Considerations for a Church Debt Reduction Campaign

Many congregations are in debt. Sometimes that debt can be debilitating and inhibiting in terms of the congregation’s ability to move forward in mission and ministry. If a vestry decides to investigate what is needed to have a debt reduction campaign it should keep in mind the following questions and information based on research done on churches that have undergone debt reduction campaigns.

1. **Is there a sense of urgency to reduce the debt? If so, what is driving that urgency?**
   
   Debt reduction campaigns are the most difficult fund raising effort a church can ever undertake. People do not like debt, especially debt created by others, a long time ago, that they are being asked to pay off. Without a sense of palpable urgency, debt reduction campaigns are challenged in meeting their goals.

   Examples of urgency are visible building hazards, staff reduction tied to financial inability, lack of pressing staff development, including the adding of new staff, because of financial restraints. If the reduction or addition of staff persons is a part of the need, they usually must be ones who have a high profile, lots of interaction with people, and have responsibility for ministries. Background administrators who aren’t in the forefront of congregations are rarely considered “urgent needs” because people do not interact with them much. The ‘urgency’ needs to be very obvious to the average person in the pew in order to capture people’s attention. Urgency can create priority. Non-urgency, i.e. “We have had a lot of debt for a long time and have seemed to manage, what is so urgent about this now?” kind of response to a debt reduction campaign will assure its inability to be successful.

2. **How much information does the average person in the pew have about the level of debt the congregation has, how long it has had it, and from where was it generated in the first place?**
   
   A minimal component of a debt reduction campaign is information about the debt. People want to know all the reasons for having the debt in clear terms. This doesn’t mean overloading people with pages of information, but clear, concise information is essential. All information about this debt should be tied into the original vision for the fund raising and how the debt reduction has been handled to date. Congregations should not allow debt to exceed about 12% of the church’s annual operating budget.

3. **When was the last time the congregation had a capital or debt reduction campaign?**
   
   For years, leaders in congregational development taught that churches should never be out of debt, that one campaign should follow on the heels of the next, that churches should be accustomed to always being in a campaign and always having debt. This is very tricky theory. ONLY in fast growing congregations with lots of new members to participate in campaigns is this type of activity ever tolerated. Going ‘back to the well’ of the same givers over and over becomes exhausting and frustrating for church members. Church members anticipate annual campaigns for ongoing expenses. They only expect and will support occasional extra fund raising efforts and these efforts are only supported when there is clear urgency and need in the congregation. Timing is very important. Research has shown that fund raising campaigns for capital improvements and/or debt reduction CAN be run successfully simultaneously with an annual campaign.
However, the communication about the need and the difference of the two opportunities for giving must be communicated well.

4. **What is the expectation of the debt reduction campaign? Is it to pay off all the debt?**
   RARELY does a church raise enough money in a debt reduction campaign to pay it all off. It is best to set two or three levels of goals for debt reduction so that whatever level is reached it is a ‘win’. The key should be debt reduction instead of elimination unless the debt amount is relatively small. Planners are often overly optimistic in debt reduction campaigns that the givers will have a high degree of motivation to give. They don’t unless it is strongly attached to critical needs that they individually feel (see #1).
   If the debt is comprised of multiple loans, address the loan with the highest interest first. Debt reduction campaigns often raise 1x the operating budget of a church.

5. **What is the plan for the debt reduction campaign?**
   If the answer is, “we don’t want to make a big deal of this so we thought we would send out a letter and make a few announcements in church,” the campaign will fail. Some money will be raised, but this type of approach hurts future campaigns. People reflect back on minimal campaigns of this simplicity as failures and are often reluctant to try again. It is better to put comprehensive effort into a debt reduction campaign and achieve at least minimal goals then to miss the mark entirely with a lack luster effort that really does very little to ease the strain of the debt. There must be a comprehensive plan with a keen sense of objective, great communication through different media (oral, written, presentations, video, etc.) with as strong, if not stronger case statement than a well designed and implemented capital campaign. One on one, person to person, group to group aspects need to be built into the campaign. Don’t undertake a campaign unless the group responsible for the effort is willing to go the extra mile with the plan. It is recommended by the Diocese of Texas to employ the services of a capital campaign consultant to work with the congregation on a serious debt reduction campaign. A congregation will maximize the results by utilizing a professional consultant.

6. **Is everyone in the leadership group, including clergy, willing to contribute to the debt reduction campaign and publically state that they will and why they are doing so?**
   Without the leaders supporting this effort in a tangible way, few others will follow.

7. **What can be added to the debt reduction campaign that is an inexpensive improvement that is concrete and a perceived need for the congregation?** Sometimes debt reduction campaigns benefit from being combined with simple improvements added to the campaign (new carpet in a room, paint job, refurbishing of a public area, etc). This improvement should be added on as an incentive once a certain level of giving is obtained.

   **Example**
   Level 1: Raise $50,000, next $10,000 goes for refurbishing of parish hall. Level 2: Raise $100,000 next $20,000 goes to refurbishing of parish hall and resurfacing of parking lot. Level 3: Raise $200,000 next $30,000 goes to refurbishing of parish hall, resurfacing of parking lot, and repainting of all class rooms. The add-ons could also be missionary in nature, giving away to outside organizations the church may have a relationship with that the people like to support.
8. Are there predictable times when a debt reduction should NOT be done?
   If a congregation is having a difficult time raising operational funds through regular campaigns it is best to focus energy in upgrading those campaigns first before undertaking debt reduction work. Also, during an interim without a rector congregational leaders some time feel it is important to ‘clean up our debt before the new rector comes.’ The reality is that members of churches want to know and trust their new leader before they will commit to debt reduction. Don’t attempt a debt reduction campaign during an interim period without a rector unless it is a prolonged interim period of at least a couple of years and the debt reduction is part of a whole strategy to redevelop the congregation prior to the search for a new rector.

Essentials for Congregational Debt Reduction:

1. Sense of Urgency
2. Communication, communication, communication that creates buy-in through personal and congregational methods.
3. Tied to the values, mission and vision (including written goals if possible) of the Church in ways that make sense.
4. The emphasis being on the theology of stewardship of God’s abundance and how the church is called to respond personally and corporately. Scarcity (‘we don’t have enough money’) is rarely a compelling reason to give.
5. Reflection on all the above questions and prayerful discernment by a committed planning group to move forward.
6. Total support, verbal and financial, by the clergy and vestry. Naysayers in leadership need to find ways to support the campaign in order for it to be successful.
7. Significant debt reduction campaigns should utilized the services of a capital campaign consultant. Contact Bob Schorr at the diocesan center for the recommended list of capital campaign consultant firms.

Mary M. MacGregor
Canon for Congregational Vitality
Episcopal Diocese of Texas
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