Lifting the Veil

In 1992, Daniel Conway conducted a Lilly Endowment funded research project that explored the unwillingness of most pastors to talk with their congregations about matters of money, as well as their discomfort in dealing with congregational financing and fundraising. This resulted in the publication of *The Reluctant Steward*. Directing a parallel study ten years later, *The Reluctant Steward Revisited*, Conway found that not much had changed. After another decade, however, the projects and stories described in this report demonstrate that much has changed.

Helping pastors and churches lift the veil of reluctance to talk about faith and money has taught us much about an increasing number of economic challenges that face clergy in Indiana and beyond. Soaring student loan debt, inadequate salaries, minimal insurance coverage and under-funded pension plans create stress for pastors and can divert their energy from ministry. Yet it feels uncomfortable for many ministers and their congregations to openly discuss the material goods necessary for both a minister and the congregation to flourish. It seems easier to avoid talking about issues of faith and money and to allow the economic challenges facing pastors to continue to multiply by default.

Lilly Endowment has long sought to strengthen congregations by supporting the pastors who serve them. It believes that talented and well-prepared clergy are indispensable for fostering congregations that have the vitality to positively impact entire communities. With this in mind, it launched an experiment in 2008 to encourage churches to address economic challenges facing pastors and used Indiana as its laboratory. The Endowment invited judicatories from across the state to assess the fiscal health of pastors and their families, identify the economic challenges that threaten it, and design innovative programs to ease these challenges. Serving as coordinator of this initiative is Adolf Hansen, vice president emeritus of Garrett-Evangelical Theological Seminary.

This publication is a progress report that summarizes what has been learned from these efforts and the actions taken to date. Although the work is not done, we hope that everyone who reads this report will feel a sense of momentum as these Indiana churches are taking significant steps to reach out to the pastors who faithfully minister to us.

Christopher Coble
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Economic Challenges Facing Indiana Pastors

For more than four years Marc Kirchoff has crisscrossed Indiana with assorted camera equipment stowed in the trunk of his car. An ordained minister with decades of experience raising funds for Christian causes, he describes himself as a "numbers man" who knows the power of a good anecdote. His current role as program director for his judicatory’s Ministerial Excellence Fund (MEF) blends his knack for numbers and his gift for telling riveting stories. He’s a one-man film crew who travels the state pursuing vignettes that share three characteristics: the stories are true; they involve Baptist pastors facing economic challenges; and, like many satisfying movies, they have happy endings. “This is a low-budget operation,” says Kirchoff. “I never use a script, the equipment is outdated, and I do all the taping and editing myself.”

Low-budget or not, his efforts bring results. At last year’s biennial meeting of the American Baptist Churches of Indiana and Kentucky, he hosted a luncheon for 60 guests and raised $15,000 to replenish the MEF. Everyone in the audience promised prayer support, and 80 percent signed pledge cards. Motivation came from the show-and-tell program that Kirchoff led. He talked about the need to sustain the fund that has made almost 100 grants since its launch in 2009. He summarized the many economic challenges—low salaries, minimum benefits, credit card debt—that can distract clergy from ministry. Then he showed video clips of pastors who described their financial dilemmas and explained how grants from the MEF helped ease the burden.
Economic Challenges Facing Indiana Pastors

Case in point: Ryan Bailey, a young pastor in Kirchoff’s judicatory, graduated from seminary with a master of divinity degree, $45,000 in education loans to repay and good intentions to eliminate the debt ahead of schedule. Then he did the math. If he retired his loans according to the terms of the agreement, “I’d be in my 50s and would end up paying $90,000, or double what I originally borrowed,” he explains. “I had never taken the time to figure out that it would take that long or the amount would be that large.” Neither had he considered how an extended debt could limit his future opportunities. “It makes it hard for pastors who want to serve small congregations,” he says. “You feel restricted to go only where you can make enough money to pay off your loans.” Pursuing additional education also is out of the question, as is making a major personal purchase. He recalls a conversation with a congregant who works as a real-estate agent. When she learned of his 25-year financial obligation, she blurted, “My gosh, Ryan, you’ll never be able to buy a house!”

Forgive Us Our Debts

Indiana pastors aren’t unique in the stories they tell about the economic challenges that clergy face. Across the country ministers are grappling with financial issues that adversely affect their personal lives and divert their attention from their work. A 2005 study, funded by Lilly Endowment Inc. and conducted at the Auburn Center for the Study of Theological Education, confirmed that a majority of seminarians now rely on loans to help underwrite their graduate programs. As their numbers continue to increase, so does the amount of money they’re borrowing. The study’s findings have served as a wake-up call to many denominations that were unaware of how much educational debt their pastors carried or the influence it can have on recruiting, training and sustaining clergy. The consequences are striking. New pastors are increasingly unable to accept positions in small churches, and some have delayed healthcare coverage for themselves or their families.

To ease the financial burdens on Indiana clergy such as Bailey, Lilly Endowment created the ECFIP initiative—short for Economic Challenges Facing Indiana Pastors—in 2007. It awarded planning grants of $50,000 to 22 Protestant judicatories interested in exploring the issue. Each of these judicatories had at least 10,000 members or 50 congregations in Indiana, and together they served 4,034 local churches, which represented more than 60 percent of the Protestant congregations in the state. As participants, they agreed to design programs to advance four aims:

- To make congregations aware of the economic pressures on pastors and the potential trickledown effects of those pressures.
- To create a Ministerial Excellence Fund (MEF), launched with Endowment seed money and supported by congregational contributions, to address pastors’ pressing needs.
Glen Davis, pastor of Middletown United Methodist Church, attributes his mistrust of credit cards to his dad. “I had no experience with credit cards when I was growing up,” explains Glen. “My dad has always liked to handle ‘real’ money—greenbacks—and told me that if I ever got a credit card, I should be very careful with it.”

Example: Because the Wesleyan Church asked congregational leaders as well as pastors to fill out surveys, laymen were made aware of how little they knew about their clergy’s personal finances. One lay leader contacted his pastor to inquire if debt indeed was a problem or should he return the judicatory’s questionnaire with a “does not apply” notation. The pastor admitted that money was a very real concern and then cited the ministry-related expenses that he typically covered out of his own pocket. “The church immediately provided the pastor with a corporate credit card, which saved

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The advice was good, and Glen completed his undergraduate degree without benefit of “plastic.” Not until he was attending seminary and juggling a job, classes and a hospital chaplaincy did he accept his soon-to-be wife’s offer to charge a few expenses to her card. “It worked out well at first,” he says. “We kept up with the bills and never lost control. The debt kept growing, but it was still manageable.”

He graduated from seminary with a sizeable student loan obligation. A stretch of several weeks followed before he began drawing his church salary. “With no money coming in, we got really behind,” he recalls. As determined as he was to pay down his credit card debt, “I was tempted to continue to use the card as long as I had it.” He came to grips with his growing reliance when he attended the video-based Financial Peace University program (FPU) funded in part by “Rejuvenate,” his judicatory’s ministry created with Lilly Endowment’s grant. The fourth lesson in the nine-week course was called “Breaking the Chains of Debt.” The instructor was FPU founder Dave Ramsey, whose advice echoed that of Glen’s dad, offered many years earlier.

“I felt re-inspired to get things under control,” says Glen. “I realized I was leaning so hard on the credit card that it had almost become my protection. It was controlling me. It was my caregiver, and I decided before God and everyone else to release it from its duties.”

This public release took place in church, as part of a Sunday morning sermon. “I don’t remember my exact words—I sort of went off the page—but I said if we are going to forgive ourselves and make a fresh start, we can’t hold onto the past and the things that control us. We have to let them go.” He then held up the credit card and cut it into several pieces. The congregation’s response: “They gasped,” he says. The following week several parishioners thanked him and admitted the sermon had struck home.

“Debt can cause strife and damage relationships,” he says. “I’m still working on reducing my credit card debt, but I’m not incurring any new debt. One step forward is just that...a step forward.”
Jesse Vore, pastor of rural Green-town’s Sycamore Friends Church, was 14 and working at Quaker Haven Camp in Syracuse, Indiana, when he first felt the call to ministry. “I only knew that ministry was what I needed to do,” he says.

Similar conversations that mixed money and ministry took place across the state as judicatories considered the previously “hushed” topics of salaries, benefits, pensions and debt. For many, it was the first time they had confronted the elephant in the room, and the results of the confrontation were sobering and surprising. Some study participants said that the problems they uncovered during the research phase were too critical to ignore with or without future grant support from the Endowment.

**Setting the Record Straight**

“A lot of our assumptions were confirmed,” says Jeff Thomas, who oversaw the ECFIP project for the Church of the Nazarene’s 274 congregations in Indiana. Other assumptions had to be amended or discarded. “As an example, we assumed student loan debt was a big issue for our pastors, and it was,” says Thomas. “But in doing an assessment of our constituents we discovered the average age of a Nazarene pastor was 48, which meant the majority of them had already serviced their own student loans.” Still, paying for post-secondary education was an ongoing worry for many families. Why? “They needed help addressing the student loans they had co-signed for their kids.”

The plight of elderly pastors came to light for researchers within the Missionary Church, North Central District. “That was a shocker,” says John Moran, past president of the denomination and project director for his judicatory’s ECFIP program. “Back in the 1950s some of our pastors felt that to take Social Security was a sign of...”

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After high school he took classes at two universities but stopped short of graduation because tuition was expensive; his denomination doesn’t require a degree; and as newlyweds, he and his wife were determined to avoid debt. “School was more than we could afford.”

Still, he was bothered by his failure to finish what he started. “It’s important to me from a personal standpoint,” he explains. “It’s not that I need a title or that I’m interested in having a piece of paper to hang on the wall behind my desk. I just know I would feel much better if I could say, ‘Yes, I’ve completed this portion of my education.’ I think through the years some doors have been closed to me because I didn’t have a degree. I don’t want another closed door in my future.”

He heard about his judicatory’s Ministerial Excellence Initiative but didn’t think he qualified for assistance because education grants were designed to ease the student loan debt of college graduates. He wasn’t a graduate and he had incurred no debt. He met with the project director of the initiative, Matt Hisrich, and made his pitch. “I told Matt that Barclay College, a Friends school in Kansas, offers a degree-completion program called ‘Advantage.’ I asked if I might apply for funds not to retire an educational debt but to finish my education.” The Indiana Yearly Meeting was flexible enough to agree to his request for a grant, and Sycamore Friends Church matched the amount. In June, Jesse will have completed all requirements for a bachelor’s degree in Christian ministry leadership.

“We have three children, and so it’s been a balancing act to make sure I’m meeting the needs of my family, my ministry and my classes,” he says. “Right now I’m completing the program online, and that means doing my coursework late at night, early in the morning or between other obligations.” His perseverance is paying off; after so many years, “I see the finish line ahead.”
not trusting God. As a young boy, I remember church leaders trying to convince pastors that they needed to get into Social Security for their own safety. Some declined, and as a consequence they were living beneath what is considered the poverty level in the United States.”

Among other situations that surfaced as part of the discovery segment of the ECFIP initiative were these:

- One judicatory learned that 57 percent of pastors’ wives employed outside the home worked only to provide health insurance for their families. The wives indicated they would prefer to be teammates in ministry with their spouses.
- More than 30 pastors in another judicatory had debts exceeding $50,000 over and above their home mortgages.
- Some judicatories reported pastors who lived in parsonages during their ministries had built up no equity; this meant that those without pensions were virtually homeless in retirement.
- Five judicatories discovered that at least half of their pastors served part-time or were bi-vocational because they couldn’t support their families on their church salaries alone.
- A quarter of the pastors in another judicatory earned wages that were 30-50 percent below the average pay for residents in their communities.

The top economic stressors that emerged from the research were healthcare and insurance costs, retirement funding and educational and personal debt. This information helped judicatories determine the areas of need that their Ministerial Excellence Funds would address. “Many pastors are one medical test away from financial ruin,” says an official of a judicatory that made healthcare one of its three priorities. Survey respondents also exhibited a general lack of financial management skills. A pastor who owed $270,000 admitted he had no workable plan to return his family to solvency.

In Search of Solutions

Based on their findings, the judicatories designed programs to alleviate stress on their pastors and requested Endowment grants ranging from $150,000 to $3 million to implement them. The programs bore names that articulated their purpose—the Financial Freedom Fund, the HOPE for All Project, Rejuvenate, Freed to Lead and the Financial Fortress Initiative. One program, the Indiana Nazarene Clergy Association (INCA), chose an icon that looks like a lone jigsaw puzzle piece to visually capture the goal of the initiative. “It’s a metaphor,” explains project director Jeff Thomas. “INCA wants to be the piece that has been missing in helping pastors address the economic challenges they face.”

The Endowment reviewed the project proposals and responded with 16 grants totaling almost $12 million. Because the programs were breaking new ground, the grants came with the freedom to learn from their own work. “Not only did the Endowment give project directors permission to modify what they were doing, it encouraged them to add, eliminate and tweak, according to what they were learning as their programs unfolded,” says Adolf Hansen, who served as the initiative’s coordinator.
“The judicatories needed to ask incisive questions and then say, ‘What did we learn from that?’ and ‘What shall we do with what we’ve learned?’”

Hansen communicated frequently one-on-one with the project directors, as well as judicatory leaders, and met with them in group settings several times a year. At these gatherings the directors and leaders swapped stories, shared ideas and talked about what was working and what wasn’t. Outside speakers were often invited to address common problems that group members identified as barriers to their success.

As an example, some judicatories had little experience in fundraising and were concerned about building resources to continue their programs after the Endowment’s involvement ended. In response, Hansen scheduled sessions with the director of The Fund Raising School at Indiana University-Purdue University at Indianapolis. For another meeting, Hansen invited project directors to bring their lists of tools—books, organizations, people, websites—that they were finding helpful in their work. The directors then traded names, e-mail addresses and phone numbers. A sense of camaraderie emerged as they realized that together they were a learning community engaged in a collaborative inquiry. In short, they were exploring uncharted territory or, as one project director joked, “We’re building the plane as we’re flying it.”

“You’re too Nosy!”

One of the early obstacles that several programs encountered was reluctance on the part of clergy to admit to their congregations that they needed financial help. Sharing debt details on a confidential judicatory questionnaire was one thing, but telling their church members was another. Some pastors felt guilty about their inability to live within a budget, regardless of how tight that budget was. After all, didn’t the apostle Paul write that if a church leader “does not know how to manage his own household, how can he care for God’s church?” To fall short might suggest professional inadequacy.

“I have a file full of names of people who made initial inquiries for help but never followed through with applications for funds,” says one project leader. “Pastors feel they should set a good example, and if they admit to having debt, they’re not setting a good example.”

For instance, when the Indiana District of the Lutheran Church-Missouri Synod circulated a questionnaire to determine the extent of debt among its clergy, “about half of our pastors completed the survey,” says Dave Ebeling, project director. “Of those, it looked as if 40 percent would benefit in some way from our grant program.” When only 20 percent applied for funds, Ebeling wanted to learn the reason. “We required one representative from a congregation to sign a pastor’s grant request,” he explains. And that was the sticking point. “The pastors didn’t want anyone to know they owed money.”

The judicatory committee that oversaw the Lutheran ECFIP program considered waiving the co-signer requirement, but decided against it. After all, a goal of the program was to educate congregational leaders about their pastors’ financial needs. “We wanted to make someone from each congregation aware of the challenges that clergy face,” says Ebeling. “It could be an elder, an officer or a small board. It certainly didn’t need to be the entire congregation. Still, some pastors weren’t willing to admit they had problems.”

The abundance of required paperwork deterred pastors in other judicatories from applying for financial assistance. One minister returned the blank documents with the comment: “You’re too nosy!” Another pastor, deeply in debt, declined financial help, citing the belief that “the Lord will provide.” Pastors in a judicatory that offered no healthcare benefits expressed no expectation that this could or should change. “Many assume that the call to ministry service includes ignoring some of the issues that
impact their wellbeing,” explains a project leader who is also a minister. “Most of us pastors are better at taking care of the needs of others than we are at addressing our own needs.”

**Strategic Recruitment**

The Endowment encouraged each judicatory to create a steering committee to implement its ECFIP program and tweak it as conditions changed and situations evolved. Who served on the committee was a judicatory decision; and project directors soon learned, often through trial and error, that there was a right way and wrong way to recruit members. Those judicatories that made strategic appointments reported positive outcomes. Others selected members at random and later warned of two mistakes. They recommended against:

- **Taking the “lone ranger” approach** of having one person—most likely the project director—make the majority of decisions.
- **Including only pastors** on the steering committees rather than a blend of clergy and lay leaders.

By asking only pastors to serve, directors found that some congregations never fully understood the need for the program or the importance of raising funds to support it. Some pastors neglected to explain ECFIP from their pulpits; others lacked contacts with leaders in their communities who could spread the word and generate contributions. “Laity can serve as a cadre of surrogates and carry the message for you,” says Marc Kirchoff, who built a strategic MEF team and assembled a network of financial advisors that spanned the state.

Because the size and makeup of the steering committees were internal decisions, project director Dave Ebeling did his homework before he did his recruitment. “I found one
Leading the 200-member congregation wasn’t part of her plan when Tracy Paschke-Johannes, a recent seminary graduate, joined the staff as associate pastor in 2008. The untimely death last May of John Malzahn, the congregation’s much loved senior pastor and Tracy’s mentor, required her to step into his very large shoes. Overnight her duties expanded to include preaching on Sunday mornings, overseeing several outreach ministries and preparing the church to celebrate its 125th anniversary next year. If her stress level increased with the additional responsibilities, it wasn’t compounded by a concern of many young pastors: student loan debt.

A grant from the “Freed to Lead” fund, established with the Endowment’s help by the Indiana-Kentucky Synod of the Evangelical Lutheran Church in America, had earlier reduced the debt Tracy accumulated during her seminary training. “That made a huge difference in our family’s life,” she recalls. How great a difference became evident after Tracy and her husband, Jeff, traveled to Ethiopia to bring home their second adopted child. Unlike his big sister Shahra, also from Ethiopia, tiny Samuel had significant health problems related to malnutrition. Tracy and Jeff soon learned that Samuel would need the expert care of developmental pediatricians and physical therapists for more than two years and would require occasional stays at Riley and St. Vincent hospitals. The treatment proved successful—today Samuel is a healthy and energetic preschooler—but costly.

“We went from having virtually no revolving debt to accumulating about $7,000 in debt in two months,” explains Tracy. The situation was manageable, thanks in part to the “Freed to Lead” assistance. “The grant freed up the money we had been using to pay off my loans and enabled us to get a handle on the medical bills and then begin to save,” says Tracy.

The positive impact of the grant continues even today. Jeff and Tracy recently crunched the numbers and discovered that if the “Freed to Lead” funds hadn’t eliminated Tracy’s education debt, “our daughter Shahra would be a sophomore in college before we paid off my loans.” Participation in their judicatory’s program has freed them to plan for their children’s future and honor a pledge they made to each other when they first moved to Muncie. “As part of our faith journey we decided to tithe at Holy Trinity Church,” says Tracy. “Some months have been a challenge, especially when Samuel was sick, but we’ve always figured out a way to do it with joy.”
Grants for Pastors

- Number of Grants by Year
- Total Cumulative

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<tr>
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Grants Funds for Pastors

- Total Funds Disbursed
- Total Cumulative Funds Disbursed

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Education Programs for Pastors

- Total Cumulative Events
- Total Cumulative Participants

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Education Programs for Congregations

- Total Cumulative Events
- Total Cumulative Participants

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Fundraising Summary

- Total Contributions
- Total Cumulative Contributions

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Participating judicatories:

- African Methodist Episcopal Church
  Indiana Annual Conference
- American Baptist Churches
  Indiana and Kentucky
- Church of God (Anderson, Ind.)
  Indiana Ministries of the Church of God
- Church of God (Cleveland, Tenn.)
  Indiana Church of God State Office
- Church of the Brethren
  Northern Indiana District
- Church of the Nazarene
  Southwest Indiana District
- Evangelical Lutheran Church in America
  Indiana-Kentucky Synod
- Lutheran Church-Missouri Synod
  Indiana District
- Missionary Church
  Central District
- Missionary Church
  North Central District
- Presbyterian Church (USA)
  Presbytery of Ohio Valley
- Presbyterian Church (USA)
  Synod of Lincoln Trails
- Religious Society of Friends
  Indiana Yearly Meeting
- Religious Society of Friends
  Western Yearly Meeting
- United Methodist Church
  United Methodist Foundation of Indiana
- Wesleyan Church
  Indiana Central District
piece of research that said if you have six or more people on a committee, somebody is likely to dominate,” he explains. “If you have five or fewer, everyone contributes.” With that in mind, he settled on five as the perfect number, and then created descriptions of the persons he wanted to recruit. “I decided I needed a highly respected senior pastor; a relatively new pastor; two lay people with some background in finance; and a pastor’s wife.”

The resulting group met quarterly for four years with almost perfect attendance. “One person missed one meeting,” he recalls. The diversity of the members—a financial planner, human resources executive, business teacher, and the pastors—enriched the conversations around the table. Apart from their deliberations they helped communicate the value of the initiative to their equally diverse constituents. The lone female on the committee, a business teacher, attended the annual retreat for pastors’ wives. “She told the wives about the grant opportunities,” says Ebeling. The rationale: If a pastor was shy about applying for financial help, his spouse would likely give him a gentle nudge in that direction.

**Good News: Pass It On**

Working collaboratively, steering committee members and project directors used a variety of tools to raise the visibility of their ECFIP initiatives. Judicatories created websites, videos and printed materials that explained who could apply for grant assistance, the types of debt the MEF would address and how much a pastor’s congregation was expected to contribute. To boost awareness and achieve financial support for the effort, some project directors approached potential donors and opinion leaders one-on-one with great success. Others looked for opportunities to explain the program to entire congregations. District meetings, conventions and

**Close-up:**

*When cancer strikes twice*

Roger Rayl’s first cancer diagnosis came shortly after he accepted his congregation’s call to serve as pastor of Calvary Baptist Church in Indianapolis. The tumor that doctors removed was “more virulent than expected,” says Roger, and cancer cells reappeared within five years. Thirty-nine radiation treatments—administered daily, Monday through Friday—followed. The cost was a staggering $129,000.

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“If the bill had been $5,000 or $6,000 we would have said, ‘We can put a little bit toward it every month,’” recalls Roger’s wife, Nancy. “But when it’s more than you think your net worth is, the figure is overwhelming. You don’t know how you’re ever going to pay it.”

A dip in membership had caused Roger to work part-time at the church and part-time at a local bank, which left the family without adequate insurance coverage from either place. He soon returned to full-time ministry, but by then, “I had the cancer diagnosis hanging over me, and the denominational insurance coverage was so expensive that it would have eaten up my salary.” He was unsuccessful when he contacted various cancer agencies for assistance.

“I either had the wrong kind of cancer or the agency would support medication but not radiation.” The best solution was to work out an agreement with the treatment center to pay $100 a month toward his outstanding bill. At that rate he and his family would be in debt for the rest of their lives.

When he discovered that he qualified for a grant from the Ministerial Excellence Fund (MEF), “I thought the church would have to match the grant,” he says. “We’re a small congregation—about 50 or 55 members—and couldn’t afford the funds.” An emergency grant from his denomination provided $10,000, which the MEF matched. Using the $20,000 as leverage, Roger called the radiation treatment center to see if a cash payment in that amount might reduce his obligation by a percentage point or two. “The woman I talked with explained that her supervisor would consult someone a little higher on the food chain because he wasn’t authorized to make the decision.

We didn’t expect anything and didn’t want to get our hopes up.”

A few days later the Rayls received the call that changed their lives. The treatment center agreed to accept the $20,000 as payment in full. They owed nothing more. “It was like a gigantic weight taken off our shoulders. All of a sudden we were financially free,” says Roger. “The first words that came out of my mouth were, ‘Praise the Lord!’” The woman from the billing office who had delivered the welcome news was a Christian and echoed the sentiment. “That’s what I love to hear,” she said.

“It was like a gigantic weight lifted off our shoulders.”
retreats became likely venues to enlighten pastors and lay leaders about the ECFIP initiative, how it was unfolding in their judicatory and how they could help it to grow.

“I made myself very visible,” recalls Matt Hisrich, who directed the project for the Indiana Yearly Meeting of the Religious Society of Friends in its early years. “I was available for pulpit supply when a pastor was gone, and my message always related to our initiative. I talked about what we offered and what we had accomplished already.” An interesting side benefit of Hisrich’s approach was a strengthening of the relationship between the judicatory he represented and the more than 60 congregations within its region. Members were reminded that their judicatory was more than a governing body; it was an advocate for clergy and was working to support those persons called to ministry. Hisrich’s title, “ministerial advocate,” strengthened that perception.

Other judicatories saw similar improvement in their clergy’s view of their governing bodies. “The change has been subtle,” notes Carl Addison, who guided the Church of God (Anderson) ECFIP project from the beginning.

“Some pastors used to view the state offices as the ‘pastor police’ and thought we existed to check up on them. The Endowment program has helped change that. They now see us as their friend. They understand that we’re on their side.”

Communication also was enhanced among judicatories within the same denomination. The Indiana Nazarene Clergy Association (INCA)—a collaboration of four Nazarene districts—was created solely to administer the ECFIP program. Governed by a state board with equal representation from the four districts, INCA eventually expanded its work beyond ECFIP to include statewide initiatives such as an annual retreat for pastors and spouses. This kind of unity “never would have happened without the Endowment’s ECFIP initiative,” says Jeff Thomas, ECFIP project director and executive director of INCA.

Financial Literacy 101

As judicatories began making grants to their pastors, they celebrated the results of the debt-reduction efforts but simultaneously recognized the need for debt-prevention measures. “It’s like the adage, ‘Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime,’” says one director. Relief from a pressing financial problem could be short-term for the pastor who lacked the skills to develop a budget and live within it.

“We can’t put a Band-Aid on the problem,” says Julie Benson, project director for the Evangelical Lutheran Church in America, Indiana-Kentucky Synod. “We have to prevent it from happening in the first place.”

With this in mind, judicatories created dozens of opportunities for pastors, clergy families and church leaders to upgrade their financial-management skills. At least one project director was surprised to discover that a few congregations within his district were operating without budgets or balance sheets and saw no need for either. The director responded with workshops aimed at church treasurers and a crash course in personal finance for pastors. Another project director recalls the most frequent questions he encountered when he first met with lay leaders to explain the ECFIP initiative: “Should we be giving our pastor a W-2 form?” they asked. “How does that work?”

“It’s like the adage, ‘Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.’”
Several judicatories added specific education requirements as part of a pastor’s eligibility for funds. As an example, to qualify for a grant from one program, a pastor and two lay leaders had to attend a certain number of rigorous educational events a year and respond to questions that linked financial stability to emotional, physical and spiritual health. Another program established a resource library with a variety of books, CDs and other tools available on loan. Still another project stipulated that each grantee meet one-on-one with a financial planner who would do an assessment and file a report with the judicatory before funds were granted. Several districts offered to pick up the tab for pastors and congregational members to attend the Dave Ramsey Financial Peace University series. These sessions earned high marks from participants, as did the clergy tax workshops sponsored by the Indiana Conference of the United Methodist Church.

“A lot of pastors coming out of seminary don’t know about the tax laws that relate to them professionally,” explains Carl Addison. “Pastors are considered self-employed with regard to many tax issues, including Social Security.” This has serious ramifications for those pastors when they pay estimated taxes and file tax returns. Many pastors end up with an extra tax burden that most people in their congregations don’t understand.

Throughout the ECFIP initiative, the number of persons who participated in education events was impressive: 7,679 pastors and 36,169 congregation members had attended programs related to economic issues. To continue the education process after pastors and laity participated in group training, one judicatory created an online financial “dashboard” that graphically illustrated the cash flow, expenses, income and savings of their churches. “It’s a one-page picture of how things are going financially,” explains Stephen Lane, project director for the Missionary Church, Central District. The dashboard also was available to individual pastors who wanted a quick glimpse of their fiscal positions.

Flexibility Guaranteed

As programs unfolded, their directors recognized opportunities to expand activities beyond their judicatories’ original plans. The co-chairs of the Synod of Lincoln Trails project encountered a recent college graduate who was struggling to find a position in Christian education. They contacted a senior pastor who met with the young man several times, reworked his résumé and arranged mock interviews with colleagues from three sister churches of various sizes. “We reimbursed the mentors with funds from our MEF,” says Ann Bingaman. The effort was so successful that Bingaman and her co-director, Martha McDonald, are considering replicating it. “We’ve widened our thinking about how to help pastors and Christian educators in our presbyteries by engaging mentors to provide job-related skills,” says Bingaman.

Other project leaders identified needs that hadn’t surfaced during their early research periods. The Church of God (Anderson) created an emergency fund for situations that didn’t fit under the judicatory’s original focus on education debt retirement, healthcare and pension building. As an example, a pastor with terminal cancer wanted to return to his home state for hospice care, but he had no funds to cover long-distance moving expenses. “We were able to help him and his wife pack up their belongings and make the trip,” says Addison. “It was sad, but it also was satisfying to know the couple would be surrounded by family at such a difficult time.”

Some programs discovered their requirements for grant eligibility were too strict; others decided theirs were too lenient. With the Endowment’s approval, the project directors initiated the necessary changes. A judicatory that made a handful of large, multi-year grants decided to scale back in order to help a greater number of pastors in their first calls. A judicatory that offered clergy and spouses free health assessments added small cash “rewards” for those couples who created fitness goals and continued to meet with wellness coaches over an extended period of time.
The collaborative success of the INCA project grew to include an agreement with Olivet Nazarene University that gave pastors the opportunity to pursue graduate degrees in pastoral leadership. A dozen Hoosier ministers currently are enrolled as a cohort in the two-year program made affordable by INCA funds. “Olivet realized that our denomination has pastors who do a great job of preaching sermons and breaking apart biblical texts, but they aren’t very good at basic business skills,” says ECFIP project director Jeff Thomas. The benefits are twofold: the pastors are building relationships with colleagues around the state, and they’re gaining financial literacy that will help them in their personal and professional lives.

Meeting their Match

A challenge for many congregations was the requirement that they match, dollar for dollar, the amount of money that their pastors received from their judicatory’s MEF. Churches that were able to meet this obligation often were successful because a cluster of leaders recognized the opportunity and seized it.

Case in point was Ryan Bailey, the young pastor mentioned early in this story whose education loan of $45,000 was going to double if paid off according to the terms of his contract. When Bailey learned about his judicatory’s grant program, he informed a member of his congregation about the possibility of applying. The good news was that the grant would help free Bailey from his 25-year financial obligation; the not-so-good news was that the congregation he served was relatively small—between 80 and 100 active members—and not particularly wealthy. The congregant’s reply was euphoric, according to Bailey. “He said, ‘How many opportunities do you get to double your money? This is incredible!’” Encouraged, Bailey approached other members of the church who were equally positive. “At that point I put it in their hands,”

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He proposed an idea to leaders of Bluffton’s First Church of the Nazarene, where he has served as lead pastor since 2008. “How would you like to invite 10 pastors from small churches in our district to a Sunday evening dinner in their honor?” he asked. “We could pray for them, anoint them and give each family a basket of food and a check for $250.” Members enthusiastically embraced the plan, upped the gift to $500 per family and added other perks. Each Christmas basket would include a $25 gift certificate to purchase perishables, and the Bluffton congregation would cover the cost of guest speakers for those churches that had worship services scheduled during the time of the dinner.

The project further expanded when Tim contacted his judicatory for a list of pastors who needed financial help. The district superintendent supplied the names and added a suggestion: Why not apply for matching funds from the Indiana Nazarene Clergy Association—the denomination’s ECFIP program? Before long the church’s gift of $5,000 had doubled, and 10 pastoral families were in for a big surprise.

“They had no clue what was coming,” says Tim. The Bluffton congregation turned out in force to celebrate the pastors, shower them with gifts and listen to their stories. The honored guests, many of whom were bi-vocational and led churches with fewer than 30 members, were overwhelmed. “A pastor’s spouse told me that one of the tires on the family car had just gone flat and the other three were bald,” says Tim. “Now they could afford to buy new ones.” Perhaps the most poignant story came from a pastor who admitted that he and his wife were on the verge of leaving ministry but now had second thoughts. “This has rejuvenated me,” he said.

“This has rejuvenated me.”
face. He cites as an example the increase in the number of clergy in his district who are bi-vocational because their churches no longer can pay adequate salaries. When the ECFIP initiative began four years ago, “about a third of our churches were served by bi-vocational pastors because the congregations thought that they were unable to pay a full-time pastor,” he says. “Now about half of our clergy are bi-vocational.” In his role as project leader, Kirchoff encourages congregations to increase stewardship to be able to hire full-time pastors. “A church can pay a pastor a full-time wage if only 10 families are willing to tithe,” he emphasizes. “It doesn’t matter what size the church is or if its members are white collar, blue collar or a mix. My thought on compensation is that the pastor shouldn’t be the highest or the lowest paid person in a church. Whatever the median income is, that’s about where the pastor ought to be in terms of compensation.”

**Other congregations responded in similar fashion**

when they felt a kinship to the specific purpose that their contributions supported. As an example, the Missionary Church, Central District, created several projects that drew enthusiastic support across the judicatory. One, an “R & R” effort, covered the expenses for pastors and spouses to get away for mini-vacations. Another project was a wellness weekend that invited clergy couples to spend a Friday night at a hotel and then attend an all-day workshop that included health assessments and presentations from staff members of a local hospital.

“At the end of the day everyone who attended received a check to help with medical bills,” says ECFIP director Stephen Lane. He believes donors were willing to contribute to the projects because they understood the need and approved of the plans that addressed the needs. “They don’t like putting money in a bucket unless they know how the money will be used.”

Concerned that some congregations were so cash-strapped that they couldn’t raise the required matching money, Marc Kirchoff developed the Blessings Fund in 2009 for churches in the American Baptist judicatory. This was an opportunity for donors to make undesignated gifts to a pool of money earmarked for pastors and congregations unable to meet the matching stipulation. “It’s a ‘last resort fund’ and it’s doing well,” explains Kirchoff. “When we need to replenish it, we go to our supporters and ask, ‘Would you help us?’ and they do.”

Kirchoff believes a lack of stewardship education is at the heart of many problems that pastors and congregations face. He cites as an example the increase in the number of clergy in his district who are bi-vocational because their churches no longer can pay adequate salaries. When the ECFIP initiative began four years ago, “about a third of our churches were served by bi-vocational pastors because the congregations thought that they were unable to pay a full-time pastor,” he says. “Now about half of our clergy are bi-vocational.” In his role as project leader, Kirchoff encourages congregations to increase stewardship to be able to hire full-time pastors. “A church can pay a pastor a full-time wage if only 10 families are willing to tithe,” he emphasizes. “It doesn’t matter what size the church is or if its members are white collar, blue collar or a mix. My thought on compensation is that the pastor shouldn’t be the highest or the lowest paid person in a church. Whatever the median income is, that’s about where the pastor ought to be in terms of compensation.”

**ECFIP: A Work in Progress**

As congregations and judicatories have witnessed the positive effects of the ECFIP initiative, their enthusiasm has increased and so has their financial support. Project directors reported successful fundraising. Some gifts came with poignant stories attached. After the Fountain City Friends Meeting made the difficult decision to end its ministry, members made a final request before disbanding. “They asked that the proceeds from the sale of the parsonage be designated for the Ministerial Excellence Fund,” says Pastor April Vanlonden. “The work of Fountain City Friends as a group is complete, but the work of Christ is not.”

To help bring ECFIP programs to maturity, in 2012 the Endowment invited its 16 partnering judicatories to apply for sustainability grants. Project directors and judicatory leaders began the difficult tasks of evaluating their programs, crunching numbers, and determining which components of their programs should continue after Endowment support ends. They based their decisions on the lessons their judicatories had learned during the four-year grant period, the progress they made toward
achieving their goals, and their likely success at raising money to cover future program costs. “We don’t want to rob Peter to pay Paul,” says one judicatory officer about reallocating funds within his district’s already tight budget.

As they considered the impact of the ECFIP initiative, project directors listed several general accomplishments of their programs. Among them:

- Financial literacy has improved.
- Congregations and judicatories have a better understanding of their pastors’ needs.
- Conversations about faith and finances are no longer off limits.
- Relationships between judicatories and their member churches have strengthened.

The impact on individual pastors who have benefited from MEF grants is obvious and sometimes quantifiable. Wesleyan project director Mark Rennaker makes a “before” and “after” comparison. “When we first asked our pastors about their economic challenges, their responses broke my heart,” he says. “These were my colleagues in ministry, and they were using words like ‘depression’ and ‘conflict.’” The “after” scenario is far more optimistic. “It’s been a joy to watch the change,” he says. “I read their success stories and hear them say, ‘I feel like I can breathe again.’ Pastors have renewed energy and are more confident and competent about preaching on financial matters. In 2012 we saw our churches start three specific ministries, all with financial elements.”

As discussions about money have become more common, congregations have gained an understanding of how financial issues such as student loan obligations can affect a pastor’s ministry. “Our congregations are autonomous and call their own pastors,” explains Dave Ebeling of the Lutheran Church, Missouri Synod. “Now every time there is a vacancy, someone from the judicatory talks with the church’s board and says, ‘If you call a young pastor, he or she may have this kind of debt.’ We’ve printed numerous documents about the high cost of becoming a pastor, and we’ve sent them to all our churches.”

Charting the Next Steps

Congregations within Ebeling’s judicatory have applauded the ECFIP project but, like many judicatories, have struggled to raise sufficient dollars to sustain it. “One congregation pledged to host an annual chicken dinner with all proceeds going to the Ministerial Excellence Fund,” says Ebeling. Recognizing that it would take more than chicken dinners to support the judicatory’s program, he suggested adding a professional development officer to the staff. The judicatory investigated the possibility and discovered an estate gift, made more than 30 years earlier, had provided for just such a staff position. An executive search followed and a well-qualified candidate emerged. Within two years of accepting the job, the development officer has secured more than $4 million from six people who have put the MEF in their wills. “He’s also helping congregations establish internal foundations and endowments,” says Ebeling.

In addition to sustaining the most promising parts of their proven programs, some judicatories continue to experiment, explore new territory and “build the plane” as they’re flying it. “We went into this knowing it was going to be a learning experience,” says Rennaker. “The program has brought about change in the lives of pastors, and now it’s embedded in our judicatory. We’ll never be the same.”

His colleagues echo the sentiments. “I see a cultural shift within our judicatory,” says Church of God (Anderson) project director Carl Addison. “Churches are learning to be more sensitive to their pastors’ needs. The primary shift in light of all this is that we’re seeing an openness to talk about money that wasn’t there before. Some churches are learning that the way they did things 20 years ago just doesn’t work anymore.”
Economic Challenges Facing Indiana Pastors

RESOURCES


This volume serves as the framework for evaluation within the ECFIP initiative. Copies were distributed to project directors and their respective judicatory leaders in order to provide a common conceptual framework and a means to develop communities of learning and practice. The first section of the book deals with the elements of a project design while the second section focuses on “evaluation as collaborative inquiry.” A concluding bibliography provides further insight. The utilization of these categories permeates the work of this initiative, as project directors and their oversight teams have utilized “collaborative inquiry” as their way of learning from the “activities, results and impacts” inherent in their work.

Economic Challenges Facing Indiana Pastors

www.ecfip.org

After two years of sharing materials with each other in printed form, it became clear that an electronic means of communication would be more satisfactory. A basic website was developed, one that continues to be enhanced for the use of the project directors themselves (e.g., a private forum), as well as others who may visit the site.

Tabs that are particularly useful for visitors to the site include the list of current project directors and their contact information (www.ecfip.org/projectdirectors.htm), the directory of links to each of the judicatory web sites (www.ecfip.org/resourcedocuments.htm), and the resources each of the judicatories have been utilizing (www.ecfip.org/apps/documents).

Indianapolis Center for Congregations

www.centerforcongregations.org

The Indianapolis Center for Congregations, with its offices in five locations throughout Indiana, strengthens Indiana congregations by helping them find and use the best resources to address their challenges and opportunities.

In the Resources section, there are over 130 resource guides, many of which are directly related to this initiative. Examples include: Creating Cultures of Generosity, A Celebration of Giving, Developing Congregational Generosity, Essentials of Church Finance, Giving and Stewardship. One of these resource guides is an eight-page document entitled “Economic Challenges Facing Indiana Congregations” (www.centerforcongregations.org/resource/economic-challenges-facing-indiana-congregations). It is a compilation of resources to support clergy and congregational leaders as they deal with everyday challenges regarding financial issues. Included are sections on Clergy Debt, Clergy Salary, Congregational Finance, Faith and Money, Fundraising, Household Economics, Retirement and Tax Information.

Also in the Resources section, there is a Special Report entitled “Stewardship and Generosity” (www.centerforcongregations.org/resource/stewardship-and-generosity). This piece contains 19 pages of resources organized by categories: books, web resources, media, consultants and events.

Additional Electronic Resources

Since resources can often be identified most thoroughly and most meaningfully through electronic means, the following are offered as some that are most directly related to this initiative:

Christian Stewardship Network

http://www.christianstewardshipnetwork.com/

Christian Stewardship Network helps local churches apply biblical stewardship principles; encourages, teaches and strategizes with stewardship professionals; offers fellowship opportunities for stewardship leaders serving in the local church; encourages the sharing of biblically sound stewardship resources and practices; and networks with Christian organizations to advance the interest of stewardship in the church. The website provides resources in the form of reading lists that explore stewardship theology, money management, Christian living, giving and ministry help, as well as sermons, white papers and teaching resources. To find these items, click on Resources in the top navigation, then click on Reading List in the right hand navigation.

continued
Crown Financial Ministries
http://www.crown.org/

Crown Financial Ministries equips servant leaders to live by God's design for their finances, work and life to advance transformation. This organization provides resources leading to practical solutions for money management. Included are subjects dealing with personal finance, including Steps to Making a Budget and Accelerated Debt Payoff. To find these resources and more, hover your cursor over the Resources heading in the top navigation and click on the subject of most interest to you.

Ecumenical Stewardship Center
http://stewardshipresources.org/

As a Network for Growing Stewards, the Ecumenical Stewardship Center connects, inspires and equips Christian steward leaders to transform church communities through a vital relationship with a generous God and in fellowship with today's church. The website provides information about resources that enable congregations to custom design a variety of stewardship programs or to pursue a capital campaign. Click the More Resources link at the bottom of the home page.

Faith and Leadership
http://www.faithandleadership.com/

The online magazine of Leadership Education at Duke Divinity, Faith & Leadership aims to create lasting change by strengthening the ecology of Christian institutions that enable U.S. congregations and pastors to flourish. Wide arrays of resources are available, including archives of writings and videos pertaining to this initiative. Click the Archives Browse by Topic link in the blue box, left hand navigation.

Financial Peace University
http://www.daveramsey.com/fpu

Presented by Dave Ramsey, this biblically based curriculum teaches people how to handle money. Classes—on location or online—outline how to get rid of debt, manage money and spend and save wisely. Through video teaching, class discussions and interactive small group activities, Financial Peace University presents biblical, practical steps to help people get from where they are financially to where they would like to be.

Flourishing in Ministry
http://flourishing.nd.edu/

This research project grew out of the idea that work should be a meaningful, life-enriching experience. The current focus of this research deals with well-being at work among the people in the caring professions, particularly clergy and their families. Flourishing in Ministry sets out to find what makes pastors and priests tick—and what ticks them off—in an attempt to bring joy to the people who work so hard to bring joy to others.

Resources for American Christianity
http://www.resourcingchristianity.org/

This website portal seeks to assist leaders and participants in Christian communities, scholars and others in better understanding the impact, trends and trajectories of Christianity in American society. By providing both information and reflection on selected projects funded by Lilly Endowment Inc., it offers a unique vantage point for discerning the character and contributions of this tradition within American religion and culture.

School of Philanthropy at Indiana University
http://www.philanthropy.iupui.edu/

The Indiana University School of Philanthropy offers a comprehensive approach to philanthropy—voluntary action for the public good—through The Fund Raising School, Women's Philanthropy Institute, The Lake Institute on Faith and Giving and philanthropic academic studies and research curriculums. The links to these various organizations can be found in the Welcome box on the left side of the home page.
“We went into this knowing it was going to be a learning experience. The program has brought about change in the lives of pastors, and now it’s embedded in our judicatory. We’ll never be the same.”

—project director Mark Rennaker, Wesleyan Church, Indiana Central District