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# "The Way Out"

BY

NELSON T. TULL

AUTHOR OF

THE BUDGET PLAN



"My plea in this whole discussion is for Southern Baptists to open the flood gates and break up the fountains of benevolence and let the people have a chance to give"

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## FOREWORD

The principles advocated in this discussion are not new to the writer. They have been a part of his teachings on the subject under treatment since he was employed as "Budget Man" by the Mississippi Baptist Convention Board two years before the 75 Million Campaign was launched.

By close study over a period of years, by observation, by experience, the writer has a deep conviction that we must so revise our denominational financial plans as to make the Budget serve only as a method for raising funds for the maintenance of our work and that all funds for buildings and endowment, and for paying debts on buildings and endowment, must be raised through special appeal, or through wisely planned and well directed campaigns.

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## I. CONFUSION OF TERMS

Baptists claim to be able to distinguish between things that differ. They claim to know how to define terms and to keep from reading into words and phrases a meaning that is not intended. However, Southern Baptists have taken a perfectly good term, a Baptist term, and have read a meaning into it, and have builded a system of thought around it, that threatens the very life of the denomination. I refer to that comprehensive and attractive term, the "Cooperative Program."

The Cooperative Program should mean, and in fact does mean, all the work that Southern Baptists are doing in their cooperative capacity. Yet we have come to use the term and make the term apply to the Budget which is necessarily a restrictive term. We speak of things hindering the Cooperative Program, or hurting the Cooperative Program, when we mean to say they are hindering or hurting the operation of the Budget.

When it becomes necessary in furthering the interests of our cooperative work, state or Southwide, to authorize a special offering, or to launch a special campaign for a given cause, that special offering or campaign becomes a part of our Cooperative Program. It is over and above the Budget but is neither in violation of, nor in opposition to, the Cooperative Program or the Budget.

If we are going to let the use of a term restrict our thinking and curb our effort to the point of danger and defeat, let's hasten to find another means of expression. Cooperative Program is a good term to use in its larger meaning. Budget is a good term to use in its restricted meaning. Let us use both in their proper place and not confuse the two or

try to make them mean the same thing. The Budget is a necessary part of our Cooperative Program but it is only a part. The confusion has come through a wrong conception of what the Budget means and what it should be expected to accomplish.

## II. MEANING OF THE BUDGET PLAN

The thinking of Southern Baptists has become more and more confused with the passing of the years when it comes to the matter of how and by what means we shall carry forward our cooperative work. At the meeting of the Southern Baptist Convention in Kansas City in 1923, when the 75 Million Campaign was drawing to a close, it seemed that our leaders were going to arrive at the proper solution of our problems.

To show that some were thinking clearly at that time, and were trying to point the way out of our difficulties, I quote from the report of the Executive Committee to the Convention of 1923. In stating the principles that should govern the cooperative work of Southern Baptists following the 75 Million Campaign, this significant statement comes as item one:

"Any campaign for the future must have as its first objective the proper financing of the current activities of our Southwide Boards. Permanent funds and endowment should, where necessary, wait upon the payment of wisely planned current budgets of our current work."

Possibly this was the conception of the lamented Dr. Mullins who was known to think clearly and who was chairman of the Executive Committee at that time. It has the germ thought of what a budget means. To rob the budget of that fundamental principle is to kill it any time, anywhere. The Budget is a current support or maintenance proposition, and

to load it with other matters is to overload it, to cripple it, to destroy it.

By current support I mean the running expenses of the church and the running expenses of our denominational work, which excludes church building and similar movements locally and all building and endowment movements in the denomination.

We cannot afford to go all the way in trying to make the Budget Plan serve in our church and denominational work as it is made to serve in government and in business administration. When the Budget is made to carry extraordinary items in government administration the way is open for providing extraordinary revenue measures for raising additional funds to meet the expenditures. In business organizations, profits may be assessed or dividends deferred to meet unusual budget claims. We must face the fact that our church and denominational budgets must be stabilized by requiring them to carry only maintenance items, or items of running expenses, local and general.

A closer analogy to what must be expected of a church or a denominational budget is found in what is used in the charity or social service work of many large communities, known as the Community Chest. The Community Chest budget provides only for the maintenance of the organizations participating. If one of these organizations needs a building it must secure the funds for the building in some other way. It may go out and appeal to the same community through a capital fund campaign for money to erect the building.

The principle on which this sort of budget is based is, that all the active people of the community are able and willing to give enough

money in a systematic way to care for the current needs of the dependent and helpless of the community, but that a smaller number of the more enterprising and the more well-to-do in the community, who are interested in the special object involved, will give to the capital fund of the institution which must erect a building.

The local Y. M. C. A. in New Orleans is a Community Chest interest. The Community Chest budget provides this year, 1929, \$19,000 for the running expenses of the Y. M. C. A. It comes to pass that the Y. M. C. A. must meet a long felt need by erecting a building for its local organization. It knows that its building cannot be included in the Community Chest budget. So it goes out with an appeal to the same community and to the same people in a **Capital Fund Campaign** to raise the money.

If the Community Chest were to try even once to raise funds through its budget for such a purpose it would meet with failure, and the whole Community Chest budget scheme, so worthy in its purpose and so practical in its workings, would collapse.

If Southern Baptists are going to take a perfectly good business method—the Budget—and use it in helping to finance the Lord's work, we must recognize its proper function and realize its limitations, and not try to make it do the impossible.

The only way in the world to keep the Budget Plan from breaking down in the church or in the denomination is to confine its use to providing only for maintenance, or running expenses of the work both local and general.

Many of the large churches are defeating their own ends and doing a great injustice to the denominational work by trying to operate

a three cornered budget, so much for current expenses, so much for building fund, and so much (usually not so much) for the "Cooperative Program," which being interpreted according to our present thinking, means the denominational budgets, state and Southwide.

I know a church which undertakes to provide in its budget 50% for local church expenses, 30% for building fund and 20% for the denominational work. In the operation of the plan the church comes up to the time when a payment must be made on the building debt and finds that the budget has failed to produce the desired amount to meet the payment. Instead of going out to bring up the shortage on the entire budget, so that each of the three causes might share and share alike, the church officers put on a special campaign to "get up" the balance needed to meet the debt payment. A similar effort is made during the year to take care of the budget shortage on local expenses, but no effort is made to even up the shortage on the 20% for the denominational work. It means in the end that instead of the denomination getting 20% of the whole amount raised, it gets, maybe, as low as 10%.

If this same church had kept its building fund out of the budget, it could have operated successfully a current support budget and could have played fair with the denomination.

However, the denomination is setting the unwholesome example for the churches. Just think of the things that have been dumped into our denominational budgets, state and Southwide. We have not balked at any unreasonable thing when it comes to making up our budgets.

If you should stop to analyze what is included in our denominational budgets, to which the people are asked to give system-

atically, Sunday by Sunday, you would be amazed.

It is unfair to the churches to ask them to contribute through their budgets to a denominational budget that contains the very same character of items that the churches are taught to exclude from their budgets for local needs. The denomination must get right before the churches can get right in this vital matter.

If Southern Baptists would analyze their present debts, state and Southwide, they would find that only a small proportion of the debts is due to accumulated deficits on running expenses of the work. Only the portion of our debts due to deficits on running expenses is a legitimate amount to include in the denominational budgets. That amount could be handled and retired through the budget plan in a short while. After that, the only debt that should go into the budget each year should be the amount of the deficits on running expenses from the previous year. These annual deficits, until they cease to exist, should be placed as a first item in the budget each succeeding year.

### III. SPECIAL CAMPAIGNS

The 75 Million Campaign has left Southern Baptists caught between the horns of a dilemma. One horn is the fear and dread of "Campaigns." The other horn is the fear that we are going to die in trying to live by the "Cooperative Program," meaning the Budget.

Someone has described the pessimist as one who has the choice of two evils and takes both. I would qualify as a pessimist if I looked upon the Special Campaign and The Budget

as evils to be avoided. To the contrary, I think both are good and both must be used, each in its place, in the furtherance of our work. In fact, we cannot hope to live by the use of either exclusively, but we must live by both.

The only hope of Southern Baptists is to draw the line of distinction clearly between funds for capital use and funds for maintenance, in other words, between permanent funds and funds to be used in operation. Funds for maintenance wherever used and however used in our work, are legitimate funds to be raised or provided for through the use of the Budget. All permanent funds for building, for endowment and for permanent improvement, beyond repairs and upkeep of property, must be raised and provided for through wisely planned and well directed campaigns.

Referring again to the New Orleans Community Chest, which is the nearest approach to the principle that should govern the raising of funds for church and denominational use, that organization never attempts to raise capital funds through its budget. No participating interest can put on a capital fund campaign without the approval of the Chest. Only one such campaign is permitted during any one year. Before giving endorsement to a capital fund campaign, the agency proposing the campaign must submit a complete set-up showing the nature and use of the proposed building or improvement, and how and in what way it will contribute to the community welfare. It must also show to what extent the new building or improvement will affect the maintenance or current needs of the agency.

On exactly such a principle I would propose that the Southern Baptist Convention and the

various state conventions inaugurate, in addition to the regular budgets for the maintenance of our work, the use of special campaigns for building and endowment purposes.

In talking to an official in one of the largest banks in the South—the man responsible for handling the operating budget of his institution—I confided to him the various items of debt that Southern Baptists are now trying to retire through the Budget Plan. When I mentioned debts for endowment, his face clouded and he interrupted me with “What! debts for endowment?” “Yes,” I said, “we have made debts for endowment of our colleges in several states, and are now trying to pay those debts through the Budget.”

Is it any wonder that this statement seemed so absurd to the great business man? Endowment is the antithesis of debt. There could not be two more extreme ideas. Yet, to meet the standardization requirements that have been thrust upon us in recent years, the state conventions of the two states in which I have labored, and doubtless in others, have issued bonds as an obligation of the convention to provide money for the endowment of colleges. An analysis of our debts, state and South-wide, will reveal many such incongruities. Debts have been made to pay debts that have been made to pay debts, and the tangle is getting more intricate and hopeless.

Is there a way out? Yes. Trace every debt back to its origin, see its proper classification, group these debts under their proper headings, and then plan debt paying campaigns to retire them.

We must realize that sentiment and preference and prejudice will attach to debts just as is evident when the people are asked to give

to the cause to which the money was applied when the debt was first incurred.

You cannot separate beneficence from the beneficiary and keep life in it. You cannot expect benefaction to spring from every heart towards the same object. That is the principle upon which we must base our appeal. We cannot expect to pay debts or to raise any large amount of money in any other way.

"But," you say, "should we recognize the preferences and prejudices of people when we appeal for money for the Lord's work?" We must unless we say there is no such thing as human nature.

"But," you insist, "isn't this an argument against the 'Budget'?" No. When the Budget is for maintenance only, as it should be, the difficulty is removed. People are willing to give to the running expenses of all the work all the time. To many people these running expenses represent the cost of actual work done. The masses do not see and do not comprehend the necessity for buildings and equipment and endowment as a means to the end. They think of the actual work that is being accomplished—the teaching, the preaching, the ministering to the sick, the feeding of the orphans.

It is at this point we have come to hear about "Institutionalism." This word has been coined as an expression of distinction between the ministry and the institution through which the ministry is effected. The same man who decries institutionalism may have his heart melted quickly by stories about the ministry of preaching, or teaching, or healing, done by those connected with the institution.

The fact remains that we are dealing with a condition and that condition is as fundamental as human nature. Our failure to recognize

the condition is responsible for the seeming decline in missionary interest. Much is being said about getting back to the major emphasis on missions. That expression is another effort to establish in our thinking the line of cleavage between the actual work to be accomplished and the physical equipment necessary to serve as a base of operation.

This condition, which could be stated in many other ways, calls loudly for a separation of our appeal, and a separation of our methods in raising permanent funds from our appeal and method in raising funds for maintenance.

The Budget Plan is the logical and practical way for raising funds for the maintenance of our work. The plan has a more universal appeal. Everybody, rich and poor, young and old, small and great, is asked to give systematically, on the first day of the week, as the Lord has prospered him, to the ongoing of the regular work of the kingdom, at home and abroad. That plan puts the money where it is needed, when it is needed, and it is needed weekly and monthly to pay current bills wherever in all the world we may be supporting workers.

When buildings are needed, or when endowments must be provided, those needs fall in an altogether different class and will necessarily have a more limited appeal.

Will the people give to the Budget and also to special campaigns? Certainly, when the two methods and the two appeals are known to be for the purpose of meeting two entirely different and separate needs.

#### IV. DESIGNATED GIFTS

To further show how the use of a term threatens the life of our denomination, I would point to the hue and cry that is abroad in the land against "designated gifts." To paraphrase the words of Paul, some would even say, "Whosoever giveth by any other plan or to any other program than that which has been outlined, namely, the **Cooperative Program**, let him be anathema."

While in every conference and in every committee meeting, when the subject of designated gifts is discussed, the inevitable decision is reached that individuals and churches have the right to designate their gifts, yet the methods of intimidation that are being used and the power of persistent propaganda against designations, have about killed the impulse, which, in all the years past, has prompted such gifts.

Where would we stand as a denomination today if it were not for designated gifts? On nearly every college campus, and gathered about most all of our institutions, are memorial buildings that stand as monuments to designated gifts. Other institutions have been saved by munificent gifts for endowment.

Yet for nearly half a generation we have been, by our methods and by our propaganda, molding a sentiment and creating a psychology that will most assuredly shut us off from this greatest source of supply for the permanent growth and enlargement of our work.

We are living now in the greatest age of benevolence in the history of the world. Wherever in all the world there comes the call of need—storms, floods, earthquakes, famine—we forget location, color and creed in our haste to answer the call. Not only so, but

good Baptist money is going into quasi-religious institutions, and interdenominational movements that should be turned into Baptist channels and invested in Baptist enterprises.

Stop and think and you will recall but few outstanding gifts to Baptist causes since the beginning of the 75 Million Campaign. With the growing wealth of our Baptist people and the multiplying opportunities for enlargement of our work, it is easy to see that our method of appeal must be modified. We must open the way, create the appeal, and provide for the use of designated gifts. That is the way out of our difficulties, and the time is far overdue for putting it into effect.

If we will keep in mind the natural classification of gifts to our denominational work, it will be easy to see the soundness of this thesis on "The Way Out," namely, that we must separate our appeal and separate our methods in raising permanent funds from our appeal and methods in raising funds for maintenance of our work.

Regardless of the methods used in soliciting the funds, or the source from which the money may come, all gifts to our denominational work fall under one or the other of these classes:

1. Funds for maintenance.
2. Endowment funds.
3. Building funds.
4. Funds for special purposes.

My contention is, that only the first named—gifts for maintenance—should be included in the Budget, to be solicited as undesignated gifts and distributed to all the causes, on an agreed percentage basis. It is unwise to attempt to raise funds that fall under either of

the other three classes by use of the Budget Plan. As was pointed out under another heading, it is presumed that all the people will give to the current support of all the causes all the time. That is a reasonable presumption and that should be the design and function of the Budget Plan.

It is unwise to attempt to raise funds for these other purposes through the Budget Plan because we lose the element of personal appeal without which no large giving may be expected.

For instance, endowment funds must be raised on the basis of the special need of the institution or agency to be endowed. It is impossible to separate the specific gift from the specific object.

Endowment is defined as "A fund which shall be maintained inviolate, the income of which shall alone be used." In making such a gift the donor is making a perpetual investment in the work of that specific institution or agency. It has a powerful personal appeal. It is a gift that will seldom be made except on the basis of personal choice. It is a gift that cannot be hid away in a Budget.

Building funds are even more specific than endowment funds. When you are asked to give to a fund for the erection of a building, you think of the institution that shall occupy the building, the exact purpose for which the building shall be used, its location in a certain state, in a certain city, on a certain street, on a certain square, on a certain corner. You visualize the plans and specifications, the appearance of the building when completed, etc.

It is impossible to think of gifts to a building fund apart from the considerations here named. This is why the elements of place,

proximity and purpose, must be considered in soliciting gifts to any building enterprise. That is why building funds, and debts for building purposes, should not be placed in a general budget. It would be easy to give illustrations in our own Southern Baptist program which show the folly of trying to incorporate such matters in a general Southwide budget. To force the issue is to invite disintegration and defeat.

Gifts for special purposes I would define, for the purpose of this discussion, as gifts which should not be raised either through the Budget Plan or through Special Campaigns. Such gifts may be accepted and used for the purpose specified provided the use of the gift does not entail other obligations not in harmony with the policies of the institution or agency accepting the gift. Great care should be exercised in accepting conditional gifts lest the conditions imposed bring complications and embarrassment later on. Let us try to see the end from the beginning before accepting gifts with strings tied to them.

No one thing would operate more quickly to clarify our thinking on the whole subject of designated gifts, and provide more easily for the use of such gifts, than the plan herein proposed: Divide our appeal and separate our methods in raising permanent funds from our appeal and methods in raising funds for maintenance.

With a budget providing only for current support, all designated gifts to any agency for current support would automatically become gifts within the budget and not gifts over-and-above the budget. Naturally such gifts would become a part of the total budget allocation to that agency. Consequently if that agency

receives before the end of the year, from undesignated gifts through the budget and from designated gifts for budget purposes the full amount of its budget allocation, it would cease to receive further distributable funds until all the other participating causes receive their full allocation. Of course, designated gifts received thereafter during the year, for current support, would be held by the agency as a surplus fund subject to instructions of the Convention.

In other words, the "New Financial Plan," adopted by the Southern Baptist Convention in 1929, is not trying to control the designated gifts to any given agency, but it is providing that the Convention shall control the amount of current work that shall be undertaken by that agency. There is certainly nothing mysterious about that, and to fight this principle is to strike at the heart of the budget idea as well as to confuse the thinking of both the budget giver and the designating giver. It is to array the one against the other when in fact they are both working towards the same end, namely, to make it possible for the given agency to do the amount of work during the year that has been authorized by the Convention.

The New Orleans Community Chest, to which I have previously referred for the purpose of illustration, has this to say on designated gifts under the head of "General Principles of the Community Chest":

"The right of designation to particular agencies or institutions of contributions by individual givers to the Chest being recognized, it is understood that all such designations shall be paid to the respective agencies or institutions so designated up to the full amount of their budget."

The Community Chest budget, I repeat, is for maintenance only, and all designations to

participating causes are recognized as gifts within the budget and not gifts over-and-above the budget.

When Southern Baptists, state Baptists and all Baptists realize that the Budget must be for maintenance only, and that funds for all other purposes must be raised by special appeal, then all the givers—the budget givers, the designating givers, the sentimental givers, the preferential givers, the prejudicial givers, and any other givers—will have a good time. All they will have to do is to remember that the Conventions, state and Southwide, which own and operate the various institutions and agencies, have the power and the right to say how much work, and the character of work, the institutions and agencies shall undertake. The institutions and agencies will have to operate within the instructions of the Convention to which they are responsible, and the givers will have to see the function of the institutions and agencies from the viewpoint of the Convention and support them accordingly, regardless of how they choose to place their gifts at the disposal of the cause to be supported. In other words, it is a matter of Convention control of its agencies and of what they shall do and shall not do.

“But,” I hear you say, “Can the Budget Plan survive designations?” Why not? If the Budget Plan provides only for maintenance needs, and if designations for maintenance purposes are recognized as gifts within the budget, why not welcome designations?

If designated gifts are made to any agency for purposes not included in the budget—endowment, buildings, special purposes—they are still under control of the Convention in the direction of the work of that agency.

My plea in this whole discussion is for Southern Baptists to open the flood gates and break up the fountains of benevolence and let the people have a chance to give. Do not try to force a one-inch pipe to supply a reservoir with a two-inch outflow. The Budget will supply the maintenance reservoir and keep it full. It will never take care of buildings and endowment, nor debts for buildings and endowment.

Will we see this now, and revise our plans accordingly, or will we wait until our denominational work is destroyed?