



YOUR CHURCH'S GOVERNANCE; YOUR CHURCH'S FUTURE

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TODAY'S INQUIRY:

- How do churches govern themselves?
- How might a church's choice of governance impact the church's future?

LIFE CYCLES IN A CONGREGATION

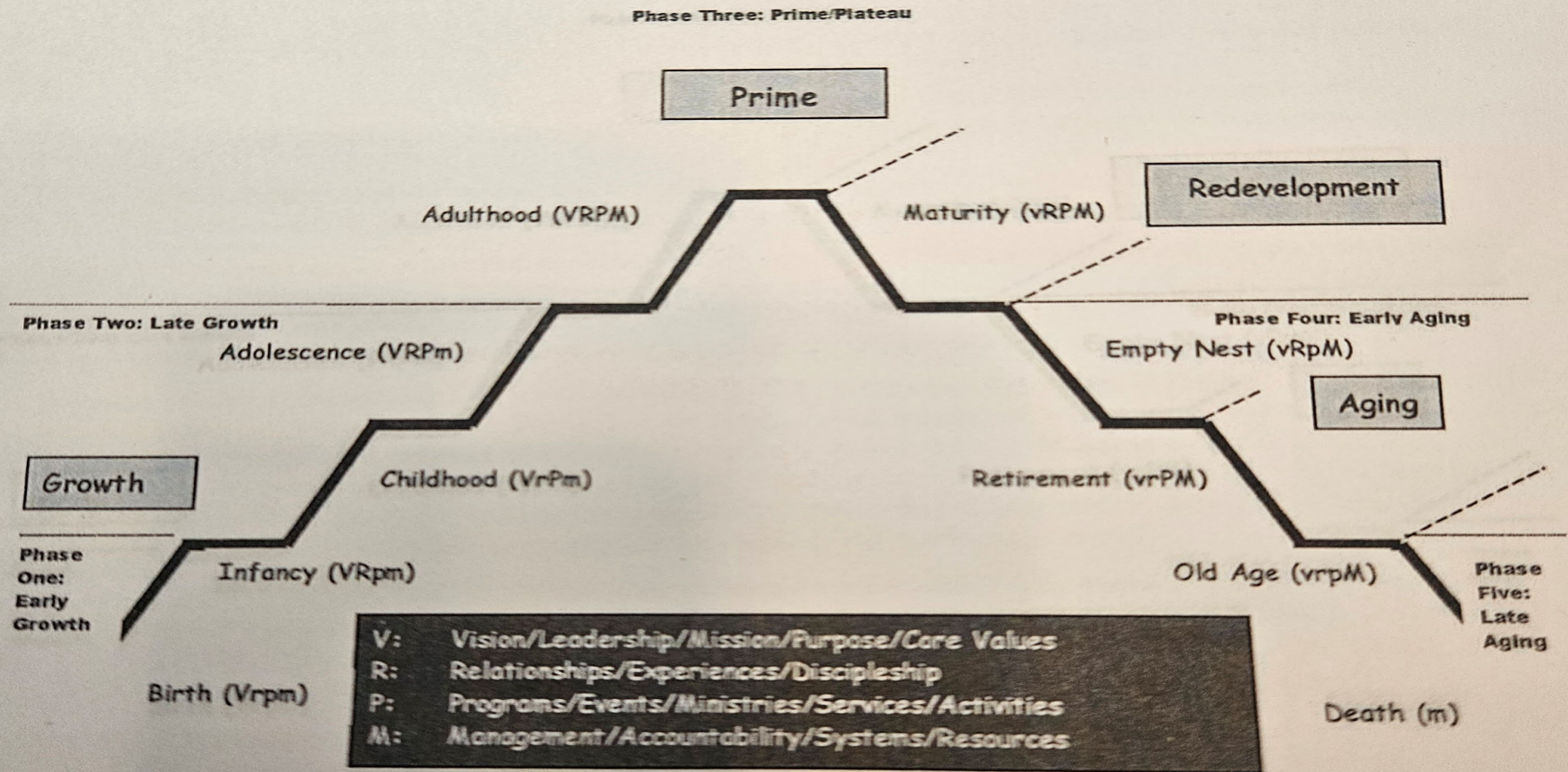
- FOUR ORGANIZING PRINCIPLES:

1. **VISION** provides the understanding of spiritual and strategic direction for the congregation. It is best when it is discerned and owned by the congregation.
2. **RELATIONSHIPS** bring people to faith, connects them to a local faith community, allow them to assimilate into that faith community's life and ministry, and provide opportunities for spiritual growth and service.
3. **PROGRAMS** are the functions which support relationships: worship services, educational opportunities, fellowship, ministries of service, connections to the wider religious community and society.
4. **MANAGEMENT** is the administration of resources and the decision-making structure through which programs are made possible and the congregation can change and grow.

LIFE CYCLE PRINCIPLES ARE INTERCONNECTED

- **Vision** is developed first; if **Vision** is lost, the congregation will decline.
- **Relationships** exist to support **Vision**, to make it reality.
- **Programs** exist only to support the **Relationships** that bring **Vision** to life.
- **Management** provides the structures and resources to create and support **Programs** which encourage **Relationships** that bring **Vision** to life.

The Life Cycle and Stages of Congregational Development



Questions to ponder:

- Where is your church in its life cycle?
- Has your church become a provider of services rather than a formative community?
- Is your church walking into the future looking backward?
- Is your church simply managing its resources?

DEFINITIONS

GOVERNANCE: the act or process of [governing](#) or overseeing the control and direction of something (such as a country or an organization). In a typical church, “the purpose of a governance structure is to deploy the congregation’s power in a way that is both effective and legitimate”.

- **SUSTAINABILITY**: The ability to continue over a long period of time.
 1. Sustainability is a church's ability to continue as a faithful worshipping community for a long period of time. It is the ability not simply to survive, but to grow and to thrive.
 2. The term does not address either the **form** in which the church will continue, **how** it will continue, or for what **purposes** it will continue.
 3. Decisions contributing to the sustainability of a church rest with the membership, guided by the Board, in timely recognizing appropriate issues for the members to consider.

CHURCH GOVERNANCE

- **State law** regulates all nonprofit organizations, including churches. See **Hawaii Revised Statutes Chapter 414D, the Hawaii Nonprofit Corporation Act.**
- The details of a specific church's governance should be found in that church's **Articles of Incorporation** and its **Bylaws.**

HRS Chapter 414D

Nonprofit Organizations

- **Art. I General Provisions**
- **Art. III Purposes and Powers**
- **Art. V Office and Registered Agent Memberships**
- **Art. VII Members' Meetings, and Voting Officers**
- **Art. IX Amendment of Articles of Incorporation and Bylaws**
- **Art. X Merger**
- **Art. XII Distributions**
- **Art. XIV Foreign Corporations**
- Art. II Organization**
- Art. IV Names**
- Art. VI Members and**
- Art. VIII Directors and**
- Art. XI Sale of Assets**
- Art. XIII Dissolution**
- Art. XV Records and Reports**

State Law and UCC Churches

- Under State law, a nonprofit corporation is not required to have members. See HRS §414D-83.
- However, UCC churches are defined in terms of the people who use and support the denomination, and who believe that the authority of the church is vested in its members who participate in and support its activities.
- Thus, the basic governance structure for a typical UCC church body begins and ends with its members. The membership, however, may authorize certain members or groups of members to work on its behalf.

GOOD GOVERNANCE CONSIDERATIONS:

- a) Organizational structure** – What is the relationship between and among members, board, staff, clergy; what is each group's relationship to the public?
- b) Operational scope and complexity** – How large is the congregation, the staff, the volunteers? What is the number, size, frequency, and type of each program/service/activity?
- c) Size/finances** – What is the financial cost to maintain the church facilities, staff, and programs/services/activities?

GOOD GOVERNANCE CONSIDERATIONS

(cont'd)

d) Church life cycle /maturation – What is the church's history vis-à-vis the community in which it is located as well as the community which it serves? What factors outside of its control have influenced the evolution of the church (economic, cultural, and social changes in the outside community). What factors within the church and/or its denomination affect the way the church carries out its mission and vision (aging members, graduating teens leaving the church, members relocating elsewhere, decreasing program participation, etc.)

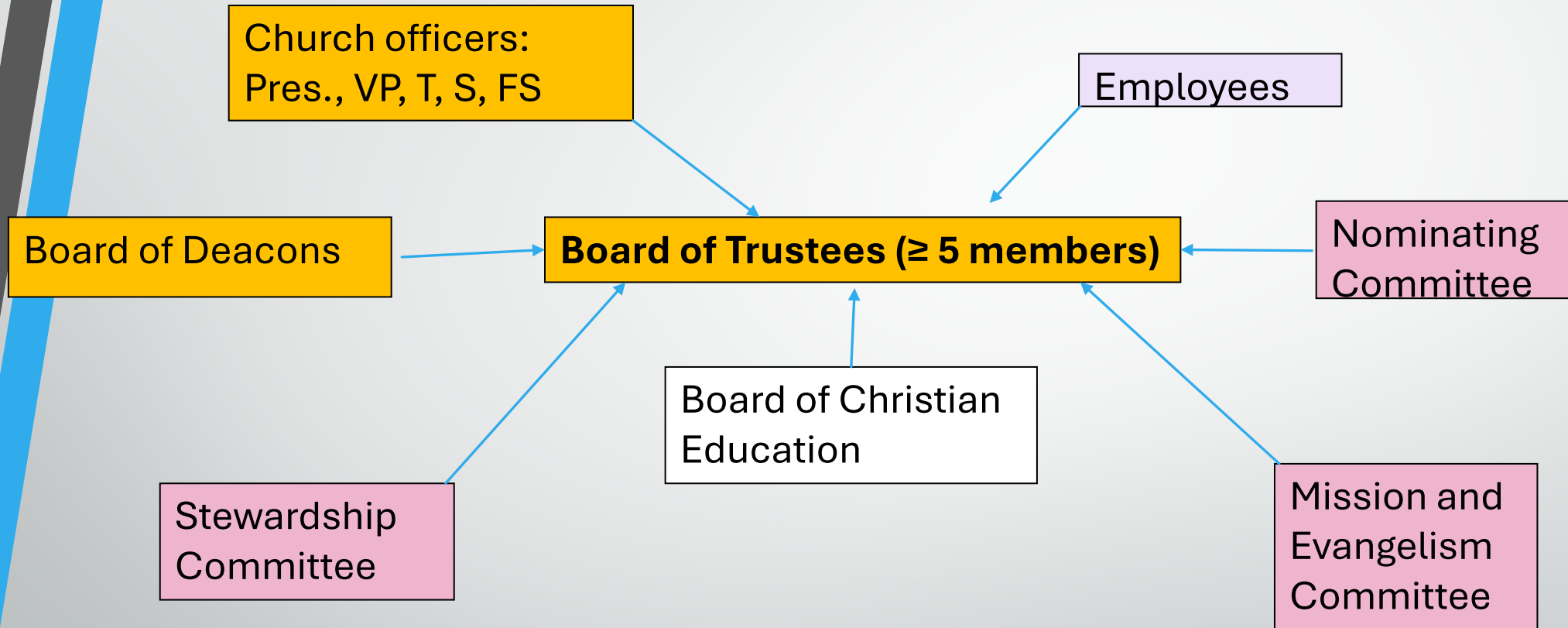
SIGNS OF GOOD GOVERNANCE:

- a) There is a **unified governance structure**, appropriate for the size of its membership, for making governance decisions such as articulating the mission, vision and strategy, for delegating the authority to achieve these things, and for ensuring its authority is used responsibly and well.
- b) There is also a **unified structure for making operational decisions** regarding the day-to-day activities and the various programs and activities.
- c) There is an **open, creative, and accountable atmosphere** for carrying on the ministry of the church.

BYLAW EXAMPLE I

- **1993 Bylaws:** “All of the corporate powers, rights and privileges which the corporation may legally exercise under its Charter shall be vested in and/or exercised by the **Board of Trustees**, which shall have the entire management, direction and control of all the business, affairs and property of the corporation.”

1993 Bylaws: All authority is in the Board of Trustees



BYLAW EXAMPLE II

- **2013 Bylaws:** “The governance of this church is vested in the **members** as an organized congregation who exercise the right of final authority and control, under God’s guidance, in all of its affairs, subject in legal matters to the Charter of Incorporation granted by the State of Hawaii.
- The congregation may, however, delegate authority to such officers, boards and/or committees as it shall from time to time elect or choose.”

2013 Bylaws: All authority is in the membership

Officers:

Moderator, Vice Moderator,
Secretary, Treasurer

Board of Deacons

(3 active members)

Executive Board:
Officers and Board of Deacons

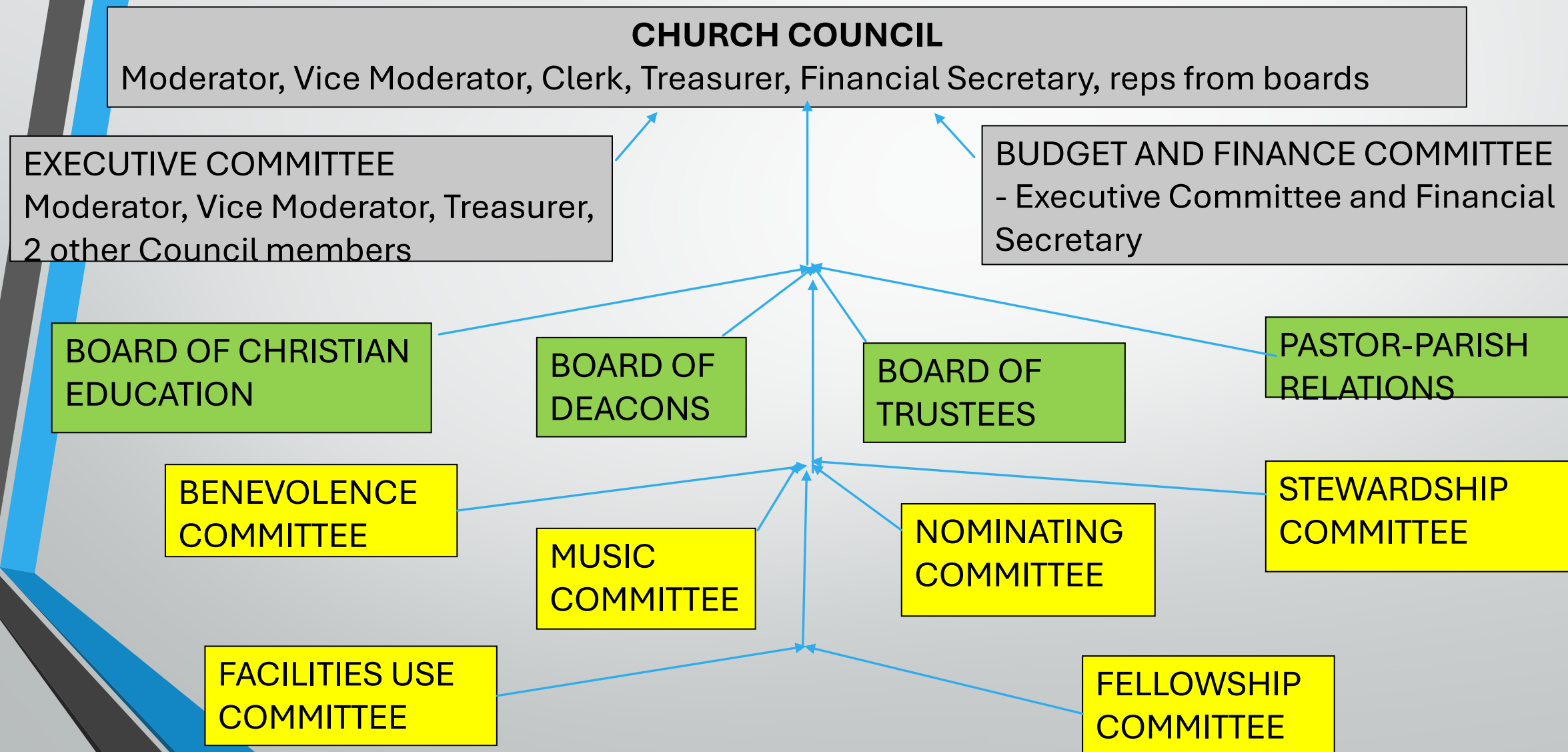
MEMBERS

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graph TD; A["Officers:  
Moderator, Vice Moderator,  
Secretary, Treasurer"] --- B["Board of Deacons  
(3 active members)"]; A --- B; A --> C["Executive Board:  
Officers and Board of Deacons"]; B --> C; C --> D["MEMBERS"];
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BYLAW EXAMPLE III

- **2018 Bylaws:** “The **Church Council** is the primary administrative body of this Church. It has overall responsibility for policy making, planning, coordinating, controlling, and directing the work of this Church, except for matters specifically reserved for the Congregation or assigned by Church Bylaws to Boards. . . .The Council shall be guided in the administration of Church affairs and the delegation of duties by THE PROCEDURES MANUAL . . . and THE CONTRACTUAL POSITION SPECIFICATIONS.”

2018 Bylaws: Church Council is the primary administrative body (except for matters reserved for the Congregation or assigned by the Bylaws to Boards).



BYLAWS EXAMPLE IV

2023 Bylaws (draft): The government of the Church is vested in its **members**, who exercise the right of control in all its affairs, subject to law and the Articles of Incorporation filed with the Depart of Commerce and Consumer Affairs of the State of Hawaii.

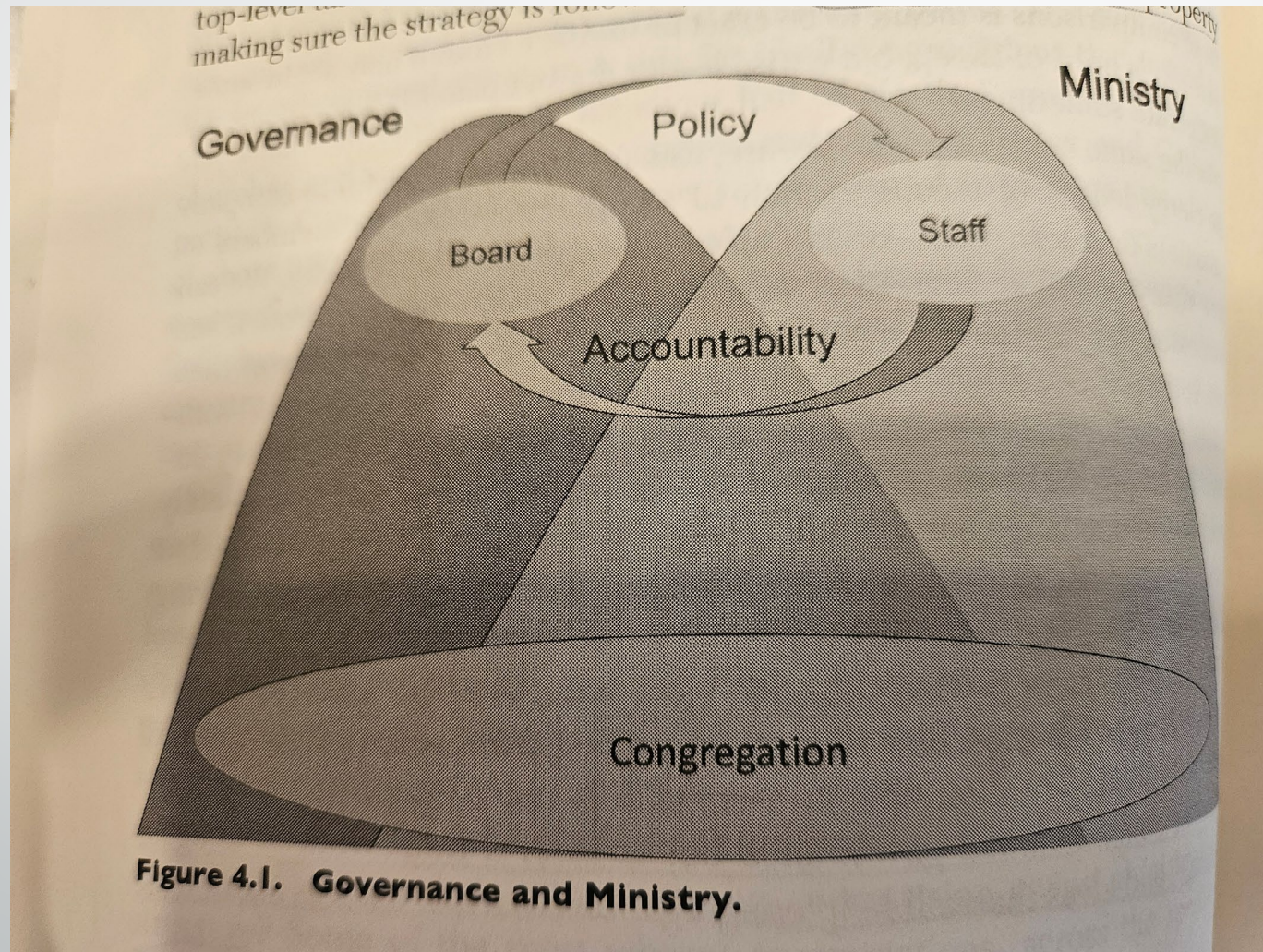
OFFICERS: Moderator, Secretary, Treasurer



MEMBERS

Mapping Governance and Ministry

(from D. Hotchkiss, *Governance and Ministry*)





TIME TO LOOK AT YOUR CHURCH

Take about 10 minutes to let you complete this handout about your church.

(THESE WILL NOT BE COLLECTED OR GRADED.)

BOARD RESPONSIBILITIES:

- a) Sets **the long-term direction** of the Church keeping in mind the Church's **VISION**;
- b) Approves **major plans and actions** (e.g. annual budgets and operating plans) that will move the church toward its long-term goals;
- c) Selects, empowers, and oversees the actions of, **the Pastor**
- d) Adopts financial and operating **policies that create internal controls** (so as to preserve the integrity of the church, its officers, and its employees).

BOARD RESPONSIBILITIES (cont'd)

- e) Develops systems for timely identification and mitigation of **risk**.
- f) Performs such **other duties** as given to it by law and the Articles or Bylaws.
- g) Creates **a governance structure** that supports the efficient carrying out of its duties.

One Other Board Responsibility

- Church congregations often have **overlapping constituencies** (ex. A member may be an officer of the church, a choir member, and a Sunday school teacher).
- Where a person, in taking a position on an issue, has to consider the best interest of a special program in which it participates (ex. Choir or Sunday School) as well as the best interest of the church generally (ex. as an officer or director), there are **role conflicts**.
- The board is responsible for **managing role conflicts** openly and ethically.

Signs of Church Board Decline

- A. Members are not familiar with the **church's bylaws** and their role in the governance of the church.
- B. Bylaws have not been reviewed in the last five years and/or current bylaws/policies do not clearly nor accurately reflect:
 - 1. The current mission and vision of the church,
 - 2. The role and responsibilities of each part of the governance (Board, officers, committees, staff).
 - 3. Board responsibilities in light of present circumstances.

Signs of Board Decline cont'd

- C. Board **meetings are cancelled** for failure to have a *quorum*.
- D. Board **members are absent** from meetings or have inconsistent attendance at meetings.
- E. Board responsibilities are falling primarily on the church officers.
- F. There is a **lack of discussion** at meetings or discussion proceeds circularly so little if any progress is made.

Signs of Board Decline cont'd

- G. A **small group or single person** dominates the agenda or the direction of the discussion.
- H. It is difficult to get **new Board members**.
- I. There is no **succession plan** for the board leadership or the board is unable to fill leadership positions.
- J. There is no **strategic plan** for ensuring the sustainability of the Church.

Comments on Committees

- **Standing Committees** – They exist indefinitely to carry out a continuous or an annual task and are often named in the bylaws.
- **Ad Hoc Committees** – They are put together, usually by the Board, solely to accomplish a single task or definite set of tasks. Once the committee completes its work, it will be dissolved.
- **Board Committees** – This type of committee can make corporate governance decisions based on *powers delegated to the committee by the Board*. These committees shall have **two or more directors** who serve at the pleasure of the Board. (HRS §414D-148).

Delegation of Board Authority

- §414D-148(d): “To the extent specified by the board of directors or in the articles or bylaws, each committee of the board may exercise the board’s authority under section 414D-131.”
- §414D-148(e): “A committee of the board may not, however:
- (1) Authorize **distributions**;
- (2) Approve or recommend to members dissolution, merger, or the sale, pledge, or transfer of all or substantially all of the **corporation’s assets**;
- (3) Elect, appoint, or remove **directors** or fill vacancies on the board or on any of its **committees**; or
- (4) Adopt, amend, or repeal the **articles or bylaws**.”

The Benefits of Committees

- Committees contribute to efficient decision-making by allowing the board to focus on the most important issues.
- Committees reduce the burden on the board to meet more often or for extended periods in order to properly analyze issues.
- Committees are able to give issues the attention necessary to determine how best to resolve them.
- Having a roster of active committees can demonstrate to external constituencies the breadth of the organization's impact and the level of commitment of its volunteers.

The Downsides to Committees

- **Unclear Authority –**
 - What is the mandate for the committee?
 - Does the scope of the mandate need to be adjusted?
- **Overlapping Responsibilities –**
 - Who resolves questions of overlapping or duplicate responsibilities?
- **Administrative Complications –**
 - What is the plan for internal communications among committees and Board?
 - Has the committee structure created administrative overload?
- **“Zombie” Committees –**
 - Which committees are necessary to the organization’s mission?
 - Which committees are using members’ time effectively and efficiently?



QUESTIONS???