

Debt Campaigns Can Work!

Several weeks ago, I was reading through a magazine for church leaders when a quote in one of the articles caught my attention. The quote stated that “donors don’t give to pay down debt.” The article went on to say that they do give “to make a powerful vision happen.” Having been personally connected to dozens of “debt” campaigns that raised in excess of \$170 million, I have found that people will give sacrificially to address the issues and restrictions caused by debt. Moreover, a debt campaign can be highly energizing and catalytic in a church’s journey to realize their vision and mission of reaching people for Christ. Campaigns with debt as their primary focus, or as a significant component, require a very different approach to messaging. Without exception, these campaigns must be connected to and driven by the church’s overall ministry vision and mission. Simply asking people to give because the church has debt rarely, if ever, inspires sacrificial giving. Remember – not one single member of your church is losing sleep because the church is in debt, except maybe the pastor or business administrator. According to a recent national survey, many church members are struggling with their own debt issues. They are certainly not overly concerned or anxious because the church owes money to a bank or other lending institution. With that said, I have seen a willingness on the part of church members to support a capital stewardship journey where debt is included when reducing that debt allows their church to reach people and grow their ministry.

If your church has a debt of any size, ask yourself the following five questions:

- Has the debt had a negative impact in any way on the church's ability to meet current operational needs?
- Has the church been forced to cut back or restrict ministry resources in order to service the debt?
- Has the debt had a negative impact in any way on the church's ability or willingness to start new and relevant ministries?
- Could the money currently being spent to service a debt obligation be re-appropriated to new ministries that could inspire and encourage your church and possibly attract new families?
- Is there a mixed message being sent with respect to the manner in which the church is responding to debt and how the membership is challenged to view and manage personal debt?

If you answered "yes" to any of the above questions, then addressing the debt is imperative.

From my own experience, the common denominator in every successful debt campaign is total openness and transparency. The starting point on the journey is answering the following questions clearly and concisely.

1. Why does the church have debt?

Surprisingly, many church members will not know or remember how the debt came about. Once construction has been completed, an assumption persists that the building(s) must be paid for. If a church has already conducted a capital campaign that did not raise all of the needed funds, possibly where multiple campaigns are needed to fully fund a vision, some people mistakenly believe that the first campaign actually took care of all of the financial needs. In some situations, there will unfortunately be people who feel that debt

is the result of poor decision making or resource management. Be up front and transparent, assuming nothing, when communicating the cause or source of the debt.

2. How much does the church owe?

Once the first question has been addressed, make sure there is no ambiguity regarding the full extent of the debt. As with all communication to the church, assume nothing and state the facts several times so people can fully grasp what you are saying!

3. How much is being spent to service the debt?

People are often surprised by how much of the operational budget is needed to service a debt. Help your people see the amount from both a monthly and annual perspective. Show the debt using a dollar amount as well as a percentage of total expenditures.

4. How much interest would be spent over the life of the loan?

For many people, the total lifetime interest of a loan creates the "ah-ha" moment where the reality of good stewardship comes into play. People are motivated when they can see how much could be saved in the long term by addressing the debt more intentionally! When they can see how that savings will be used for ministry, they are inspired!

5. How long would it take to retire the current debt if you did nothing?

Help your congregation understand the length and long-term consequences of the loan. Was the loan amortized over 10, 15, or 20 years? Could the reality be that, at the current pace of repayment, your children and possibly your grandchildren will still be paying on the debt? Saving years, as well as saving interest over the life of the loan, is just good stewardship.

6. How will the money currently being spent on debt service be re-appropriated for ministry?

When members ask why the church is entering into a capital campaign to address debt, they want to know the ultimate goals behind reducing the debt, and the projected outcomes of those goals. People are inspired to give more willingly and sacrificially when they understand that the objective of reducing or eliminating the debt is so that:

...the church can now provide a new ministry in order to...

...the church can now staff a particular ministry position in order to...

...the church will now be able to...

As mentioned earlier in this article, people for the most part are not inspired to give so that their church can be debt-free. There must be a higher and greater purpose at stake.

Two additional value propositions with respect to eliminating or reducing church debt are:

1. Setting an example! Encouraging families and individuals to be debt-free and teaching them how to live with margin can no longer be an option for the church. The current economic landscape has underscored the danger and liability of living with long-term debt. A debt campaign sends the message that the church operates by the same teaching.

2. Including something tangible. Debt campaigns by nature focus on something that happened in the past. Many churches balance that “looking to the past” perspective by including something tangible, such as a specific mission project or a low-cost facility enhancement that can be visibly seen and points to the future. A word of caution here: without question, the primary focus with a debt campaign is eliminating or reducing the debt.

Any “add-ons” should not interfere or reduce the potential for maximum results, or disguise the main objective.

Keep in mind that the church does not have a choice about whether the church wishes to pay its debt or not. The debt has to be paid! Your congregation knows it bears the burden of paying that debt. The only choice the church has is how to pay that debt.

What is the best stewardship practice to deal with indebtedness?

Eliminating or reducing debt is about changing the future of the church, repositioning the church’s financial picture so the church can invest financial resources in ministry rather than in debt service and effectively freeing the church to make future funding decisions. Changing the debt position in your church does not just impact ministry for two or three years; it repositions the church financially to reinvest in ministry for the next 10, 20, or 30 years. Reducing or eliminating debt is simply good stewardship, and a wise step that will deepen your congregation’s trust in your leadership.



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For additional information, visit our website at www.RSIstewardship.com or contact Steve Estes or Morgan Boardman at 1.800.527.6824.