay down any debt or build a larger reserve?
- Are their ministries or events that COVID has shown that are no longer necessary and can save budget needs?

## 5 Connect With Us Do you have questions or need resources?

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