

MISSIONARIES RAISING MONEY?

Genesis of the LCMS Network Supported Missionary (NSM) Model



A White Paper of
THE LUTHERAN CHURCH-MISSOURI SYNOD

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Updated May 2016

This document is organized into a series of sections arranged to sequentially lay out why and how The Lutheran Church—Missouri Synod took steps to involve missionaries in fund raising and donor care.

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who may refer them to the appropriate staff person (see page 39) for a response.

The Lutheran Church--Missouri Synod, Inc. reserves the right to edit, update, expand or otherwise revise this document to sharpen its purpose as a resource to the broader church, and to supply the most current and relevant information available.

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PART ONE – THE INITIATING EVENT (PROBLEM)

In late 2002 through 2003, The Lutheran Church—Missouri Synod, Inc. (LCMS, or the Synod) suffered deep cuts in its official overseas missionary force, as well as a significant reduction in the number of national office-based personnel responsible for the back-office management of the Synod’s evangelism and overseas mission work.

Those events are now sufficiently bygone that the online archives of the Synod’s official news outlet no longer hold evidence of the difficulty. Even so, the ordeal was significant enough to catch the attention of Christian media outside the LCMS. Traces of the Synod’s press releases still exist through publicly accessible sources such as *www.christianpost.com*:

December 2002 LCMS announces that 17 World Missions staff members at the International Center have been laid off. The cuts reduce the size of the Mission Board’s I.C. staff from 55 to 38, a reduction of nearly one third. Included in the cuts was a staff position for Hispanic ministry. The cuts are deemed necessary because of a \$1.6 million shortfall in income during the first quarter of the 2003 fiscal year.

Source: Ross, P. (2002). LCMS Mission Board Cuts Staff and Plans to Lay Off Missionaries. Retrieved March 7, 2013 from: www.christianpost.com/news/lcms-mission-board-cuts-staff-and-plans-to-lay-off-missionaries-14149/

 Also ref. January 2003 *Lutheran Witness*, National News Section (print version)

January 2003 LCMS announces that, in addition to the World Mission staff layoffs, it is eliminating 28 of around 100 paid overseas missionary positions (one fourth of the total) because of a \$3 million shortfall in gifts toward a \$29 million budget. The cuts were attributed to a decline in the national economy which affected congregations and districts, as well as giving to Synod by individuals. Twenty four missionaries and missionary families saw their positions eliminated, while four accepted early retirement. Two of the four were area directors. In addition, three vacant positions, including one area director position for Central America and Mexico, were eliminated rather than being filled.

Source: Lee, A.H. (2003). Mission Board Cuts 28 Overseas Positions. Retrieved March 7, 2013 from: <http://global.christianpost.com/news/mission-board-cuts-28-overseas-positions-14238>

The available documentary evidence from the period makes a case that economics and the Synod's financial model played a prominent role in the decision to cut back on the number of LCMS missionaries deployed in service to Christ and His bride, the Church.

The shock of the news was felt all across the LCMS in waves of conversation that rippled out into LCMS congregations and households, reflected in letters sent to Synod's headquarters, and through the embryonic "blogosphere" of the Internet's social-media technology.

At the heart of the recall was one simple truth: *calling* and *sending* LCMS missionaries to other countries had been relatively easy. But keeping those missionaries in the field from the standpoint of sustainable funding was an entirely different matter, especially when economics and Synod finances took an unfavorable turn.

In order to understand changes in a missionary funding model that was and still is unfamiliar to many, it will be helpful to review how the LCMS historically has paid for overseas missionaries and how that funding model, as it has for many LCMS organizations, has been adapted or modified in the last few decades. Much has been written about these historical changes; however, the essential elements are still worth covering for those who are not already aware.

The "Old" Way

As far back as the 1930s, LCMS mission work and activities at the national and international levels (managed through the Synod's headquarters, or Synod, Inc.) were financed almost exclusively through **Sunday-morning worship offerings**, which congregations dutifully and joyfully tithed to their district office. Each of the Synod's districts (35 today), in turn, sent a substantial portion of those offerings to the national office as *unrestricted* (not designated for any specific purpose or use) support. These were agile dollars that could be applied to subsidize national office operations, *including* national and international mission and human-care work, as determined by a Board of Directors elected by the Synod in convention.

This funding model embodied a strong sense of unity and shared purpose across the LCMS, as well as a high level of trust on the part of each individual LCMS family unit in regard to how their worship offerings and charitable contributions would be used. *Unrestricted* support allowed the Synod's Board of Directors to balance available resources in appropriate portions to carry out the duties of the denomination as mandated by the Synod's Constitution and Bylaws, or as directed by actions taken at each triennial Synod convention. One of those expectations has been to call, send and compensate missionaries on behalf of the Synod's members. Thus, the concept that the Synod (that is, the national-

level office) was responsible for funding missionaries was rooted firmly in an assumption that a consistent and stable flow of *unrestricted* dollars would come from LCMS congregations via their respective districts to make calling, sending and sustaining missionaries possible. Sufficient regular worship offerings would be supplied by God’s people through the local congregation to finance our Synod’s mission and ministry efforts beyond the local community – regionally, nationally and internationally. From 1847 to 1939, this model worked well as evidenced by the mission efforts performed in places like India and Brazil, which today have their own self-sustaining Lutheran church bodies who are partners with the LCMS.

Shifts in Our National Culture and Our Giving

The world changed dramatically during and immediately after the Second World War. Unscathed by bombs and bullets at home, the United States took its place as the dominant economic superpower of the postwar era. Vibrant congregations, growing under a baby-boom, continued to generously support mission work through the fiscal strength of a vibrant, industrialized nation where the church remained influential as a community-unifying force. But in this same favorable financial environment, seeds of discord were being sown.

Beginning in the late 1950s and early 60s, as the earliest baby-boomers were reaching young adulthood, a strong spirit of individualism arose. In contrast to the “We Generation” (also labeled the “Greatest Generation” by author Tom Brokaw), who had learned self-sacrifice by enduring the Great Depression and the savagery of a massively destructive global war, the new “Me Generation” began severing ties of allegiance to family, faith traditions, and the spirit of sacrifice that were the marks of their parents and grandparents. Slowly, but with growing momentum, charitable giving in support of the church became less about a thankful response to the generous provision of our heavenly Father (or even a strong spirit of duty and allegiance to one’s church) and more about individual choice, personal preference and self-satisfaction in one’s charitable activities. Through the 1970s and 80’s, the nation’s popular culture turned to self-satisfaction and the personal accumulation of wealth as the hallmarks of success, influencing generations to come. “Greed is good,” remarked Hollywood, through movies such as “Wall Street.” One casualty was the offering plate, as the typical “tithes” in Christian churches shrank from the common 10 percent of income to a 2010 level of less than 3 percent per household¹. Congregations were the first to feel this decline, and many still feel it today.

¹ Source: Ronsvale, J. and Ronsvale, S. (2012). *The State of Church Giving through 2010*. Empty Tomb, Inc. Campaign, Illinois.

Evidence of the Cultural Shift in the LCMS

The effect of this cultural shift moved swiftly into the LCMS, being felt next by LCMS parochial schools and the higher-education system. Strong financial subsidies from the national office, funded by

unrestricted district pledges, were soon insufficient to pay operating expenses, and the turn toward charging ever increasing tuition required students to seek financial aid, or find less expensive educational options. Those challenges continue today and have hit both LCMS seminaries hard as well. In extremely difficult economic situations, universities threatened with financial default transferred accumulated operating debt to the national Synod in order to financially reposition themselves for viability.

As worship attendance plateaued and offerings stagnated, elementary and secondary schools operated by LCMS congregations were also forced to begin charging tuition, first to non-member families and later, for some schools, even their own member families. Today, these cultural and economic changes impact the budgets of schools, congregations, Recognized Service Organizations, universities, seminaries, district offices and the national office. The pattern of change was set.

Unrestricted gifts and offerings flowing out of congregations are still declining. Every LCMS district along with the national office is feeling the effects ². Many congregations challenged by rising costs, local ministry opportunities, shifting demographics and acting under the freedom they enjoy as members of a Synod that is advisory in nature (LCMS Constitution Article VIII.1) find it easier to hold their “work at large,” “missions,” or “District/Synod” budgetary line item static or unchanged over time in order to facilitate balanced budgeting. It is rare that a congregation will increase this particular budget line item in proportion to inflation and the cost of living (see “Context” section next page). Compounding the economic decisions of local congregations are issues that affect household giving, including a lack of awareness about district and national Synod’s mission and ministry activities, the degree of trust people have in the national headquarters, and the degree of apathy or tepid response to the generosity of our heavenly Father. ² Source: “Two Decades of Change.” The Lutheran Annual – Statistical Tables, Volumes 2004 through 2013.

Trust, the notion of allegiance or duty to another, and the strength of “we” in American society have been replaced with the rise of “I/me” and a growing spirit of skepticism in all things institutional. Internal theological differences surfaced within the LCMS in the 1960s and 70s and served only to compound a growing distrust of national Synod’s headquarters, its districts, its institutions, and even its leaders and professional workers. In its place, the preferred way for an LCMS household to make a charitable gift was to restrict the donation for a specific purpose, often for the simple reassurance that their “steward’s offering” would be used only for the purpose they expected or desired.

Through the high inflation of the 1970s and into the ‘90s, the LCMS wound its way, as did many mainline denominations, to a point where the unrestricted dollars reaching the national office through district pledges were no longer able to sustain overseas mission efforts alone. That included the Synod’s force of deployed missionaries.

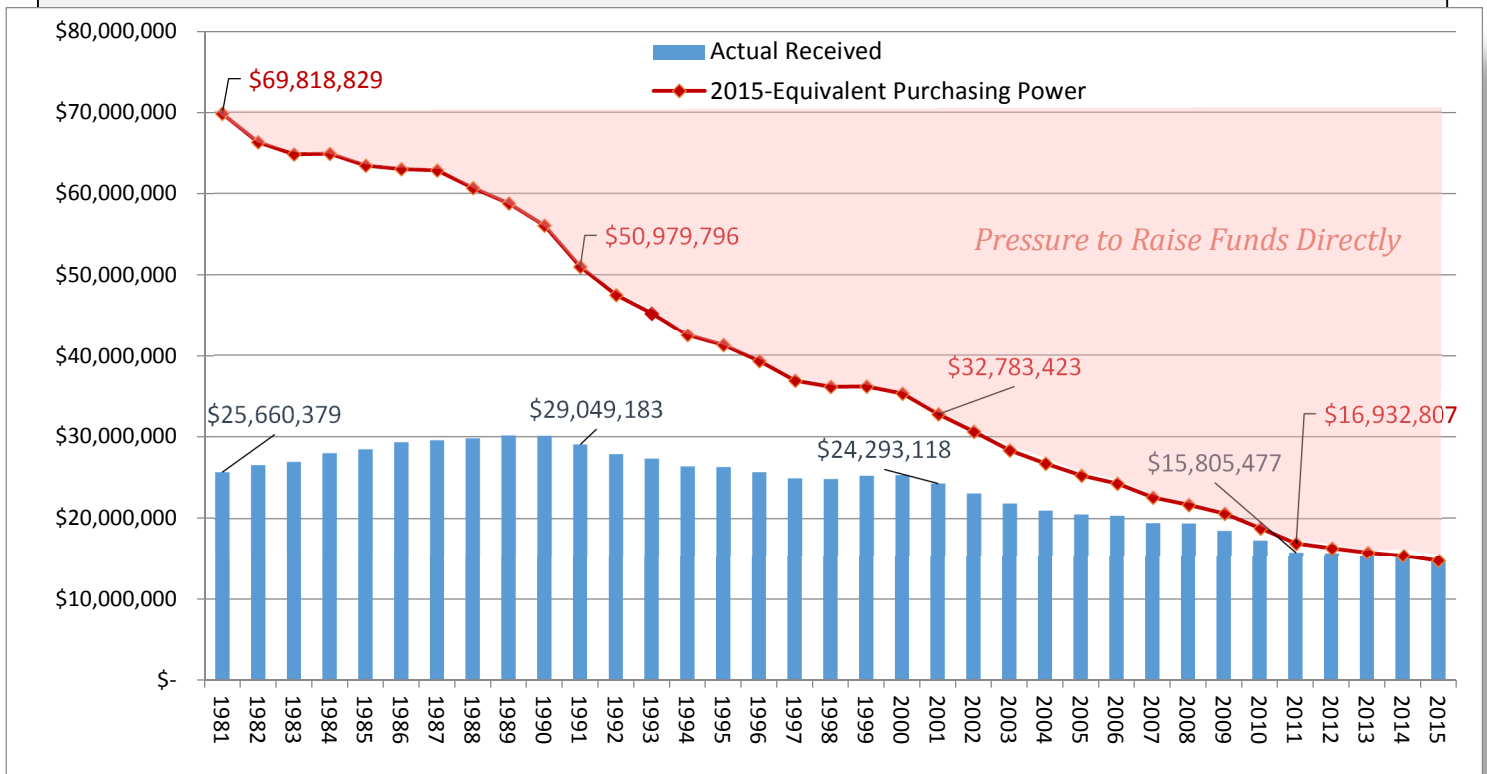
CONTEXT:

THE EFFECTS OF INFLATION ON WORSHIP OFFERINGS FORWARDED TO CORPORATE SYNOD TO FULFILL MISSION AND MINISTRY EXPECTATIONS

What did you pay for a gallon of gasoline or a candy bar in 1981? Inflation hits *everyone*. When it comes to corporate Synod (LCMS, Inc.), the pattern of worship offerings coming to the national headquarters is typically reported using the blue/grey bars (table below), which document a pattern of declining unrestricted/undesigned support from worship offerings sent for work done at the national and international levels. When those dollars are adjusted for inflation to show the equivalent purchasing power in today's dollars, the decline is even more pronounced. The red/grey line below adjusts the actual amount received into the amount that would have been required in 2015 to have the same purchasing power. Stated another way, the \$25,660,379 received in 1981 from regular worship offerings, adjusted for inflation, had the 2015-equivalent of \$69,818,829 in purchasing power compared to \$14,783,584 in purchasing power received in 2015. So, while unrestricted revenue from worship offerings received between 1981 and 2015 has decreased by \$10,876,795, corporate Synod saw a decrease in equivalent *purchasing power* of \$52,886,022, which drives up the pressure to engage in direct and deferred gift fund raising for both undesigned and donor-designated contributions.

UNDESIGNATED SUPPORT TO SYNOD, INC. 1981 to 2015

Actual (bars) vs. Equivalent Purchasing Power in 2015 Dollars (line)



Other Contributing Factors

Health Care and Retirement Costs

The cultural shift in the United States, along with its impact on the amount of undesignated (unrestricted) resources forwarded to the Synod's headquarters, was not the only contributing factor affecting the ability to fund missionaries out of the national annual operating budget. Beginning in the 1990s, the entire denomination was experience the impact of rising health-care costs and threats to Social Security, a significant source of income for many retirees. As congregations and university leaders developed their own budgets, health-care and retirement plan costs were chewing into worship offerings. Evidence of the health-care and retirement plan challenge in terms of costs within the LCMS can be seen in operating-budget comparisons of corporate Synod, districts, the combined budgets of the Concordia University System, and the annual costs to Concordia Plans (Synod's health care and retirement benefits plans for qualifying professional workers and their families, including those at our universities and seminaries, as well as retirees).

OPERATING BUDGETS – Fiscal Years 2009-2015 ³

<u>Fiscal Year</u>	<u>Corporate Synod</u>	<u>Districts</u>	<u>CUS</u>	<u>Concordia Plans</u>
2009	\$84.7M	\$95.0M	\$291.1M	\$439.7M
2010	\$81.1M	\$89.7M	\$304.4M	\$474.0M
2011**	\$86.9M	\$84.0M	\$339.3M	\$449.8M
2012	\$76.8M	\$82.4M	\$363.9M	\$390.8M
2013	\$64.6M	\$77.3M	\$390.8M	\$534.5M
2014**	\$82.2M	\$74.7M	\$411.4M	\$567.5M
2015	\$75.5M	\$76.5M	\$497.4M	\$595.4M
2016	\$81.8M	\$75.6M	\$553.9M	\$640.4M

³ Source: Budget documents located at www.lcms.org/bod

** The larger figures in these years reflect the expenses associated with both the National Youth Gathering and the national LCMS Convention, which occur every three years.

For missionaries, the increases in health-care and retirement costs put pressure on LCMS World Mission (the Synod's self-governed mission arm), as the sending entity, to raise even more dollars to cover these important benefits for internal and overseas personnel.

Legal and Regulatory Costs

As with all nonprofits, the Synod was simultaneously confronted with the reality of increasing local, state and federal regulations, along with ethical requirements from stakeholders. An example today is that the Synod has a Human Resources department that, among its many other functions, manages risks associated with paid employees carrying out the Synod's national and international work. In addition to its Accounting department, the Synod has an Internal Audit department to ensure that financial resources

— especially the growing volume of donor-restricted contributions — are being utilized in compliance with donor intent as required by Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board (FASB) in its Statement No. 117. The Synod must also purchase and maintain liability and property insurance, retain legal counsel and — more recently — stay ahead of select oversight and accountability stipulations of the Sarbanes Oxley Act⁴ of 2003 applicable to corporate entities. These types of operating expenses are not generally appealing to the average LCMS household who wishes to make a charitable donation. Thus cost of these protections is borne by the Synod’s unrestricted revenues coming from districts, making less available for “missions” work.

⁴The implications of Sarbanes Oxley on nonprofit organizations is addressed by the American Bar Association at:

http://www.americanbar.org/groups/probono_public_service/resources/program_management/nonprofits_sarbanes_oxley.html

Changes in Higher Education

Finally, the cultural and financial forces at play between 1970 and 2000 affected the Synod’s system of higher educational institutions in ways other than rising tuition rates. Two-year colleges were hard-pressed to remain competitive. Several (Portland, Selma, Bronxville) successfully transitioned to four-year institutions. Two (St. Paul’s in Concordia, Missouri, and St. John’s in Winfield, Kansas) were forced to close, with St. Paul’s transitioning to becoming the Synod’s only domestic, residential Lutheran high school. At various points, nearly every surviving four-year institution in the LCMS came close to financial default, and debt was transferred from the institutions to the Synod. By 2012, corporate Synod was funding the required debt-service payments on a balance in excess of \$50 million, much of it held on behalf of the Concordia University System’s schools, and the Synod’s two seminaries. Again, in terms of non-discretionary added operating expenses such as legal retainer fees and internal auditing, or payments against debt not held by their local congregation, people are generally averse to making charitable donations that fund such costs. For the LCMS, these expenditures could be funded using only unrestricted dollars received through district pledges — dollars that come from LCMS congregations out of Sunday-morning worship offerings.

With little choice in the matter, the unrestricted Sunday-morning worship offerings reaching the Synod’s headquarters were funding expenses that had little or no appeal to charitably minded donors. Instead of being available to support constitutionally mandated line items, such as seminaries and missionaries, significant unrestricted dollars had to be used to mitigate risk to the Synod and its employees; ensure compliance with laws and regulations of local, state and federal agencies; and service long-term debt. In these matters, the Synod’s Board of Directors had — and still has — very little discretionary decision-making ability when it comes to how it allocates available unrestricted funds.

LCMS World Mission Adapts

Through the services of the LCMS Foundation, and ultimately an internal staff of professional fundraisers, the Board for Mission Services (LCMS World Mission) made a successful transition from dependence on the unrestricted subsidy from the Synod's operating budget to a heavy reliance on special (solicited) designated gifts and bequests, much of it used to pay for the overseas missionary force. By 2002, designated gifts accounted for 78 percent of World Mission's \$29 million budget, with the remaining 22% (\$6.3 million) funded by a mostly static subsidy from Sunday-morning unrestricted worship offerings. The strength of support for missions and missionary work from LCMS households and congregations was strong, allowing LCMS World Mission to deploy nearly 100 paid missionaries and 100 volunteer missionaries across the globe and in the United States while also providing a significant "back-office" structure of around 70 individuals to support Synod's mission work.

COMPARISON OF (Unadjusted) UNRESTRICTED REVENUE TO WORLD MISSION/INTERNATIONAL MISSION EXPENSES

Year	Unrestricted Funds to Synod via District Pledges	LCMS World Mission Budget ⁴	Personnel only
2007	\$19,428,812	Total Budget \$28,506,269	<i>Not broken out</i>
2008	\$19,375,287	\$34,745,332	<i>\$15,502,766</i>
2009	\$18,486,508	\$32,922,052	<i>\$15,861,053</i>
2010	\$17,281,299	\$33,208,618	<i>\$12,400,513</i>
2011*	\$15,805,477	\$30,539,874	<i>\$12,242,696</i>
2012**	\$15,715,166	\$ 28,502,140	<i>\$11,717,507</i>
		Office of International Mission Budget ⁴	
2013	\$15,456,539	\$23,810,323	<i>\$ 9,141,719</i>
2014	\$15,394,832	\$27,903,536	<i>\$10,446,594</i>
2015	\$14,783,584	\$31,054,442	<i>\$12,537,256</i>

⁴ Source: Budget documents located at www.lcms.org/bod These amounts are not adjusted for inflation (see "Context" above).

* The last fiscal year LCMS World Mission existed due to decisions made at the 2010 Convention to restructure Synod's national and international operations. Only fractured data for LCMS World Missions exists beginning in FY2011 and expenses are simply reported as "Missions."

** In the midst of the convention-mandated restructuring, FY2012 budget documents refer to "Mission Services." The reported figure does not reflect human-care (mercy) expenditures, a portion of which was rolled into the budget of the Office of International Mission moving forward. Figures do include the costs of the Ablaze!/Fan Into Flame fundraising campaign (\$684,959 budgeted for FY2012).

A Hidden Challenge

Setting aside the negative implications of depending on tightly restricted gifts secured by internal or contracted fundraising staff, LCMS leadership, including those in LCMS World Mission, entered a new millennium (A.D. 2000) operating under the pretense that charitably minded people of the Synod would continue their preferred style of giving at the levels required to send and keep missionaries in domestic and international mission fields, while also supporting the internal infrastructure needed to manage national and overseas mission work. In hindsight, the assumption that the established patterns of giving

for mission work would continue was being challenged by a multitude of forces outside the control of the LCMS.

The 9/11 Effect

In December 2002 and January 2003, the economic bottom buckled under the Synod's approach to funding overseas missionaries and International Center-based support staff using restricted gifts solicited by or freely given to LCMS World Mission. Facing the post-September 11, 2001 tech-bubble-induced economic recession, the Synod was forced to reduce the number of international missionaries and LCMS World Mission staff. With fiduciary responsibility, the Board for Mission Services confronted one immutable question:

In addition to recruiting and deploying Lutheran missionaries to the field, how can the LCMS sustain its treasured missionaries in the field through a funding model that is both enduring and more predictable?

Commendably, Synod leaders and especially those in LCMS World Mission realized their funding strategy — a belief that the combination of subsidy from unrestricted funds and Synod raising designated funds on behalf of missionaries without their involvement with the people of the LCMS — needed to be changed. The old funding model of using unrestricted worship offerings, even if supplemented with donations solicited on behalf of missionaries after their deployment, was no longer an option.

A more God-pleasing and sustainable approach, one that recognized changes in culture and the preferences or needs of charitably minded people in the LCMS, was required.

PART TWO – THE SELECTED SOLUTION

The answer to the problem, it turned out, was to balance the expectations and desires of potential donors with the need for enduring support by placing the missionary closer to their true funding source *ahead of* his or her actual deployment into the mission field.

In 2006, the Board for Mission Services received a significant grant from an LCMS congregation in Wisconsin, with a pledge of additional funding, to pilot a new model of funding overseas missionaries. Five missionaries agreed to be part of the pilot effort: J.P. Cima, Robert Hedtke, Mark Krause, Fungchatou Lo, and Philip Schielke. Two additional missionaries, Jake Gillard and Mike Rodewald, were funded in this pilot effort after it was initiated.⁵

⁵ Source: Board for Mission Services Meeting Minutes, April 15-16, 2008, pages 2 & 3

The fundamental question the Board was seeking to answer was: **Is there sufficient unrealized charitable interest and capacity among LCMS households, congregations and other organizations sufficient to deploy LCMS missionaries to the field and keep them there until the natural conclusion of their service?** In other words, was there a better way to identify and engage funding partners as sponsors *before* each missionary was actually deployed in order to minimize the risk of a premature recall due to financial challenges? Rather than answer that question by hiring more professional fundraisers, the Board saw value in sending the missionaries themselves out to essentially ask the God's people this question: *Are you open to being a financial partner in overseas missionary work?* The Board referred to the change in funding methodology as moving from “donor involvement” to “mission responder involvement.”

After a two-year test, the outcome of this pilot effort revealed that these new “network supported missionaries” were more successful in identifying and engaging “mission responders” than Synod fundraising staff had been, and that sufficient funding was available to cover their projected position costs after deployment. The pilot missionaries were so successful, so well received by those they spoke with, a sustainable funding network was created without touching the grant offered by the Wisconsin congregation as a safety net. At its April 15-16, 2008, meeting the Board for Mission Services passed the following resolution:

RESOLVED, *That the Board for Mission Services move the Network Supported Missionary program from pilot to permanent and allocate appropriate resources in doing so. The*

Network Supported Missionary program becomes the way (LCMS) missionaries are recruited and called going forward.

Not a Completely New Concept

A deeper exploration of the Board for Mission Services' decision reveals that the adoption of the Network Supported Missionary (NSM) model was not the tectonic shift some have believed it to be. LCMS missionaries *had always been willing* to connect with congregations, districts and organizations, but they did so whenever they temporarily came home from the field for what was called “furlough.” At mission festivals and special potluck meals, missionaries would regale people with stories and pictures of their work and about those they were reaching with the Gospel. They would talk about opportunities to carry the Gospel into other parts of the world. Their meetings, sermons, presentations and dialog with fellow Lutherans served to connect LCMS households and their offerings with the foreign mission field.

The desire of people in LCMS congregations to focus funds directly on Synod missionaries through charitable giving surfaced as far back as the 1981 Convention, where delegates approved *Resolution 12-09** titled, “*Adopt Personalized Missionary Support Program.*” The resolution stipulated that LCMS congregations or circuits be given the opportunity to pledge themselves to maintain a missionary and his family under the policy of support from the Board of Missions, and that this personalized support “be understood to be over and above the normal annual support for the District and the Synod.” It further charged the then-Board for Missions of the LCMS “with the planning, direction, implementation, and administration of this mission outreach at home and abroad...and the Department of Stewardship and Financial Support in cooperation with the Board for Missions “(to) develop the financial structure and mechanics for (the Personalized Missionary Support) program.” Shortly thereafter, the congregation-focused “Personalized Missionary Support” program was re-branded as “Together In Mission,” or TIM, which remains as a vital component of missionary funding today.

Note (): The text of Resolution 12-09 (1981) is attached at the end of this document.*

The adaptation to the changing missionary funding landscape of the new millennium meant that an LCMS missionary would now be involved more personally in establishing and sustaining these connections in advance of his or her deployment, rather than on the back-end. It would be done in a way that could reasonably determine in advance of a deployment decision whether dependable financial support was and would be available from the Synod's households at levels sufficient *to keep that missionary in the field*. It would be done in a way that would supply potential donors and financial partners with reassuring evidence of their mission offerings being put to good use, according to their intent, if and when offered.

Was the Board abandoning its missionaries to fend for themselves? The minutes of the April 2008 Board for Mission Services meeting indicate otherwise:

“It will be 100% the missionaries’ responsibility to (help) raise their funding, and it will be 100% our responsibility to be sure the missionary has raised their funding. That’s the safety net to help people who might not be good at fundraising. We identify the financial profile for each missionary, and we have a policy about raising dollars outside the (unrestricted) budget. In transitioning the pilot program to a permanent program (World Mission staff) will work to be sure the system (infrastructure and coaching) is in place to support this.”

The direction was set to transition nearly all of the Synod’s career and mid-term (GEO, or ‘Globally Engaged in Outreach’) missionaries to the new network-focused, advance-funding model.

Ablaze! Fan into Flame

The NSM approach was put to a more public test when it was promoted under the *Ablaze!* movement and integrated into efforts for raising mission-focused money through the *Ablaze!*-related *Fan into Flame* campaign. LCMS World Mission advocated the direct sponsorship of more than a dozen new NSM missionaries, in addition to the primary goal of raising restricted gifts in support of overseas mission and evangelism efforts. Congregations and LCMS households generously contributed \$8.9 million for the NSM component alone — more than 13 percent of the campaign’s total amount raised, and half of the total support contributed toward new overseas evangelism and outreach efforts, demonstrating a desire among God’s people to send and support official LCMS missionaries using their charitable gifts. *Ablaze!* and the *Fan Into Flame* campaign formally concluded active fund raising efforts on October 31, 2011.*

*As of this writing, all but a handful of *Fan Into Flame* campaign pledges have either been fulfilled or written off as uncollectable. Open pledges are supporting International Mission projects rather than missionaries, and *Fan Into Flame*’s impact on missionary funding is essentially over.

PART THREE – THE SOLUTION AS IT STANDS TODAY

The current model is indeed deploying more full-time, network-supported missionaries to the field, and keeping them in the field longer. While the Synod’s total missionary force fluctuates from year to year, initially due to the reduction in the number of LCMS budget-supported (traditional) missionaries for financial reasons and a reduction in the number of GEO and short-term volunteer missionaries, the number of NSM career missionaries is increasing. Budget-supported missionary positions are at a “bare bones” level today, consisting only of the five international regional directors and their five regional business managers who supervise and support the in-field missionary force. Each of these 10 regional missionary positions, however, is also linked to a specific, restricted NSM account number. Donations from the church-at-large can be directed by any donor to a regional director or business manager, providing some additional budget relief.

At the 2013 Synod Convention in St. Louis, delegates approved two missionary-related resolutions pertinent to this document. The first, Resolution 1-11 (*To Recruit and Place More Career Missionaries*), called for the Synod as a whole to work collaboratively in an aggressive effort to double the number of career missionaries serving in the field. The second, *Resolution 6-02 - To (Joy)fully Fund Career and GEO Missionaries**, encouraged all of Synod to financially support missionaries, primarily if not exclusively through the Network Supported Missionary model.

Note (): The text of Resolution 6-02 (2013) is attached at the end of this document.*

More recently, NSM missionaries are being deployed inside the United States to places like Cleveland, Pittsburgh and Brownsville (Texas). The infrastructure to publicize these *national* missionaries, and build corresponding support networks is underway. In every case, these individuals serve in a context that is unlikely ever to be self-sustaining without assistance from the broader Synod. Because the call to serve as a missionary comes from a local congregation, group of congregations or a district, the NSM approach with national missionaries allows sponsors to visit sites first-hand to see the impact of invested dollars.

Because the number of missionaries changes over time, it is not prudent to report a figure in this document as it would almost immediately be an obsolete number. Readers can access a ‘catalog’ of official LCMS missionaries online at www.lcms.org/missionarysupport which provides a records-count. It is important also to know that a number of LCMS missionaries serve in or travel to sensitive countries that are officially “closed” to Christian missionary/evangelism efforts. Therefore the identities those missionaries are not made public on the Internet or other electronic resources accessible or monitored from those outside the United States. The LCMS refers to overseas personnel in sensitive countries as “international workers” or sometimes as “humanitarian workers” (rather than missionaries), because

those workers are largely involved in human-care (mercy) or relief work rather than open evangelism. The word choice is respectful toward the official position of national governments in those areas when it comes to Christian evangelism. Thus the “count” of missionaries shown on the website under-reports the number of LCMS workers deployed outside of the United States. Regional directors and business managers *are* included in the catalog, as each is also assigned a restricted NSM account open to receiving donations to sponsor his or her contribution to mission work. Missionaries inside the United States, connected to the Office of National Mission rather than International Mission, are being added to the catalog.

PART FOUR – OVERVIEW OF THE NETWORK SUPPORTED MISSIONARY MODEL

An overview of the Network Supported Missionary (NSM) model and how it operates may be helpful.

Following the restructuring of the Synod's national office, mandated by delegates to the 2010 Convention, the Board for Mission Services was eliminated and thus the entity called "LCMS World Mission" ceased to exist. (Similarly, the Board for World Relief and Human Care and thus the *entity* "LCMS World Relief and Human Care" also ceased to exist, although the gift designation bearing that name remains) It is the Office of International Mission (OIM) that today is responsible for carrying out integrated evangelism, church planting, theological education and human-care work outside the borders of the United States. A significant portion of that work involves the recruitment, calling, deployment and management of the Synod's missionary force.

The Board for International Mission extends calls and appointments to missionaries to serve in the Office of International Mission through one of the five regions. Once a missionary has accepted a call or solemn appointment, he or she is considered to be an employee of the LCMS. Those missionaries who receive a call or appointment to serve as a career or GEO missionary undergo an orientation period where they are introduced to the NSM concept and process. The orientation, jointly conducted by International Mission, Communications and Mission Advancement personnel, prepares each missionary to invest an average of six months of his or her initial employment year building a personal network of financial sponsors beginning with the missionary's home congregation and family, and extending outward.

Unlike OIM, whose Board calls and appoints international missionaries, the Office of National Mission is not the preferred calling or sending entity. While the Board for National Mission can call a domestic missionary, the preferred approach is to see calls locally or regionally (district) extended. Regardless of who calls or appoints them, ONM missionaries are under the ecclesiastical supervision of the district in which they serve. From that point on the process of introducing them to the NSM approach, providing an orientation, and delivering assistance in building a network are largely similar to OIM missionaries.

As each missionary's network grows and strengthens, progress is monitored toward the goal of reaching a sustainable level of annual funding as measured by a combination of single gifts, recurring gifts (monthly or quarterly donations) and multi-year pledges. Data shows that if in this first four to eight months of network building a missionary reaches a funding level in gifts and pledged funds equal to 75 percent of the total annual position costs, his or her "network" of financial sponsors is sufficiently robust to sustain him or her in the field for at least two years. However, the total dollars raised is *less* critical than seeing evidence showing a diversity in funding sources/donors and gift types (the mix of single donations,

recurring gifts and multi-year pledges). In other words, one donor supplying the 75 percent is not sufficient evidence to show a sustainable network. Missionaries themselves may identify a donor, or support may come from work carried out on the missionary's behalf by LCMS Mission Advancement, which includes Mission Central in Mapleton, Iowa. Donors who do not personally know a missionary can be connected by Mission Advancement/Mission Central to one who most closely matches their charitable interests in terms of geographic regions served, type of missionary work, financial need or other variables.

Once a missionary's funding network is determined to be sufficiently diverse and robust to support his or her service in the field over time, the missionary is authorized by OIM's executive director to deploy overseas or to their city/region in the U.S. if not already there. (The internal term is called "green-lighting for deployment.") Each missionary accepts responsibility for regularly and consistently communicating with the people in his or her personal network, keeping them informed about the work being performed and the missionary's situation. This communication happens most often through a regular newsletter, usually sent by email; however, personal communication can happen by private email, letters, phone calls, and other electronic methods such as web-logs (blogs) and Skype (Internet teleconferencing).

Every two years, a missionary is brought home for a period of rest and recuperation with family and then a period called "missionary reconnects." The missionary and his or her spouse (plus any children) travel for at least one month touching base with individual, family and congregational donors and reaching out to strengthen their network. This is necessary as donors may have passed away or decided not to renew support, and congregations can close or change mission priorities in the intervening two-year period. The missionary seeks new sponsors to take the place of those no longer interested in or able to provide financial support. Reconnects may also involve making presentations before groups, such as those who gather at Mission Central in Iowa, to affirm donor support and encourage a renewal over the next two-year period.

These reconnect periods are the repetition of what missionaries in the 1930s through '90s would typically do during *furlough* – reaching out to the church to share stories from the overseas mission field.

When a missionary concludes his or her overseas service and returns to the United States to assume a different call or vocation, sponsoring donors are notified and given an opportunity to select a different NSM. This could be a missionary already in the field or one from among a new recruitment class.

Throughout the life cycle of an NSM missionary, engagement with the church provides a number of benefits to those who care about the spread of the Gospel overseas. 1.) Donors (individuals, households

and congregations) become personally acquainted with the missionaries doing the Synod's work; 2.) Donors know exactly where their gifts and offerings are going and for what they are being used; 3.) Donors experience the foreign mission field through the eyes of a missionary and see how the Lord uses those called to this vocation to give witness and bear acts of mercy in His name, and in the name of The Lutheran Church—Missouri Synod.

For a missionary, the benefits of the NSM model include: 1.) reassurance that our Synod is not taking imprudent risks with their lives and vocations, or with the faith of those they serve overseas; 2.) an understanding of who is sponsoring their work as an act of Christian stewardship and discipleship; 3.) an opportunity to build relationships with others in the LCMS, receiving prayer support and advocacy among others in the church, and; 4.) an opportunity to teach others what missionary service involves for the sake of the joyful proclamation and sharing of the Gospel.

The downsides of the NSM model are: 1.) the expectation to be accountable for the effects of mission work overseas, which can take time away from direct engagement with indigenous people; 2.) the requirement to delay deployment, in the face of high levels of emotional excitement, in order to build a network capable of supporting the missionary over a period of years, and; 3.) the fact that the model still relies exclusively on restricted (designated) gifts, which makes it difficult for the Synod to return to a 100% subsidy-based funding model for missionaries using unrestricted dollars from worship offerings.

LCMS International Center Support for Missionaries

It is not uncommon for those first hearing about the NSM model to exhibit reservations if not outright frustration with the LCMS headquarters and leadership. Questions can arise about the national office's commitment to supporting overseas missions and missionaries. Some may conclude that missionaries are "on their own" when it comes to finding and soliciting financial support from LCMS congregations and households, or that they are "forced" by the Synod or OIM to raise their own funds on their own. Therefore, an overview of the support infrastructure and systems in place at the national level may be beneficial.

LCMS Mission Advancement ("Advancement Services")

LCMS Mission Advancement, one of the units created after the 2010 restructuring decision, raises money directly to support regional staff paid through the Office of International Mission, including the five regional directors and five business managers. In partnership with the Communications department, a Missionary Support Unit provides services and support to each Network Supported Missionary in a number of ways:

- A missionary network care-and-support team director works with OIM, LCMS Communications and other Synod departments to ensure the smooth and efficient operation of the Network Supported Missionary model, resolving problems or challenges as they surface and providing performance data to unit leaders to facilitate sound decision-making.
- **Mission Central** in Mapleton, Iowa, works directly with families and congregations to “adopt” one or more missionaries as part of their personal stewardship. In 2015, Mission Central raised or facilitated more than \$6 million in direct and bequest gifts freely given for the support of official LCMS missionaries, as well as gifts to fund programs and projects managed by the Synod’s overseas Witness and Mercy workers.
- Mission Advancement connects *congregations, organizations and grant-making foundations* to specific missionaries through the **Together In Mission** (TIM) giving club. One paid staff member identifies potential TIM congregations, ensures that missionaries stay connected to their sponsoring TIM congregations, annually renews congregation pledges, and communicates directly with TIM congregations by phone, personal visits and a quarterly TIM newsletter. The TIM program administrator also monitors the network-building work of the GEO missionary force and identifies situations where additional support or coaching is needed.
- As it does with congregations, Mission Advancement provides a staff member to work with *individuals and households* whose desire is to financially support NSM missionaries through a giving club named *Senders*. This **Mission Senders** Coordinator assists household donors in setting up multi-year pledges and recurring gifts (automatic withdrawal, credit-card gifts, etc.), solves problem for donors, and provides accountability for donations once a missionary deploys to the field.
- A third team member maintains regular direct contact with both career and GEO missionaries as they build and enhance their network. The coordinator manages the process of monitoring each missionary’s financial picture, ensuring the network is sufficiently strong to maintain their service in the field, and making recommendations to strengthen networks where a missionary is at risk from inadequate financial support.
- A fourth team member, added in 2015, floats between the TIM and Senders program as workload demands and provides administrative as well as logistical support to the team director.
- Other team members in Mission Advancement provide help even when it is not part of their primary function or duty. Mission Advocates (major gift officers) connect interested households and congregations to the TIM, Senders or Mission Central personnel. Appropriate fundraising policies and procedures, distinctively Lutheran orientation and training materials, and management reports are the responsibility of Mission Advancement staff.

Mission Advancement also records and issues tax-deductible receipts for all qualifying contributions designated for the support of missionaries, including gifts routed through Mission Central. It maintains secure records of giving and contact information for all sponsors, and supplies the data to evaluate the health and strength of each missionary's network. It reports fund-raising performance data to Synod's leaders and the Board of Directors, and address questions about giving from sponsors and potential sponsors.

In response to concerns about missionaries having to travel to engage donors personally, Mission Advancement re-opened a general missionary support account (able to support regional staff, career full-time, and GEO full-time). Any individual, congregation or organization that strongly believes their donated funds should support *any and all* LCMS missionaries without personal preference can donate to and procedures for disbursing any funds donated for missionaries are in place, including the management of remaining funds if or when a missionary leaves the field. Mission Advancement is also working to raise "where needed most" funds for OIM and ONM, a portion of which could be used to fund missionaries and their back office support teams. Donors with a financial capacity to supply abnormally large gifts can champion "packages" combining personnel (missionaries), projects and related program expenses for specific geographic areas or types of mission work, such as theological education within our partner churches or church planting in a domestic urban setting.

LCMS Communications

The Synod's Communications department provides a number of support services to NSM missionaries. On top of the constitutionally mandated duties and expectations delegated to them, Communication team members:

- Design and produce personalized "prayer cards" for each missionary, useful for mailing and other donor contacts, which share the story of each missionary and the work he or she is performing in an overseas environment.
- Maintain the Synod's website directory of missionaries, useful for those who are proactively searching for a missionary to sponsor.
- Produce video vignettes of missionaries, useful for distribution via the Synod's website and social-media pages, as well as by missionaries seeking to inform potential donors when personal travel is prohibitive owing to cost, distance or other reasons.
- Review and edit missionary-related materials utilized by Mission Advancement to advocate on behalf of the Synod's overseas missionaries.
- Provide coaching and critiques of missionary newsletters, offering suggestions for strengthening the message and content for the sake of the sponsors who will read them.

- Monitoring missionary communications to ensure consistency and relevancy from the perspective of the supporting investor.

Office of International Mission

Finally, the Office of International Mission staff at the LCMS headquarters encourages support for missionaries in several ways not readily evident to someone outside of mission service as they:

- Appeal for individual and collective prayers on behalf of each missionary and his or her family.
- Identify, recruit and advise potential missionaries as they move through the application and call process.
- Provide enhanced catechetical training for lay and commissioned missionaries, required for them to faithfully represent the LCMS and our theology.
- Provide an initial orientation to network-building in order to complete the process as quickly as possible.
- Provide the initial orientation to overseas mission work, including language training.
- Coordinate deployment support, including the procurement of visas and other travel documents
- Monitor geo-political security conditions, up to and including decisions to recall or relocate missionaries when their personal safety is at risk.
- Maintain a 24/7 telephone “hotline” enabling missionaries to contact the OIM’s Director of Missionary Services in urgent or emergency situations.
- Manage annual budgets, aligning local and regional plans with the Synod’s overall mission strategy and priorities.

The Office of National Mission is building a similar system of support tailored to meet the unique needs of missionaries deploying *within* the borders of the United States.

PART FIVE – RESTRICTED GIVING AS A SYMPTOM?

The Network Supported Missionary model is working. At the same time, it is symptomatic of restricted giving on the part of LCMS households, congregations, organizations and even some districts. While the deep desire of many in our Synod is that funding missionaries should be accomplished purely out of unrestricted funds, a return to that approach is neither practical nor advisable at the present time.

First, the Synod's national budget does not at present receive sufficient *unrestricted* financial resources (district remittances plus direct and bequest contributions) to meet the current and projected funding expectations using undesignated gifts alone. Second, unsolicited, undesignated gifts from LCMS households – apart from district pledges - are still a relatively minor portion of all giving. Third, external forces on district and congregational budgets (such as the rising cost of retirement and health care benefits for workers) appear to limit the portion of unrestricted “work-at-large” offerings reaching Synod Inc. Together, these realities increase pressure on the Synod to encourage, solicit and account for restricted gifts – primarily through active fund-raising.

And perhaps another, more troubling force is at play. In America, the percentage of income a household gives to its local congregation continues to decline. From a peak of 9.7 percent following World War II, today's estimates for religious worship offerings as a percentage of household income range from 2 percent to 4 percent, with most estimates in the range of 2.4 to 3.7 percent. Most people of faith worshiping in our LCMS congregations do not “tithe” in the sense of returning 10 percent of their income *to the Lord* (the most commonly used standard to describe the “tithing”) via the local congregation. Voluntary giving to congregations is half or less than half of that level. LCMS congregations feel it. LCMS parochial schools feel it. Ultimately districts, RSOs, our universities and seminaries, and even corporate Synod feel the effect. Out of 800,000 LCMS households (giving units), best estimates are that less than one-third make regular charitable contributions to at least one LCMS-related entity *outside or apart from their local congregation*, excluding congregation-operated parochial schools. And still others place a higher value on non-church-related charities (such as public universities, hospitals and arts organizations), political parties, and special-interest lobbying groups than they do on sharing the Gospel through local, regional and national acts of witness and mercy.

Is it possible that the solution to the challenge of funding missionaries (and seminaries!) is about more than just money? Is it possible that the financial struggles of LCMS entities at every level are more a symptom of a deeper – and perhaps *theological* – problem? The Rev. Dr. Edward Grimenstein, associate executive for the Office of International Mission (St. Louis Operations), recently stated:

(T)he issue at hand (might be) a theological one – whether that be the challenge of getting congregations and their members to financially support missionaries, or the challenge of getting congregations and their members to give of themselves in actually becoming missionaries – for support raising and recruiting are two sides of the same coin. Whether we identify this as tithing, giving or sacrificing of one’s time and talents, the LCMS is having a challenge in sacrificing herself for the work of the church. I believe “trust” is a part of this, but that is an excuse to be used, not so much a flaw to be fixed. I believe the heart of this matter is a Christological one in which the church is not allowing herself to take a fully cruciform life in this world, to her own detriment. It is so much more than just giving of money or time; it is about living in Christ.

Our Lord promises so much. In the Gospel of Matthew, Jesus told his disciples: “Do not be anxious, saying, ‘What shall we eat?’ or ‘What shall we drink?’ or ‘What shall we wear?’ For the Gentiles (unbelievers) seek after all these things, and your heavenly Father knows that you need them all. But seek first the kingdom of God and His righteousness, and all these things will be added to you” (Matthew 6:31-33, ESV).

Luther himself articulates the trust we can place in God to provide for our own physical needs in his explanation of the First Article of the Apostles Creed:

I believe that God has created me and all creatures; that He has given me my body and soul, eyes, ears, and all my members, my reason and all my senses, and still takes care of them. He also gives me clothing and shoes, food and drink, house and home, wife and children, land, animals, and all I have. He richly and daily provides me with all that I need to support this body and life. He defends me against all danger and guards and protects me from all evil. All this He does out of fatherly, divine goodness and mercy, without any merit or worthiness in me. For all this it is my duty to thank and praise, serve and obey Him. This is most certainly true.

Could it be that the root cause of our financial challenges in the LCMS is a simple one: a sinful lack of faith that our loving, heavenly Father is generous in supplying what is truly needed in this body and life?

Our society tells us, our children and our grandchildren that survival and security are controlled by our own hands and decisions about what our priorities should be. Satan tells us God will not provide. If we believe that to be true then shifting dollars around, or implementing yet another model of fund development, will fail to overcome the challenge of how to share the Gospel of Jesus Christ with the world through a growing global force of missionaries. The work of the Great Commission calls for faith,

bound with the joyful confidence and certain hope we received in our baptisms, in Christ our Savior and Redeemer.

A FINAL WORD – LOOKING BACK AND LOOKING FORWARD

The LCMS possesses a long and treasured history in overseas and domestic missions, characterized chiefly by the labors of its missionaries in service to the Lord's Gospel and His bride, the Church. We may mourn the passing of an era when corporate Synod was equipped to pay the salaries and benefits of its missionaries – and the operating costs of its seminaries – directly out of its unrestricted revenues (coming from worship offerings). We may wish the situation were different today. The truth, simultaneously painful and joyful as it may be, is that a return to a bygone era of subsidized missionaries would require a dramatic paradigm shift of monumental proportions in giving attitudes, donor preferences, and the mindset regarding personal stewardship. It would require sources of designated (donor restricted) funding to pay for unpopular or unappealing (but still valid) expenses mandated by forces beyond our Synod's direct control.

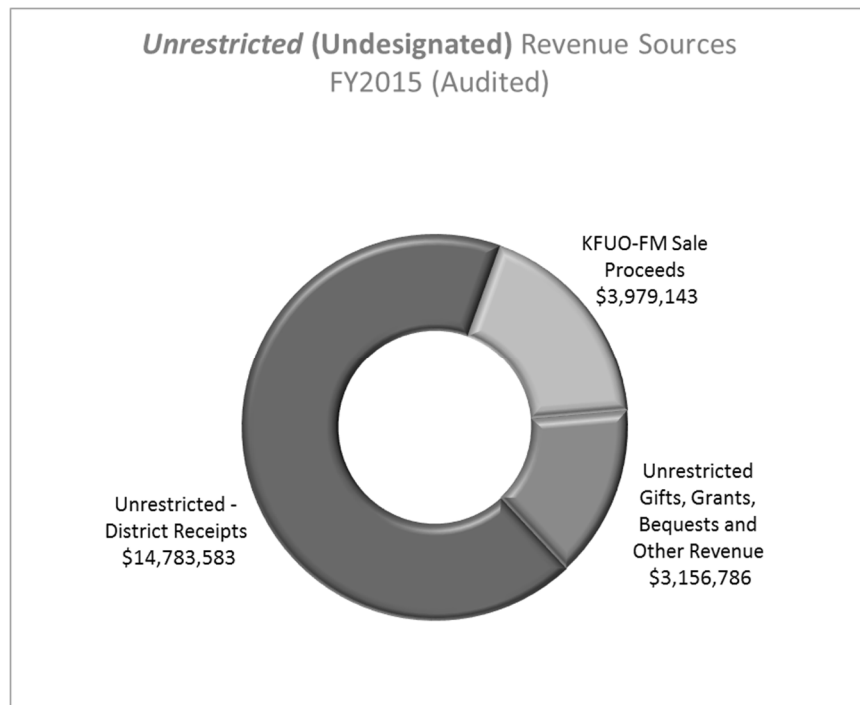
The good news is that some 4,620 out of 800,000 households and 1,373 of our 6,100 LCMS congregations – plus an additional number of congregation-related groups, private foundations, LCMS districts and circuits, and auxiliary-related groups – have boldly stepped forward in faith to directly sponsor our missionaries through the Network Supported Missionary approach. Together they are taking personal and collective ownership for the task of sending and sustaining missionaries to spread the Good News throughout the earth, and they are likely to continue doing so for the foreseeable future. Theirs is a commitment the entire church is celebrating and which each of us might consider emulating as the Lord allows.

SUPPLEMENTAL MATERIAL

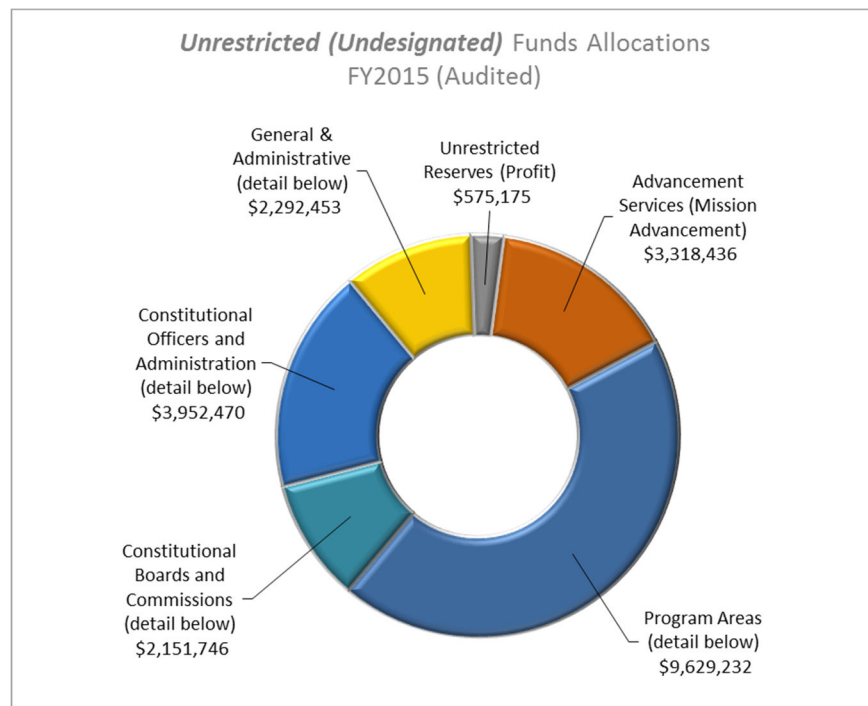
COMMON QUESTIONS AND RESPONSES (WITH DATA)

Q: How much unrestricted money does the Synod’s national office receive from congregations (via district pledges), and where does this portion of my regular worship offerings go?

A: Independently audited financial statements for fiscal year 2015 (FY15) document unrestricted work-at-large financial support coming via districts at \$14,783,583. This amount was supplemented by an additional \$3,156,786 in unrestricted (undesignated) direct gifts, grants and bequests coming from households, congregations and others. Finally, the Synod received \$3,979,143 in unrestricted revenue from the sale of KFUE-FM radio. The total in unrestricted (undesignated) revenues is proportionally displayed in the following chart:



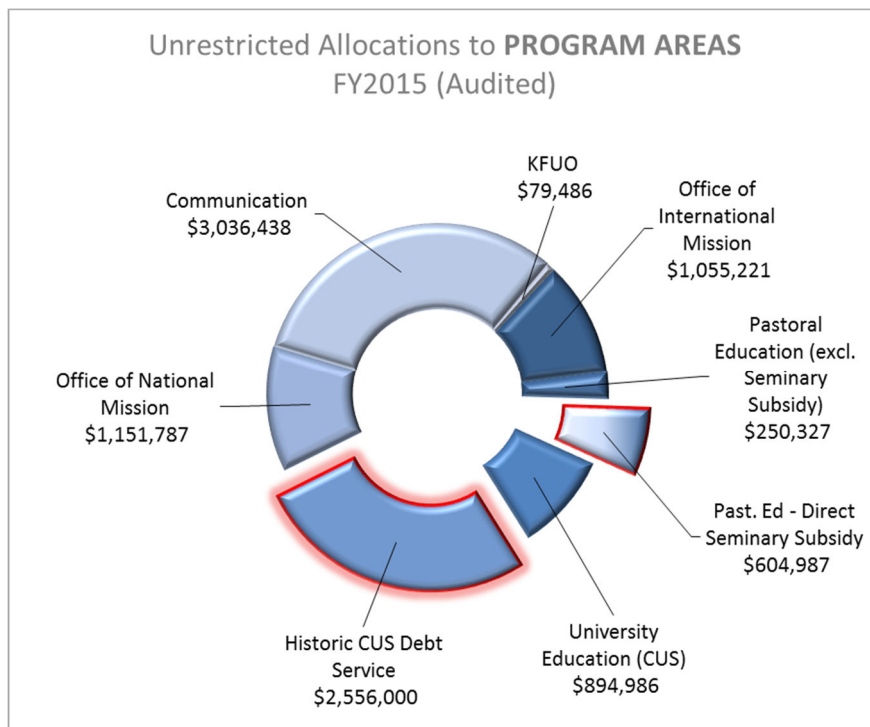
A breakdown of where the worship offerings (district receipts) went, apart from the other sources of unrestricted funds, is not possible under the current accounting system. Therefore, answering the second question depends on looking at the whole of unrestricted receipts: worship offerings, sale proceeds and donor-supplied unrestricted gifts, grants and bequests available for Synod, Inc. work.



“Program Areas” received the majority of unrestricted dollars, followed by constitutionally mandated officers and administration, fund-raising and donor-care services (Mission Advancement), general and administrative, constitutionally-mandated boards and commissions, and an allocation into the organization’s unrestricted reserves. It is imperative to understand that this chart shows ONLY the allocation of available (undesignated) funds and not the budgeting or expenditure of restricted income, which will be discussed further down in this document.

The charts that follow will break down each colored slice of the donut in the chart above, showing greater detail about where unrestricted dollars impact the work of corporate Synod, beginning with the blue portion: Program Areas. All sub-slices will be in the same general color (blue), with special emphasis made through the use of a colored border.

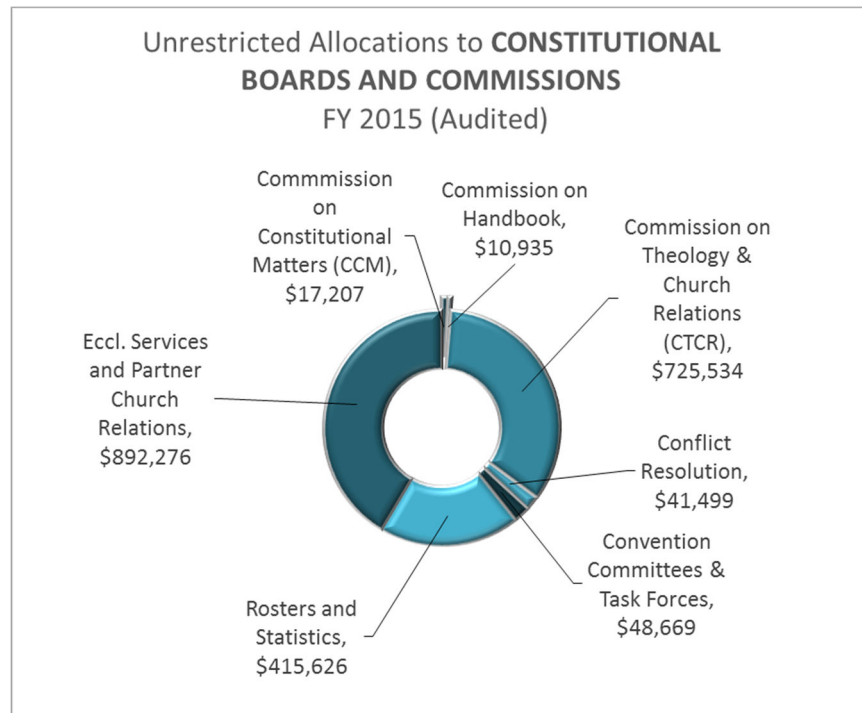
Program areas encompass International Mission (OIM), National Mission (ONM), Pastoral Education including unrestricted subsidies to both LCMS seminaries, the Concordia University System (which includes what Synod must pay in debt/interest service on the historic CUS debt), LCMS Communications, and the KFUE Radio operating subsidy.



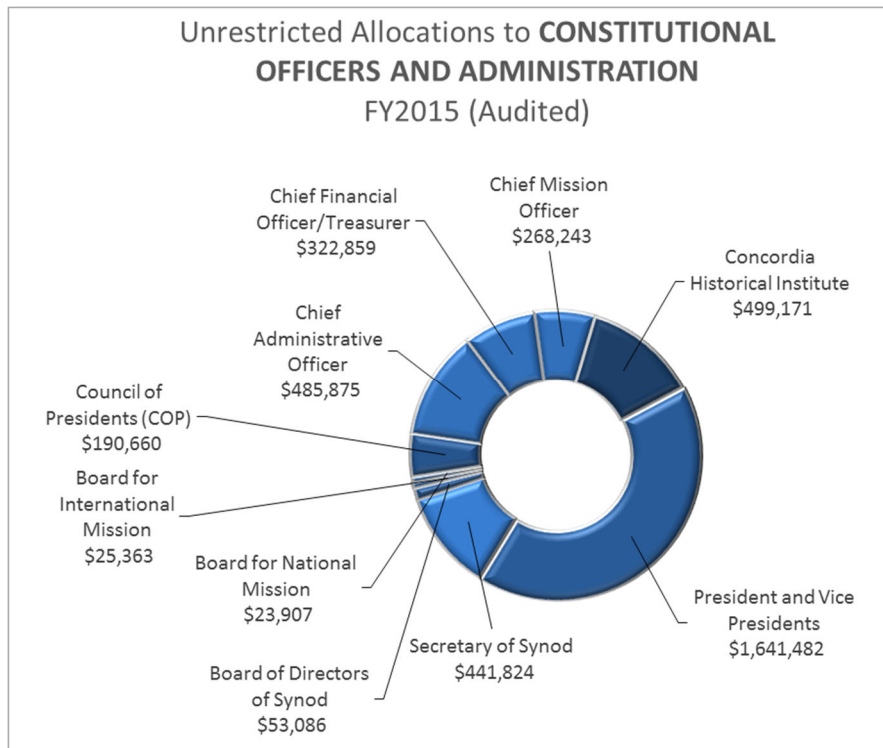
LCMS Communications received the largest allocation of Program-Unrestricted support, as it has few other ready sources of income. The second-largest allocation was the annual principal and interest payment due on the historic CUS debt, just over \$2.5 million each year. International Mission and National Mission benefitted almost equally, followed by support for university education (CUS). Seminary subsidy, Pastoral Education work not including seminary subsidy, and KFUO Radio closed out the use of available unrestricted dollars by program areas.

It should be noted that under the new structure, Mission Advancement falls into the same grouping as other program areas and reports to the Chief Mission Officer. For the sake of transparency and to reflect Mission Advancement’s function as a revenue generator (vs. pure expense), fund-raising and donor-care costs are excluded from the chart immediately above and reported using a different color in the chart on the previous page.

Constitutionally mandated Boards and Commissions include areas such as Rosters and Statistics, Conflict Resolution, Convention Committees and Task Forces, the Commission on Handbook, Commission on Theology and Church Relations, Commission on Constitutional Matters, and Ecclesiastical Services and Church Relations. These areas must, by policy, be funded by unrestricted (undesignated) funds in order to maintain objectivity and fairness to the entire Synod. Ecclesiastical Services and Church Relations does operate programs (such as the Global Seminary Initiative) that may receive donor-restricted contributions as those programs do not present a conflict of interest to the Synod’s membership.



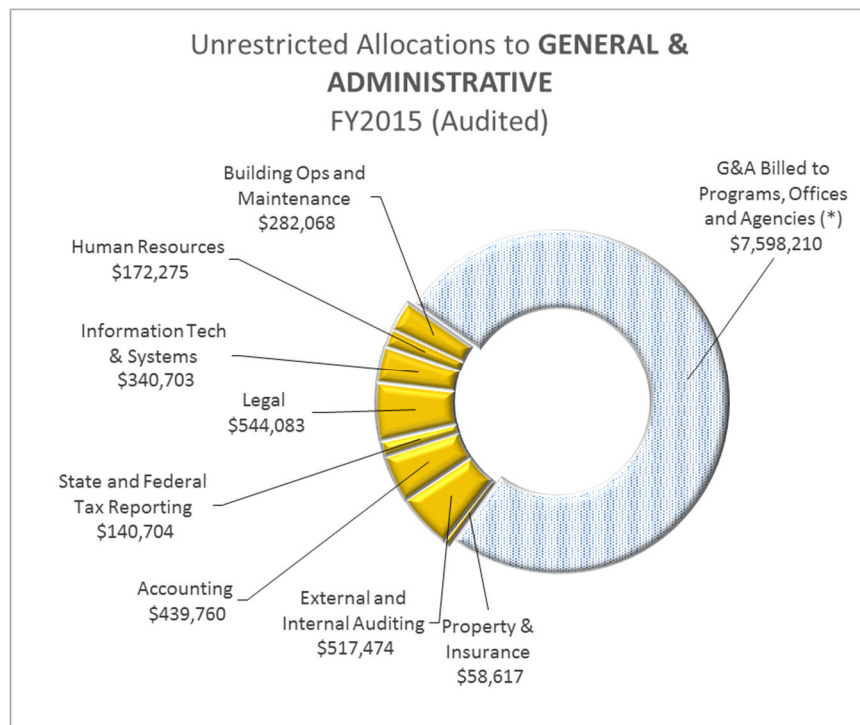
Constitutionally mandated Officers and Administration, similar to Boards and Commissions, must be funded by unrestricted dollars\ as these areas – mandated under the Synod’s Bylaws – must represent the interests of the entire Synod. Categories include the Office of the President and Vice-Presidents, Chief Administrative Officer, Chief Financial Officer, Chief Mission Officer, the Synod’s Board of Directors, the Council of (District) Presidents, Board of International Mission and Board of National Mission (which set policies for their respective areas), the Secretary of Synod, and the Synod’s official archives (Concordia Historical Institute). The chart is on the next page.



The amounts shown reflect more than just the compensation and benefits of those serving in their respective positions but also travel, material resources, approved stipends, and position support personnel, etc. (Ref. Synod Operating Budget documents available at www.lcms.org/bod).

The final grouping, “General and Administrative,” is a bit more complex. All Synod departments and entities, including the LCMS Foundation and Concordia Plan Services, are billed for space in the International Center, and what they use from General and Administrative Services. Those “administrative overhead” costs are incorporated into department and entity budgets and shown as the blue pattern noted with an asterisk (* in the chart on the following page). In essence, those amounts represent the administrative costs of the various entities and program departments beyond what is required under the Constitution of Synod.

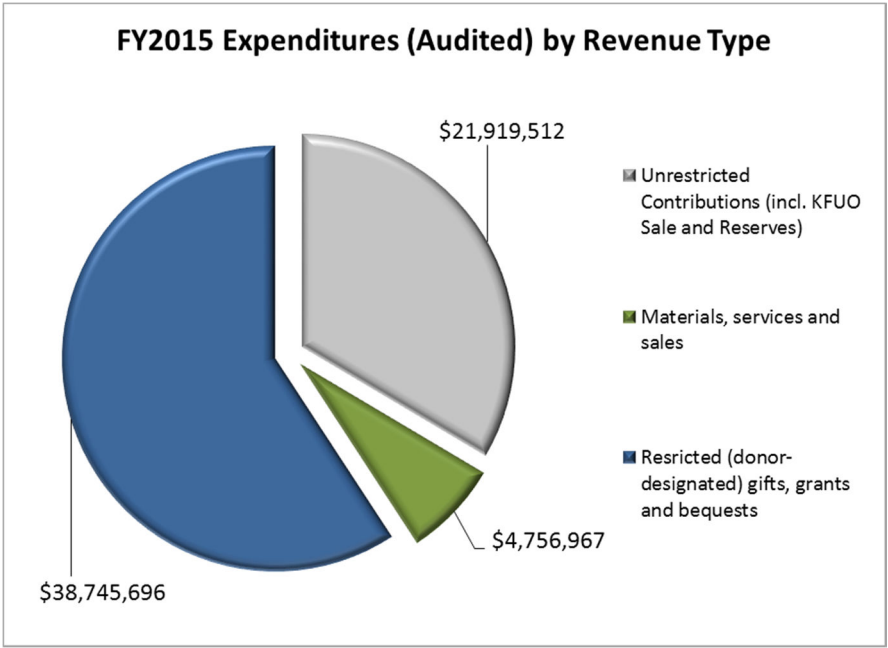
Some costs such as internal or external auditing, the filing of state and federal taxes, and much of accounting, are funded out of unrestricted dollars to maintain objectivity. The amounts shown in the yellow spectrum reflect only the non-billable amounts paid from unrestricted revenues in fiscal year 2015.



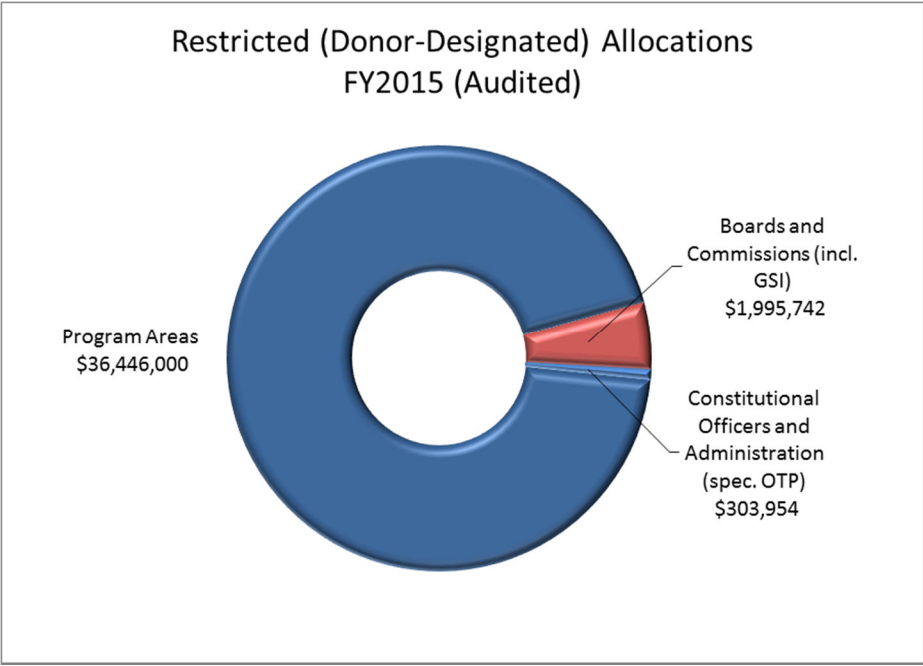
Charts Source Data: FY2015 Audited Financial Statements of The Lutheran Church—Missouri Synod (retrievable from www.lcms.org/bod), with input from Synod Accounting for accurate General and Administrative Services allocations between billable costs and what must be funded through an intentionally budgeted allocation of unrestricted dollars.

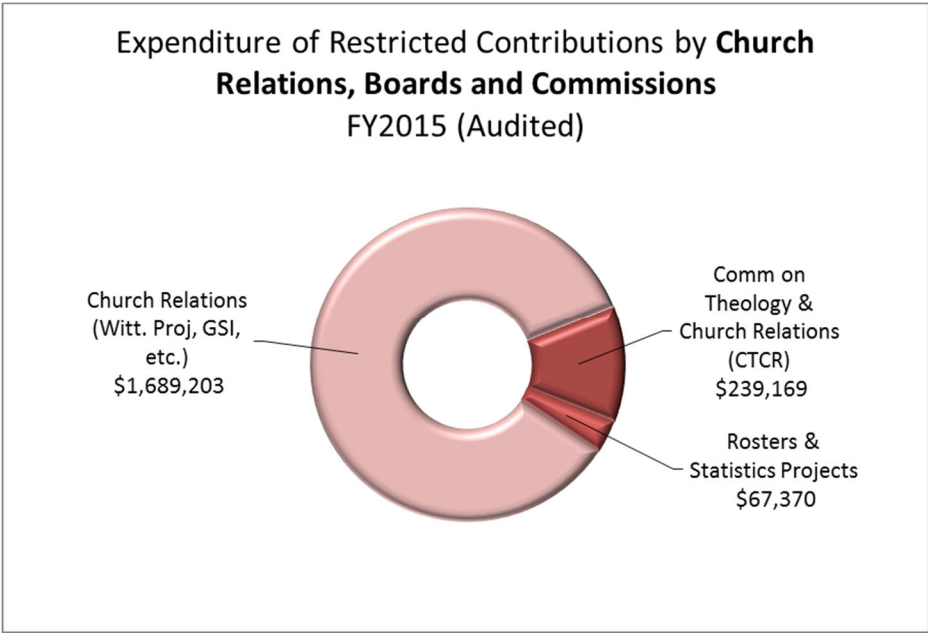
Unrestricted dollars, though, represent only part of the funding to cover LCMS, Inc. expenses, including programmatic costs in National Mission, International Mission, Pastoral Education, and special initiatives.

As shown in the following chart, donor-designated (or “restricted”) contributions funded the majority (59.2 percent) of Synod’s expenditures in fiscal year 2015. This percentage grows and shrinks from year to year in a reflection of what households, congregations, foundations, districts and other groups *voluntarily* contribute to corporate Synod to carry out work at the national and international levels, including the sending of missionaries. For it is the *response* of God’s people that largely drives what can be spent each year on mission and ministry efforts at the national- and international-levels because corporate Synod can only spend what it receives.



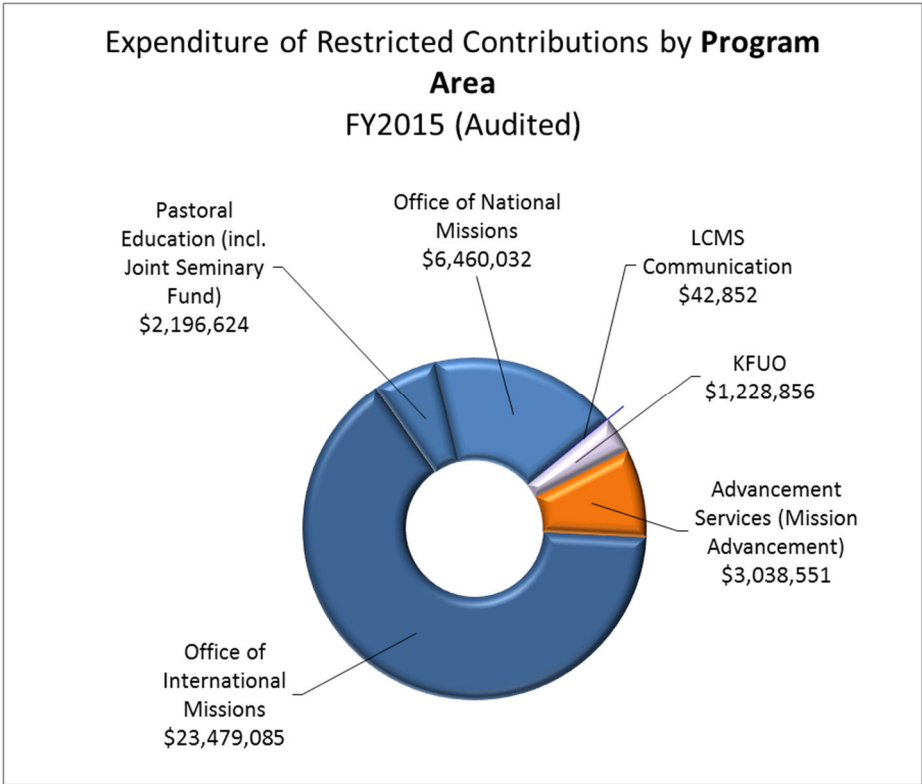
Where did the donors making designated (restricted) contributions want their gifts to have an impact? The lion's share of such gifts went to Program Areas, with a much smaller percentage going to special projects or initiatives overseen by the Office of the President, Rosters and Statistics (not shown, <1 percent), the CTCR, and in Church Relations (including the Global Seminary Initiative, and the Wittenberg Project).





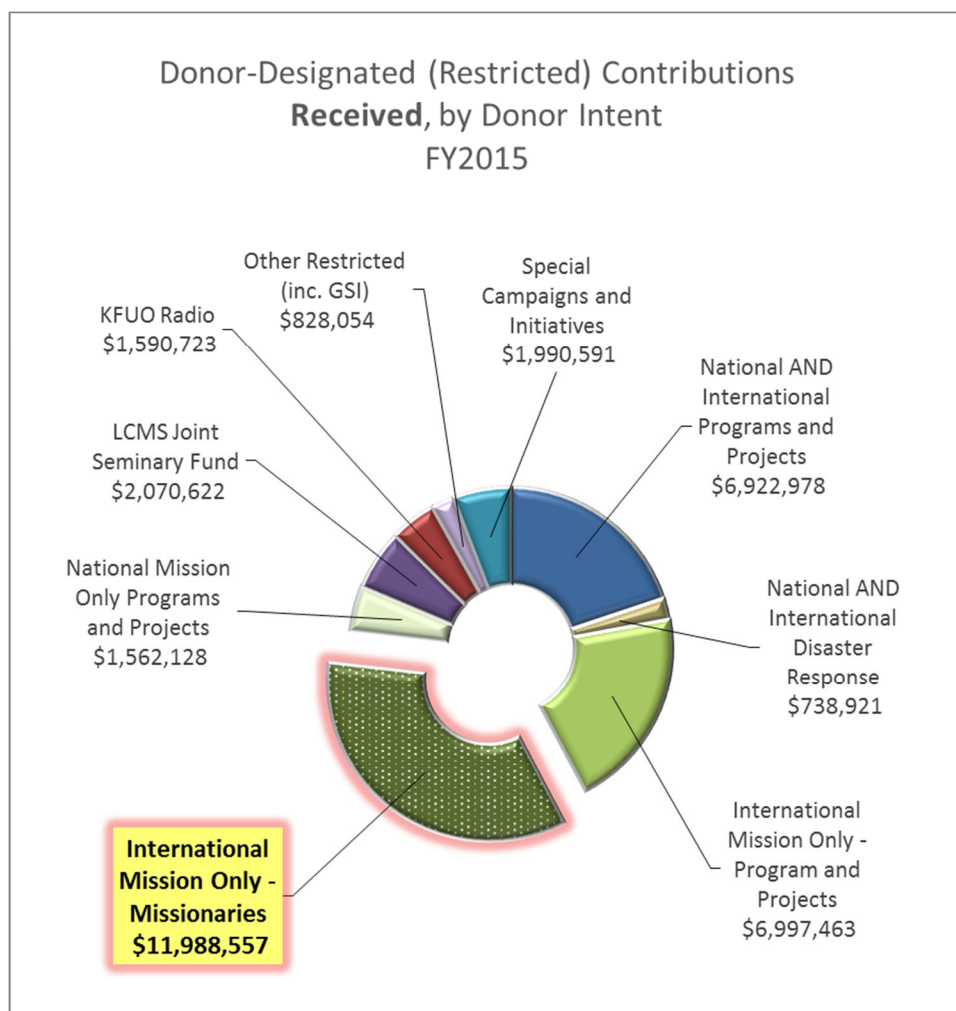
Q: How does restricted giving fit into the support of missionaries?

A: Because missionaries are funded almost exclusively by donor-designated (restricted) contributions and fall into the Program Areas portion of the previous chart, we need to break that slice down into a deeper level of detail:



Missionaries are funded almost entirely by the Network Supported Missionary model, with some funding for regional directors and business managers coming from contributions generally restricted to supporting the Office of International Mission as a whole. (It is important to recognize also that International Mission does receive a modest allocation of unrestricted dollars as reported earlier.) In FY2015, the Office of International Mission expended \$23,479,085 in restricted funds (including gifts, grants and bequests designated by contributions for the support of missionaries).

Clarifying note: In the first version of this document (2013) the text for the above response and the charts drew on information from corporate Synod’s 2013 operating budget. In this update, amounts and percentages are drawn out of the 2015 independently audited financial statements, the most currently available data for a 12-month operating cycle. Budgets represent a plan, or a hoped-for outcome for revenues and expenditures. The switch to audited financial statement data is intentional, as the numbers report what actually transpired in terms of revenues, revenue types and expenditures when compared to the plan.



International Mission’s restricted funds included both contributions received in FY2015 and any unexpended (surplus) restricted funds carried over from prior years. Proportionally speaking, one can view the FY2015 contributions restricted by donors received by Synod, Inc. to see where those dollars were intended to be used, and how much of that was given exclusively to call, send and retain

missionaries in the field. This was supplemented by the available fund balances (contributions received in prior years but not expended) for each missionary carried over from prior years, and by less restricted “mission/mercy” contributions or the available unrestricted funds allocation to International Mission.

Q: How much of my gift for a Network Supported Missionary is used to cover fund-raising and donor-care expenses?

A: The amount has varied by donor, network grouping and missionary/missionary family unit. At its February 2016 meeting, the Synod Board of Directors established a policy to ensure that all donors, gifts and ministry recipients bear a fair and equitable share of the cost for fund-raising and donor care services. If that policy had been in effect during fiscal year 2015, the fair and equitable rate on gifts, grants and bequests would have been 9.446 percent, an amount well below the limit of ‘prudent’ fund-raising overhead (33 percent to 35 percent) set by the Better Business Bureau’s Wise Giving Alliance, Guidestar and Charity Navigator (ref. www.overheadmyth.com). Because of inequitable allocations of restricted dollars to cover fundraising and donor care costs, Mission Advancement was allocated a total of \$3,038,551 in expended restricted contributions (8.337 percent) and Synod was forced to use \$3,318,436 in undesignated (unrestricted) funds (15.139 percent). With most contributions weighted to restricted funds, the overall average was 9.446 percent of all contributions – unrestricted and restricted - expended.

Q: What would be the likely effect if use of the NSM model were discontinued?

A: While predicting the future comes with inherent assumptions and risk, the evidence suggests that the funding of overseas missionaries would plateau, then diminish over time because the connection between each missionary and his or her base of support would someday end. If that were to play out, the LCMS would eventually have to recall missionaries from the field due to insufficient available funding, either unrestricted or restricted. The allocation of unrestricted worship offerings does not readily identify where the Board of Directors could find the \$12 million to \$17 million in additional dollars to fund current and new missionaries. In terms of restricted support, donors in the 21st Century desire evidence that their contributions make a difference in the lives of others. Severing the connection between donors and missionaries diminishes the ability to show donors how their gifts and offerings are being put to work. Without evidence and direct connections, restricted support would likely atrophy. The Synod has sufficient historical evidence in its restricted funding patterns to support this conclusion. And while the possibility exists that LCMS households and congregations would gladly route financial support to missionaries via other means, the probability of this happening is relatively low at this point in time. Thus, the likely effect would be a reduction in missionaries to bring expenses in line with available revenue, similar to what happened in December 2002.

Q: Can financial support for missionaries be provided in ways other than through the NSM model? Does a donor (congregation or household) have to support one or more *specific* missionaries?

A: “Yes” to the first question, “no” to the second. The Synod configured and offers a number of support options designed to meet the charitable and stewardship goals of each donor. All of these options provide the transparency and accountability needed to establish and maintain trust that designated contributions are being used faithfully and ethically to support overseas missionaries. Options for the church-at-large to consider in terms of increased funding for missionaries and their work, moving from least restrictive to most restrictive, include:

- A church-wide movement to increase available unrestricted funding through direct contributions and larger mission commitments out of regular worship offerings.
- Contributing to the Synod’s Global Mission Fund.
- Contributing to the general (undesignated) funds for International Mission and/or National Mission.
- Contributing to the LCMS Missionaries Fund (General Support), which is not specific to any one missionary.
- Choosing one or more specific LCMS missionaries to financially sponsor with a contribution under the NSM model.

LCMS Mission Advancement is best-equipped to identify options based on the concerns and goals of each donor.

Q: How long has Synod, Inc. been encouraging donor-designated contributions to help fund missionaries?

A: It is extremely difficult to pinpoint when the Synod first encouraged or even received a contribution intended by a donor ONLY to support a missionary or missionaries. The earliest and clearest document formally endorsing designated gifts as the primary source for funding missionaries appeared in a resolution from the 1981 Convention (Resolution 12-09), which is attached to this document. Thus, the NSM model is less about missionaries being forced by corporate Synod into “raising their own money” and more about how all of God’s baptized in the LCMS *walk together* – including our missionaries – to proclaim the Gospel throughout the world, and how we all must work and walk together to make that work financially sustainable under the realities of today.

Adopt Personalized Missionary Support Program **RESOLUTION 12-09 (1981)**

Whereas, Our gracious God has saved us so that we might serve Him and willingly use our talents and abilities to pursue the Great Commission, “Go ye, therefore, and teach all nations, baptizing them in the name of the Father, and of the Son, and of the Holy Ghost” (Matt. 28:19); and

Whereas, This is the mandate which members of the LCMS accept as their mission command; and

Whereas, Seventy-one percent (71%) of the world is non-Christian (U.S. Center for World Missions, Pasadena, Calif.); and

Whereas, The LCMS has pledged itself with the mission challenge for the 1980s to open 600 new ministries and to increase mission money by 100% plus inflation (Resolutions 1-20 and 1-27A, 1979 *Proceedings*); therefore be it

Resolved, That those congregations of the LCMS or groups of congregations or Circuits which unite to give financial support for missionaries be given the opportunity to pledge themselves to maintain a missionary and his family under the policy of support of the Board of Missions; and be it further

Resolved, That this personalized support for a missionary be understood to be over and above the normal annual support for the District and the Synod; and be it further

Resolved, That the Board for Missions of the LCMS be charged with the planning, direction, implementation, and administration of this mission outreach at home and abroad; and be it finally

Resolved, That the Department of Stewardship and Financial Support in cooperation with the Board for Missions develop the financial structure and mechanics for this program.

Action: Adopted (10).

(The committee substituted “structure and mechanics” for “requirements” in final resolved.)

Source: *1981 LCMS Convention Proceedings*, page 217 as electronically maintained by the Chief Administrative Officer of The Lutheran Church—Missouri Synod (Transcribed)

To (Joy)fully Fund Career and GEO Missionaries

RESOLUTION 6-02 (2013)

Overtures 6-07–6-10 (CW, pp. 232–233)

Whereas, Article III 2 (Objectives) of the Constitution of The Lutheran Church—Missouri Synod (LCMS) has established extending Gospel witness into all the world; and

Whereas, The LCMS has been engaged in extending the Gospel into the world since 1895; and

Whereas, There is a need among congregations, pastors, and households for a clearer understanding of the mission impact that the LCMS is having today; and

Whereas, The reality is that the number of career and Globally Engaged in Outreach (GEO) missionaries has increased each year since 2008; and

Whereas, The best practices mission model is based on intentional personal missionary communication; and

Whereas, This model is vital to creating the congregational and personal understanding necessary for prayer and personal and financial support of missionaries; therefore be it

Resolved, That the Synod in convention give thanks to God for the 69 career and 100 GEO missionaries and their families serving throughout the world who embrace the current model, and be it further

Resolved, That the Synod commend the former Board for Mission Services for developing an effective model of sustainability for calling and deploying and supporting missionaries in the field until the natural conclusion of their service; and be it further

Resolved, That the Synod thank the 500 congregations and nearly 2,000 household partners in the LCMS who are actively and joyfully providing prayer, encouragement, and direct financial support in excess of \$7.6 million per year for the benefit of specific missionaries; and be it further

Resolved, That all congregations and LCMS households be encouraged to utilize counsel and resources available through the Mission Advancement Unit of the LCMS as they plan their support of missionaries; and be it finally

Resolved, That the Synod in convention encourage and support the Office of International Mission to continue expanding the number of missionaries and provide the logistical support necessary to sustain them in their mission activities.

Action: (Adopted)

(After brief discussion, Res. 6-02 was adopted by voice vote.)

2013 LCMS Convention Proceedings, page 158 - Retrieved from: <http://www.lcms.org/page.aspx?pid=726&DocID=2586>

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