BOOK
The Coming Revolution in Church Economics

AUTHOR
Mark DeYmaz

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SYNOPSIS [From the publisher]
Tithes and offerings alone are no longer enough to provide for the needs of the local church, enable pastors to pursue opportunities, or sustain long-term ministry impact. Growing financial burdens on the middle class, marginal increases in contributions to religious organizations, shifting generational attitudes toward giving, and changing demographics are having a negative impact on church budgets. Given that someday local churches may be required to pay taxes on the property they own and/or lose the benefit of soliciting tax-deductible gifts, the time to pivot is now. What's needed is disruptive innovation in church economics.

For churches to not only survive but thrive in the future, leaders must learn to leverage assets, bless the community, empower entrepreneurs, and create multiple streams of income to effectively fund mission.

"At the time of this writing, we make more than $150,000 a year (12–13 percent of our annual budget) by renting parts of our facility to other businesses. The rent checks total $12,000 or so a month, almost enough to cover our $16,000-a-month mortgage payment. With approximately 18,000 square feet of space still available to rent, we are hoping to pick up an additional $4,000 a month in rental income so that soon we can look our people in the eye and say that not one penny of their tithes and offerings services the debt."

"All totaled, approximately 30 percent of Mosaic's $1.2 million annual budget today is funded outside of tithes and offerings. Conventional wisdom suggests that a church whose budget is not 100 percent supported by tithes and offerings is not sustainable."

"New churches in rural and suburban areas tend to be more stable, and those where the pastor is more amply compensated are more likely to become self-sustaining than those in urban areas or where the pastor subsidizes the ministry with his or her own money."

"Churches that rely solely on tithes and offerings unnecessarily limit their capacity."

"Given the possibility (if not a probability) that local governments may someday assess church real estate to collect property taxes and/or that the federal government could take away tax-exempt status for churches altogether, we believe the time to pivot is now."

"This book is about developing and executing a plan to sustain life-giving ministry in and through the church over a long period of time, directing a greater percentage of tithes and offerings to missional community engagement, and establishing vibrant congregations in areas of a city where they might not otherwise exist."

"I have never heard a pastor use the words church and economics in the same sentence. I'm no prophet, but I'd say you're on to something significant here, perhaps the early stages of a movement!"

"A growing burden on the middle class, coupled with a marginal increase in religious giving . . .suggests that it's unrealistic to expect tithes and offerings alone to fully fund or sustain local churches in the years ahead."

"A Faith Communities Today report found that the median church budget fell from $150,000 in 2009 to $125,000 in 2014.13 With this in mind, Karl Vaters suggests that there are at least four assumptions pastors can no longer afford to make.14 One of these involves new believers and their understanding of church funding. He writes, "Many new believers don't think about how the church's bills get paid any more than you spend time thinking about how you get email for free. . . . They think there's some unknown entity paying the main bills, while the money they give is for extras. We can't assume anything anymore. New believers need to be informed of the church's financial realities and their biblical responsibilities."

"According to Rainer, 'Those born between 1980 and 2000 (Millennials) are often reticent givers. They want to be certain the church is a good steward of the contributed funds.'"

"The Next Generation of American Giving," she provides strategies to consider when approaching Gen Xers for funding. They include: Demonstrate impact. Blend method of appeals. Solicit more than once per year."

"The top two ways Gen Xers feel they can make a difference are by donating money and volunteering. Donating goods and spreading the word are other important methods of engagement. Fundraising and advocating are less important, each selected by just 4 [percent] of respondents."

"Fundraising is undergoing rapid and irrevocable change." Understanding that emerging generations see, define, and value investment differently than previous generations means "that nonprofit organizations have to be ready for a whole new world of giving [see figure 2]. They will need to be innovative, positioning themselves to attract and engage with this global, impulsive, technology savvy generation . . . [as] fundraising [grows increasingly] reliant on a complicated and comprehensive mix of options."

"Over the next fifteen to twenty-five years, a rapidly changing population will have a significant impact on local churches in the United States. Among other things, church planting, growth, and development must be necessarily altered if local congregations are to remain credible and viable in the years ahead."

"In addition, the population is aging.28 By 2030, one out of five Americans will be sixty-five years or older. By 2035, older adults are expected to outnumber children for the first time in US history."

"Consider the detailed strategic instruction provided in this book, rooted in experiential knowledge gained from financial problem solving over the course of eighteen years in the challenging context of Mosaic."

"Chris Brown writes, "Our attitude toward money is the problem, not the money itself. Money is morally neutral. Throughout the Bible, both the impoverished and the wealthy are considered godly. Job very well could have been the wealthiest person in the world during his time, but the Bible is clear that he was a godly man. . . . In fact, sometimes those who were materially blessed, like Job, were also blessed by God with the power to carry out His work. God clearly doesn't equate money to evil."

“Beyond its use as an expression of love and devotion, or as given in obedience to God, money is not a necessary evil, it’s a necessary tool. As carpenters need hammers, saws, tape measures, and more to do their work, so too a local church needs tools to fulfill its general mission, unique calling, and specific vision . . . and money is certainly one of those tools.”

“Going forward, our understanding of good stewardship should also include the biblical expectation of knowing what to do with the assets entrusted to us. The collective church, itself, must prove to be a good and faithful servant by leveraging assets to bless the community and generate sustainable income.”

“In terms of pushback, this account (as recorded in all four Gospels) may be the primary root of any objection you encounter from those reluctant to embrace the thinking or outcomes envisioned in this book. Upon closer (exegetical) examination, however, Jesus was not reacting to the making of fair or reasonable profit. Rather, he was protesting unfair and greedy profiteering on temple grounds—namely, economic injustice.”

“Two things were essential for these foreign worshippers: an animal to sacrifice and Temple coins which local merchants would accept. There was probably nothing wrong with selling animals or operating a legitimate money exchange, but, according to Jesus, these particular vendors were a ‘den of robbers’ who undoubtedly charged exorbitant rates, thus taking advantage of those who seemingly had no other options.”8 In short, “Jesus occupied the temple because the people in charge had lost the script and were perpetuating injustice.”

“Indeed, when leaders leverage church assets to stimulate economic recovery, repurpose abandoned property, encourage small business, create jobs, and more, they help to reduce local crime, generate tax revenue, advance the gospel, and promote the common good, all in the name of Christ while simultaneously producing fair, reasonable, and sustainable income (profit) to help fund long-term mission.”

“Here’s the point. What government grants, it can retract. Therefore, now is the time to ask if the church is prepared for any future changes in policy that might affect its current economic model and proactively adjust.”

“In Long Beach, California, for instance, the city all but prevents churches from acquiring and repurposing available or abandoned property, in large part due to the potential loss of tax revenue. Such regulation stifles new church starts and challenges pastors seeking to grow existing congregations in the fifth-largest city in California where, as a result, the largest sanctuary seats less than one thousand people. Likewise, in Pennsylvania, local churches pay property taxes on all but their designated sanctuaries.”

“Grayson Bell suggests that a scarcity mindset keeps people focused on the following: maintaining what they have instead of pursuing new opportunities staying afloat and being reluctant to take chances worrying about bank balances and putting off financial decisions in hopes that issues will go away (typically, they do not, and inaction only makes things worse).”

“When faced with a challenge, such as stagnant or declining donations in a church, thinking outside the box is not enough. Research shows that detailed strategic instruction on the front end will improve the odds for success in overcoming the challenges, especially when first applied to solving simpler but similar problems.”

“Well-meaning believers will cite any number of seemingly spiritual reasons or passages from the Bible to denounce a church generating income beyond tithes and offerings, no matter the motive. Sound exegesis is required to get beyond erroneous beliefs regarding Scripture, church, and money. We must be better informed."

"In other words, church leaders must first learn to use resources in hand before expecting God to entrust them with even more resources to leverage for his purposes."

"The church's failure to launch was precipitated by his lack of understanding of church economics. Rather than seeking funds for equipment in hopes of attracting people he should have been saving funds to build a team or cash reserves in anticipation of future needs—and in the meantime, making do with less."

"In light of services rendered, church members and regular attenders are expected to contribute financially through the consistent giving of tithes (literally, "a tenth;" historically 10 percent of one's income "as unto the Lord") and offerings (additional financial gifts received by the church from members and from nonmembers desiring to contribute). Money collected is also used to pay for recurring operational costs including the church's monthly rent or mortgage payment, the salaries of administrative and maintenance staff, security, office supplies, advertising, website hosting, and more. In fact, over the past fifteen hundred years, this is how the local church has been financed and sustained.4 Tithes and offerings have fueled the church's economic system."

"When money (or more broadly, church assets) is recognized and leveraged as a tool to glorify God, advance the common good, and generate sustainable income, it's not only possible but preferable to see it as something good for both the church and the community."

"Among other things the local church is an economic system, and for a number of reasons—first and foremost, to advance the gospel—it must be about money."

"A church cannot survive if members and regular attenders who benefit from its services leave each week without paying some portion of the collective bill. Pastors know this to be true, as do mature believers and those responsible for church finances. With this in mind, pastors should be more open and direct by discussing the pragmatics of church economics in addition to making the case for giving as an act of worship and tithing as a biblical standard."

"Make no mistake. Pastors know how to weave subtle and not so subtle appeals for tithes and offerings into messages—that is, to talk about giving, generosity, finances, and/or stewardship whenever possible with the church's need for money in mind."

"Tithing and fiscal responsibility go hand in hand. Tithing is more than meeting the church budget: it's about encouraging believers to discover the joy of kingdom living available to those who learn to give faithfully and sacrificially."

"As a collective church, we do what we can for God—which includes the giving of tithes and offerings and the leveraging of our assets—all while trusting him to do for us what we cannot do for ourselves. It's a both/and, not an either/or approach to church economics. What we don't do is sit idle and beg for money."

"Today, dual income households are normative. In a majority of situations, two or more paychecks are necessary to maintain present standards of living and pay the bills."

“Thomas C. Corley, writing for Business Insider, notes: In my five-year study of the daily habits of the rich and poor, I learned that most self-made millionaires generated their income from many baskets: 65 [percent] had three streams of income 45 [percent] had four streams of income 29 [percent] had five or more streams of income Having multiple income streams makes a lot of sense. When one stream is negatively affected by systematic economic downturns, of which you have no control, the other streams can come to the rescue and help you survive the downturn, without seeing your lifestyle dramatically affected.”

“Pastors J. D. Greear and Mike McDaniel suggest, “The problem with this model . . . is that it is expensive. Many church plants start with a yearly budget of $200,000 or more, which means that before they’ve even planted the church, they need to grow the church to 200+ just to become self-sustaining. For many planters, especially in difficult contexts, this is simply unrealistic. Unfortunately, most don’t recognize the mistake until year three when their funding begins to run out.”

“Yet can a church plant rightly be considered sustainable after only three years, even if tithes and offerings are covering all related expenses? In short, the answer is no. The best that can be said of such a church is that its tithes and offerings are meeting budgetary needs in the moment.”

“Financial self-sufficiency happens in varying ways, but from a statistical perspective, if your new church plant isn’t financially self-sufficient by its fourth year of existence, it is increasingly unlikely that it will become self-sufficient.”

“As a hypothetical, let’s consider how much money will have been spent and lost if the entire 31 percent of these attempted church plants never reach financial self-sufficiency and close their doors after five years. In so doing, let’s also consider money to be “lost” when initial investment fails to produce ROI . . . in this case, a self-sustaining church. Sure, we might spiritualize, rationalize, or ultimately excuse any failed attempt to plant a church knowing that “God causes all things to work together for good to those who love God, to those who are called according to His purpose” (Rom. 8:28). Nevertheless, let’s not do so at the moment. Rather, let’s consider failure and money the way those in business do.”

“The problem is, for all the talk of taking a city for Christ, church planting and multiplication, and of developing outwardly focused or missional communities of faith, the entire model often forces well-meaning men and women to abandon ideals in favor of pragmatics.”

“Yes, we do. That’s why we’re talking about the need for local churches to create multiple streams of income so as to help fund full-time leadership, strengthen the bottom line, advance the common good, and help ensure sustainable gospel-centered congregations in every area of the city.”

“While the general population of the United States grew by 56 million people over a twenty-year period between 1990 and 2009, church attendance in those same years increased by just 446,540.”

“Between 2000 and 2009, churches of affluence (with a median household income of more than $60,000) grew at a very healthy 17.6 percent. As median household income dropped, however, so did the growth rate of churches. The study found that evangelical churches with a median household income of $50,000 to $59,000 experienced 7 percent growth, while churches on the far end of the graph with a median household income of less than $30,000 shrank by -4.3 percent.”

“For churches in the most underresourced areas of a city as well as in rural communities, lack of funding remains a constant threat to survival and growth.”

“Disrupters “break the mold, change our thinking about the mold and then hand us the new rules for how things work. . . . They don’t fix what’s broken because they don’t innovate from inside the system.”

“As we continue to explore the coming revolution in church economics, keep this image in mind: an organization blessing its community and in the process helping to fund its mission.”

“Many pastors tend to view their work as sacred and the work of those in business as secular.”

“Steven L. Rundle, an associate professor of economics at Biola University and the author of Great Commission Companies: The Emerging Role of Business in Missions, also notes, “Evangelical groups are recognizing that mission-minded businesspeople can do things that traditional missionaries cannot. ‘The future generation of missionary will be the rank-and-file businessman,’ he said. The wheel, he added, has come full circle: many of the first emissaries of the gospel were tradesmen, not priests.”

“For too long, secular business and sacred mission have been compartmentalized in the minds of many pastors, if not the American church. In the future, these must be better understood and rightly integrated, as believers around the world recognize.”

“Pastors may recognize the capacity of entrepreneurs and invite them to shoulder even more responsibility by serving on church boards or committees, becoming a small group leader, supervising a member of the staff, or overseeing a ministry team. In this way, however, pastors all too often mismanage entrepreneurs by positioning them as “managers” in the church.”

“When entrepreneurs are rightly empowered to help the church meet economic challenges and overcome financial obstacles in partnership with pastors, in recognition of their life experience and in the strength of their gifting, they come alive!”

“It’s smart financially to hire servants (not stars) who are willing to do whatever is necessary, whenever it’s necessary, to support the team and church without regard to power, position, or privilege.”

“The fact that a church is typically established as a nonprofit means that possibilities like this can be pursued (in addition to tithes and offerings) and money aggregated from donors outside the church who not only believe in the work but can benefit from a tax deduction. Thus, a church’s nonprofit status should also be considered an asset.”