

Navigating the Local Churches Potential Financial Difficulties in Light of COVID 19 Pandemic

Here are some suggestions/recommendations. You are encouraged to share this with your church board and then meet (probably online) to develop a plan for your church to navigate these difficult financial struggles.

1: Estimate what a reduced level of income from the people in your congregation might look like. There will be people in the church who will be laid off or released from their jobs because the business or company they work for will not have funds to pay them. This is already happening. No income, reduced income, or unemployment income means there will be a drop in church income due to people's inability to give. In addition, some persons who still have the capacity to give, may stop giving or at least reduce their level of giving out of fear. At this point no one knows how extensive that loss of income will be or for how long it will last. If your church is fortunate, maybe the loss of income will only be 25-30%. It could be as high as 50-60%.

Determining what your congregation's pandemic level of income will be is an educated guess. You might want to bring together some of the best financial minds at your church to develop this income estimate. Remember, a bad estimate is better than no estimate.

2: Develop a crisis or emergency church budget based on loss of income. Since it is likely that your church will experience a 25-30% decline in giving, that is a good standard to use in developing your emergency budget.

This kind of budget requires identifying which line items are essential and which are not essential or optional. Your church's goal is to financially stay above water until things are back to normal. Identify your primary obligations and then prioritize them. You may even need to prioritize your priority obligations. Distinguish between wants, like to have, and absolutely essential. Be diligent because you can never get the dollars back that you spend. Remember, the emergency budget is not permanent. It is temporary, just until the crisis passes. And the biggest obstacle in developing it is probably your emotions.

- Identify all of your expenses that can be eliminated from the budget and remove them.
- Identify all expenses that can be delayed indefinitely. Keep in mind that this is an unprecedented financial crisis, so you probably aren't realizing at this point the extent to which you may need to delay some bills indefinitely (multiple months) so that even more critical expenses can be covered. These may include even include deferring payment on utility bills (Hopefully, the government will mandate that extended grace will be given for a period of time re: utility bills without hurting credit or services being turned off), scheduled facility maintenance, and needed repairs and/or renovations, subscriptions, etc. It may be wise to contact your utility companies, credit card services, etc. to ask whether and how long they will give grace.

- Depending on the size of your church, it is unlikely that you will be able to retain all staff – at least at current levels of pay. Though personnel should probably be the highest priority in your emergency budget, you will likely have to make some personnel cuts. Though it is difficult to prioritize staff, you will have to identify what staff cuts need to be made and consider when to implement level one personnel reductions or layoffs. Reducing the pay of current salaried staff and reducing hours for hourly staff may give you some financial breathing room. Though this will be undesirable and painful, be aware that if the church runs out of funds no one on the payroll will be paid. As you make staff reductions, be as compassionate and caring as possible recognizing that many of the people your church employs depend on the income they are receiving from the church. They are probably already wondering when staff reductions will take place. Staff who also work other jobs might be willing to volunteer to be among the first to temporarily stop receiving compensation for their staff role.
- The greatest asset your church has during a financial crisis like this is the pastor, not the church facility. If you have a multiple staff, the greatest asset is the lead pastor. If you are the pastor, it will be really awkward for you to have this conversation with your board. Consider inviting your state pastor or some other trusted leader to have this conversation (probably via Zoom) rather than you. Providing a copy of this document to board members can help ease into the conversation.
- Investigate whether any of your staff can receive unemployment benefits. Churches do not pay into unemployment insurance like companies and organizations do, so normally unemployment benefits are not an option. But keep in mind that these are unprecedented times, so guidelines may be adjusted during this time.

3: If you have a mortgage(s), talk to the mortgage holder ASAP and seek to suspend payments for three months. Some mortgage vendors have already sent notices to mortgage holders that they will work with their customers. There are likely to be a lot of organizations, companies, and individuals who realize after a month or two that they cannot keep current on their mortgage. So call now.

The mortgage payment is typically a large expenditure for a local church. Those dollars in the immediate will be needed for other critical expenses, such as basic personnel. Even if a church can pay the mortgage for a couple of months, if it does so only to find that the financial crisis lasts longer than a month or two may find itself in a financially compromised position. Suspending mortgage payments for multiple months would be ideal as it will take time for a church to reach financial stability after the crisis is over. Yes, it will lengthen the life of the loan. Worse things than incurring penalty fees could happen during a financial crisis like this.

If your lender is unwilling to allow you to defer your mortgage payments for a time, another option would be to ask if you could make interest only payments. Depending on the terms of your loans and the number of years you have left until payoff, this might be acceptable. It definitely won't save you as much as deferring your payment, but some savings is better than none.

4: Communicate with your church to make your people aware of steps that are being taken to manage the financial crisis. Keeping people informed is essential. Encourage them to pray for the church, the community, families that are being devastated by the crisis, the country, etc. Also, encourage them to be faithful in their giving during this crisis period and beyond. Thank those who are already giving online. Recognize that some who receive this communication will be feeling very guilty if their financial situation takes a downturn, so **avoid using guilt as a motivator**. Also, communicate additionally with the church's larger givers, express gratitude for their generosity, and provide encouragement to them.

5: Once you have finished your emergency budget, develop a second crisis budget that is more drastic than the first one. You might want to base this one on previous income being 50% less. The chances are your first emergency budget did not involve sufficient cuts. Making significant budget cuts requires significant emotional processing. And that takes time. If this financial crisis lasts longer than 3-4 weeks (and it is likely to), making more severe cuts early on can better position the church for recovery. Depending on the amount of staff your church employs, this second crisis budget may include additional layoffs and/or salary reductions. This is the budget where you eliminate or reduce some things that you weren't emotionally ready to address in the first emergency budget. The goal here is to develop a solid crisis budget that allows the church to survive the storm. You cannot recover spent dollars. If giving drops below 25-30%, then you are prepared to begin implementing the second emergency budget.

6: Balance generosity and due diligence. Some are tempted to circle the wagons and just be concerned about themselves during times of financial crisis. And some are tempted to downplay what is happening by letting their faith become flippant by saying they are trusting God that this crisis isn't a big deal. **Wisdom would encourage us to respond with faith while using the best judgment that God has given us.** So as you develop the crisis budgets, have a line item that empowers the church to be generous in caring for others during this time of crisis. Many, many families are being significantly affected on multiple levels by what is happening. We are called to be the hands and feet of Jesus - especially during times of crisis. Love and serve like Jesus. The crisis is a great opportunity for the Christian community to demonstrate trust in God and love for others. You can't meet every need, so you will have to be selective.

7: Check the church's balance sheet for designated giving and consider asking persons who gave designated gifts to allow them to be redirected during this time of crisis. Churches sometimes have sums of money for a designated project that are unspent and are carried on the books for months or years. The crisis at hand might outweigh the need for which those funds were originally given. If persons who gave the funds are asked, they might be willing for them to be redirected to a more pressing concern.

8: If your church hasn't already done so, now is the time to set up online giving. Most church plants have online giving and receive as much as 80-90% of their support via online gifts. This will help them tremendously during this financial crisis. Many established churches do, too. If your church doesn't, now is the time to implement it. To find out what vendor might be best for your church to use, contact some pastor friends and find out who uses what and how they like it.

Or check out the options below. Non-digital giving will become an outlier in the near future, so take action now. Your church should presently be receiving about 60% of your financial gifts digitally. Building a strong online giving culture will require a lot of communication with your congregants and will need to be a focus over the next couple of years.

If you aren't familiar with online giving options, then look at the end of this article. There are others that might serve your church better, so check around.

9: Begin developing a plan for what you will do when the lockdown and crisis are over. Your church's old budget will likely no longer work. After you address more pressing concerns, develop a new plan... a new budget. Though there are a lot of unknowns at this point, don't wait until everything is back to normal before you start thinking about the future. You will want to ease into a revised budget since income will probably recover over a period of months rather than days or weeks. That means you might have to restore staff compensation and hire back staff gradually. You will likely want to develop a 2 or 3 tiered budget restoration process that includes metrics for when to move to the next tier. You don't want to create an additional financial crisis by spending at pre-crisis levels before the income can handle it.

10: Check into short terms loans to help the church emerge from the financial crisis. Usually not-for-profits do not qualify for loans that small business can receive. But these are unprecedented times. Usual lending policies might be revised to help churches manage the current crisis. Loans like this may come available in the coming weeks, so don't assume what you find out today is still accurate tomorrow. At present some states are offering grants for day cares. More grants or loans are expected to be offered in the days to come.

11: Check with your insurance company to see if your church qualifies for loss of business income. Again, though churches may not normally qualify, the unprecedented nature of this crisis may stir generosity and new opportunities. Some policies do provide this feature in the event of government mandated shutdowns.

12: After the church has recovered from the financial crisis, develop a plan to replenish financial reserves so that you can build up to between 90 days and six months of reserves. Your church will likely deplete many or all of its reserves (or contingency fund) during this financial crisis. Don't panic. That's what reserves are for – to get us through an emergency.

While the current crisis may be a 100 year crisis, another one (though hopefully not as severe) is likely to happen in the future. So it is important to replenish those funds without crippling the operation and ministry of the church. Once the church's financial condition levels out, set aside some money each month to replenish the church's reserves. It will take time to rebuild it, so don't try to replace it overnight. Have a plan.

If you are thinking this is just a two to three week financial inconvenience, then these suggestions sound like overkill. Everyone hopes the economy gets back to normal ASAP. If you plan for it to last longer but it runs its course more quickly, then what have you lost? Take the precautions. **Kingdom work is too important to treat lightly!**

Online Giving Options

The following is from [Outreach Magazine](#).

1. Tithe.ly

- **Platform:** Mobile, online giving integrations, kiosk giving, admin gift entry, and text to give (additional fee)
- **Price:** Free Component (\$19 per month for Text to Give, other fees vary)
- **Transaction Fee:** 2.9% + \$0.30 per transaction

Why we like Tithe.ly

- **Easy to set up and manage.** Tithe.ly is free to set up and easy for admins to manage. They have great customer service and are available to answer questions through online chat or over the phone.
- **Convenient for donors.** Give through the app or through a website integration that doesn't require users to leave your church website. Tithe.ly accepts ACH bank transfers, credit and debit cards, and manual entry.
- **Recurring gifts and payments.** Donors have the option to set up recurring gifts, which helps them establish consistent giving habits.
- **“Cover the fee” option.** Donors can select if they want the option to cover the transaction fees as an extra way to support your church.

2. EasyTithe

- **Platform:** Mobile, Facebook App integration, text to give, and kiosk (additional fees)
- **Price:** Tiered pricing ranging from \$0 to \$49 per month
- **Transaction Fee:** Varies depending on pricing tier. Free option is 3% + \$0.39 per transaction

Why we like EasyTithe

- **Free option.** If your church is looking for something simple, the free option gives you the functionality of mobile and online giving. Plus, there's no startup fee.
- **Free app for churches.** Churches can get the MinistryOne church app which provides access to not only giving but, sermons, video, event registration and streaming video
- **Convenient and easy to use.** Donors can set up automatic recurring donations and pay with credit, debit, and ACH.
- **“Cover the fees” option.** Donors can choose to have transaction fees automatically added to their donation.
- **Online store.** Paid versions of EasyTithe offer a free online store interface that makes it easy for your church to sell items online.
- **Customer Success Team** – Helps churches launch online and mobile giving with videos and 1:1 coaching.

3. Givelify

- **Platform:** Mobile, online giving integrations, kiosk giving, admin gift entry

- **Price:** Free
- **Transaction fee:** 2.9% + \$0.30 per transaction

Why we like Givelify

- **Convenient church app.** Easy to set up and add your church's branding, plus donors can give through the app in less than three steps.
- **Great for big or small churches.** The simplicity of giving through an app on your smartphone makes this a great option no matter the size of your church.
- **Free to setup and download.** Givelify has no setup fee or monthly charge, plus it's free for donors to download the app.

4. PayPal

- **Platform:** online giving integrations (website and email)
- **Price:** Free
- **Transaction fee:** 2.2% + \$0.30 per transaction (for qualifying non-profits)

Why we like PayPal

- **Easy to set up Donate button.** PayPal has a simple button users can add to any page on a website or embed in an email.
- **PayPal.Me.** Create a customized landing page with a link unique to your church for your PayPal Donors to visits.
- **Recurring payments.** Donors can choose to give through automatic monthly payments by clicking a simple checkbox.

5. Pushpay

- **Platform:** Mobile, online, text, kiosk giving
- **Price:** Tiered
- **Transaction fee:** varies by card type, ranging from 2.5% – 3% per transaction

Why we like Pushpay

- **Drives participation.** Pushpay built their platform to nurture non-givers through a journey toward becoming recurring and fully engaged mobile givers.
- **Top-notch support and security.** With a large team devoted to coaching customers through a 60-day launch strategy, plus ongoing support, Pushpay equips you for success. Regular updates to the platform that prioritize high-level security keep your information safe.
- **More than just giving.** With the advanced and complete tiers of Pushpay, your church can customize the app for use beyond giving: connection cards, sermon notes, and bible reading plans are a few extra options.

Ultimately, choosing the right church online giving platform depends on the needs of your church. While each platform offers something a little different, all will help you provide your congregation with a way to give that suits their lifestyle. As you research giving options, don't be afraid to contact these companies to ask questions and schedule demos. Find the platform that works for your church and watch your online giving numbers grow!