



# **Board of Directors Training Manual**

for Churches Under 75

This manual has been prepared on the basis of laws and legal risks which prevail in the USA. Metropolitan Community Churches outside the USA are encouraged to adapt information from this manual as is useful, and may wish to modify the content as appropriate to local and national laws and legal risks affecting those churches.

Disclaimer: The following information should not be construed as legal advice. All of the contents of this manual, including forms, are presented for information only, and under no circumstances should be relied upon without the express, written advice of an independent and qualified attorney. Neither the authors nor the UFMCC assume any liability for reliance on the information in this manual.



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# MCC Board of Directors Training

## Introduction

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The health and vitality of the local church often reflects the leadership of both the Pastor and Board. Hopefully this manual will provide you with resources that will help you be effective in the ministry before you.

UFMCC Bylaws refer to a “local church administrative body.” In most cases local churches have chosen to call this body the Board of Directors, which is the name that is used in this body of work. Whatever your church chooses to call this group of elected people a clear understanding of their role and responsibilities is essential.

Previous Board material that was on the MCC website has been reviewed, much of it updated and additional material has been created. I especially want to thank Rev. Elder Don Eastman, who for many years has authored excellent material for MCC Board of Directors. With his permission, I have included much of his work here. I also want to thank our Elders, staff and many other people around MCC who have helped in the editing of this material.

You will discover there is some overlap of information in this manual. The manual is actually a **collection of articles** by a number of authors. The articles can be used together as a training manual or in part as needed.

It should be noted that this manual is NOT complete. In fact, it will never be complete. More sections will be added as material becomes available. As changes are made a notification will be noted on the MCC website.

### **Two Versions**

There are two distinct sizes of churches within MCC, those below 75 in average Sunday attendance and those above. Therefore, this manual is being adapted for each size even though much of the material is the same there are specific areas that are addressed by size.

### **Discussion Questions**

At the end of most sections you will find Discussion Questions. Hopefully whenever a new Board is elected extensive Board training will take place. The Discussion Questions are designed to help the Board process what it has been reading. The questions can also be helpful for a Board member to review individually. Have each person write the answer to each question and then discuss as a group.

### **Resources**

In Section II you will find Resources containing a listing of books and websites giving excellent material for you to explore. Recommendations are welcome. There are also additional resources mentioned within certain sections as well.

May this material provide useful tools for you and your church. Your feedback is welcome.

# **Section I**

## **Basics of Board Service**

# MCC Board of Directors Training

## **The Roles and Responsibilities of the Board of Directors in a Metropolitan Community Church**

Developed by Rev. Elder Don Eastman; updated 01 February 2006

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The Universal Fellowship of Metropolitan Community Churches has adopted a form of local church government which vests control in the congregational meetings of its members. Within this structure a basic “Board/Chief Executive Officer” model of governance is used to carry out the will of the congregation. This is one of the most common models of church governance in the U.S.A. Examples of this model seen in other nonprofit or commercial organizations will often be familiar to church members and leaders. There are, however, some very significant differences between churches and secular organizations, thus necessary variations sometimes occur in roles and relationships of church boards as compared to secular organizations.

While the Pastor of an MCC serves in a role similar to Chief Executive Officer (CEO), a position familiar in other nonprofit organizations, he/she has other roles and responsibilities not commonly held by CEO’s of other kinds of organizations. For example, the Pastor’s role as spiritual leader of the congregation creates responsibilities and expectations beyond those of a typical CEO. It should also be noted that the implementation of roles and responsibilities of both Pastor and Board of Directors varies a great deal in churches of different sizes.

The following delineation of the roles and responsibilities is based upon the UFMCC Bylaws and Models of Governance, which can be reviewed on our website at [www.mcccchurch.org](http://www.mcccchurch.org) by selecting “About Us” on the homepage, then select “Bylaws and Governance”. The roles and responsibilities of the Board of Directors are informed by Richard T. Logan in *Ten Basic Responsibilities of Nonprofit Boards*, a publication of BoardSource, formerly the National Center for Nonprofit Boards (USA). This publication is one of nine in their “Governance Series”, which I highly recommend. You can access them online at [www.boardsource.org](http://www.boardsource.org).

Another source that members of Boards of Directors will find very helpful is Christian Ministry Resources, an organization providing legal, tax and management information for churches. Their expertise and resources have been extremely valuable in developing our risk management policies and programs. You can reach them online at [www.churchlawtoday.com](http://www.churchlawtoday.com).

### **A. The Roles and Responsibilities of the Pastor**

#### **1. The Pastor is a voting member of the Board of Directors and usually serves as its Moderator**

The Pastor has both voice and vote on the Board of Directors and in Congregational Meetings whenever he or she exercises the right to speak or vote. It is strongly recommended that the Pastor also serve as the Moderator of the Board of Directors.

#### **2. The Pastor is the personnel director of the local church staff**

The Pastor serves in effect as the Chief Executive Officer of the church. All staff members, whether compensated or volunteer, in the local church are accountable directly to the Pastor and not to the Board of Directors. The Pastor may delegate such duties to staff as she or he may deem wise. In

balance of powers, the UFMCC By-Laws gives the Board of Directors the authority with the Pastor to approve compensation, vacation periods and titles of office of the staff.

**3. The Pastor is responsible for the duties of teacher, preacher and spiritual leader**

The Pastor has responsibility for determination and management of the ministries and programs of the church. This is best accomplished through a periodic process of strategic planning and annual work plans. The Board of Directors has the authority to approve the budget which funds such ministries and programs, and to monitor the expenditures required.

**4. The Pastor shall have the authority for ordering all worship services of the local church**

The Pastor has sole authority for determining the order and content of worship services. Only the Pastor or Interim Pastoral Leader may conduct the Rite of Attaining Membership in the church. Additional worship services may be held at times other than every Sunday as determined by the Pastor and approved by the Board of Directors.

**5. The Pastor is elected by the congregation of the local church, therefore is accountable to the congregation**

Under UFMCC Bylaws the Pastor is accountable to the congregation, not to the Board of Directors, for the satisfactory performance of her or his duties. The Board does, however, have the authority to initiate a process which could lead to the removal of the Pastor from office by a vote of the congregation if it feels the Pastor is guilty of disloyalty, dereliction of duty or unbecoming conduct, or if it feels that irreconcilable differences exist between the Pastor and congregation.

The Pastor is accountable to the Board of Directors for the implementation of policies established by the Board regarding those matters under its purview.

**B. Basic Responsibilities of the Board of Directors**

**1. Ensure adequate resources**

As a primary responsibility, the Board of Directors should be familiar with possible levels and sources of income within the congregation and community, and should institute plans for effective fund-raising. This will include initiatives ranging from stewardship programs to capital fund campaigns.

**2. Ensure effective management of the church's funds and other assets**

The Board of Directors must adopt appropriate policies and provide adequate oversight to ensure effective management of current income and protection of accumulated assets. In addition to setting the church's annual budget, the board should require and review regular financial reports, including, at minimum, monthly financial reports consisting of at least a balance sheet and statement of revenue and expense. Board members should be aware of generally accepted accounting practices, federal tax regulations and other laws which might affect the assets of the church.

**3. Ensure legal and ethical integrity and maintain accountability**

The Board of Directors has a fiduciary responsibility to ensure that the church is in adherence with all legal standards and ethical norms. This includes compliance with various federal, state and local laws and regulations. It also includes adherence to the church's own governing documents such as UFMCC bylaws, local church bylaws and policies adopted by the Board. To fulfill this responsibility the Board of Directors must adopt appropriate policies and provide ongoing oversight. It may delegate implementation of the some policies to the Pastor and other personnel, but ultimately the Board of Directors is responsible for compliance.

Board members should be aware of the potential risks of lawsuits or other liabilities for which the church may be accountable. Obtaining the proper levels and kinds of insurance and developing appropriate policies and preventive measures are primary responsibilities of the Board of Directors.

The Board of Directors must also ensure that adequate records are maintained which document all board actions (motions) and all relevant reports.

#### **4. Select the candidate to be elected by the congregation as Pastor**

The Board of Directors shall serve as a Pastoral Search Committee upon the event of a pastoral vacancy. Additional members of the congregation may be elected or appointed to this committee. The Pastoral Search Committee should consult with its MCC Elder before beginning this process and throughout its duration. When the committee has chosen a suitable qualified candidate, they shall present the name to the congregation for approval.

#### **5. Support the Pastor and provide constructive feedback**

Although the board does not have the responsibility of performance review for the Pastor, it should provide the Pastor with frequent and constructive feedback. Sometimes, a Pastor may choose to establish a performance evaluation or feedback process which involves the Board.

#### **6. Advise and consent with the Pastor on personnel appointments**

The Board of Directors is responsible for the approval of the Pastor's appointments of compensated and uncompensated church staff and the Pastor's determination of compensation, vacation periods, and titles of office of the church staff.

#### **7. Consult with the Pastor on personnel matters as requested by the Pastor**

A clear understanding of the Pastor's role as personnel director combined with thorough written personnel policies and grievance protocols will greatly reduce the board's need to adjudicate personnel disputes. The time may come, however, when the Pastor's action will be questioned. At such a time, the collective wisdom of the Board of Directors can be of immense support and counsel to the Pastor.

#### **8. Understand and support the church's mission and purposes**

With the Pastor and other church leadership, the Board of Directors should participate in the development of statements of purpose, vision and/or mission consistent with the purposes, vision and mission of the UFMCC, as well as the core values and philosophy of ministry of the local church. Such statements give clarity to the church's specific identity, its goals, the people it intends to serve, and the difference it hopes to make. These statements succinctly articulate what the church is, represents and does.

#### **9. Participate with the Pastor and other church leadership in strategic planning**

Every church would benefit from a process of strategic planning at least every three to five years. Strategic planning involves a review of the core values and purpose, vision and/or mission statements of the church. Additionally it includes an organizational analysis and consideration of external forces and trends that might impact the church's success. It then selects strategic priorities to which focus will be given over the next several years. Annual work plans then are based upon the strategic plan. Such planning supports the development of and justification for the annual budget.

#### **10. Assess the performance of the Board of Directors**

It is helpful for the Board of Directors to review its own performance once every three to five years. Such an evaluation can survey individual board members to identify needs, determine effectiveness and set new priorities. It is often helpful to select a qualified third-party facilitator for such a process.

### **C. Responsibilities of individual board members**

#### **1. Know the church's mission, purposes, goals, policies, programs, strengths and needs**

Be thoroughly knowledgeable with UFMCC By-Laws, local church By-Laws and/or Standard Operating Procedures, The UFMCC Strategic Plan, and the guiding documents of your church, such as

statements of core values, vision, purpose and/or mission.

**2. Represent and serve the church as a whole rather than any special interest group or constituency**

As a member of the board speak only for yourself, not for any other individual or group. Avoid the “people are saying” trap. Own your stated position and state only your own position on each decision or vote. Always remember that you represent the entire congregation as a board member.

**3. Work toward consensus as often as possible; this requires persuasion and compromise**

The Board of Directors should be able to reach consensus on most issues. An individual who usually sees things clearly in “either/or” terms tends to find difficulty in the compromise necessary to reach consensus, and frequently is not effective as a member of the board. There will be times when your convictions lead you to disagree with other members of the board; but most of the time, strive for consensus and support the result.

**4. Avoid prejudiced judgments on the basis of information received from individuals, and urge those with grievances to follow established policies and procedures**

It is not uncommon for board members or a Board of Directors to be drawn into grievances by or about church staff members. The Pastor serves as personnel director, however, and it is not the role of the Board of Directors to adjudicate such matters. Board members can serve a constructive role by facilitating contact with the Pastor when individuals raise such concerns. Board members can also support the Pastor when she or he seeks their counsel on personnel issues.

**5. Do not surprise other board members or the Pastor by raising difficult or conflictive issues without prior consultation**

No one likes unpleasant or embarrassing surprises. Board members with complaints or sensitive information concerning the staff, Pastor or other board members should consult with the individual(s) involved prior to raising the matter with the Board of Directors. If the issue is a personnel matter, it should be resolved with the Pastor as personnel director, if possible.

**6. Prepare for and participate in board meetings, asking timely and substantive questions consistent with your conscience, convictions and need for information to make decisions**

Become thoroughly familiar with all documents that are prepared for each board meeting; keep a personal file of documents of previous meetings, especially minutes, reports and financial statements. Hold yourself, other board members and the Pastor accountable for promises made, for obligations of office, and for good board process.

**7. Carefully review the church’s financial statements and ask questions or seek clarification as appropriate to fulfill the board’s fiduciary obligation**

It is helpful for each board member to gain some familiarity with generally accepted accounting practices. At minimum, each board member should understand the format and content of the regular financial statements. Also, each board member should be aware of basic required reporting of federal tax information.

**8. Maintain confidentiality of the board’s executive sessions**

Executive sessions, or “closed” board meetings, should be infrequent and limited to sensitive personnel issues or legal matters. All other board meetings should be open to members of the congregation. The information in executive sessions should be maintained by each board member as confidential. Action taken by the board in executive session should be recorded in minutes, or preferably such action should be deferred until the board is in an open session.

**9. Avoid even the appearance of a conflict of interest**

A conflict of interest is anything that inures to the personal financial benefit of a board member, his or her family, or household. Do not accept gifts from or offer gifts to anyone who does business with the church. If you are a board member and have any relationship with the church for which you or someone close to you receives financial benefit (with the exception for reimbursement for actual expenses in connection with your church duties) that is a conflict of interest. In such cases, board members should recuse themselves (disclose/announce the conflict of interest and exempt themselves from debate and vote) from any decision on that matter.

A more subtle and ambiguous type of conflict sometimes occurs when two members of a family serve on the same board. While not technically a conflict of interest in the legal sense, such a relationship sometimes gives occasion to other internal conflicts.

**10. Support the pastor with timely information or feedback on matters and issues of importance to the well-being of the church**

Counsel with the pastor to offer support in the event of his or her difficult relationships with groups or individuals.

Building trust requires continuous healthy communication. Frequent contact between the Pastor and each board member can provide the feedback necessary to enhance the Pastor's effectiveness and facilitate actions needed for the church's success. On occasion such contact can provide an opportunity for the Pastor to receive counsel and support in dealing with sensitive or difficult issues.

## **Discussion Questions**

Have each person write the answer to each question and then discuss as a group.

1. Who has oversight and direct supervision of all staff and ministry including worship?
2. Why is confidentiality of executive/closed Board meetings important?
3. What does “ensure adequate resources” mean?
4. What are the 3 most challenging things for you in understanding a financial report?

# MCC Board of Directors Training

## What is the “Duty” for Board Members?

Revised by Rev. Elder Arlene Ackerman 2010

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The basics of understanding the legal obligations of Board members start with two classic phrases used over and over again when the legal issues surrounding Board service is discussed. These are a **Duty of Care** and a **Duty of Loyalty**. Everything you do as a Board member should be guided by these standards.

**The Duty of Care:** Come to the meeting prepared to discuss and make decisions, and always examine your motives to make sure you are acting in the best interests of the church. Use common sense in considering the issues under discussion with the care a reasonably prudent person would exhibit.

- \* Attend Board meetings. It’s fairly basic that non-attendance at Board meetings is not acceptable behavior. Emergencies arise, but you should discipline yourself and your schedule so that you make the vast majority of these meetings. If you can’t attend Board meetings regularly, you should resign or the Board should remove you.
- \* Be informed. Expect to have all needed reports well in advance of the meeting. Read the material put into your church mailbox ahead of time. Don’t hesitate to ask for more information if you don’t feel you have enough to make a fully informed decision. Expect the churches staff (paid and volunteer) to honor reasonable requests for information and discuss with the Pastor as Director of Personnel the need for information from the staff so that a more effective information flow can result.
- \* Be able to rely on the information you are furnished. (The following is taken from The GUIDEBOOK for DIRECTORS of NONPROFIT CORPORATIONS, published by the American Bar Association’s Section on Business Law.) *Model Act, Section 8.30(b)*: “In discharging his or her duties, a director is entitled to rely on , opinions, reports or statements, including financial statements and other financial data, if prepared and presented by:
  - 1) one or more officers or employees of the corporation whom the Director reasonably believes to be reliable and competent in the matter presented;
  - 2) legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person’s professional or expert competence;
  - 3) a committee of the Board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence;
  - 4) in the case of religious corporations, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.”

What does this mean? Board members are dependent on the information furnished them, called legally “**reliance**.” That means those that by position or relationship to the Board are relied upon to give

accurate and needed information to the Board are obligated to do so that the Board collectively can be fully informed before making decisions. Not only is this about giving information, it is also about withholding information. A Board cannot make a fully informed decision if it has been “protected” from the facts. Let us not err because we didn’t want to deal with the painful truth.

- \* Make independent judgments. You represent the interests of the entire body, not a specific constituency. It doesn’t matter who you are, or your particular “special interest” grouping. On the Board, you act in the best interest of everyone, not just those you like. It would help if you put time into investigating what persons not in your particular circle think on specific issues. You might be surprised and better able to represent the entire body.
- \* The Board does not manage day-to-day operations, but has oversight responsibility and the establishment of policy. This probably comes as a surprise to most of you Board members from smaller churches. You are called euphemistically “working Boards” in that essentially you actually do much of the administrative work of the church. Look later at our church size discussion as it relates to church governance, and think about how you would plan for graduating from the stage of growth in which you currently are. Most of the time, Boards are operating at one or two levels behind where the actual church is in terms of size, and are perhaps measurably hindering the empowerment of new leadership because the Board can’t get itself out of old habits.
- \* Helping Board members properly carry out the duty of care is up to the Board collectively. Start and end meetings on time. Maintain a time line. Learn how to deal with those that talk too much, or march down every available tangent and take you from the real work of the Board. Recognize that visitors to the Board meeting are not participants in the Board’s deliberations unless invited to do so for specific issues. Get materials out on a regularly scheduled basis, as in minutes of the previous meeting being due the Sunday before the next Board meeting, and have financial reports distributed regularly before the next scheduled meeting. Agendas need to be ready ahead of time, as should be any written material to be considered for Board action including a Pastors report. Recognize that time is an asset not to be wasted. Hold members accountable to do the work needed between meetings so that the collective Board is not delayed because necessary work wasn’t completed. Many Boards require the agenda, all reports and written proposals to be available the Sunday prior to the monthly Board meeting. Following the meeting approved minutes and financial reports need to be posted so the members of the church can see them. Many Boards are now putting brief updates in the church bulletin the Sunday following the meeting just to keep the church fully informed.

**The Duty of Loyalty:** We all know what loyalty is, but making it a living principle is difficult at best. Loyalty in the legal sense means don’t look for personal profit from Board service; don’t take advantage of your Board membership to utilize inside information; and don’t violate your confidentiality requirements which are designed to protect both the dignity and privacy rights of individuals and the need for sensitive matters to be dealt with appropriately.

- \* Conflict of Interest issues are in three parts. First, you must be aware that they exist, second you must disclose them, and third the other Board members have the right to make decisions about your participation in any decision making around issues where you have a conflict of interest. Let us be realistic. It is going to be hard for any person to serve on the Board and not occasionally have a conflict of interest arise. If you are the president of the choir, for instance, and also a Board member, you certainly need to disclose this prior to participating in decision making around that choir. The rest of the Board has the right to decide whether or not you participate, leave the room, just not vote, or

continue as though the conflict did not exist. The key here is that you must disclose...it is not up to the other Board members to remind you.

Become sensitive to this issue. Really think about the issues before the Board, and what conflicts of interest you might have around any of them, or what perceived conflicts might exist. It's a no brainer when you are selling something to the church...that conflict of interest sort of slaps you in the face. Yet think about your "dotted line" relationships, such as your former partner coming before the Board for confirmation as a paid staff member. Is that a conflict of interest? If there is any doubt, disclose it. Clerks, make sure the minutes reflect these disclosures, and the action taken. Bear in mind, failure to disclose conflict of interest situations are breaches of fiduciary responsibility and are legal issues as well.

- \* Corporate opportunity issues require you to disclose when you are planning to do something separately that might well be something the church might do. This is a challenging one to understand. Using an example, if you decided to start a day care center next to the church when you know that part of the vision of the church is to start such an activity, that would be a problem unless the Board discussed it, had adequate time to decide not to do it, and then specifically advised you as part of its official actions that it did not plan to start a day care center. Taking another stab at this, if the church normally sold jewelry at MCC conferences and you as a Board member decided to also sell jewelry there, it would be a conflict of interest.
- \* Confidentiality is to be respected by Board members. Remain quiet about what is said in closed session. Only formal motions or official statements from the Board regarding the closed session should be shared in open session and nothing more not even with a significant other. Since all other business is discussed and accomplished in open session, confidentiality issues cannot arise around the normal business of the church. Personnel issues, and sensitive issues such as law suits or other legal actions clearly are dealt with in closed session and confidentiality rules apply. Poorly communicated information or speculation can be as harmful as confidentiality violations. Practice discretion with a capital D.

**Beyond the issues of the Duties of Care and Loyalty:** Board members also have certain other legal responsibilities.

- \* Reporting illegal activities appropriately. Such suspected activities should be reported to the Pastor or to the Vice-Moderator in cases where it is the Pastor who is engaged in these activities. Failure to respond appropriately means the issue should go to the full Board, and then appropriate action taken. This is a very murky area, as certain violations require immediate reporting to the appropriate authorities, and in some cases regarding MCC clergy, the actions may also be a violation of the MCC Code of Conduct (attached) as well. Get competent legal counsel as quickly as possible and consult with your MCC Elder immediately. (See Risk Management section attached)
- \* Board members also have a trustee responsibility to make sure that designated funds are spent as directed by the giver, or the terms of the trust instrument. Don't spend money given for an organ to pay the utility bill. It will not only make the donor mad, it is illegal.

The good news for Board members of our churches is that exercising good faith judgment will usually protect you from liability to the corporation (church) or its membership under the Business Judgment Rule. The rule states that a court, in an action brought by the corporation or its internal constituency, will not re-examine the actions of a Director in authorizing or permitting a corporate action if such director's action was undertaken in good faith in a manner reasonably believed to be in the best interests of the corporation, and with an independent and informed judgment. The bad news is that this will not save you in situations where basic breaches by the Board member (such as criminal activity, fraud, and bad faith, willful and wanton misconduct) are present.

**Remember, this information is not advice to be relied upon when you need definitive answers. Only competent legal counsel can provide that type of help. Hopefully, this brief overview gives you some sense as to the legal issues underlying your tenure on the Board of Directors.**

## Discussion Questions

Have each person write the answer to each question and then discuss as a group.

1. Do you have 3-5 hours per week average to devote to the ministry of serving on the Board?
2. Are you aware of when the Board holds their monthly meeting and would you be able to regularly attend?
3. Do you attend worship three or more times per month? Why is this important?
4. Are you passionate about the Vision and Mission of the church? Do you know what they are?
5. In what ways have you had to address difficult or challenging issues at church, work or school? How were they resolved and what role did you play?

# MCC Board of Directors Training

## Who Does What?

Updated by Rev. Elder Arlene Ackerman 2010

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Recommended Resource: *Governance and Ministry, Rethinking Board Leadership* by Dan Hotchkiss, Alban Institute

This book will help any Board to go to the next level of advanced Board leadership.

Responsibility of Board Members – All Board members are elected officers of the corporation, therefore they all possess equal authority and responsibility. All Board members come to the table with a voice to represent the congregation therefore decisions are made by the body.

### **Pastor**

The Pastor holds two distinctive but related roles within the church. First, the Pastor is “responsible for the duties of teacher, preacher and spiritual leader;” and secondly as a “voting member of the local church administrative body” (Board of Directors) UFMCC Bylaws Article IV., 4. and 4 a. While both roles carry the same title each carries with it different expectations and responsibilities. (See attached Board & Pastor Roles Chart) Also, refer to the chapter, Roles and Responsibilities of the Board of Directors by Rev. Elder Don Eastman

In most of our churches the Pastor serves as the Moderator of the Board, in some churches another Board member is given that role as articulated in your local church bylaws. In other churches the Pastor holds the position of Moderator but chooses to appoint another Board member to moderate all or portions of the meeting with the Board’s approval, at any time the Pastor may again resume as the Moderator.

### **Moderator**

The role of the Moderator is to assure that the Board and congregational meetings are functioning at their highest level, having well planned meetings and that follow-up to actions is taken. Responsibilities include but are not limited to the following:

1. Training of new Board members – Assuring that a training process is in place and is followed. This does not mean that the Moderator has to do all the training but holds the responsibility to make sure it happens.
2. Meet with the Vice Moderator and the Pastor if the Pastor is not the Moderator, at least monthly to keep them fully informed.
3. Establish the agenda in dialogue with the Vice Moderator and the Clerk. Making sure the agenda, all reports and proposals are in written form and distributed to the Board in advance of the meeting.
  - a. In setting the agenda it is easy to fall into a pattern of only doing what “needs” to be done or that which has been carried over from the last meeting. The Moderator must provide leadership to make sure the Board is doing the important work and not solely the urgent. Holding an annual Board retreat to set goals for the year is a great way to begin your work together.
  - b. Be sure that all agenda items are the “Board’s business.” For example if someone wants to propose a new ministry for the church, this needs to go first to the Pastor and not to the

Board. Only items pertaining to church: policy, finances, strategic planning, building, risk management, legal, pastoral search, and advise and consent issues brought by the Pastor are appropriate. Every thing else needs to go to the Pastor or staff members.

4. Assure that a meeting space is available and prepared for. Meeting around a conference table where the church meets is preferable. Meeting at a home or in an informal setting makes it more difficult for member to attend and for the meetings to be run in way that is professional. Small churches have a tendency to often run meeting very informally. This is one way to move the church forward.
5. Start the meeting on time and end it on time; this will inspire everyone to be on time. The Board also needs to agree on an end time and stick to it. It is best to meet for no more than 90 minutes. Anything over this time usually does not produce quality results.
6. Have the Board affirm the agenda at the beginning of the meeting. Once set, the Moderator must keep to the agenda. Do not deviate without a consensus of the Board. This will keep the meeting focused. If new items come up schedule them for a future Board meeting.
7. Give each agenda item a time-line; this will keep the meeting moving. If more time is needed the Board can give a few more minutes. If the Board bogs down it usually means that the issue needs more work from either a team or staff outside of the Board meeting. When the work is done a written report is brought back along with any recommendations and put on the agenda for a future time.
8. Be sure that any items carried over do not get lost, the clerk should be keeping track but it is good to have the Board list them before you end the meeting.
9. At the end of the meeting have each Board member check in briefly. You can use a question such as, what have we accomplished at this meeting? Or, in what ways have we moved our mission forward?
10. Appoint a Board member to put together a brief synopsis of the meeting to be put in the next week's worship bulletin.
11. To moderate the congregational meetings and lead the Board in the planning of congregational meetings including the advance distribution of all reports and advance forums.
12. Board Poll – Situations may arise between regularly scheduled meetings when a Board decision is necessary for certain action that simply can not wait until the next meeting. However, it is best that the Moderator request the Vice Moderator assume this role so that the Pastor is freed up to continue with the regularly scheduled business of the church. In the event that the Vice Moderator does not assume this role, it would next fall to the Clerk, then other elected officers. When performing a Board poll it is best to present the facts, present pros and cons if requested so that each member can cast their vote. This poll should be documented in writing and provided at the next meeting and be reflected in the minutes. Polling of the Board should not be the normal way of doing business.
13. In the absence of the Pastor, unless other arrangements have been made, the Moderator has general oversight of the day to day operations of the church. It is often times thought that this responsibility falls to the Assistant Pastor, if one is on staff. It may appear as so, however, it is the responsibility of the Moderator to make any decisions regarding the operations of the church (corporation). In most cases, the Moderator is not readily available therefore he/she must depend

on the cooperation, assistance and service of the staff. It is a must, that a good working relationship of mutual respect be developed in order to accomplish this aspect of the elected position. If the absence of a Pastor is due to the resignation of the Pastor or is an extended absence, the Moderator will want to be in immediate contact with their MCC Elder.

14. If the Moderator is not the Pastor, any Violations of the Clergy Code of Conduct need to be reported to you or you might need to be the one to report it/them. Do not delay, report any violations. Your Elder can be an important resource for you.

### **Vice Moderator**

The responsibilities include but not are limited to the following:

1. Meet monthly with the Moderator and Pastor if the Moderator is not the Pastor to keep fully informed.
2. Moderate Board Meetings – It is sometimes the role of the Vice Moderator to moderate the Board of Directors meetings in the absence of the Moderator or at the request of the Moderator.
3. Moderate Congregational Meetings – It is sometimes the role of the Vice Moderator to moderate congregational meetings in the absence of the Moderator or at the request of the Moderator.
4. If the Moderator is the Pastor and in the absence of the Moderator, the Vice Moderator is in charge of the day to day operations of the church. It is often times thought that this responsibility falls to the Assistant Pastor, if one is on staff. It may appear as so, however, it is the responsibility of the Vice Moderator to make any decisions regarding the operations of the church (corporation). In most cases, the Vice Moderator is not readily available therefore he/she must depend on the cooperation, assistance and service of the staff. It is a must, that a good working relationship of mutual respect be developed in order to accomplish this aspect of the position. Does this mean that the Vice Moderator should preach in the absence of the Pastor, if an Assistant Pastor is not on staff? If the Vice Moderator possesses those gifts, then why not. However, it would normally be the role of the Vice Moderator to make sure a competent, gifted person would be available to deliver the message.
5. Board Poll – Situations may arise between regularly scheduled meetings when a Board decision is necessary for certain action that simply can not wait until the next meeting. When requested by the Moderator, the Vice Moderator will assume this role. In the event that the Vice Moderator does not assume this role, it would next fall to the Clerk, then other elected officers. When performing a Board poll it is best to present the facts, present pros and cons if requested so that each member can cast their vote. This poll should be documented in writing and provided at the next meeting and be reflected in the minutes. Polling of the Board should not be the normal way of doing business.
6. Board of Directors Report – As elected officers, the Board of Directors represents the congregation and makes decisions for the congregation between congregational meetings. This is a great responsibility in that Board members must always remain accountable for their actions to the body they represent. It is the role of the Vice Moderator to prepare the Report to the congregation in conjunction with the Moderator. This report along with the Pastor's report, financial reports, etc, let's the congregation know of some of the activities and actions of the Board on their behalf. It is also important to share the Board's goals for the coming year and the church current reality in terms of movement towards the churches vision and mission. The report is prepared by the Vice Moderator but submitted to the Board as a whole for review, corrections and ownership, before presentation to the Congregation. It must be remembered, it is not the Vice

Moderator's report, but the Board of Directors' report. All reports need to be given to all members at least two weeks in advance of the meeting.

7. If the Moderator is the Pastor, any violations of the Clergy Code of Conduct need to be reported to the Vice Moderator or you might need to be the one to report it/them. Do not delay, report any violations. Your Elder can be an important resource for you.

### **Clerk**

The duties may include but not be limited to the following:

1. Work with the Moderator to prepare the agenda for Board of Directors' meetings.
2. Work with the Moderator to prepare the agenda for Congregational meetings. In addition to preparing the agenda, the clerk would assist the staff (paid or volunteer) in preparing the notice of the congregational meeting, including all necessary informational material to be presented before the congregation. This could include reports, resumes for nominated Board candidates or lay delegates, or Bylaw revisions to be presented to the congregation. Your local church bylaws will state how far in advance this information needs to be given out.
3. The signature of the Clerk is the official signature for the corporation. The Clerk is responsible for signing all contracts, financial agreements etc.
4. Keep minutes of each Board meeting for presentation at the following meeting, approval by the Board of Directors, and posting for the congregation to see.
5. Record keeping – It is the role of the Clerk to maintain the official documents of the corporation. This would include contracts, important correspondence, approved meeting minutes and supporting documents. Approved meeting minutes as official documents of the corporation are also considered public records. It is the responsibility of the Clerk to maintain these records so that they are available upon request for review of specific information by members of the congregation. Church records must be kept in a fireproof filing cabinet or safe located at the church or church office.
6. Correspondence – It is oftentimes necessary for the Clerk to prepare correspondence at the Board's request.
7. As the keeper of the records and taker of minutes, the Clerk is sometimes looked upon as the historian. In the event of the questioning some past action or motion, it is the responsibility of the Clerk to review the records in an effort to find the necessary information.
8. Follow up process – Oftentimes the clerk will prepare a follow-up list of outstanding items from previous Board meetings that have been voted on or requested, but not yet completed. It is very useful to the Board for the Clerk to present a follow up list at each meeting which has the responsible member assigned to each outstanding task. The item can be removed when completed. It can also remain as a reminder to be completed before the next meeting and review of the follow-up list.
9. Once each year the Board needs to review the membership role to see if any of the members of the church have become inactive. This should be a coordinated effort with the Pastor. The Clerk needs to put this on the agenda in the month prior to that proscribed in your local church Bylaws to give all concerned time to work on this. It would be helpful for the Clerk and Pastor to meet in advance of the meeting to work out the process to recommend to the Board at the meeting.

**Treasurer** (Developed by Vickey Gibbs, Tim Helm, Tracey Kennedy, Elisa Vega-Burns, MCC Treasurer Marsha Warren and Rev. Elder Darlene Garner)

All members of the Board of Directors (Board) share equal responsibility for the financial operations of the Corporation and church. The Treasurer, as an elected officer within the body of the Board, has the specific responsibility of managing and safeguarding the financial resources of the local church by bringing forth accurate, up to date financial information to the Board for review, analysis and decision making, and by ensuring that sound fiscal practices and procedures are followed in compliance with the church's Financial Operating Procedures (FOP) and the financial requirements of the UFMCC.

Qualifications: The Treasurer should have or be able to develop a familiarity with the church finances in general and the local church's FOP.

Accountability: The Treasurer is accountable to the congregation, through the Board of Directors.

Duties: The Treasurer's responsibilities include, but are not limited to, the following:

#### Weekly/Bi-weekly

1. Ensures that payroll information is submitted in a timely manner to the church's payroll processing service, if applicable.
2. Ensures that invoices, check request forms, and checks are processed in accordance with the church's FOP.
3. Ensures that qualified counters are available each Sunday and for every event in which an offering is collected or income is received.
4. Ensures that deposits are made or properly secured in accordance with FOP.

#### Monthly

1. Ensures that bank statements are reconciled
2. Ensures that an up to date analysis of the current financial position of the church is available for review at each Board meeting, including bank account balances, fund balances, and detailed actual versus budgeted income/expense analysis of the Operating Fund.
3. Oversees the preparation and submission of the monthly MCC Tithe Report to the UFMCC.

#### Quarterly

1. In the event that payroll is handled within the church, the Treasurer ensures that the following items are completed in a timely basis:
  - a. Submits quarterly withholding taxes to the IRS or an approved agent
  - b. Submits quarterly IRS Form 941 (Employer's Quarterly Federal Tax Report) to the IRS
2. Oversees the preparation and submission of quarterly Pension Fund reports to the UFMCC Board of Pensions (USA only).

#### Annually

1. Ensures that IRS Form W-3 (Transmittal of Wage and Tax Statements) and IRS Form 1096 (Annual Summary and Transmittal of U.S. Information Returns) are filed with the appropriate government agency.
2. Develops or works in conjunction with a budget committee to develop the proposed operating fund budget for submission to the Board and approval by the congregation.
3. Oversees preparation of financial reports for presentation at congregational meetings and forums.
4. In the event that payroll is handled within the church, the Treasurer ensures the following items are completed in a timely basis:
  - a. Prepares year end IRS Form W-2 (Wage and Tax Statement) for each employee

- b. Prepares year end IRS Form 1099-MISC (Miscellaneous Income) for anyone who received over \$600 during the year for providing services to the church
- c. Prepares IRS Form 1099-INT (Interest Income) for individuals who received interest from the church on monies borrowed or held by the church
5. Submits sales tax statement and/or pay applicable sales tax to the local jurisdiction for any items sold during the year, in accordance with the jurisdiction's time frames.
6. Ensures that end of year giving summaries are provided to all donors in accordance with the church's FOP.
7. Ensures that bank signature are updated and in alignment with current Board membership.
8. Arranges for audit or review of church financial records and practices.
9. Prepares financial statements for presentation to the Annual Congregational Meeting and for annual submission to MCC.

### Regularly

1. In the event that payroll is handled within the church, the Treasurer shall ensure the following items are completed in a timely basis:
  - a. Processing of payroll payments.
  - b. Ensure that an IRS Form W-4 is on file for each employee for tax withholding purposes.
2. Conducts official business with the church's financial institution(s).
3. Maintains a positive working relationship with the Bookkeeper, if applicable.
4. Provides the Board and the Congregation with periodic status reports on the operating fund's status. Makes recommendation regarding options for addressing potential budget shortfalls and recommendations for addressing unexpected expenses.

### **Assistant Treasurer**

Depending on the size of your Board of Directors, you may or may not have an Assistant (or Vice) Treasurer. It is recommended that if possible, you fill this position.

The duties of the Treasurer are too important to the life of the organization to rest solely on one person's shoulders, to perform all the necessary tasks to maintain the financial health and stability of the church. The relationship of the Treasurer and Assistant Treasurer should be as strong as that of the Moderator and Vice Moderator. In essence, they are a team that share the responsibilities and duties of the Treasurer so that the church is always viewed as a stable institution by the membership and the outside community and the Board has readily available access to financial information, including researched recommendations about investments and cash flow. In an ideal situation, the Assistant Treasurer would move into the role of Treasurer the following year.

### **Member(s) at large**

Just because you are not in one of the above positions does not mean that you do not have any duties or responsibilities for your role. The primary duties of the members at large are as follows:

- \* Be prepared
- \* Participate
- \* Cooperate
- \* Accept responsibility

### **Board Teams**

Teams are appointed by the Board as needed and report directly to the Board of Directors. The role of each team is to do the research and make recommendations for the Board to consider. In some cases, once the approval is given the team is then looked to implement the tasks.

- \* **Finance Team** – Generally, a 5-7 member team of people with expertise in accounting, bookkeeping and/or financial management. Their task is to develop and recommend to the Board financial

operating procedures (FOP). Some churches look to this team to assist with the budget process in calculating income projections, etc. and oversee the annual audit process.

- \* **Grant Writing Team** – Generally, 1-5 people with interest and experience in grant writing who reports to the Board of Directors and works in conjunction with the Pastor. Often programs or projects of the church can qualify for foundation grants, this is an excellent way to help fund the work of certain projects of the church.
- \* **Stewardship Team** – Generally 5-7 people who have a proven record of financial giving (tithing) to the church and whose life reflects that of a good steward. The team will work in coordination with the Pastor and reports to the Board. This team develops and implements the year around Stewardship Program.
- \* **Building Team** – A team of 5-7 people who develop a short and long term building or facilities plan. Often the team will also have management of the care of the facilities until staff can be hired to manage the day to day upkeep.
- \* **Strategic Planning Team** – A team of 5-7 people including the Pastor and at least one Board member. This team works to assure that there is a process for strategic planning in the church, monitors progress and makes recommendations to the Board for moving the plan forward.
- \* **Policy Team** – A team of 3-5 people including at least one Board and one staff member to develop church policies to recommend to the Board for approval. Once the Policy Manual is in place it needs to be reviewed annually for any needed updates, additions or changes.
- \* **Risk Management Team** – A team of 3-5 people. Their tasks include annually reviewing all matters pertaining to risk management in the church and to make recommendations to the Board. To review such things as insurance policies, building concerns, as well as completes an annual Risk Management Audit (a sample is attached).

# Board & Pastor Roles Chart

Developed by Rev. Elder Arlene Ackerman

## Board of Directors

Including the Pastor

### **Strategic Planning**

Ensure good congregational process  
Core values, vision, mission  
Short and long term goals  
Evaluate progress

### **Finances**

Ensure adequate income  
Stewardship program  
Fundraising  
Capital campaign  
Endowment program  
Budget preparation & oversight  
Monthly reporting – Balance Sheet  
Income & Expense to Budget  
Annual Audit

### **Develop Church Policy**

### **Risk Management**

Ensure legal and ethical integrity  
Annual Risk Management Audit  
Address legal issues

### **Advise & Consent on Personnel Appoint.**

Both paid and unpaid staff  
Approve job descriptions

### **Consult with Pastor as Requested**

### **Facilities**

Current and long term

### **Pastoral Search**

## Pastor

### **Director of Personnel**

Both paid and volunteer  
Recruit, train, support & hold  
accountable

### **Visionary Leader**

Keeps the Strategic Plan/Vision before  
the people

### **Program Director**

Duties of Teacher, Preacher, & Spiritual  
Leader (Ministries of the Church)

Examples:

Worship Team  
Preachers  
Worship leaders

Music Program  
Congregational Care Program  
Children/Adult Education Program  
Communications

Both internal & external  
New Comer Adoption  
Outreach  
Social Justice

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### **Reports Ministry Progress**

to Board & congregation

## **Discussion Questions**

Have each person write the answer to each question and then discuss as a group.

1. Who is responsible for setting the agenda for Board meetings?
2. Why is having a professional payroll service advantageous?
3. Where are official records of the church kept and whose responsibility is it to keep them up-to-date?
4. Who is responsible for setting overall church policy?

# MCC Board of Directors Training

## Partnering With the Pastor

Updated by Rev. Elder Arlene Ackerman 2010

[RevArleneAckerman@MCCchurch.net](mailto:RevArleneAckerman@MCCchurch.net)

UFMCC Bylaws Article VB 1. Local Churches states, “the Pastor and the local administrative body (Board of Directors) ... are authorized to provide spiritual and administrative leadership in the local church.” Together, the Pastor and the Board as full partners provide leadership in the spiritual and administrative life of the church. Partnerships are relationships designed to put together complementary skills and abilities so that the end result is more effective than if either partner was out there alone.

If you have ever been in a partnership that worked well, you know that each of you tended to specialize, and probably worked these areas of specialization out mutually. The boundaries between the areas of specialization often were fairly fluid, but each of you had a strong core of competency that complimented the others. You each took responsibility for your own area. Depending on the situation, one of you would take the initiative, but you allowed your partner to review what you were doing and you valued the input that was given. From time to time, one of you would get overloaded, and you would then temporarily help each other until the load returned to normal. As trust between you grew, you allowed each other the freedom to handle his or her area without constant checking in to see if help was needed.

This trust was earned over time by results, personal confirmation that trust was warranted, and real evidence that each of you respected and appreciated the other. Misunderstandings were avoided by frequent, consistent and considerate communication. The quality of your work increased because of the interaction between the two of you. Also, the more stressful the situation of the partnership, the more thorough were your efforts to avoid misunderstandings and to know the views of each other.

What a great description of the relationship between a Pastor and a Board of Directors. With this healthy relationship between the Board of Directors and the Pastor, the church will be healthy! Remember, organizations tend to reflect the leadership ... so healthy relationships between leadership will be reflected in all the relationships within the church. Sadly, the opposite could be true also.

To assist in developing healthy partnerships consider the following:

1. **Be clear as to who does what.** This is not about fiefdoms, but areas of specialization. Your Pastor needs a clear job description, and a contract or a personnel manual which includes all the necessary items. (See attached sample contract).

As MCC churches, we have a dynamic that most other denominations miss out on in that our people come from many varied religious traditions. Our culture, if you will, has not yet arrived at a common definition of what the term Pastor means. Each person brings the cultural baggage of their previous traditions to us, and often the expectation that our Pastors will look, act, and be just like the pastoral model they knew. MCC members from one of our churches came from over thirty-eight different previous church affiliations. We have every reason to assume the same situation exists proportionally in all of our churches. Secondly, the size of the church you came from will also greatly influence the expectations you may have of the role of Pastor. So intentionally establish what the Pastor’s role is in your church, allowing for individual style.

Make sure it is clear that the Pastor does that job, not the Board. Educate the congregation on what the role is and what it isn't.

2. **Compensate the Pastor properly.** Compensation comes in three parts, money/benefits, mutual respect, and appreciation. A Pastor can't survive long term without all three.
  - \* Money/benefits at a fair rate are essential to a long term pastorate. When you consider setting the salary/housing allowance in the budget do your homework. Find out what other Pastors of similar sized churches in your community are being paid. Learn what benefits are reasonable for your Pastor to receive. All too many churches first consider what they think they can afford but it may prove more helpful to see what the comparable rates are in your area and then consider your budget. (Refer to the attached Pastor Contract section for more information)
  - \* Mutual respect is one of those intangibles where you recognize its presence or absence, but can't easily define in concrete terms. Its absence will kill the partnership. It has something to do with boundaries, and a lot to do with treating each other like adults. Think in terms of "tough love" and speaking the truth to each other in supportive ways. Often, the Pastor carries a heavier responsibility in this area, in that Board members can be intimidated by the Pastoral role, and are sometimes afraid to speak out when doubt exists. There must be a climate for open communication. When in doubt, speak up.
  - \* Appreciation is remembering birthdays, anniversaries, saying thank you, a love offering at Christmas, a nice office, and telling the Pastor occasionally that something was well done. Often the work of a Pastor goes unnoticed since much of it is done behind the scenes. Remembering special occasions can go a long way. (See attachment, *Honoring Your Pastor Or Other Staff Clergy.*)
3. **Feedback is essential.** Pastor and Board deserve good feedback on how they are doing. It is imperative that time is invested in reflecting on the progress being made towards nudging the vision for our church closer to reality. Utilize a self assessment process starting with self-assessments by the entire Board, Pastor included, and goal setting for measurable results consistent with your vision as a church. Each year, build on what was done the year before. If it can't be done during scheduled Board meetings, do a retreat. It's worth the time, and it will be of enormous value to the Pastor and to you as a Board member.

Pastors are accountable for the stewardship of the ministries of the church. The Board must exercise its oversight responsibilities and ask the hard questions. Remember that this is a partnership, however, not a boss/employee relationship. The phrase has been used often that the Pastor is accountable to the Congregation, not the Board of Directors. Yet between congregational meetings, the Board legally speaks for the congregation, and acts on its behalf both legally and according to our polity. Board members need not be intimidated nor feel reluctant to fulfill their obligations to exercise good oversight. Give constructive feedback about problems that have been brought to your attention. Yet allow the Pastor to take the lead in resolving issues regarding ministry priorities. Helping the Pastor to clarify the prioritizing of goals and the fine-tuning of the timing of problem-solving will in it-self be of immeasurable value. The proper time for this type of give and take is probably during the Pastor's report at the Board of Directors' meeting

People may come to you with concerns as a Board member. Explain to them the importance of direct dealing and encourage them to go to whomever they are upset with. If they are not comfortable going alone urge them to take someone with them even if you need to volunteer yourself. When someone has a concern and comes to you be sure to share this information with

the Pastor or Board. It is essential to name who is upset and be very careful to accurately reflect what is being said. There is no such thing as confidentiality between a Board member and a person outside a closed session of the Board. Do not agree to keep it confidential. You are not a counselor. When someone talks to you about a problem in the church, make it clear that you will need to relay that information appropriately. If someone is upset with you about that standard of conduct, then tell them not to share with you. Use some common sense, however. If what you have to relay will catch the Pastor by surprise, share it privately. Perhaps that is as far as it needs to go. You and the Pastor need to weigh that, and resolve it in terms of your separate corporate responsibilities. Keep in mind that Pastors don't deserve being bushwhacked by Board members in a Board meeting; such actions fail the mutual respect test. If you and the Pastor are not in agreement about how the information should be discussed in a Board meeting, you probably should discuss it with the Vice Moderator before bringing it up in the meeting, to help clarify why you and the Pastor did not agree. Ultimately you are accountable to a legal standard of due prudence in exercising your oversight responsibilities.

4. **Advise and consent with the Pastor on personnel appointments/hires.** You as the Board of Directors are responsible for the approval of the Pastor's appointment of key personnel including Department heads (i.e. Worship Team Leader, Music Program Leader, Education Coordinator, etc.), Clergy Candidates, and other personnel (compensated and uncompensated). Don't be hasty. Make sure job descriptions are in place, your personnel policies cover the various aspects of that staff/support position, that compensation issues are resolved, and that the legal requirements of personnel selection have been met. It is always advisable for the Pastor to have asked a selection committee to meet with prospective candidates for any paid staff position, and that this committee makes recommendations to the Pastor as to which candidate best meet the needs of the staff position from multiple perspectives. Clearly, the Pastor must make the final decision on who is best for the position, but this process should help make sure the Pastor doesn't miss anything,

Consult with the Pastor on personnel matters as needed. A clear understanding of the Pastor's role as personnel director is required by both the Pastor and the Board. The term Personnel Director does not define an independent policy setting function, but rather an administrative responsibility that ensures the personnel policies of the church as approved by the Board of Directors are being fully implemented. Providing direct supervision of all personnel of the church is the responsibility of the Pastor, either personally or by delegation. The Pastor is however, accountable to the Board of Directors for making sure that all personnel policies are being followed, that the legal obligations of the corporation around personnel are being met, and that any personnel situation that would cause legal concern has been brought expeditiously to the attention of the Board. The Board should keep in mind that it shouldn't normally adjudicate personnel disputes. Its role should be to advise the Pastor on how to best handle such situations.

5. **Visioning and strategic planning are the most important roles of the Board.** Scripture teaches us that "without vision the people will perish." Some say that without vision people will go to another parish. Vision and the strategic plan to fulfill the vision is that which gives the Board and Pastor focus, direction at a time when we are pulled in every direction. A people without a plan will depend on luck, and good Board members understand the difference between living on luck and living in grace. They are not the same. So, hold your own and your Pastor's feet to the amount of fire necessary to get the strategic planning done and followed.
6. **Make sure a steady hand stays on the wheel.** Help the Pastor remain focused; we are about the work of the church, not necessarily about every good idea that comes down the path. When the Pastor starts to veer off course, provide input, it's called field chatter. It keeps a baseball team focused on the game, and it works the same way with a partnership. Turning the wheel sharply because the scenery seems nicer to one side can dump people overboard. Nice slow turns, well-

signaled ahead of time lessens the risk of having to stop the boat and pick up those that fell off and were not able to swim.

The biggest surprise to new Board members is that the Pastor desires and really needs counsel and advice from the Board on the entire array of issues facing the church. Smart Pastors make sure their Board members are fully informed, and participate in the decision-making within the church. Yet even smart Pastors make mistakes from time to time, and that is when the value of a competent Board really shows. When you can surround a Pastor and get him or her through a crisis with minimal damage to the church, you and your fellow Board members are living out your partnership.

## **Discussion Questions**

Have each person write the answer to each question and then discuss as a group.

1. Do you have respect for the leadership of your Pastor? Why is it important?
2. Are you able to discuss openly with the Pastor issues that are difficult as well as positive?
3. Why is strategic planning the most important role of the Board? Does the church have a written strategic plan? If not, how might the Board help lead in its development?
4. Is your Pastor paid a salary/and benefits that are in line with other Pastors of similar sized churches in your area? If not, what might the Board do to move towards a fair rate?
5. In what ways does your church demonstrate it's appreciation of the Pastor and staff?

# MCC Board of Director Training

## **Pastoral Contract/Agreements Introduction**

Developed by Rev. Elder Arlene Ackerman, 2010  
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The following information is based on requirements of clergy in the USA.

A church and Pastor would do well to have, in writing, those agreements that they have covenanted to and reviewed by legal counsel. A detailed description of key elements will make working together much easier and will help to build a trusting and lasting relationship. This document and the attached *Sample Contract* will give you a starting point in developing a written agreement.

Putting your agreements into writing and reviewed by legal counsel is critically important. Whether a church and pastor have a contract or have all of the information within a Policy Manual or Covenant is not what is important. What is important is that it be in writing, reviewed by legal counsel and signed.

### **Compensation Information**

1. Contact US Labor Statistic for the salary levels in your local area. Go to <http://www.bls.gov/blswage.htm>, click on METROPOLITAN AREA WAGE DATA. This site can give you both the mean wage for All Occupations and you can narrow the search for clergy.
2. Contact churches of similar size in the area where your church is located.
3. Contact Salary.com
4. Book Review: *Compensation of Pastors in the USA*

### **Pastor as Employee**

While the Internal Revenue Service considers most pastors to be employees for federal income tax reporting, all pastors are considered self-employed by the Social Security Administration with respect to services performed in the exercise of ministry.

1. Voluntary Withholding – A church and its pastor, who reports his or her income taxes as an employee, can voluntarily agree to subject his or her compensation to income tax withholding. Some pastors find voluntary withholding helpful because it avoids the additional work and discipline associated with the estimated tax payment procedure. Pastors who elect to enter into a voluntary withholding arrangement with their church need only file an IRS Form W-4 (Employee's Withholding Allowance Certificate) with the church. The filing of the form is considered a request for voluntary withholding, an arrangement that may be terminated at any time by either the church or pastor, or by

mutual consent. Of course, a voluntary withholding arrangement will affect the church's quarterly IRS Form 941.

2. Estimated Tax Payments – Unless electing voluntary withholding. Pastors must prepay their income and self-employment taxes using IRS estimated tax procedures.

## **COMPENSATION**

### **Salary**

1. Senior Pastors – The basic cash salary is the amount of actual dollars paid to the Pastor. Cash salary does not include housing utilities, allowances, benefits, Social Security, or reimbursable expenses.
2. Associate Pastors – The basic cash salary for associate pastors should be equal to at least 80% of the salary for senior pastors with equivalent experience.
3. Part-time Senior and Associate Pastors – The basic cash salary for part-time pastors should be determined by the applicable percentage of the full-time package.

### **Housing Allowance**

Several factors must be taken into consideration, both by pastor and congregation, when a housing allowance is provided.

- To the extent that such an allowance is spent, it is excluded from taxable income.
- For the actual amount of the housing allowance to qualify by IRS standards as tax-free income, it must be clearly designated by church vote as housing allowance and be formally approved annually by the appropriate church board prior to the beginning of payments.
- Any amount of the allowance that is not actually spent on housing is taxable to the pastor.
- A housing allowance is fully taxable for Social security purposes.
- A housing allowance can be spent on any items required to provide a home, such as the monthly mortgage payment (interest and principle), taxes, insurance, furniture, furnishings, home repairs, new appliances, yard care, snow removal, and all utilities.

## **BENEFITS**

1. Retirement Contribution – A quarterly contribution to an IRA or 401 Retirement Account. IRS 403(b) tax-sheltered annuity, which means payment to fund are not taxable until the benefits are received after retirement. The recommended formula for calculating the annual church contribution to a pastor's annuity is an amount equal to 10% to 14% of the cash salary plus housing allowance. In some specific situations, however, where a pastor's compensation package is heavily weighted toward a housing allowance, a tax accountant should be consulted to assure that the annuity payment does not exceed the maximum percent of taxable compensation allowed by the IRS for contribution to a 403(b) tax-sheltered annuity. A percentage higher than 14% may be agreed upon by the church and the pastor within IRS limits.
2. Annual Clergy Renewal Status Fee – Most churches pay the annual fee for all clergy on paid staff.

It should be noted that the Retirement Contribution is not the same as what the local church (USA) pays to UFMCC every quarter. The quarterly payment made to the MCC

Pension Fund is set up to help create a pension fund for all MCC vested clergy and not specifically for your church's clergy.

3. Health and Dental Insurance –
  - a. Group Health Insurance for pastors and their families: The church has the option to pay for an individual plan, or the church may opt to become a part of the program set up by UFMCC. The UFMCC plan allows for health and dental insurance and other optional benefits. Contact UFMCC at:  
Director of Operations  
Administrative Operations Offices  
PO Box 1374  
Abilene, TX 79604  
Phone: 325 261-1531 FAX: 310-388-1252
  - b. Local churches participating in the UFMCC Health Benefit Plan may establish a Flexible Spending Account. Aside from a modest initial set-up fee, making the account available does not entail a cost to the local church. The Plan provides participants with tax savings because a portion of the before-tax salary is voluntarily redirected into the participant's account and then withdrawn to cover medical expenses at the participant's discretion.
4. Life Insurance and Disability Income Plan – The plan offered through the UFMCC program is vitally important coverage that protects the pastor and church by providing disability income and life insurance for the pastor. Whether the church utilizes the UFMCC plan or finds another plan this coverage is important for both the church and the pastor. The plan has three parts:
  - a. Life insurance program
  - b. Short-term disability program that can replace a portion of income for up to five months
  - c. Long-term disability program that can replace a portion of income when a disability continues beyond six months
5. Medicare – It is recommended that when a pastor reaches the age of 65 and is not retired, the church assumes the cost of the Medicare Supplement Plan.
6. Social Security – Clergy, considered as self-employed for Social Security purposes, must pay the current 15.3% (Schedule SE) on the cash salary plus housing allowance or fair market rental value of a parsonage. Because this is not matched by any employer, churches are urged to contribute 7.65% of the pastor's salary plus housing allowance (or 7.65% of 130% of base salary if a parsonage is provided) for social security, as it must do for regular FICA employees. The difference is that this is paid directly to the pastor and considered as a Social Security Allowance or Offset. This is taxable income which must be included with taxable wages on the pastor's W-2 form and reported on the pastor's tax return.
7. Worker's Compensation – Churches are required by law to provide worker's compensation coverage for all employees, including clergy.

8. Malpractice Insurance – Each church should maintain malpractice insurance as part of their church’s insurance program.

## **PROFESSIONAL EXPENSES**

Churches must decide what professional activities support their ministry and how such expenses will be funded and reimbursed. These activities undergird the pastoral leadership offered and the related expenses are considered costs of the church, not part of the pastor’s compensation.

Churches are urged to adopt an “Accountable Reimbursement Plan” (acceptable to the IRS – see IRS publication 1828, “Tax Guide for Churches and Religious Organizations,” available at <http://www.irs.gov/pub/irs-pdf/p1828.pdf> as a means of reimbursing pastors for professional expenses incurred on behalf of the congregation. These expenses may be for transportation, overnight travel (including lodging and meals), professional entertainment, books, subscription, education, vestments, and professional dues. The adoption of such a plan relieves the pastor of complicated tax reporting.

Under the Accountable Reimbursement Plan, the pastor provides the church with detailed documentation of the above items. Assuming that the nature and level of expenses falls within IRS guideline, reimbursement is not included as taxable income. The church must retain the documentation for seven years for audit purposes.

1. Travel – Reimbursement for automobile travel should be at the rate allowable by the IRS. It is necessary that the minister provide to the church a daily record of trips taken, briefly noting the purpose, distance traveled and the expenses incurred, including tolls and parking fees. Expense vouchers should be submitted on a weekly or monthly basis. The church budget can set the limits on reimbursable amounts.

A church may provide the pastor with an automobile for which the church pays all expenses and for which the pastor would then record and compensate the church for personal miles traveled. Reimbursement for other church-related travel (air, train, etc.) should be reimbursed upon receipt of vouchers submitted by the pastor per budget.

2. Church-related Meetings – To maintain ministerial standing, pastors are expected to attend General Conference and other MCC meetings. They are also expected to serve in wider ministry, such as community meetings, conferences, and ecumenical settings. Such service should be considered part of the congregation’s ministry, not as time off or vacation for the pastor.
3. Other Professional Expenses – The church should budget an amount for annual professional expenses including items such as
  - a. Professional journals, books and periodicals
  - b. Hosting or entertaining church leaders, members, or guests
  - c. Dues to professional organizations

## **VACATIONS AND LEAVES OF ABSENCE**

1. Days off – Churches should give, and pastors should take, two days off each week.

2. Vacations – Pastors should be given at least one month paid vacation each year, with freedom from all parish responsibility during that time. After ten years of service an additional week should be granted.
3. Continuing Education – Church are encouraged to grant their pastors two weeks study leave, including weekends, each year. An allowance should be budgeted to cover continuing education expenses. Continuing education time should not be considered vacation.
4. Sabbatical Leave – Sabbatical leave for study, travel or personal renewal is an important part of a pastor’s continued development. Sabbaticals are normally three months at full compensation given every five to seven years, exclusive of vacations. Congregations are encouraged to also set aside funds each year in anticipation of the cost for services during the absence of their pastor. The value of a sabbatical, both to pastor and to congregation, is significant.
5. Emergency Leave – Allowance should be made for the pastor to be with his or her immediate family at times of death. Paid emergency leave would normally be limited to a period of 5 – 7 days per year, except where compassion dictates further extension.
6. Sick Leave – Churches are encouraged to give their pastors sick leave accumulated at the rate of one day per month up to thirty days. In cases of prolonged illness or disability, the church should continue to provide pastoral compensation and all benefits for thirty days, after which the Short Term Disability Income Plan takes effect. Short Term Disability will continue for 22 weeks, at which time, if the pastor is still disabled, he or she will be eligible for Long Term Disability. During the 30-day waiting period and the 22 weeks of Short Term Disability, the church would be expected to continue to pay Health, Dental, Annuity, and Insurance compensation.
7. Death – In case of clergy death, churches should provide salary, housing and all benefits to the spouse and/or family for two months.

*Adapted in part from the Compensation Guidelines for Authorized  
Ordained Ministers in the United Church of Christ, 2007*

## **ADDITIONAL RESOURCES:**

- Hammar, Richard R., Church and Clergy Tax Guide (updated annually), Christian Ministries Publications, Greensboro, NC
- Worth, B.J., Income Tax Guide for Ministers and Religious Workers, World Publishing, Iowa Falls, IA
- Holk, Manfred, Handbook of Personal Finance for Ministers, Church Management, Inc., Austin, TX
- Internal Revenue Service, Publication 517, Social Security for Clergy and Religious Workers, <http://www.irs.gov/>
- Parish Life and Leadership in Local Church Ministries, UCC: The Pastoral Relations Committee
- Darnley, Carol, Clergy Taxes and Compensation
- Alban Institute, Sabbatical Planning
- Hudson, Jill, When Better Isn't Enough: Evaluation Tools for the 21<sup>st</sup>-Century Church, Alban Institute
- McMahon, David, Completing the Circle: Reviewing Ministries in the Congregation, Alban Institute



## Sample Pastoral Contract

For a

### Part-Time Pastor

Updated September 2010

*(Note – Always seek legal advice before signing a contract. Optionally, these agreements could be listed as a Covenant or contained in a Policy Manual.)*

The parties to this agreement are Metropolitan Community church (MCC) \_\_\_\_\_ and \_\_\_\_\_ herein referred to as church and Pastor.

MCC \_\_\_\_\_ is a church in the Universal Fellowship of Metropolitan Community Church (UFMCC) and therefore this agreement is subject to the Bylaws of the UFMCC as well as the local church.

### RESPONSIBILITIES

The church hereby covenants that the Pastor will perform the usual pastoral duties and responsibilities including, but not limited to the following:

1. The Pastor is being initially hired for \_\_\_\_\_ hours per week for the performance of Pastoral duties and responsibilities. Work hours include sermon preparation and Sunday worship. It is understood that while the position is part-time many of the tasks written below will be done in a limited capacity. Both the Pastor and Board commit to working towards making this a full-time position as the church grows.

2. The Pastor shall direct the ordering of all worship services of the church as set forth in the By-laws of the UFMCC. The Pastor shall officiate and participate in the regularly scheduled weekly Sunday worship service, except when on vacation or authorized leave.

If there are planned worship services or events the Pastor shall not ordinarily take the following as time off: Christmas Eve or Day, Good Friday, Easter, Pentecost, and Thanksgiving.

3. The Pastor shall direct the performance of the Sacraments of Baptism and Holy Communion, as set forth in the Bylaws of UFMCC.

4. The Pastor shall perform, at her/his discretion, the rites of Holy Union or Holy Matrimony.

5. The Pastor shall direct the performance of the rite of attaining membership as set forth in the Bylaws of UFMCC.

6. The Pastor shall perform, at his/her discretion, the rite of Funeral or Memorial Service, the rite of Laying on of Hands, and the rite of Blessing, as set forth in the UFMCC Bylaws.

7. The Pastor shall be the spiritual and administrative leader of the church and shall work in a spirit of cooperation with the Board of Directors and collaboration with lay leaders.
8. The Pastor shall direct the spiritual education program of the church and shall provide leadership for the ongoing development of all church programs through delegation, training and coordination.
9. After the Pastor's weekly work hours have increased to a minimum of 20 hours per week the church will actively support the Pastor in serving the UFMCC. The Pastor may then accept one (1) denominational office or task at any one time without the affirmation of the Board of Directors provided that the responsibility can be performed within the confines of this contract, and will not require the Pastor to miss more than five work days from the church per year. Any time, including travel time, spent away from this church on UFMCC activities shall be considered normal time worked. Prior to working twenty hours per week any denominational work would be considered volunteer time and not paid by the church.
10. The Pastor shall attend church social events as part of his/her work schedule. All fees charged by the church for the event shall be waived for the Pastor, their spouse and children. (ie. entry fee, food)
11. The Pastor shall organize and supervise a congregational care program to see to the needs of the congregation.
12. The Pastor shall serve as personnel director of all paid and volunteer staff.
13. The Pastor shall serve as Moderator of the Board of Directors (unless local church bylaws state otherwise.)
14. The Pastor shall be responsible for the performance of such other duties and responsibilities as may be set forth and agreed to between the Pastor and church.
15. The Pastor will schedule regular hours of availability and/or office hours.
16. The Pastor agrees that she/he will at all times faithfully and to the best of her/his ability perform all the duties herein described.
17. The Pastor agrees to serve in accordance with the UFMCC Clergy Code of Conduct.
18. Primarily the Pastor shall work diligently **"to equip the people of God** for works of service, so the body of Christ may be built up until we all become mature, attaining to the whole measure of the fullness of Christ," (Eph. 4:11-13)

## **TERMS OF EMPLOYMENT**

1. In order to balance the needs of the congregation and the needs of the Pastor, the Pastor shall be entitled to the following leave:
  - a. One Sunday off from preaching every quarter, this allows for others to preach and for the Pastor to work other hours from time to time. The Pastor will ensure that the pulpit is filled during any absence.
  - b. Two weeks paid vacation annually (for Pastors working less than full-time) and four weeks vacation annually (when paid 40 hours), dates to be affirmed by the Board of Directors. (A week is based on the current number of contracted hours per week.) Five weeks vacation annually

beginning with the tenth year of full time service. No more than one week may be carried over to the next year.

c. The Pastor shall accrue one health day every two months, one per month when hours are increased to 40 or more per week. Said time shall be accrued and be accumulative for the duration of this contract but shall not exceed thirty days. Furthermore, such time shall not be reimbursed at termination of employment.

d. Holidays: After the Pastor's hours are increased to 40 or more per week the following holidays will be given: All federal holidays, Good Friday, Easter, and the day after Christmas and Easter. Should the holiday fall on a church function day or a scheduled day off, the pastor shall receive another day off in its place.

e. After each five years of service the Pastor will be given a paid sabbatical of two months. This time is for reflection, education, writing, and renewal.

f. In the event the Pastor shall become totally disabled, which is expected to last for a period of at least six months, either party shall have the option to terminate this contract, after consultation with the Elder. Such option shall be exercised by either party giving written notice to the other party of at least thirty days.

For the purposes of this contract, the Pastor shall be deemed to have become totally disabled if, in the opinion of two or more physicians who have examined the Pastor, she/he is not able to perform her/his duties by virtue of illness or injury, and such inability is expected by said physicians to last for six months or more. The opinion of the physicians shall be presented to the Board of Directors in writing. During any such period of disability, the Board of Directors may request the Elder consult with them regarding an appointment of an Interim Pastor.

g. The Pastor shall be entitled to 5 days for emergency leave in the event of a death occurring within her/his or her/his spouse's immediate family. This time shall not be charged against vacation time and shall not be carried over to the next year if unused.

h. After the Pastor's hours have been increased to 20 or more per week the Pastor shall be entitled to five days annually to pursue continuing education. This time shall not be charged against vacation time and shall not be carried over to the next year if unused. A stipend as set forth in the budget will be given the Pastor for expenses incurred for continuing education.

i. After the Pastors hours have increased to 20 or more per week the Pastor may have 3 personal business days annually. This time shall not be charged against vacation time and shall not be carried over to the next year if unused.

2. Review - It is understood that open and honest feedback will be shared with the Pastor within the monthly Board of Directors meetings. The Board of Directors will conduct a written annual Board performance review; this will include a review of all Board positions.

3. Compensation and Benefits - The Pastor's compensation shall be established through the church's budgetary process and will be negotiated between the Pastor and the Board of Directors.

a. The Pastor shall be paid every two weeks. (It is strongly recommended that the church utilize a professional payroll service.)

b. When the Pastor's hours reach twenty or more per week the church shall pay the Pastor's health insurance at a fair and negotiable rate if the Pastor is not currently insured through other employment.

UFMCC does have an option for health insurance, contact  
Director of Operations  
PO Box 1374 | Abilene, TX 79604  
Phone: 325-261-1531 Fax: 310-388-1252

c. After the Pastor's hours reach 20 per week the Church shall pay the Pastor's continuing professional education expenses up to the amount set forth in the budget.

d. Ideally, the Church would pay all normal and reasonable conference expenses incurred by the Pastor for attendance at authorized UFMCC conferences. These expenses would include the following: transportation, lodging, meals, registration fees and incidentals. The dollar amount will be established in the budgetary process.

e. The Pastor shall be reimbursed for all professional expenses up to the dollar limit set during budgetary process. Receipts and verification shall be submitted prior to reimbursement for each expense.

f. Annual Clergy Renewal Status Fee – shall be paid in December of each year on behalf of the Pastor at the Early Renewal rate.

g. Health Insurance & Dental Insurance shall be paid for at a rate established in the budget. Any additional funds needed will be paid by the Pastor.

h. It is understood that the church will provide Worker Compensation required by law.

4. Resignation - Should the Pastor resign from her/his duties she/he shall give a minimum of 45 days written notice to both the Board of Directors and the Elder.

5. Termination - In the event that the UFMCC removes the Pastor pursuant to the Bylaws of UFMCC, employment may be terminated without notice.

Any dispute regarding this agreement will be heard by the Elder or their designee who will make final determination.

**TERMS OF EMPLOYMENT CONTINUED**

The hours, salary, benefits will be negotiated by the Board of Directors as part of the budgetary process of the church. All salary and benefits are to be paid by the church.

This contract shall remain in effect until the pastor resigns or is removed from office. The contract should be reviewed annually to see if any changes are needed. A failure to renew the contract does not constitute the dismissal of the pastor.

On this \_\_\_\_\_ day of \_\_\_\_\_ in the year \_\_\_\_\_ all parties, in Christian love and mutual respect, set forth their signatures as acceptance of the above terms and conditions.

\_\_\_\_\_  
Pastor Date \_\_\_\_\_

\_\_\_\_\_  
Clerk, on behalf of the Board of Directors of MCC Date \_\_\_\_\_

## **Housing Allowance Motion For US Churches**

A fully credentialed Clergy person (UFMCC or Transfer, but not a Clergy Candidate or an Interim Pastoral Leader who is a Layperson) may designate as much of his/her salary as housing allowance as s/he can prove to the IRS by the payment of rent, mortgage, utilities, lawn service, repairs, etc. It is the responsibility of the Clergy person, not the Board of Directors, to be able to prove the amount in the event of an audit of the Clergy person's taxes, which is not uncommon. The IRS can require additional payment, penalties, and interest by the Clergy person, but not the church, in such an instance.

If a Clergy person wishes to change the amount of salary designated as Housing Allowance for the next calendar year, then the Board of Directors must pass the following motion and record it in their minutes of their December meeting exactly as written below. If there is to be no change in the allotment from one year to the next, then no action needs to be taken by the Board.

To establish a Housing Allowance in a new pastorate/staff position, have the motion passed by the Board and recorded *verbatim* in the minutes prior to the arrival of the new Clergy person, so that it will be in effect when the first paycheck is issued.

If, in the middle of the year, a Clergy person's housing situation changes, the amount designated as Housing Allowance may be altered (either increased or decreased) by passing the motion with the new figures.

The motion can never be retroactive. The allowance can only be instituted/changed after the motion has been duly passed by the Board.

This is applicable for any Clergy person who is paid by your church: Pastors, Associate Pastors, Directors of ..., etc.

### **Motion**

Moved that, whereas, professional clergypersons are entitled by the U.S. Internal Revenue Service to claim a portion of their salary as housing allowance, and whereas, the IRS requires such allowances be established by the governing body of said professional clergyperson, and whereas, the following person is a professional clergyperson serving on the \_\_\_\_\_ (church) \_\_\_\_\_ staff, be it resolved that an annual housing allowance be established for Rev. \_\_\_\_\_ at the amount of \$ \_\_\_\_\_ beginning \_\_\_\_ (date) \_\_\_\_\_ and shall remain in effect from year to year while this person serves on the church staff or until adjusted by this governing body.

# MCC Board of Directors Training

## **Honoring Your Pastor or Other Staff Clergy**

Developed by Judy Dale

There are several occasions during the year on which you will want to remember your Pastor with a card and gift from the congregation. It is up to the Board of Directors to initiate and plan something. The presentation can be made during the Sunday worship service closest to the event. Planning for one of these is the only reason the BOD may meet without the Pastor's knowledge.

### ***Pastoral Anniversary***

There are two types of Pastoral Anniversaries.

The first recognizes the date your Pastor came to begin ministry with your congregation. In the USA today, the average pastorate for all denominations is less than four years, so we want to celebrate long-term commitment between pastors and congregations. (In UFMCC, we have had less than ten pastors who have celebrated a 20th anniversary with a single church.) Usually, the 5th, 10th, 15th, 20th, etc., will be bigger celebrations, perhaps with a dinner or party in his/her honor. (At your discretion, you may want to include the Pastor's spouse in part of the recognition.)

The second is the anniversary of your Pastor's beginning ministry date. (Sometimes these two dates are the same, if your Pastor began her/his ministry in your church.) This anniversary honors the number of years your Pastor has served as clergy. You may want to just acknowledge this with a card, except for the really major ones.

### ***Birthday***

Singing "Happy Birthday," presenting a card and small gift, and having a cake at fellowship is appropriate ... unless, of course, the birthday is a "biggie," in which case you may want to instigate a party!

### ***Spousal Anniversary***

We need to model celebrating anniversaries, since most of society does not recognize them. Just acknowledging the date during worship and giving them a card is all that is needed.

### ***Christmas***

Christmas and Pastoral Anniversary are the two most important dates on which to honor your Pastor. A gift and card presented at the Christmas Eve Service or on the Sunday preceding Christmas is recommended.

### ***What to Give***

Check with your Pastor's spouse or a close friend. Cash is always appropriate, which can then be used by the Pastor at a store of his/her choosing for something s/he would like. Just be sure that what you give is personal and *really* wanted, not something you *think* s/he would like or something to ultimately benefit the church!

# MCC Board of Directors Training

## Risk Management

Complied by Rev. Elder Arlene Ackerman, 2010

Most church members do not think much about potential liability risks in their church. In the USA, we live in a litigious society and to be unaware of the potential risks is dangerous. One lawsuit can have the effect of closing a church, damaging the reputation of the Pastor or putting a Board member in personal financial jeopardy. It might also leave someone injured without coverage.

The material provided here is not comprehensive. It is recommended that your Board consult with insurance providers and other professionals. The insurance companies listed below also offer excellent free resources that you might find helpful.

David Pollack, in his book *Business Management in the Local Church*, speaks to the issue of risk, he writes, "There are four ways a church can cope with the possibility of claims arising from injury or other forms of liability:

### 1. Eliminate the Risk

It is possible to totally eliminate certain, specific risks. These could be related to employees using inferior materials or unsafe equipment. Moreover, perhaps your buildings are designed with hazardous walkways, low clearance, slippery surfaces, or broken stairs and other areas demonstrating clear negligence. A church, like any other organizations, risks the possibility of injuries and liability by not identifying and eliminating these problems. If church leaders don't take these potential hazards seriously, they could be exposed to lawsuits and, in some instances, could be criminally liable. Furthermore, gross negligence or flagrant violations of health and safety standards is sufficient cause for an insurance carrier to void and cancel your policy.

### 2. Lower the Risks

From a practical standpoint, it would be impossible to eliminate every risk, even if you knew where they were. So, short of total removal, the next best thing is to reduce the risks. Take a close, critical look at your church buildings and grounds to determine what, if anything can be done to lessen possible hazards. What precautionary steps can be taken to reduce your exposure in these areas?

For instance, the danger of falling off a ladder cannot be eliminated; but the use of a safety ladder can reduce the risk. Hallways need to be free of obstacles; walkways should be clear of electrical cords. Having a good policy regarding the issuing of keys to buildings and protecting computers and office equipment from being carried away are examples of ways to reduce risks.

### 3. Accept the Risks

Accepting the risk can be appropriate when the risk cannot be totally eliminated or the cost of insurance is prohibitive. As any insurance agent will tell you, it is possible to buy insurance for almost every conceivable risk. But that simply isn't practical for most churches.

Furthermore, there are situations where, even though the church carries coverage for a specific risk, it may be advisable to go ahead and pay the damages. This applies when there is a likelihood that your

premiums will increase significantly as a result of the incident or when the costs of the claims are within the policy's deductible portion.

#### 4. **Shift the Risk**

Purchasing insurance coverage enables the church to transfer its risks. In effect, when you buy insurance, you agree to absorb some of the smaller, periodic losses in the form of premiums and deductible in exchange for avoiding the larger, uncertain claims.”

### **Incorporation**

Is it important for your church to be incorporated? Absolutely! Can churches incorporate in all states within the USA? Yes, in recent years the laws have been changed in the few states that hadn't allowed churches to incorporate to now do so.

According to David Pollock in *Business Management in the Local Church*:

The main advantages of incorporation are liability protection and tax exemption. A church that chooses to do business as a corporation has protection from liability. Members are exempt from liability if the leaders or other members engage in any wrongful activity. In the event of a legal judgment claims would be paid out of an insurance policy or from the assets of the church – but not from assets of the members. If an individual officer or person is guilty of wrongdoing, a lawsuit could be brought against that individual, but the remaining members would be free from liability.

The disadvantages of not incorporating are significant. On a practical level, it is difficult to do business without incorporating. Banks are reluctant to open accounts without someone taking ultimate responsibility, which usually means the senior pastor. A church functioning as an incorporated association normally places the pastor or one or more Board members at risk for all debts, contracts and legal matters.

When a church incorporates, it normally secures a nonprofit status. The benefits of a nonprofit distinction are many. Federal statutes provide certain direct benefits to nonprofit corporations.

- \* May apply and receive exemption from federal income taxes
- \* In some instances, you may receive a reduced postal rate
- \*

On a state level, nonprofits enjoy certain other benefits:

- \* Exemption from state income taxes
- \* Exemption from property taxes
- \* Exemption from sales tax

When applying for nonprofit, tax-exempt status under federal law, churches usually must receive a nonprofit status from their state government. Contact the Secretary of State office. Once this is accomplished, a church would apply for the status of a public charity and the designation as a “501 (c) (3)” organization according to IRS statutes. This classification affects both the activities that the organization may engage in and the manner in which contributions will be treated.

It is advisable to meet with an attorney to discuss the process of incorporation and applying for the 501 (c)(3) status with the IRS. The MCC as a denomination has its group 501 (c)(3) status but it is strongly recommended that each church also take this added step.

The Internal Revenue Code defines and sets forth guidelines and qualifications for a nonprofit corporation. These include the drafting of Articles of Incorporation and Bylaws. These documents lay out

the legal structure of the church government along with certain limitations on activities. Generally speaking, to secure the 501 (c)(3) status from the federal government, your Articles of Incorporation must include the following:

1. A “religious Purpose” clause
2. A clause that states that there will be no “Propaganda or Political Activity”
3. A methods for disbanding the corporation or a “Provision for Dissolution Clause”

Once the church has satisfactorily met all the government’s requirements, a letter of determination will be issues from the IRS confirming your status.

## **Insurance Coverage**

Compiled by Margaret Mahlman, CPA

### **Board of Directors’ Obligations**

#### **A. Annual Review**

As part of the Board’s fiduciary responsibility for the church’s assets, insurance should be reviewed annually with your insurance agent to be sure the church has adequate insurance to cover losses. If the insurance falls below the value of the property, insurance recovery will be reduced in the event of loss. Also, many insurance policies don’t cover certain risks unless special endorsements are purchased.

#### **B. Documentation**

Documentation must be kept in the following areas:

1. Annual Board approval of the insurance coverage must be documented in Board minutes and any action taken to decrease/increase insurance must be reflected.
2. A video inventory of all church assets should be prepared periodically and kept offsite. This should be updated frequently. Back up files of all computer data should also be kept offsite and records showing costs and/or appraisals of hard-to-value assets should be maintained.
3. Permanent legal documents such as title to real estate, wills or bequests, insurance policies, etc. should be copied and copies or originals kept off the church premises in a safe deposit box or another secure location.

#### **C. Contact with the Insurance Company**

1. As soon as a loss is discovered or an allegation of misconduct or a liability issue is raised, the insurance company should be contacted. Often, they will refuse coverage if they are not notified on a timely basis. They can start their investigation sooner, if one is needed and they will be able to find more information if they are told closer to the incident,
2. One person on the board should be appointed to be the liaison with the insurance company. That person can establish rapport and work is less likely to be repeated, duplicated or missed.

### **Types of Insurance**

#### **A. General Liability (Multi-Peril)**

Churches need to obtain insurance that responds to lawsuits which may involve personal or property injury, bodily injury, damage, and sexual misconduct or molestation.

This insurance should apply whether or not the injury or damage occurs at or away from the church and is

caused by an employee, volunteer, church or board member, or virtually anyone else acting on the behalf of the church.

Most policies do protect churches against lawsuits which arise due to either property damage or bodily injury. There are differences in coverage and deductibles which vary from policy to policy.

Fewer and fewer policies offer protection for personal injury and sexual misconduct/molestation. Personal injury includes libel, slander, invasion of privacy, and other infringements on the rights of an individual or organization.

Some insurance companies specifically include coverage for personal injury and sexual misconduct because they recognize the serious financial consequences to the church when it is wrongly accused of an act.

Purchasing insurance for this type of exposure is a wise financial decision for your church and should not be viewed negatively. Coverage does not apply to person(s) who are actually guilty of committing the offense. You will not be protecting the guilty by buying the insurance. You will be protecting your church and innocent employees, volunteers and members.

### **B. Professional Liability**

A special concern of churches is the exposure which the clergy has from counseling. Several churches have been sued for damages due to the relationship between a clergy person, counselor or teacher who have a counseling relationship with someone in their capacity as employee, volunteer or clergy of a church. While very few cases have resulted in awards, they are costly to defend and policies are available which would minimize the cost to the church if such a suit were filed.

### **C. Directors & Officers (D&O)**

A good multi-peril policy will include officers, directors and trustees as insured for lawsuits involving bodily injury, property damage and personal injury. Almost no multi-peril policy automatically covers directors and officers for errors and omissions or “bad judgment.” This coverage is available either as an option in a multi-peril policy or as a separate liability policy. The coverage may be referred to as “errors and omissions,” “directors and officers” or “directors, officers and trustees” insurance.

Some states have laws which grant immunity from personal liability to directors and officers (and sometimes volunteers) of churches that are incorporated under the state’s nonprofit corporation law. The most common type of this law grants immunity to uncompensated directors and officers of a nonprofit corporation from any negligent act committed within the scope of their official duties. Immunity laws protect only the officers and directors from personal liability; the organization may still be held liable for negligent acts of officers and directors. Check with the office of your State’s Attorney General to determine whether your state has such a law.

### **D. Property Insurance**

Property insurance will protect the church building (if owned by you) and the contents of the building. Insurance is available for the contents whether you own or rent. The amount that you will receive in the event that your church is totally destroyed with its contents will be dependent upon the amount of coverage that you carry and the deductible that you choose.

#### **1. Amount of Insurance**

To arrive at the proper amount of insurance you must calculate the cost of replacement for your building and contents. The original purchase price and the market value of the actual contents can usually be ignored.

You may estimate the replacement value with the help of your agent or hire a professional

appraiser. It is critical that the person doing the estimating be familiar with church property, church architecture and construction if a building is involved.

Many policies now are written for replacement value, however, some companies will only insure for the “fair market” value. Be aware of what you’re buying and the risks associated with your decision. Replacement value is the cost to replace property while “fair market” value is the replacement cost less an allowance for deterioration and depreciation. The older your property is, the less you will receive on a fair market value claim.

## 2. Type of coverage

“Cause of Loss” or “named peril” insurance. This type of insurance requires a specific type of loss in order for coverage to be in effect. This type of policy will only pay for damage resulting from the cause which is named in the policy ie: windstorm, hail, fire.

An “all risk” or “comprehensive” policy will cover all causes of loss except those which are listed as exclusions such as wear & tear, war, flood, etc. Even with an all risk policy some items aren’t covered. Some of the most important ones may be covered by riders to your policy or by purchasing a separate policy to specifically cover those items.

## 3. Types of riders which may be purchased

- a. Glass
- b. Building Ordinances
- c. Earthquake and/or Flood
- d. Theft and employee dishonesty
- e. Signs (especially signs off premises)
- f. Buildings under construction
- g. Antiques/artwork
- f. Computers/software
- h. Steam & hot water boilers

## **E. Employment Practices Insurance**

This covers suits brought against the church by employees. Typical acts covered by this type of insurance are: sexual harassment of an employee by someone in management or by another co-worker, equal opportunity discrimination claims, and wrongful termination. These suits can become costly to defend, even if the church is found to be innocent. Insurance will provide the funds to defend against lawsuits brought against the church by employees.

## **F. Workers’ Compensation Insurance**

In every State, churches, like any other business are *required* to carry workers’ compensation for their employees. Even when insurance is not required, benefits are. That means benefits must be paid if there is a claim whether or not insurance is purchased. Claims could be expensive and could lead to fines and legal action if unpaid.

While, for income tax purposes, clergy are considered to be self employed, they are classified as employees for workers compensation purposes in most states.

Workers’ compensation benefits are not determined by you or your insurance company but by state law. The various states include various items but they typically include benefits for medical expenses, rehabilitation (if needed), lost wages and survivor benefits. In 6 states (Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming) this must be purchased through a state fund. In all other states, a private insurance carrier may be used.

### **Insurance Companies Specializing In Church Insurance (USA only)**

Each of these insurance companies offers FREE risk management resources.

- \* Church Mutual Insurance Company – [www.ChurchMutual.com](http://www.ChurchMutual.com)
- \* GuideOne Insurance (formerly Preferred Risk Mutual Insurance Company) – [www.GuideOne.com](http://www.GuideOne.com)
- \* Church Underwriters, Inc. (Available in most US states) [www.chuund.com](http://www.chuund.com)

### **Other Risks of Legal Exposure**

While there are numerous risks for church leaders to become aware of and manage, some of the most frequent and likely risks to be encountered are best understood in the context of legal liability. The following categories of liability are some of the most common sources of legal exposure for church leaders. Note: These summaries are based upon content in *Pastor, Church & Law* by Richard Hammar, a comprehensive text on legal matters for clergy and churches, and “Church Tax and Law Report,” an excellent bimonthly newsletter. These materials, which provide much more detail on these subjects and more, can be ordered from Christian Ministry Resources, [www.churchlawtoday.com](http://www.churchlawtoday.com).

#### **Negligence**

Negligence is conduct which creates an unreasonable risk of harm to another’s person or property, and which does in fact result in injury or damage. Negligent conduct need not be and usually is not intentional. It may consist either of a specific act or failure to act.

This is probably the most likely basis of legal liability for clergy or other church leaders acting (or failing to act) in the course of their ministry. Examples of exposure include authorizing a children’s activity without adequate adult supervision or knowing of a dangerous condition on church property but failing to warn members and visitors. Another important example is failure to adequately screen or supervise church workers, whether compensated or volunteer.

#### **Contract Liability**

Clergy and church officers should refrain from signing contracts unless they are certain that 1) the contract has been properly authorized (as in a motion by the Board of Directors), and 2) they are authorized to sign on behalf of the church. Church officers should only sign contracts in a representative capacity where the officers’ title appears beside, above or underneath the signature. In some circumstances, signatures without such designation can leave the officer personally liable for the terms of the contract. It is also advisable to have all contracts reviewed by an attorney prior to signature.

#### **Failure to Report Child Abuse**

All fifty states in the United States have enacted child abuse reporting statutes. Definitions and requirements of these laws vary from state to state, and some include a mandatory duty of clergy to report known or reasonably suspected cases of child abuse. Clergy should not assume that they have no duty to report, and should not assume that the clergy-penitent privilege relieves their duty to report. Clergy and other church leaders should be familiar with the child abuse reporting requirements in their state and act accordingly.

#### **Diversion of Church Funds**

Church funds and assets are to be held in trust for the religious and charitable purposes of the church. None of a church’s net earnings can inure to the benefit of a private individual, except for the payment of reasonable compensation for services rendered. Diversion of church funds can be intentional, such as embezzlement or theft, or can be inadvertent, such as use of church funds for travel or entertainment which is not properly authorized.

Church officers may also be legally accountable for violating the terms or restrictions of properties and funds held in trust by the church, such as diversion of designated funds from their intended purposes or projects.

### **Sexual Misconduct of Church Workers**

By far the most costly, and unfortunately very frequent, legal exposure for churches in recent years has been that brought by sexual misconduct of church workers, primarily clergy. Two types of misconduct account for the majority of such cases: 1) sexual molestation of a minor, and 2) sexual relations with a counselee or church member.

### **Definitions of Sexual Misconduct of Church Workers**

“Sexual Misconduct” is defined as:

- a. Sexual abuse or sexual molestation of any person, including but not limited to, any sexual involvement or sexual contact with a person who is a minor or who is legally incompetent; or
- b. Sexual harassment in a situation where there is an employment, mentor, or colleague relationship between the persons involved, including but not limited to, sexually-oriented humor or language; questions or comments about sexual behavior or preference unrelated to employment qualifications; undesired physical contact; inappropriate comments about clothing or physical appearance; or repeated requests for social engagements; or
- c. Sexual exploitation, including but not limited to, the development of or the attempt to develop a sexual relationship between a clergy person, employee or volunteer and a person with whom he/she has a pastoral relationship, whether or not there is apparent consent from the individual.

### **Pastoral Relationship** as defined in the MCC Clergy Code of Conduct, 2009

A “pastoral relationship” is defined as a relationship between a clergy person, employee or volunteer and person receiving direct supervision, individual spiritual and/or pastoral counseling and providing confidential and/or privileged information to the clergy person, employee or volunteer.

At times, a clergy person, employee, or pastoral leader may develop an appropriate sexual relationship within the context of UFMCC ministry, including the congregation in which a person is serving. Such relationships are to be entered into with those which there is no direct supervision or individual spiritual counseling. Such relationships are to be entered into with extreme caution and a spirit of discernment.

### **Four Things Your Board of Directors Must Do**

1. Assure that your church is incorporated, and that its incorporation status is current.
2. Start and continue the process of developing a book of policies and procedures.
3. Retain the consultation services of an Attorney and a Certified Public Accountant.
4. Obtain the most adequate insurance coverage available.

**Remember, this information is not advice to be relied upon when you need definitive answers. Only competent legal counsel and insurance experts can provide that type of help. Hopefully this brief overview gives you some sense as to the issues underlying your tenure on the Board of Directors.**

## **Discussion Questions**

Have each person write the answers to each question and then discuss as a group.

1. How often should insurance policies, assets and the Risk Management Audit in general be reviewed?
2. Should property insurance be based on “fair market value or “replacement value”? Why is this important? Is property insurance important to have if your church rents space?
3. Why is it important for all churches to be incorporated? Why is D&O insurance essential?
4. If your church plans a picnic as part of your children’s program and you fail to have adequate adult supervision and you do not require parental permission slips what might this be called? Who is responsible for making sure that the church has a policy to cover such events?

# MCC Board of Directors Training

## Risk Management Audit

Updated by Rev. Elder Arlene Ackerman 2010

**Each year the Board of Directors appoints a team to complete this audit and to report back to them. The Board then needs to address those items not completed and reflect action taken in the minutes of the Board meeting.**

### Employment (Paid and Volunteer)

	Yes	No	Don't Know	Comment
Does each Clergyperson (paid or volunteer) who is doing an active, authorized and accountable ministry in your church have a current employment contract/covenant?				
Do you have a sexual harassment policy?				
Have background checks been done on all persons (paid or volunteer) who are involved in children, youth or counseling ministries?				
Do you have personnel policies concerning the handling of employee records that address the privacy issues involved?				
Do you have personnel policies approved by the Board to promptly and thoroughly investigate allegations of misconduct by employees?				
Do you adequately orient new employees/ volunteers concerning employer policies and procedures?				
Is there ongoing training for church employees/volunteers to help them perform their duties in light of changing national and local laws?				
Do you obtain a signed release before giving a reference on a former employee/volunteer?				
Are all employees and volunteers supervised to reduce their risk of negligence and misconduct?				
Does the church issue the appropriate Internal Revenue Service income tax forms to all church staff and others who have been receiving financial compensation from the church during the previous year?				

### Financial Management

	Yes	No	Don't Know	Comment
Are all signature authorities reviewed and updated at least annually and are all checks and other bank instructions signed by two signatories?				
Are at least two persons present during the counting of church offerings and are these persons rotated periodically?				
Are offerings promptly deposited in a church bank account?				
Are monthly bank statements reconciled with recorded income and expenses?				
Are monthly written financial reports provided to Board members in advance of the meeting?				
Does the congregation approve your annual budget prior to the beginning of the new financial year?				
Does the Board keep to the budget approved by the congregation and is there a procedure in place for reporting exceptions?				
Do you comply with all donor restrictions on designated contributions?				

### Insurance

	Yes	No	Don't Know	Comment
Do you provide Worker's Compensation Insurance for all paid staff?				
Do you have general liability insurance with minimum coverage of \$1 million and director's insurance? Do you review a copy of the declaration page indicating the amounts annually?				
Do you annually review your insurance policies and other possible coverage and is this documented in your Board of Directors' minutes?				
Do you have proper documentation of church assets?				
Do you contact your insurance agent as soon as a loss occurs or an allegation of negligence or misconduct is made?				
Do you comply with all conditions specified in your insurance policies?				
Does someone annually inspect your properties and grounds to identify risk areas that require correction?				

### Church Records

	Yes	No	Don't Know	Comment
Do you have a copy of your bylaws kept in a fire-proof place outside of the church?				
Is your church incorporated?				
Have you filed all annual reports required by the State?				
Have all changes to your bylaws been approved by your MCC Elder?				
Do you have a records retention policy that specifies how long church records are to be kept?				
Has your church applied for and received your own federal 501c. 3?				
Are legal documents such as Board of Directors Meetings Minutes and Congregational Meeting Minutes filed and kept readily available?				
Where do you maintain your important legal records such as deeds, rent agreements, etc.?				
Are Minutes and financial reports posted so that church members can view them?				

### Copyright and Publications

	Yes	No	Don't Know	Comment
Do you have a license that allows you to reproduce music? (i.e., CCLI license)				
Is your Music Copyright License current?				
Do you include proper citations in your bulletin and other written materials when copyrighted materials are used?				
Do you follow all licensing agreements applicable to computer software?				
Have you clarified who holds the copyrights for works created by church employees in the scope of their employment?				
Do you obtain permission before showing rented or purchased videos?				

### Board of Directors

	Yes	No	Don't Know	Comment
Do you adequately train new Board members?				
When was the most recent Board training?				
Do you provide ongoing training of Board members, including officers?				
Do officers and Board members regularly attend scheduled meetings?				
Do you have a conflict of interest policy governing the handling of potential conflicts between the church and Board members?				
Do only authorized Clerks sign contracts, and do they always sign in a representational capacity?				

**Board Adopted Policies**

	Yes	No	Don't Know	Comment
Do you have children's ministry/youth ministry policy and procedure that is annually reviewed by the Board?				
Do you have a conflict resolution policy and procedure that is annually reviewed by the Board?				

**Miscellaneous**

	Yes	No	Don't Know	Comment
Do you avoid endorsing or opposing any candidate for public office, either in your publications or through comments by a clergyperson on staff?				
If you rent any portion of your property to outside groups, have you obtained a legal opinion on the effect of this rental activity on your property tax exemption?				
Are you complying with all state and federal withholding requirements?				
Do you file by the 10 <sup>th</sup> of each month your MCC Monthly Ministry Report?				
Do you file your UFMCC Pension Reports quarterly? (USA only)				

## **Section II**

### **Improving Board Effectiveness**

# MCC Board of Directors Training

## Transforming Church Boards

Adapted by Rev. Elder Arlene Ackerman, 2010

[RevArleneAckerman@MCCchurch.net](mailto:RevArleneAckerman@MCCchurch.net)

Charles Olson, in his book *Transforming Church Boards* (Alban Institute, 1995) considers the possibilities of developing the Board as a “community of spiritual leaders.” He writes:

*Strategically speaking the Board, or council, is a crucial arena for congregational renewal and revitalization efforts. If the Board can move beyond “business as usual” into the experience of an active and energized faith, it will model and lead in ways that impact the whole church. If the Board becomes a community of spiritual leaders, the church is bound to feel its effect. (p. 76)*

To that end, Lawrence Peters of the Alban Institute suggests, a Board might consider adopting some of these practices:

1. **Begin the meeting with a time of prayer, meditation, or reflection on Scripture to remind the Board that its work is sacred.** Sometimes a Board begins with prayer or reflection but then rushes into its agenda to get to the “real work.” When done well, this worship-full beginning is not merely another agenda item to check off but a way to set the tone and context for the Board’s work.
2. **Provide time for a Board member to share briefly some highlights of his/her own faith journey and what this congregation means to them.** Even if this sharing takes fifteen minutes of meeting time, it is time well spent. It helps members to appreciate and understand one another beyond their roles on the Board. It reinforces the connection between a member’s personal life and the mission of the congregation.
3. **Recognize that some significant decisions require time for theological reflection and interpretation in the context of the congregation’s mission.** Often Boards move from identifying a problem to determining a solution with no steps between. Occasionally, we need to ask: How does our faith inform this decision? How do we interpret this decision in light of our Vision, Mission, Values and Goals? A Board’s decision-making should strengthen the leadership’s ability not only to analyze the data, but also to reflect on that information through the resources of faith and the stated Vision and Mission of the congregation.
4. **Take a meta-view of some decisions.** Alice Mann, in her book, *Can Our Church Live?* (Alban), poses three formative questions whose answers shape a congregation’s development and revitalization? “Who are we?” “What are we here for?” “Who is our neighbor?” It is helpful to pause before taking action and ask “How does this specific decision articulate our response to these three questions?”
5. **Advocate for your ideas – but also be willing to be influenced.** Often Board members feel that they must represent a particular constituency, or advocate for a point of view – no matter what. It takes spiritual discipline to be open to the influence of another’s ideas, experiences or data. The balance between advocacy and a willingness to be influenced provides an atmosphere of dialogue that can enrich decision making as well as transform decision makers.

6. **Pause for reflection or prayer before or after a decision.** Sometimes we rush from one task or agenda item to another. Pausing occasionally before or after a decision allows participants to put the action into a meaningful spiritual context and to share further reflections. Asking for spiritual guidance can become part of the spiritual discipline of a Board as well as of its individual members.

## **Discussion Questions**

Have each person write the answer to each question and then discuss as a group.

1. How might personal sharing at the beginning of a Board meeting influence your work?
2. Reread your church Vision and Mission statements and discuss in what ways they are or are not relevant today. (If your church does not have these statements or they are extremely outdated discuss what steps need to be taken to develop new ones?) How do these statements influence our decision making?
3. Are you open to hear another person's point of view? Describe a time when you felt strongly about an issue and then changed your position after hearing more information and insights?
4. Do you have an active prayer life? In what ways is prayer a necessary part of Board meetings?

# MCC Board of Directors Training

## What Does Size Have To Do With It?

Developed by Rev. Elder Arlene Ackerman

[RevArleneAckerman@MCCchurch.net](mailto:RevArleneAckerman@MCCchurch.net)

What does size have to do with it? Everything!

Churches function differently at different sizes. A church of 35 operates in a different way than a church of 75, 150, 500 or 800. Every size has unique and consistent characteristics.

Many people have written about the dynamics of church size. This is not an attempt to explore in depth the issue but to introduce you to the general concept of church size theory and to explore the changing role of the Board and Pastor.

Recommended Reading: *Size Transitions in Congregations* by Beth Ann Gaede, published by the Alban Institute. In the Resource Chapter you will find a listing of books and other resources that can give you additional information.

In discussing church size, average weekend attendance at worship is the one constant. Different churches handle membership in different ways so using attendance gives us a consistent way of talking about church size. The numbers given for the different size churches are not a hard and fast rule. Some churches averaging 75 may still function as a Family-Sized church, however typically their numbers won't stay at 75 for long if their basic structure and expectations do not shift to support the increase. Also, different authors use different numbers. Keep in mind that the numbers are not what is important, it is the way a church functions.

While Boards hold the same fiduciary responsibility no matter what the size, how they function typically varies greatly. Not understanding the differences could hold a church back from growing or functioning at its best. And, just as the Board functions differently depending on size so does the role of Pastor.

### Choosing to Size Transition

Note: It is important to realize that not all Pastors possess the gifts or interest needed to pastor a different sized church. The same is true for Boards and other church leaders. Each size requires a different set of skills and abilities.

The leadership including the Pastor and Board may decide to remain at their current size, if so you must then be willing to support the planting of another MCC in your general area. Why? Because we are called to reach out to our community and it may take the efforts of a number of different sized churches to meet the needs of our community.

Intentional education about your church's current size and an understanding of the next step up will greatly enhance your capability to make the transition if you believe your church wants to grow. Change is not easy but trying to change size blindly will make success almost impossible.

An important question to ask is, "Why do we want our church to grow?" Is it because as leaders you feel compelled to reach and include new people in response to God's call or is it more about survival? Roy

Oswald refers to this as the “vampire theory of growth: We need some new blood around here.” We need new people to help pay the bills, help with all the ministry needs, and to help fill the sanctuary. They generally want more people but often are not willing to make the changes necessary to sustain the growth.

Alice Mann, in her book, *The In-Between Church: Navigating Size Transition in Congregations*, states, “In the face of a size transition, pastors, board, and program heads are called on to provide a type of leadership that may be unfamiliar to them and unexpected in the congregation.” Heifetz calls attention to five shifts in leadership focus that can help a system to meet an adaptive challenge:

1. Church leaders shift their energy toward alerting the congregation that there is uncharted territory ahead and preparing people for an “off-road” adventure.
2. Develop an appropriate sense of urgency and motivation, the congregation needs to see the potential threats before them. The members themselves need to help calculate the cost of making and/or avoiding – a size transition.
3. They will encourage curiosity about the way roles are shifting and ask people to interact in novel ways as learning occurs.
4. Leaders in a size transition will resist pressure to stuff the genie back in the bottle and restore immediate order. Rather they will make visible the “rubs” that are occurring so that the energy generated by those conflicts can help power the congregation’s learning.
5. Leaders will allow the norms (unwritten rules) of the congregation to be examined and challenged. As the “threat” of growth becomes apparent to members, and some of them demand that leaders defend the status quo, it takes courage to stand for open exploration.

Making a conscious choice to undergo a size transition is a challenging prospect. John Kotter, author of *Leading Change: Why Transformation Efforts Fail*, writes, “**Until three quarters of your formal and informal leadership cadre is honestly convinced that business-as-usual is totally unacceptable your church’s concerted effort to change sizes is not ready to be launched.**”

It may be extremely helpful for your lay and clergy leadership to: 1. Read one or two books on the subject and then discuss them together; and 2. Visit at least two churches of the next size up. If possible talk with their leadership and discuss what you experienced and learned.

### **Size Descriptions**

On the pages that follow church size descriptions will be explored. For best results start by reading the one that represents where your church currently is and then study the next size up.

#### **Family-Sized – up to around 50 in worship**

The greatest surprise of Pastors elected to serve a Family-Sized church is that they are not the leader of the church. They are elected primarily to minister to the chaplaincy needs of those in the church and to preach. The matriarch/patriarch and a small handful of lay leaders are in most cases the ones who lead and during transitions in the life of the church provide stability.

MCC’s Rev. Elder Don Eastman writes, “A very small church is a single-cell group; lay owned and lay operated and usually unable to compensate a full-time pastor. It often sees itself as a family. More than half of MCC congregations are in this category. If there is a Pastor she/he often functions solely as a preacher and chaplain.

A church of this size tends to act like an extended family, usually with a matriarch or patriarch who controls decisions. Sometimes a gatekeeper will facilitate a newcomer’s entry or exclusion, with the

matriarch or patriarch to give a stamp-of-approval. Joining the church may seem similar to “marrying into” a clan or being “adopted.”

A handful of volunteers “run the church” under the control/direction of or in coordination with the matriarch/patriarch. In most of these churches the Pastor is not the matriarch/patriarch or gatekeeper. If there is a Pastor, he/she frequently does not become an influential policy maker before three or four years but pastoral tenure usually does not last that long.

The structure, role and processes of the Board of Directors are very informal. Planning processes are also very informal as are the worship structure and volunteer ministries. Most decisions are made outside of meetings in conversations that include the matriarch/patriarch.

Congregations of this size tend to be very stable and tenacious. They are likely to remain at a relatively constant size over time usually with less than 40 in average weekly worship attendance. They typically decline in the face of severe internal conflict or gradual ageing and death of their members. Those individuals who have been accepted as part of the church family often find a strong sense of community and spiritual nurture. This size of church becomes a good option for people who want to be in a small spiritual group that does “everything” together.

For those Family-Sized churches that want to grow to the next size it is important to learn about the dynamics of the Family-Sized church. You can only intentionally change if you have an understanding of your current reality and get a clear picture of what you are working towards.

Consistent growth beyond fifty will only occur if there is:

- \* A matriarch/patriarch who has a passion to reach and include new people
- \* A matriarch/patriarch who respects the Pastor and will support the change in role to one of leadership
- \* A Pastor who collaborates well with the matriarch/patriarch and all key lay influencers regularly and intentionally
- \* A Board who is willing to clarify their role and responsibilities
- \* A Board who supports the Pastor in becoming a leader and not solely a chaplain who preaches
- \* A Pastor who is prepared to take on a shared leadership role
- \* A process for dealing quickly and effectively with conflict

Alice Mann, senior consultant with the Alban Institute, in her book, *The In-Between Church*, adds the following critical issues that must be addressed:

- \* Loss of self-esteem by matriarchs and patriarchs as they lose decisive influence in the system
- \* Tendency for unseasoned clergy to take resistance personally
- \* Reluctance to divide the single cell
- \* Financial realism: Can the congregation move solidly enough into Pastoral-Sized to attain stability?

#### Family-Sized Boards

1. The Board must begin to function as a Board, meaning it must become less informal and begin to focus their attention on the role and responsibilities as outlined in this manual, refrain from handling or doing Board business or discussions outside of Board meetings.
2. How might the Board better work with the Pastor to move the church forward in strategic planning? Remember, most families do not do strategic planning. Most families don't see a need for it. In families that do plan only the parents make the decisions. So how can the Board help to engage the

entire congregation in identifying their Core Values, Vision and Mission and goals? How might you involve the matriarch/patriarch? Would an outside facilitator help?

3. Does your church have a fire-proof filing cabinet or safe? If not, plan immediately to obtain one. The clerk is required to maintain official records of the church: articles of incorporation, membership and mailing lists, copies of congregational meeting and Board meeting minutes, financial reports, contracts and other legal documents. Where is it located? Where should it be located?
4. Are Board meetings at the location where you hold worship rather than in someone's home? It is important to have a more formal meeting place where new people will feel comfortable in attending, to function not so much like a family meeting but as a Board doing the official business of the church.

### **Pastoral-Sized – 51-125 in worship**

A community built on a network of one-to-one relationships with the Pastor at the center, highly values the fellowship characteristics of this size, typically can afford a full-time Pastor after the attendance crosses over 75.

The Pastor begins to function as a leader as trust develops between the Board and key lay influencers. As a church exceeds 50 in worship attendance, and especially as it grows from 75 to 100, the matriarch or patriarch relinquishes significant power to a leadership circle, usually with the Pastor at the center along with the Board and a few influencers. Trust can only occur through strong and ongoing collaboration.

At Pastoral Size, much of the Pastor's time will focus on working with individuals, whether regular members and attendees or newcomers. Here, the Pastor's role becomes central to bonding with newcomers. Often there is the expectation that the Pastor will be involved in all activities of the church.

Rev. Elder Don Eastman writes, "Problems can emerge with recruitment and inclusion because of the limitations of the number of newcomers the pastor can deal with at one time. Another strong expectation is that the Pastor will be the primary provider of pastoral care. The Pastor will be expected to personally officiate at all weddings and funerals, to call upon all members or attendees who are hospitalized and to be personally accessible to all in the church for individual spiritual support. Congregants in this size church highly value such direct access to the Pastor.

The Pastor in this size church will be expected to bring a basic level of quality in worship including the liturgy, sermon and music. A part-time musician will sometimes be hired. When a church exceeds an average of 100 in worship the quality and sense of celebration often improves noticeably.

One of the most striking features in this size church is the sense of fellowship and spirit of community. Congregations of this size are usually characterized by only one worship service on a weekend. Individuals have a sense that they "know" almost everyone present and are aware of the newcomers as well as regulars who are absent. Social occasions and special events usually involve the congregation as a whole."

The Board of this size church will need to become more focused on their job description in this training manual. For the church to grow, the focus on strategic planning will begin to have a greater meaning. Most Family-Size churches do not see the need for it. However, if the Pastoral-Sized church wants to grow or even remain at this size strategic planning takes on a greater importance though in the beginning some may question it. Financial management must be beyond question in its professionalism and the Board must earn the respect of the congregation in all aspects of the Board's role.

It is important at this stage for the Board to begin moving in the direction of becoming a policy Board and developing a “Policy Manual or Book” as described by Hotchkiss in *Governance and Ministry*. After adopting a policy book, he writes, “the Board should from then on clearly identify whether any motion it adopts is meant to be a policy or not. A good rule for a congregation with a policy book is “If it’s in the book, it’s policy; if it’s not in the book, it’s not.”

A Board that intends to govern by policy will question the appropriateness of any matter on the agenda that controls only a single event unless it is wide-reaching in implication such as moving to a new location or a major change in direction.

The Pastor will be expected to accomplish a dual role in this size of church. The Pastor will continue to meet the expectations of the chaplain role and now must emerge into a pastoral leadership role. To successfully move into this leadership role there will need to be strong ongoing collaboration between the Pastor and the matriarch/patriarch, and the Pastor and Board of Directors. Many of the characteristics of the Family-Sized church are carried over into the Pastoral-Sized church and collaboration and trust are the only way that the matriarch/patriarch and the Board will allow the Pastor to step into this new role. This is not a one time event; this collaboration will need to be an ongoing process. It will be essential for the Pastor to have a plan in mind around moving the ministry forward and will need the buy-in of all the lay leadership.

In the Pastoral-Sized church the Pastor will provide clear leadership around establishing ministry teams. Moving the church from individuals leading a ministry to having a team-based ministry, even if they are small teams, to work towards the goals established in the strategic plan. One new challenge for Pastors is to hold accountable those who are in leadership positions.

Consistent growth beyond 150 will generally occur if there is:

- \* A Board and leadership willing to support the Pastor in becoming the leader of leaders and not everyone’s personal pastor
- \* A Pastor who has a vision and passion for growth
- \* A Pastor who has a proven record of transformational leadership (see below)
- \* A strategic plan that is overwhelmingly supported by the leadership and the congregation because they participated in the process
- \* A systematic plan for adopting new people and engaging them within the life of the church
- \* A Pastor who feels called and gifted in this style of pastoring
- \* A Pastor who is enthusiastic about establishing a formal structure to empower more people in ministry (shared ministry)
- \* A Board who understands their role and enthusiastically remains focused on it and supports the staff in “running” the church.
- \* The addition of at least the equivalent of 1 full time program staff beyond the Pastor and 2 part-time support staff (secretary, bookkeeper, janitor)
- \* A congregation who values pastoral care being done by someone other than the Senior or Lead Pastor.
- \* A Board moving toward becoming a “Policy Board.”

### **Transformational Leader Characteristics**

The ability:

- To try new things and give them time to work
- To change
- To create a guiding coalition of key church leaders
- To see today what will happen tomorrow
- To create both a vision & strategic plan
- To listen and move forward in the face of resistance

The Alban Institute Senior Consultants Roy Osborn, in his book *Making Your Church More Inviting* states that moving from Pastoral-Sized Church to a Program-Size Church is the most difficult transition. He offers an exercise (adapted) that might be helpful for a church considering making the transition.

Gathering your leadership together, ask the participants to stand and push their chairs to the side of the room clearing the room.

Rather than having the participants simply circle answers to prepared questions I like to send the “A’s” to one side of the room and the “B’s” to the other side. You can see at a glance where everyone stands on an issue, and the two groups can talk to each other about their choices. Since the questions deal with choices clergy need to make between two competing activities, I ask clergy present to remain silent until the other participants have answered.

Have one side of the room represent A and other side B. Read aloud one set of A-B choices. Have participants choose their responses by going to the designated side of the room. Tally the results. Allow up to two minutes for the two groups to discuss their stance, then go on to the next set of questions.

Each set of questions represent a choice point for your Pastor. Should your Pastor have had a week full of crises and only limited time left, which response represent your preference for what the Pastor should do?

- A. Make more hospital visits?
- B. Prepare a better sermon?
  
- A. Attend mid week bible study?
- B. Go on a retreat with church leaders?
  
- A. Meet with prospective members?
- B. Conduct a training session for church leaders?
  
- A. Visit a bereaved family?
- B. Help two church leaders resolve a conflict?
  
- A. Give pastoral counseling to members?
- B. Attend a planning event with church leaders?
  
- A. Visit church members?
- B. Recruit leaders for ministry?
  
- A. Attend an activity with church youth?
- B. Critique the effectiveness of worship with the worship team?

Once you have completed the exercise as a class, invite the Pastor to share personal responses to each question. Encourage the Pastor to choose the activity they would most enjoy rather than the one they believe might claim a higher church priority. The difference between the pastoral and lay responses to these questions may result in some fruitful discussions related to size of congregation and pastoral expectations.

This activity can point to several issues:

1. Congregations may be Program-Sized yet still require their Pastor to attend to all category A. pastoral activities. This is a perfect prescription for burnout. It can also lead to labeling a Pastor as “bad” because they don’t accomplish all the tasks in A. column while they are also expected to crank out quality programs for the church (Category B activities).
2. Pastors in small Pastoral-Sized churches should be focusing most of their energies and attention on the A. activities and then begin moving the leadership to B. But sometimes because their background or training is in Program Churches, they continue to concentrate on the B. activities and wonder why people are having a hard time following their lead. The reverse is also true, Pastors who come from Family-Sized churches who are now pastoring larger Pastoral-Sized churches all too often focus on the A activities which will delay or reverse growth if they do not help the church transition to B expectations.
3. Clergy and laity often disagree on priorities for clergy. This exercise often surfaces those differences quickly and makes role negotiation possible.

**For additional church size descriptions see:**

### **Board Training Manual - For Churches Over 75**

## **Discussion Questions**

Have each person write the answers to each question and then discuss as a group.

1. What is your church's current annual average weekend worship service attendance? What has been the average each year since the beginning of your church (go back as far as you can)? Do you see any trends?
2. Why do you want your church to grow?
3. What are the key or most important changes/shifts that your Board and Pastor will need to make should you choose to grow? Do you have the skills to make the change, if not, how might you obtain them?
4. How will you gain congregational support for making the necessary changes/shifts to grow?

# MCC Board of Director Training

## Resources

Developed by Rev. Elders Don Eastman & Arlene Ackerman

### Books & Publications

**Governance Series** from BoardSource (order from [www.boardsource.org](http://www.boardsource.org))

- *Ten Basic Responsibilities of Nonprofit Boards*, by Richard T. Ingram BEST SELLER!
- *Financial Responsibilities of Nonprofit Boards*, by Andrew S. Lang
- *Structures and Practices of Nonprofit Boards*, by Charles F. Dambach
- *Fundraising Responsibilities of Nonprofit Boards*, by James M. Greenfield
- *Legal Responsibilities of Nonprofit Boards*, by Bruce R. Hopkins
- *The Nonprofit Board's Role in Setting and Advancing the Mission*, by Kay Sprinkel Grace
- *The Nonprofit Board's Role in Planning and Evaluation*, by John A. Yankey and Amy McClellan
- *How to Help Your Board Govern More and Manage Less*, by Richard P. Chait
- *Leadership Roles in Nonprofit Governance*, by Robert L. Gale

**Governance and Ministry Rethinking Board Leadership**

by Dan Hotchkiss, 2009, (order from [www.alban.org](http://www.alban.org))

**Size Transitions in Congregations**

by Beth Ann Gaede, editor, 2001 (order from [www.alban.org](http://www.alban.org))

**The In-Between Church: Navigating Size Transitions in Congregations**

by Alice Mann, 1998 (order from [www.alban.org](http://www.alban.org))

**Raising the Roof, the Pastoral-to-Program Size Transition**

by Alice Mann, 2001 (order from [www.alban.org](http://www.alban.org))

**Holy Conversations: Strategic Planning as a Spiritual Practice for Congregations**

by Gill Rendle and Alice Mann, 2003, (order from [www.alban.org](http://www.alban.org))

**Transforming Church Boards into Communities of Spiritual Leaders**

by Charles Olsen, 1995, (order from [www.alban.org](http://www.alban.org))

**Building Effective Boards for Religious Organizations**

by Thomas P. Holland & David C. Hester, Editors (order from [www.amazon.com](http://www.amazon.com))

**Carver Guide: Basic Principles of Policy Governance**

by John Carver and Miriam Mayhew Carver (order from [www.josseybass.com](http://www.josseybass.com))

### Helpful Websites

[www.mcccchurch.org](http://www.mcccchurch.org)

This is the official website for Metropolitan Community Churches.

UFMCC Bylaws – [www.mcccchurch.org/BylawsandGovernance/December07/Bylaws07eng.pdf](http://www.mcccchurch.org/BylawsandGovernance/December07/Bylaws07eng.pdf)

UFMCC Clergy Judiciary Process

Criteria for Affiliation of Local Churches

Monthly Ministry Report

<http://www.mcccchurch.org/AM/Template.cfm?Section=Administrative>

Board of Pensions Form (USA only)

<http://www.mcccchurch.org/aboutus/bop/boptransmittalforms.pdf>

[www.boardsource.org](http://www.boardsource.org)

This is the website of the former National Center for Nonprofit Boards, now known as BoardSource. It provides a variety of resources including consultation services, training conferences and workshops, as well as numerous books and publications helpful to board members of nonprofit organizations.

[www.alban.org](http://www.alban.org)

This is the website of the Alban Institute, which produces resources and services for church development. It has an extensive offering of excellent publications some of which are particularly useful for governing boards of churches. They also provide educational events and consultation services.

[www.churchlawtoday.com](http://www.churchlawtoday.com)

This is the website of Christian Ministry Resources, the leading organization providing legal, tax and risk management resources to churches and denominations. They also provide resources for the financial accountability of churches.

[www.churchproductsandservices.com](http://www.churchproductsandservices.com)

This is the website of *Your Church* magazine, which offers information and resources for the administration of churches. Their publications relate to buildings and facilities, sound and light, equipment and furnishings, as well as financial and legal matters.

[www.guideonecenter.com](http://www.guideonecenter.com)

This is the website of GuideOne Insurance for risk management in churches. GuideOne is one of the largest insurers of churches in North America. This site offers many useful resources that will inform and support a comprehensive risk management program.

# **Section III**

## **Additions**

# MCC Board of Directors Training

1. Insert your local church Bylaws
2. Insert UFMCC Bylaws -  
<http://www.mccchurch.org/BylawsandGovernance/December07/Bylaws07eng.pdf>
3. Insert UFMCC Clergy Code of Conduct  
[http://www.ofld.mccchurch.org/?page\\_id=366](http://www.ofld.mccchurch.org/?page_id=366)