

# Sustainable Church

The rising costs of staff combined with declining memberships and, in many cases, buildings requiring increased capital investment are impacting all sizes of churches today. Most small churches faced these issues years ago, but now even our larger churches are struggling to make ends meet. More and more churches are beginning to look at how they can become a “sustainable church.” In other words, how can we make the income and costs balance over time in a way that frees us to do ministry instead of being held captive by financial concerns?

Many churches still see this imbalance as a temporary problem. They balance deficit budgets by “borrowing” from the endowment (better known as depleting the endowment), they underpay staff, underfund or cut program or defer building maintenance. One of the most common responses to the problem is to “temporarily” cut back on the staff – almost universally without cutting back on the expectations for program. When the staff is unable to keep up with the workload or performance slips, the congregation blames the staff.

The real problem is the illusion that this situation is temporary and that staff, especially the Rector, can magically “fix” the problem. While not all churches are declining – there are plenty that are growing – the reality is that the combination of factors means that in many cases we simply can not afford to be the church *in the same way we’ve been the church in the past*. This does not mean that we can’t be the church at all, but it does mean that we can’t keep doing business as usual and expect the results to be any different.

I believe there are many things we can do to “grow the church” but first we need to learn to live within our means. Like many people in the American culture, the church has come to expect that we can have everything we want and that we don’t have to pay much for it or that we can borrow to get it. When funds fall short, we focus on stewardship drives – which often does increase giving. But even that does not address the fundamental problem: Our churches are built on a foundation of privilege.

Having a church building that is generally used one morning and a few nights a week is a privilege. Having a staff available to answer the phone when we call is a privilege. Having someone clean our churches is a privilege. Having a priest to lead worship, teach classes and be “on call” to respond to pastoral needs is a privilege. It is privilege we used to be able to afford, but we can no longer.

In an era when Christianity dominated our culture, the church held a very privileged place in society. Our churches were built on Main Street or the Village Green and played a central role in the life of the community. That community attended and supported the church...often generously but, most importantly, very broadly. When I was a child in the 1950’s, almost everyone in our small community attended a church – and gave to support the work of the church.

That simply isn’t true anymore – and *that* reality is not likely to change very quickly and perhaps not at all. Americans still believe in God, but fewer and fewer of them are attending church. Even those who identify themselves as Christians, and will even name a denominational affiliation, don’t belong to or even attend a church – except, perhaps, for funerals, and maybe a wedding or

baptism. And even those who attend, don't necessarily see themselves as members. So, they feel little or no need to support the church. That same "dollar in the plate," a significant sum in 1950, doesn't begin to cover the costs we incur by serving the person who places it there today.

What options, beyond the usual, do we have to become a sustainable church?

We need to begin by addressing the issue of privilege. We need to stop thinking that the church exists to meet our needs. We need to stop thinking that we are entitled to have someone there to answer the phone, clean up after us or be available whenever we want a priest. When those things happen, that is great and we can be grateful. But when it is not possible, we need to learn to live in another way. Across this country and around the world, Christians have been the church without a fancy (or any) building, without secretaries, sextons or even without clergy available on a regular basis. They have survived...and many have thrived and done incredible ministries. We need to learn to live with less.

Second, we need to look at the assets we have and how we use them. When I worked with the Episcopal Church's Overseas Development Office I often traveled to Africa where we were helping dioceses train congregations in development work. The basics we taught were actually very simple:

1. What are the needs in our community?
2. What assets do we have? and
3. How can we leverage those assets to meet those needs?

I believe we can use those methods in our own churches. In Africa, our partner churches leveraged a cement slab with a thatched room and a few benches into the weekend community marketplace where each vendor paid a small fee for their space and during the weekdays those benches became the local school with parents paying school fees to have their children educated. Community parties were hosted on that cement slab, the traveling health clinic dispensed medicines and medical exams and the diocesan staff came to teach people farming methods. The church, meanwhile, was both sustained by lots of very tiny fees paid by each user and, at the same time, it became the much valued center of the community. They did that by asking what their community needed, sought to meet that need, and also benefited from doing so. If largely uneducated Africans with next to no money can do that, I believe we can do it too.

### **Our buildings: Parish Halls, Kitchens and Sunday School Rooms**

Most of our congregations have one huge asset they use very inefficiently – their buildings. How many businesses would make it if they were only open for business on Saturday afternoons and an occasional weekday evening? Why do we assume that it is good stewardship to own a building that sits empty most of the week? Why haven't we found ways to use that asset to generate income – and maybe even "do good" at the same time?

Every circumstance will be different, but we need to "think outside of the box" and come up with ways to use our buildings more creatively. For example, Trinity Memorial Church in Philadelphia burned down a few years ago. The community rallied around them and together they organized a separate nonprofit organization that raised money to renovate the building and that now serves as the rental manager of the space. Various cultural and civic groups rent space from that nonprofit organization. The church benefits by having its space used all week and the building maintenance

and capital expenses are covered by the renters. At the same time, it serves as a community center – which undergirds their community-based outreach work, also organized as a separate nonprofit organization. This model means you don't entirely control your church anymore – you don't have the privilege of using it when, where and how you like. You've got to balance your needs with the needs of other groups. But it also means you have a sustainable church.

Talk with your community members to find out what your community needs. Find other non-profits who might benefit from a collaborative effort. Re-vision how your building can serve not just your congregation but the whole community or, in an urban area, at least part of the community. You might be surprised to discover that there are many people in your community who would help you renovate our building so it could be used for the benefit of the community.

Many of our churches are located in areas where people need jobs (development question #1: community need). How can your church building be used to create jobs for people? Do you have a commercial grade kitchen? Or, if you nearly have one, can you beg, borrow or get a state economic development grant or a foundation grant to get it up to commercial grade? If so, you can organize entrepreneurs who can rent the kitchen and parish hall to prepare and pack jellies, candies, sauces or use the kitchen to run a catering business They make a living; you get rent monies to support the work of the church — and you have helped create jobs. If your entrepreneurs are producing something you can sell, you might ask for products “at cost” and sell them at your fundraising events or you can invite them to set up a booth and share some of the profits with you. And don't forget to provide them with an opportunity to promote their products at your church — let them put up a poster, put out brochures, etc. so your members can be proud promoters of your business partners.

Another option is to partner with several of catering companies who will suggest your parish hall as a venue. You'll need a commercial grade kitchen for this (unless they are just serving food vs. preparing it) but some catering companies will even pay to upgrade your kitchen if you give them a multi-year lease and/or an exclusive right to do all of the parish catering for a period of time. Party planners, wedding coordinators, etc. are people who help others find venues for events — give them a tour of your church and make sure they know that it is available. Likewise, contact businesses in your community that host training programs or parties for their employees and invite someone from the Human Resources Department (or whoever makes those decisions) to visit your church. Again, a caterer might be willing to tell you which companies have used them in outside venues — and to introduce you to their in-house contact person. When you're talking with businesses, make sure you remind them that they will have an extra benefit — not only do they get a good venue for their event, they will also be supporting an important organization in their community.

If your kitchen isn't up to grade, you can still house a variety of businesses — especially if you have a row of empty Sunday school classrooms that can be converted into production, storage, pack and ship space. Make spiced nuts (no cooking required) – do a fun “in house” label and sell them to the rest of us as “Episcopal Nuts!” Make truffles. No bake cookies. Bean mixes. Salt and spice mixes. I'm a food person so these ideas come naturally but I'm sure you and/or your entrepreneurs can figure out what could be made that also would sell. Remember – it has to *sell* because your entrepreneurs need to make a living! If you have a few dollars available, you might even consider a micro-lending program to help an entrepreneur get started. The repayment and

success rates in these programs are high, and can benefit you as well as the borrower— even if your interest rates might be lower than the commercial market.

And, of course, you could make and sell these kinds of items yourself – but you need to run it like a business, not like a normal church project. You need to make a reasonable profit. Put together a real business plan and set it up like a business. Research what profit margin you should have for this business and make sure you hit those targets — including factoring in the volunteer time (no fair comparing your profit with volunteer help to a business that pays its workers!). Your profit margin with volunteers should be much higher to reflect the use of volunteers. But you're also more likely to be successful with at least the core staff being paid (not parishioners...which gets very awkward if you need to fire someone). Put people in appropriate roles and, most important, remember to budget for and do marketing! The good news today is that you can market projects online and sell anywhere and there are simple online shopping carts that make setting up an online business quick and easy. But you still have to market your product – if not, how will know where to look for your wonderful items?

If running businesses out of your church doesn't appeal to you, how about running education programs? Many churches already have daycare centers or schools. But we could do adult education and training programs as well. Either rent the space to others who run classes or offer classes of your own. If your need for money is great, make sure you offer classes where you can afford to charge a reasonable fee. If you're looking for some income but want to balance that with service, offer courses in things like: getting out of debt, parenting skills, job search skills, etc. You can't charge as much but you always should charge something – people value what they pay for and you need to pay your teachers and pay rent for the space. Research what programs are successful in your area and what others are charging and make sure you match those fees — and that you can still make a reasonable profit with those fees. The less risky and easiest to manage option often is to rent out the space to a business or agency that already offers a successful program. Finding something that is compatible with your schedule and mission is helpful. For example, the state or city education department or an agency may offer English as a second language classes. Another agency might offer legal services, wellness clinics or job readiness programs.

The other use for a parish hall is to simply offer it to the community for events. Birthday parties, graduation and anniversary parties, family reunion dinners, Quinceanera parties are all potential renters. In addition, there are a variety of clubs and organizations that occasionally need a place for an event — their own fundraiser, a concert or education event, an annual meeting, etc. If event rentals is a potential source of income for you, include marketing in your budget and actively promote your building as a place for events.

In all of these cases you need to figure out how much to charge. Start by researching what others around you charge — both churches and businesses. Churches often (almost always) charge too little. So check on your fee is to calculate your cost. Add up what you spend on utilities (heat, electric, water, trash, internet, etc.), cleaning (sexton's fees, cleaning supplies, mops, brooms, etc.), insurance and any other overhead expense you can think of (e.g., unrelated business taxes you may need to pay on the rental income if it exceeds your costs and is truly unrelated). Then estimate how much time your priest, parish administrator and other employees will spend on supporting this effort and include something for that. Then add up the time contributed by any volunteers who will need to be involved and assign a dollar value to that.

Finally, factor in a capital expenditures amount. Either estimate what your annual capital maintenance cost is (the annualized amount for the roof, boiler, elevator, etc. that need to be replaced in a ten or twenty year period) or look at what would it cost for you to replace the church, how long will that last and what does that represent on an annual basis. Church Insurance has a replacement cost for your church — and you can use the standard depreciation amount as a way of figuring out your annual capital cost. This is not money you spend — it was likely spent years ago by the people who built your church. But when you rent space, you need to factor in that cost because adding wear and tear to your building costs you something — not today or tomorrow, but 30 or 50 years from now some congregation will need to renovate or even rebuild your church. Ideally you will put that portion of the rent into a capital reserve fund so when the boiler dies, you have money to fix it.

In any case, add up all of those costs, divide by the number of square feet in your building and you have a square foot cost. If you have multiple groups using the space, you can divide each space into three time blocks (morning, afternoon and evening) and allocate usage percentages to each group...including the congregation. So if your church uses the parish hall for Sunday mornings, one night a month for vestry meetings, one night a week for choir rehearsal, then your usage is nine units a month. Under this system, the more the building used by other groups, the lower the cost per time block. The other way to calculate it is to divide your total figure by 1095 (365 days x 3 blocks per day). That gives you an cost factor for each block of time. You then know that you can not charge less than that amount per block of time without losing money.

Too often our churches rent out space but price it so low that they are subsidizing the group that is renting from them. This hurts you more than it helps you. And, the IRS might not like this either — it is called private inurement. In other words, you are taking money from your members who are taking a tax deduction for that contribution — and then you are giving it to private individuals by subsidizing what they pay for space usage. This is especially true when you are renting to businesses or to private individuals. It doesn't matter if you are renting to another nonprofit — but, at a minimum, they need to cover your costs. While you can offer a new business a break for the first 3-6 months, for example, (that's often done by commercial landlords as well), you want to charge businesses a fair market amount. So look at your costs and compare that with what others are charging in your neighborhood. That will help you determine a fair fee amount. And then you might still end up negotiating! But at least you will have the data to know what you are getting and what you are giving away.

### **Our buildings: The Worship Space**

Another way we can use our buildings is to share space with one or two other congregations. Yes, it is inconvenient to have to schedule our activities around another church. Yes, they will scratch, break or otherwise damage our precious furniture, floors and kitchenware. And, yes, they are likely to be “different” in ways we find strange or even somewhat offensive. But what better way to share the gifts God has given us than to share those with another Christian community.

It is important to have a clear contract or covenant that spells out *everything* you can think of and to agree to address problems immediately (e.g., on Monday) – not after they have grown into insurmountable obstacles. But you can foster a partnership that gives another congregation a sense of ownership – they can help on “Clean Up Days,” offer skills they have, change the light bulbs when they burn out, etc. In other words, don't become a landlord – become a ministry

partner and invite another congregation to share the costs and work of maintaining the gift God has entrusted to you. Share the building and share fellowship – and you might just discover that you can also share mission and ministry.

If you choose this route, take extensive time to introduce it to your congregation. While this option is emotionally difficult for many people, it can work. But it takes time to get people on board and especially to get them to see this as an opportunity to build a ministry partnership rather than just seeing it as a financial solution. If you are just renting to balance the budget, it is almost guaranteed to frustrate people and generate conflict that's hard to ameliorate. Take the time to lay a solid foundation and get people on board before you go down that path. Involve lots of people in the decision process — host a shared potluck dinner to introduce the congregations to each other, invite each congregation to share their story, their ministries, etc. so people can get to know each other. And make sure that the clergy will agree to settle any problems *immediately*. If you fix that broken item, figure out how to resolve the fact that the place was left a mess or that the door wasn't locked on Monday morning, it doesn't have time to mushroom into a big issue. Let the little things go for week after week and you'll get lots of frustrated and angry church members complaining about the other congregation. The key to a successful shared church is to build relationships, address problems immediately and shared responsibility in caring for the facility.

Finally, if you have a “showcase church,” look into ways to offer it for rentals. Weddings is an obvious use – and they don't all have to be Episcopal weddings (which have to meet certain canonical requirements). If you are in a city, find a Protestant minister to do the service and rent out the sanctuary – this is especially helpful if the wedding is to be in a language or cultural setting other than yours. Find a Wedding Coordinator or two – people who make their living doing weddings, and partner with them. Offer them use of the parish hall for a bridal fair that attracts clients for them and includes the option of using your church and/or parish hall.

Another potential source of income is movie studios. Film directors sometimes need church settings which can look like castles and other venues when filmed appropriately. While the filming can be a major inconvenience (especially if it is in your worship space), it is quite lucrative and they may do building upgrades for you. If they need something to look a certain way, they will build it or paint it – and when they leave, they will return it to what it was before or upgrade it for you. This is a great way to get a new paint job in the parish hall, fix that broken window or get new carpets and a paint job in your sanctuary when they do that wedding shot in your worship space.

Many people worry about losing their non-profit status if they do rentals. If you have a large complex, you generally are not at risk because the unrelated business income will not exceed your overhead costs (including annualized capital costs, some personnel costs as well as heat, electric, etc.). Renters that are “related” don't count, so if it is something that you can define as ministry, that income is excluded from unrelated business income. But make sure you work closely with your accountant to ensure that you document everything properly so you can respond to any inquiries from the IRS. If you generate income that is not ministry-related (e.g., building rentals to a film-maker/movie company) and your income exceeds your expenses, you probably will have to pay income taxes on that income so make sure you include that in the price you quote. As they say, the bad news is you have to pay taxes – the good news is you have income on which to pay taxes! But don't assume that just because you are a church, you can take in money at will without paying taxes – talk with your accountant.

## **Our people**

How can you help make all that happen? Use the people in our congregations in new ways. Ask them for their ideas and ask what they would like to do. Encourage them to ask family, friends and neighbors. You might be surprised to discover that some of them are glad to help you implement an idea (and they might eventually end up joining your church!). Organize people into teams around interests or skills they have. Don't forget the young people and children – they often come up with some of the best ideas! Look at what you could do differently as a congregation and what you might be able to do to raise income. Use trends, like the current interest in the environment, to encourage people to do simple things that save money — like bring their own coffee mug from home or label one for themselves and then wash it after they use it. Little things add up over time.

An asset most churches have that is often ignored is retirees – and many more of them coming very soon! The Baby Boomers are just hitting retirement age. They are healthier and more active than any retiree group before them and they do *not* want to just fold bulletins or take flowers to the shut-ins. Our business retirees could mentor entrepreneurs in business skills; others could help with marketing, packaging, delivery and even using their former business connections to help find markets. They can teach classes – and members who might not be able to give more money might be willing and able to teach skills they use at work or at home. Remember that those teachers (or business mentors) might not be members of your church – look around your community and see who might be able to fill those roles. Since those roles could be paid as well as volunteer, you might provide jobs as well as generating space rental income for the church.

If you have the capacity to rent your buildings to others, identify members of your congregation and community who can help you develop and implement a business plan. Many of them might have networks they can tap into to identify potential clients to rent the space. If you don't have an outside group renting your classroom space, see who in your community might need such space. Pre-schools are an obvious match but there are other agencies and organizations who need multiple small rooms and who might be willing to offer their classes or hold their meetings in your space. Don't assume that your existing members need to do all of this – look for people and groups who might be willing to partner with you.

## **Planned Giving**

Finally, another area that needs intentional attention is planned giving. In the past we could assume that people would include the church in their wills. Today we need to ask. Create opportunities for people to think about what they will do with their life's assets – workshops and other educational offerings open to the community provide a service as well as open up an opportunity to invite congregants to provide for their church. When you have a need for something tangible – especially if it is something like a sacred object, a window, organ, etc. – ask people to give for that. Create a simple brochure in a software program like WORD. List a range of items that could be done with a donation (some at the \$100 level; some at the \$5-10,000 level and a few in between). Title it something like “In Memory of Your Loved One” and write a gentle introduction that offers people an opportunity to do something. Put that brochure around the church (some people will read it and buy an item honoring someone or maybe just because they wanted to do it).

Put together a funeral packet that includes a pastoral letter from the priest offering support in the days ahead, a couple of helpful booklets about the grief process, a list of bereavement support groups if there are some in your area, and this brochure. Make sure this packet is more pastoral than anything else — it should say “we're here to support you” and only incidentally be about paying for something in memory of their loved one (although for many people that's a real source of comfort). Send that packet to families about two weeks after the funeral.

Make sure you provide giving opportunities for your members including those with limited funds. Some churches list weekly donors for the bread and wine or sanctuary lamps as well as the usual flowers. A music fund allows those with a passion for music to support that ministry with both large and small donations. And don't assume that only congregants will give – offer your community the opportunity to contribute. You might be surprised to discover that a donation for a sanctuary lamp to burn in memory of a loved one ends up drawing the giver back into church life. We need to provide people with multiple ways to give – ways that are meaningful to them and provide an opportunity to evangelize as well as receive funds to support the church's ministry.

These are only a few examples of what you might do to fully utilize your building and people, which is likely to be two of your major assets. There are dozens of other good ideas your congregation and community can identify and implement. Think about how you can partner with schools, the government, businesses, other churches and nonprofits and even your neighbors. Think about how to match needs and assets.

## **Saving Money**

The other side to raising money is to save money. One way to do that is to do it yourself. Having paid staff is a privilege. Some churches can no longer afford that privilege...others might choose to forgo it to free up funds for mission. In either case, there are lots of things you can do yourself. Some of it may be as simple as changing habits – make it a habit that everyone cleans up after coffee hour or straightens a room after using it instead of leaving that work for the sexton. Many churches use volunteers to clean up, plant flowers and make repairs. Other churches have “gone green” and use mugs instead of Styrofoam or paper cups (and wash the cups themselves before leaving), lowered thermostats in the winter, invested in insulation and found other ways to help the environment and the pocketbook.

Another option many churches have not explored is collaborative outsourcing. One small church does not have much purchasing power. But several churches can combine their dollars and negotiate for lower cost fuel, a common copier maintenance contract, shared custodial or landscaping services, etc. Identify a good negotiator, agree on a strategy, make a commitment to honor the collaborative effort and get at least three bids. Then negotiate for the best price you can get. Don't forget to consider inviting other nonprofits into the collaborative. You lose your independence and some control when you negotiate collaboratively, but you often can save money. And just think of all the Vestry or Building Committee time you save having to decide which company to hire for this or that job!

Finally, ask for discounts. If you don't ask, you generally don't get one. I asked every vendor for a discount and all but one gave me 5-10% off of our bill. It adds up. Also, double check to make sure you aren't paying taxes when you shouldn't be. The phone company charged us business tax instead of having us as tax exempt which resulted in a \$900+ refund when we filed for a it.



## **Re-visioning Ministry**

The last, and most important, way to become a sustainable church is to re-vision ministry. The model of ministry that has a group of people who hire one or several people to do the church's ministry is not only a sustainability issue, it is a theological issue. The church is not about a building, worship and programs. It is about the Christian community and how it and its members serve God and the world.

While "total ministry," "mutual ministry" or, more recently "baptismal ministry" may have been adopted initially by churches that could no longer afford full-time clergy, the theology of baptismal ministry is beginning to infuse congregations of all sizes. Some of our churches have moved to an entirely volunteer church staff – and have discovered new life as their members begin to exercise their baptismal ministries instead of just doing the dishes and helping out at the edges. Other churches may have one or more paid staff persons, but still have volunteers doing the most of ministry with the paid staff providing the training, support and organizational backup. The church is becoming a ministering community instead of a community gathered around a minister. And the ministry is happening in the community, at work and at home instead of just in the church building. A congregation that is invested in doing ministry is more sustainable than one invested in having a building, program and staff available to meet their needs.

## **Gospel mandate**

Jesus tells the story of servants who each receive custody of their master's money while he goes away for a long time. Two servants use the money wisely and return multiples of it to the master when he returns. They hear: "Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!" The third servant hides the money he is given and returns it to the master who rebukes him, takes the money and gives it to the servant who multiplied his money.

Our assets, whether buildings, money or people, are resources God has entrusted to us. When we hide them or use them for our own needs but fail to leverage them in ways that multiples what God has given us, we are like the servant who is rebuked. We are called to use our assets in ways that multiplies them. A sustainable church is not just a way to make ends meet. It is a way to live out the Gospel message on a communal level. It is a call to use the gifts God has given us wisely – and to multiply and use them to extend our ministry to more people in more creative ways.

And finally, there are some advantages to having less money than we need — it requires us to depend on God. God calls us to do the work God has given us to do. And God will provide what we need. So pray that God will open the way before you — and give you what you need to do the work God has given you to do. When we do God's will, the energy level goes up and the resources we need appear. When things are not working, when the energy is declining, people are pulling back, and the resources aren't there, it is time to stop and return to prayer, seeking God's guidance. Too often we pour enormous time, talent, energy and money into something we think we SHOULD be doing. Gradually we become exhausted, discouraged and burnt out. Stop. God does not call us to be exhausted, discouraged and burnt out. So if that's where you are, stop doing whatever you're doing and try something else. Whatever you try, if it works, do more. If it doesn't work, stop and try something else. And above all pray. Pray that God will show you the way and that God will give

you whatever you need to do the work God has given you to do. Pray for that in your personal prayers and in your worship. Pray that you will seek and serve God — no matter where that leads you or what you will have to leave behind. Because, at the end of the day, that's what we are called to do — to seek and serve God, to proclaim the Good News, to heal the sick, feed the hungry and say “the Kingdom of God is at hand.” And it is God who will teach and lead us in doing that — if and when we depend on Him and not on ourselves.

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