

Church Stewardship in the Age of Financialization:  
Changes in World Economics Mean Changes in Church Stewardship

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## Introduction

### Purpose

“Churches have a pre-1950s mindset toward money and haven’t provided a positive agenda in an age of affluence,”<sup>1</sup> suggest John and Sylvia Ronsvalle in *Behind the Stained-Glass Windows: Money Dynamics in the Church*. It is not just local churches with a pre-1950s mindset. The study of church stewardship has not been given fresh eyes since the mid-1900’s and old concepts, practice models, and training programs are still in play despite the ever-changing economic and cultural context the church practices stewardship in. Theological concepts drawn from Biblical texts are eternal and unchanging, but application of those concepts as to how better to serve the communities in which we live is subject to review. National and global economies are becoming increasingly financialized and the church is following suit. The research questions this paper attempts to answer are: (1) What has changed in the church that requires revisiting stewardship concepts, practice models, and training programs, and (2) What kinds of updates should be made?

### Significance

Money is used differently today than it was used historically, necessitating new mental maps. The generous members that make up our congregations today are facing a new, and foreign, economic landscape with changing laws related to non-profits, income tax, gifting,

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<sup>1</sup> John and Sylvia Ronsvalle, *Behind the Stained Glass Windows: Money Dynamics in the Church* (Grand Rapids: Baker Book House Company, 1997), dustcover.

deferred compensation plans<sup>2</sup>, and personal retirement plans.<sup>3</sup> And when resources reach local churches, resources are being mismanaged: church workers, committees, buildings, and funds are ineffectively utilized. Churches not blessed with shrewd and knowledgeable stewards are operating at deficits and going further into debt. Church workers are over-worked, many are subsidizing budget shortfalls, and some are experiencing burnout. Attendance is shrinking, membership is declining, and local churches are closing their doors. But, while membership is shrinking, institutional and agency assets are on the rise.<sup>4</sup> On some level, such stewardship issues affect every congregation and every professional church worker.

Because of these stewardship problems, divisions are becoming wider and the gospel is being harmed. Some in the LC—MS may flinch at the idea of moving away from the way things have always been done, genuinely believing it would mean putting aside biblical norms and truths. But our Lord became incarnate in the world to reach the world with the gospel message. The church should also enter the world, meeting people where they are: the primary mission of the church.

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<sup>2</sup> Today's modern employees are often compensated by perks and fringe benefits, that are either deferred or not in actual dollars, for example, a company car, subsidized meals, trips, etc. These fringe benefits reduce the actual take-home income and thereby the member's tithes and offerings.

<sup>3</sup> The employer-employee landscape has been tipped on its ear, and costs have shifted to the employee, meaning an employee's income after tax (due to benefit deductions and rising taxes) is shrinking. Employees are now being asked to "absorb" the cost of the elimination of pension plans, rising cost of health care, and funding retirement.

<sup>4</sup> According to David Strand, "This is the first time in living memory that all Synod indebtedness to external entities stands at zero." <https://blogs.lcms.org/2019/synods-external-debt-is-no-more-a-milestone-achievement/>

## Literature Review

### What has Changed in the Church?

#### The Middle Class is Shrinking

John and Sylvia Ronsvalle's statement, "Churches have a pre-1950s mindset toward money and haven't provided a positive agenda in an age of affluence,"<sup>5</sup> is immediately followed with an example: "increased personal debt, smaller amounts of resources are available for personal giving."<sup>6</sup> The Ronsvalles are describing income inequality or wealth disparity.

They note that people aren't giving enough money; at least not for "denominational support, seminary support, international missions, and so forth ... ."<sup>7</sup> As a result, regional and national denominational offices are no longer trimming the fat from budgets, as one national leader termed it, but have had to start carving into muscle."<sup>8</sup> The Ronvalles research discovered denominational leaders are counteracting shrinking denominational support from congregations by going directly to generous high capacity donors and avoiding the stingy ones.<sup>9</sup> "Several denominations have begun to consider whether large donors who are underchallenged at the congregational level might not want to become more directly involved in making contributions to the denominational level."<sup>10</sup> The fact that there are fewer, larger donors is at least some evidence that many church members find their wealth shrinking, while a few find their wealth increasing.

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<sup>5</sup> John and Sylvia Ronsvalle, *Behind the Stained-Glass Windows: Money Dynamics in the Church* (Grand Rapids: Baker Book House Company, 1997).

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*, 305.

<sup>8</sup> *Ibid.*, 30.

<sup>9</sup> *Ibid.*, 88.

<sup>10</sup> *Ibid.*, 88.

Wealth disparity is well-documented as an increasing phenomenon in the United States, but has not been the topic of much study in the LC—MS. Pew Research Center documents trends going back several years, hinting that the LC—MS is following similar trends to the surrounding communities. The LC—MS is also 95% white, and historically upper middle- to middle-class. More research is required to show how deep and sustained the trend toward wealth disparity is in the LC—MS.

Carlson notes that, with the advancement of technology in the developed countries and cheap labor from the developing countries, the American middle class got wacked. He claims, “Over the same period in which manufacturing declined, making the middle class poorer, the finance economy boomed, making the rich wealthier than ever before.”<sup>11</sup> He maintains, unless managed judiciously, wealth disparities cause political and social instability.<sup>12</sup> Carlson argues, “When all the spoils seem to flow upward, the majority will revolt in protest...If they continue to feel ignored, they will support increasingly radical leaders [or ideas], who over time will destroy the ruling class, along with everything that made it prosperous.”<sup>13</sup>

Ignored LC—MS members can vote with their feet; in fact, they have been. Over the last 40 years, the LC—MS has lost significant members.<sup>14</sup> Congregations are also voting with their budget expenses. Nearly half of LC—MS congregations do not participate in the traditional LC—MS health care and retirement benefit plan products. Instead, these congregations have

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<sup>11</sup> Carlson, 6.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid., 240.

<sup>14</sup> Roger Drinnon reported in a March 3, 2015 article titled, “Synod Leaders Assess Church Decline, future at summit,” that the Synodical membership has dropped about 12 percent in the last decade alone. <https://blogs.lcms.org/2015/synod-leaders-assess> .

made what they consider to be wise stewardship decisions to better steward their finite resources and avoid church worker's subsidizing budget shortfalls or a reduction in force.

Carlson writes, "They [the ruling class – the guys at the head of the institutions with all the money] view the concerns of middle-class America as superstitious and backward. They fantasize about replacing Americans who live here, with their antiquated attitudes and seemingly intractable problems, with a new population of more pliant immigrants."<sup>15</sup> Carlson characterizes the ruling class as viewing America "the way a private equity firm sizes up an aging industrial conglomerate: as something outdated they can profit from."<sup>16</sup>

Similar conversation has been bantered about in the LC—MS regarding "old" congregations and middle-class church members. It has been suggested that old churches may simply need to die and be replaced with new churches and new members. We can plant more churches for new members, primarily in areas of high immigration.<sup>17</sup> One Western theologian writes, "most of the time we are talking about middle-class expressive individualists who are already the most pampered generation on earth.... We created congregations full of little Hobbits who crave nothing more than their comfort and having their needs met."<sup>18</sup>

### **The Church has become Financialized**

Investopedia defines financialization as "the increase in size and importance of a country's financial sector relative to its overall economy. Financialization has occurred as

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<sup>15</sup> Ibid., 9.

<sup>16</sup> Ibid., 15.

<sup>17</sup> Michel W. Newman, *Gospel DNA: Five Markers of a Flourishing Church* (San Antonio: Ursa Publishing, 2016), 226.

<sup>18</sup> Roxburgh, Alan J., "Missional Map-Making," (Jossey-Boss, 2010.), 147.

countries have shifted away from industrial capitalism.”<sup>19</sup> Financialization is said to favor short-term gains over long-term goals.<sup>20</sup> Economist Michael Roberts criticizes financialization that it has led to “unproductive” capitalism: “...financialization is now mainly used as a term to categorize a completely new stage in capitalism, in which profits mainly come not from exploitation in production, but from financial expropriation (resembling usury) in circulation.”<sup>21</sup> Other research shows that big firms dominate the new financialized economy, because of “their ability to cater to and play in financial markets.”<sup>22</sup> The latest Covid-19 crisis has exacerbated this trend toward big firms, as many small businesses in the country have closed their doors. More closures of small businesses are predicted to follow.<sup>23</sup>

Financialization also occurs in the LC—MS, since member churches and institutions participate in the country’s economy. This trend is having an impact on both local churches and the institutional church economically and culturally. The trend is toward fewer, bigger churches and schools, with large donor gifts accumulating in the even larger institutions (universities, districts, and Synod). The Synod is looking a lot more like a large firm, having paid off all its debt finalized on June 19, 2019. According to David Strand, “This is the first time in living memory that all Synod indebtedness to external entities stands at zero.”<sup>24</sup> He cites BOD Chairman Rev. Dr. Michale L. Kumm who says, “This is a milestone achievement because

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<sup>19</sup> <https://www.investopedia.com/terms/f/financialization.asp>.

<sup>20</sup> Ibid.

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

<sup>23</sup> For example, on May 11, 2020 Elan Musk (CEO of Telsa) defies stay at home order and reopens Telsa plant, something small business would not be able to get away with. Not to mention the scores of publicly traded companies cashing in on the government’s small business loan program intended for small businesses.

<sup>24</sup> <https://blogs.lcms.org/2019/synods-external-debt-is-no-more-a-milestone-achievement/>.



paying off the historic debt will free up millions of dollars in mission and ministry funds for years to come.”<sup>25</sup>

In contrast, trends in local churches and schools have been following trends in local businesses. In 2012/13, the LC—MS Lutheran Schools Statistics reported a combined total number of 2,335 early learning centers, elementary schools, and high schools. In only two years (2014/15) the LCMS Lutheran Schools Statistics reported a combined total of 2,111 - a decline of 10% in 2 years. Local schools are closing at an even faster rate than local churches, possibly due to their greater sensitivity to market forces and their dependence on direct tuition payments from local families.

The Ronsvale’s Stewardship Project observed, “Constructing new church buildings is actively promoted by denominations and fund-raising consultants as a creative way to build enthusiasm and revitalize congregations. One fundraising consultant pointed out that the theory used to be that a congregation ought to have a building project every few years. He advised that the idea is now for a church to always be in some stage of a building project to keep people involved in the life of the church.”<sup>26</sup> The argument for constructing new church buildings is an attempt at repeating trends from the old style of industrial capitalism that profited mainly “from exploitation in production.”<sup>27</sup> Unfortunately, this old style of capitalism has served primarily to drain resources and increase the indebtedness of local church and school ministries.

The Ronvalles note that since the early-1600s, there have been ever-evolving types and manner of member gifts in American protestant church history. For example, in the State of Virginia, “every male over sixteen had to provide a certain amount of tobacco to the local

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<sup>25</sup> Ibid.

<sup>26</sup> Ibid., <https://www.investopedia.com/terms/f/financialization.asp>.

<sup>27</sup> <https://www.investopedia.com/terms/f/financialization.asp>.

minister as a result of a Virginia Assembly action in 1621 – 22. The parsonage routinely had a tobacco room, and the pastor’s annual income was directly linked to his business acumen in selling it.”<sup>28</sup> Over time “support lists” were published based on member contributions to the care of the pastor and any building construction.<sup>29</sup> The authors note, “When communities began to change from a strictly rural economy, it was still not uncommon for these support lists to be published annually, listing the financial contributions by family name and amount.”<sup>30</sup> Now that communities have shifted away from industrial capitalism toward financialization, and member income has become more complex, it should be no surprise that member giving would evolve as well.

### **What Kinds of Updates Should be Made?**

#### **Engage Financialization for Sustainable Ministries**

The authors of *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* recommend “a nonprofit’s strategy for sustainability” should include both “programmatic elements” and “financial elements.”<sup>31</sup> Where businesses typically refer to the bottom line, Zimmerman, Bell and Masaoka advise nonprofits refer to a “dual bottom line – impact and financial return.”<sup>32</sup> They assert it “is a concept involving both financial health and programmatic impact, and that leaders are constantly attending to both.”<sup>33</sup>

“An impact strategy,” they explain, “is a plan for the external effects to be sought through a particular business line” (or, for our purposes, “ministry”) and “a revenue strategy is the means

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<sup>28</sup> Ronsvalle., 111.

<sup>29</sup> Ibid., 112.

<sup>30</sup> Ibid.

<sup>31</sup> Bell, Jeanne; Masaoka, Jan; Zimmerman, Steve; “Nonprofit Sustainability: Making Strategic Decisions for Financial Viability,” (Jossey-Bass, San Francisco, CA 94103, 2010.), 16.

<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

by which a particular business line is financed.”<sup>34</sup> So, for the authors, “each core activity in the business model is associated with both an impact strategy and a revenue strategy.”<sup>35</sup>

“Discussions about mission impact are often difficult” the authors note because, “There’s an implicit assumption that everything is important and that everything drives toward the mission.”<sup>36</sup> While this may be true, the authors note that some programs “have different levels of impact.”<sup>37</sup> Without wanting to criticize worthwhile programs, they observe, “it’s precisely these judgments – about which are the highest-impact programs – that are used”<sup>38</sup> to decide how to steward an organization’s resources for sustainability.

The next level of analysis is financial return. Before panic breaks out over analyzing ministries according to profitability, the authors caution, “There is a natural resistance in nonprofits to describing a program as losing money or being unprofitable. Some people assume that unprofitable programs will be eliminated, but it is important to quash this superficial view of profitability at the beginning of any discussion related to the financial impact of a program. In fact, the very essence of the nonprofit business model is that some activities will be profitable and that others will lose money.”<sup>39</sup> The authors reassure leaders to “take both impact and profitability into account in program selection.”<sup>40</sup> When evaluating financial return, the authors recommend a goal for nonprofits is to acquire working capital to avoid disruption of their services. They suggest, “every nonprofit has to have in its portfolio some activities that generate

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<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> Ibid., 39.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid., 28.

<sup>40</sup> Ibid., 29.

a profit [surplus].”<sup>41</sup> They note, “something has to generate profits [surplus], both to subsidize programs that cannot break even and to build cash reserves and working capital.”

### **Engage Shared Financial Oversight Responsibilities**

Organizational stewardship includes legal and fiduciary oversight. Batts defines financial oversight as, “the process of monitoring and evaluating the financial activities and operations of the organization.”<sup>42</sup> According to Batts, the pastor of a church should support the board’s organizational stewardship goals. Some boards have wondered, “Is it true that top management is responsible for ensuring that an organization’s financial operations are healthy and appropriate?”<sup>43</sup> Batts emphatically responds, “Of course it is,” and, “If the tone at the top is not what it should be, the board should act.”<sup>44</sup>

Batts observes, “If top management is capable and astute, and has a healthy regard for financial excellence, that will bode very well for an organization’s financial (and other) operations, and it will make the board’s job of financial oversight much, much easier.”<sup>45</sup> From Batts’ statement above, a reader could assume a senior pastor should be actively involved in upholding the financial excellence of the church. Batts warns, “If top management is incompetent in this area or has a low regard for financial administration, exhibited by traits like considering the accounting and financial operations to be a necessary evil, that organization is on a one-way bullet train to trouble...the board will be engaged in one emergency or challenge after another. This is assuming the board itself is paying attention to these issues.”

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<sup>41</sup> Ibid., 28.

<sup>42</sup> Ibid.

<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

In most nonprofit organizations, the governing board is responsible for “Strategy, Oversight, and Policy,” with senior management responsible for the operational activities of the organization.<sup>46</sup> In comparison, many LC—MS churches are “prioritizing and separating responsibilities” such that the governing board is responsible for all physical-material matters and the board of elders is responsible for spiritual matters.<sup>47</sup> This usually means the pastor reports to both boards, depending on whether the matter is physical-material or spiritual.<sup>48</sup> This dynamic creates two parallel boards, not foreseen by either the church fathers or the government in establishing the 501(c)(3) organization, and a senior management leader who is hand’s off in practical affairs.

The distinction between nonprofit board oversight and day-to-day management of operations is key: “In other words, the board of directors of a nonprofit corporation has full and final authority over the affairs of the organization, unless the organization’s articles of incorporation limit the board’s authority in some way.”<sup>49</sup> But, Batts encourages the board to delegate management of day-to-day operations to staff: or for our purposes, to professional church workers and pastors. Batts warns, “responsibility over...does not mean, of course, that the board must carry out all the work of the organization.”<sup>50</sup> Batts recommends, “The board should not normally be involved at all in the operational activities of the organization unless it is a very small organization with little or no staff.”<sup>51</sup>

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<sup>46</sup> Ibid., 2.

<sup>47</sup> Kober, Ted, “Policy-Based Governance in Lutheran Congregations,” (Ambassadors of Reconciliation, Billings, Montana, 2008.), 7.

<sup>48</sup> Ibid., 8.

<sup>49</sup> Ibid., 3.

<sup>50</sup> Ibid.

<sup>51</sup> Ibid., 2.

Most LC—MS churches reserve supreme power for the voting membership, who *delegate* oversight to the governing board. The Parish Planning Council (“Council”), is a governance model used in many LC—MS congregations, but it is designed to co-mingle the oversight functions of the board of governance with day-to-day ministry operations. The executive officers are joined by the chairpersons of each ministry committee. First, the “Council” absorbs each ministry committee and is now involved in both “oversight” and “managerial” level activities. Second, in a Parish Planning Council model the pastor is designated an “ex officio” member of each ministry team. This means the neither the Council nor Elders can hold him, or other professional church workers and staff, formally responsible for ministry outcomes. Third, as stated above, for some LC—MS churches, the pastor reports to (under the authority of) the elder board. Without a direct line to the pastor it would be difficult for the Council to expect the pastor (“top management”) to align oversight of day-to-day ministry operations with the Council. Instead, church leaders should consider the advice given to nonprofits generally: that the role of nonprofit leaders “involve[s] both financial health and programmatic impact, and that leaders are constantly attending to both.”<sup>52</sup>

### **Conclusion**

With a 173-year history, the majority of the LC—MS institutions and agencies have adapted well existing in today’s age of financialization. Like their bigger brother, the Synod, there are only two possible responses for an LC—MS congregation in the changing world around them: beat ‘em or join ‘em (i.e. “if you can’t beat ‘em, join ‘em”). Currently, we see those two responses to the changing world’s impact on our local churches: (1) be more faithful doing what

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<sup>52</sup> Bell, et al, 53.

the church has done historically (plant more churches, have more babies, make sure we don't lose traditional practice and polity, etc.) or (2) be "all things to all people," change ourselves to engage the surrounding culture and reach the exiting youth. I suggest what I hope is a middle-ground: remain faithful in our doctrine and engage the world in our stewardship practices.

Economic forces have long been an impetus for theological insight. Take, for example, Luther's displeasure with the Catholic church extorting indulgences out of common folk for building St. Peter's Cathedral.<sup>53</sup> Luther had much to say on the theology of finance and economics. He was not particularly fond of monopolies or usury. Christopher Nagel writes, "Students who read Luther learn to appreciate how his views were in line with the church and cultural prohibitions on usury (flowing from the traditions of Aristotle and Thomas Aquinas) that it is wrong to make money from money."<sup>54</sup>

The literature I reviewed showed that pastors should be concerned about financialization in the church, should engage economic processes, and should share responsibility for financial oversight in local churches. This view is a traditionally Lutheran view, as Luther continually taught that Christians should not leave the world, but remain active participants in it. Just as Jesus placed himself under the law "to redeem those under the law,"<sup>55</sup> so we should imitate Jesus' humility by engaging the world and the people who live in it "under the law."<sup>56</sup>

Marquart reminds us that the Church is fully human and fully divine. Just like Jesus, the Church has two natures that are distinct but inseparable.<sup>57</sup> For Marquart, this is an important move as it rightly places the activities and visible life of the Church in unity with the invisible

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<sup>53</sup> Luther, Martin., "A Disputation on the Power and Efficacy of Indulgences," (October 31, 1517).

<sup>54</sup> Ashmon, Scott A., "The Idea and Practice of a Christian University," (Concordia Publishing House, 2015.), 221.

<sup>55</sup> Galatians 4:4-5.

<sup>56</sup> Philippians 2:5-8.

<sup>57</sup> Biermann, Joel, Systematics IV 02, 2020.

Church. Indeed, the Church remains “in” the world but not “of” the world. While the Church remains in the world, “in the body,” it functions under the same physical laws common to man; and, therefore, must shrewdly steward<sup>58</sup> the means by which God accomplishes His mission. For Marquart, such things as church polity and church governance must not be neglected or buried. Instead, the Church should attentively steward her resources to God’s glory and the proclamation of the Gospel.

This paper attempted to answer the questions: (1) What has changed in the church that requires revisiting stewardship concepts, practice models, and training programs, and (2) What kinds of updates should be made? What has changed is the economics of modern finance has impacted membership giving and the complexity of stewarding congregational finances. The kinds of updates needed include a practical stewardship tool to assist congregations to evaluate, make and monitor objective strategic financial ministry decisions. Robert Wood Lynn says, “There has never been a consensus in American Protestantism as to why or how or how much church members should give.”<sup>59</sup> Biblical truths never change but in this age of financialization congregations should update their stewardship practices. Please see Appendix A, an attached excel spreadsheet. This sample Ministry Matrix Map will be developed and further used in my Major Applied Project (MAP).

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<sup>58</sup> Luke 16:1 – 13.

<sup>59</sup> Ronsvalle, 187 – 198.



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