
This Kind of Giving is Actually Harmful to Your Church

If there is a topic that reaches me with frequency, it is the topic of church members designating funds. And the common theme is one of regret. The pastor or other church leader wishes the door of designated funds had never been opened.

For clarity, I am not speaking of designated funds approved by the church body as a whole. Many churches have excellent stewardship approaches that encourage members to give to a building fund or a mission fund, as two examples.

Instead, I am referring to those designated funds given to the church by a single or few members with guidelines not approved by the church as a whole. For example, one pastor shared with me about funds the church received with the strict stipulation that the church had to use them to buy stained-glass windows. The only problem is the church did not want to purchase stained-glass windows.

In another example, a pastor shared with me about a member who would only give designated funds to the youth ministry. The problem is that the youth ministry already had funds in the church budget, but these designated funds gave the youth ministry disproportionate funding compared to the other ministries. To make matters worse, the youth ministry was encouraging the donor to make the designated contribution.

So designated funds are not an intrinsic problem themselves. But they can become a dangerous precedent for several reasons. Here are five of them:

1. **They circumvent the will and the plan of the church as a whole.** Designated givers are basically saying they don't like the unified budget of the church, so they are going rogue and dictating their preferences over the church as a whole. A church with numerous designated funds can find it has a budget with no teeth.
2. **They create division in the church.** Each designated giver is doing things his way or her way. Others tend to resent the imposition of will the person demands. Disunity is thus a natural consequence.
3. **They create an environment where advocates of a particular ministry or need of the church solicit designated funds.** The youth minister in the example above spent an incredible amount of time and energy currying the favor of designated giving to the youth fund. Instead of ministering to the students, he was spending as much time becoming a fundraiser.
4. **They often come with stipulations that are difficult or impossible to comply.** I recently heard from a pastor whose church had a designated endowment fund. The donor to that fund, however, established investment guidelines many years ago that required certain investment instruments that no longer exist.
5. **They often hurt the budget giving of the church.** The person who designates to the youth fund is likely taking dollars that would have normally gone to the budget as a whole. In many cases, each designated dollar is thus a dollar deducted from the overall budget.

I encourage church leaders to develop clear guidelines for dealing with designated funds. It will make saying no to a potential donor much easier. And it will also send a clear message that the church seeks to move forward in stewardship unity, rather than different members deciding what their own financial preferences and whims are.

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