Lake Institute
ON FAITH & GIVING

NSCEP

NATIONAL STUDY OF CONGREGATIONS' ECONOMIC PRACTICES

IUPUI LILLY FAMILY SCHOOL OF PHILANTHROPY

The National Study of Congregations' Economic Practices

PRODUCED BY:

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INTRODUCTION

Congregations continue to receive the largest percentage of charitable giving in the U.S. – twenty-nine percent of all charitable dollars ($124.52 billion in 2018). Religious affiliation and religious attendance also remain strong predictors of individuals' giving patterns. However, with declines in both religious affiliation and attendance, a smaller proportion of total charitable giving is going to congregations. Religious giving has decreased over the last thirty years from around 50% of total giving in the 1980s to just under 30% today. Over the past year religious giving experienced a decrease (-1.5%, -3.9% adjusted for inflation) for the first time since the Great Recession.[1] Other factors affect giving to religion beyond changing affiliation and attendance patterns. An overall decrease in the percentage of households giving to charity, a drop in the number of tax filers itemizing charitable deductions due to recent tax reform legislation, and a strong but somewhat fluctuating economy have led to concerns regarding the future of giving in America broadly and giving to congregations in particular.

CHANGE IN NUMBER OF ADULTS

CHANGE IN AMOUNT RECEIVED

Most research on charitable giving, particularly faith-based giving, has focused on individuals (the givers) rather than institutions (the recipients of the giving). Indeed, despite the large number of congregations in the U.S., the amount of money entrusted to them by individual givers, as well as the influential role they play in public life, we know very little about how congregations receive, manage, and spend their financial resources. As both trends in charitable giving and religious affiliation are experiencing significant change, there is a need to examine the patterns among the largest recipient group of Americans' charitable giving. As the most comprehensive, nationally representative study of congregational finances in over a generation, the National Study of Congregations' Economic Practices (NSCEP) helps address this information gap.

The NSCEP provides an overview of congregations' finances and finds that the experience of congregations and their economic practices is diverse and dynamic. They are also quite different from trends focused on individuals' giving patterns and religious practice. For instance, despite declines in the percentage of Americans claiming a religious affiliation and membership in a congregation,[2] a substantial percentage of congregations reported an increase in both attendance and giving. Thirty-nine percent of congregations reported having a greater number of regular participants than they did three years earlier. Even more congregations reported an increase in the total amount of money they received. Forty-eight percent of congregations indicated receiving more money than they did three years earlier.

Most congregations operate with modest financial resources. While not the only measures of vitality, trends in giving and attendance have remained as key concerns for congregational leaders. The NSCEP indicates the median number of adults that regularly participate in a congregation is 65 people; congregations range in participation size from 10 to 35,000 adults. So, while a large proportion of religious attenders are involved in larger congregations, most congregations are relatively small. Given this fact, it is no surprise that while the amount of money congregations received from all sources in 2017 (revenue) ranged from $3,000 to $41,000,000, the median was approximately $169,000.

Without a comprehensive list of congregations and absent the annual federal reporting requirement of most other nonprofits, there is no simple way of tracking congregational finances. Leveraging innovative sampling techniques, Lake Institute on Faith & Giving at the Indiana University Lilly Family School of Philanthropy sought to address this gap by developing the NSCEP–a nationally representative survey of congregations. With a response rate of 40%, we collected data from leaders and administrators of a nationally representative sample of 1,231 congregations.

In this report, we provide an overview of how congregations receive, manage, and spend their financial resources. Delving beneath these activities, we also show how congregations regard their financial resources, and examine how their theological, cultural, and practical orientations toward money relate to their finances and economic practices.

RECEIVE: WE EXAMINE THE VARIETY OF SOURCES FROM WHICH CONGREGATIONS RECEIVE SUPPORT. WE EXPLORE WHO GIVES AS WELL AS WHEN AND HOW THE GIVING TAKES PLACE.

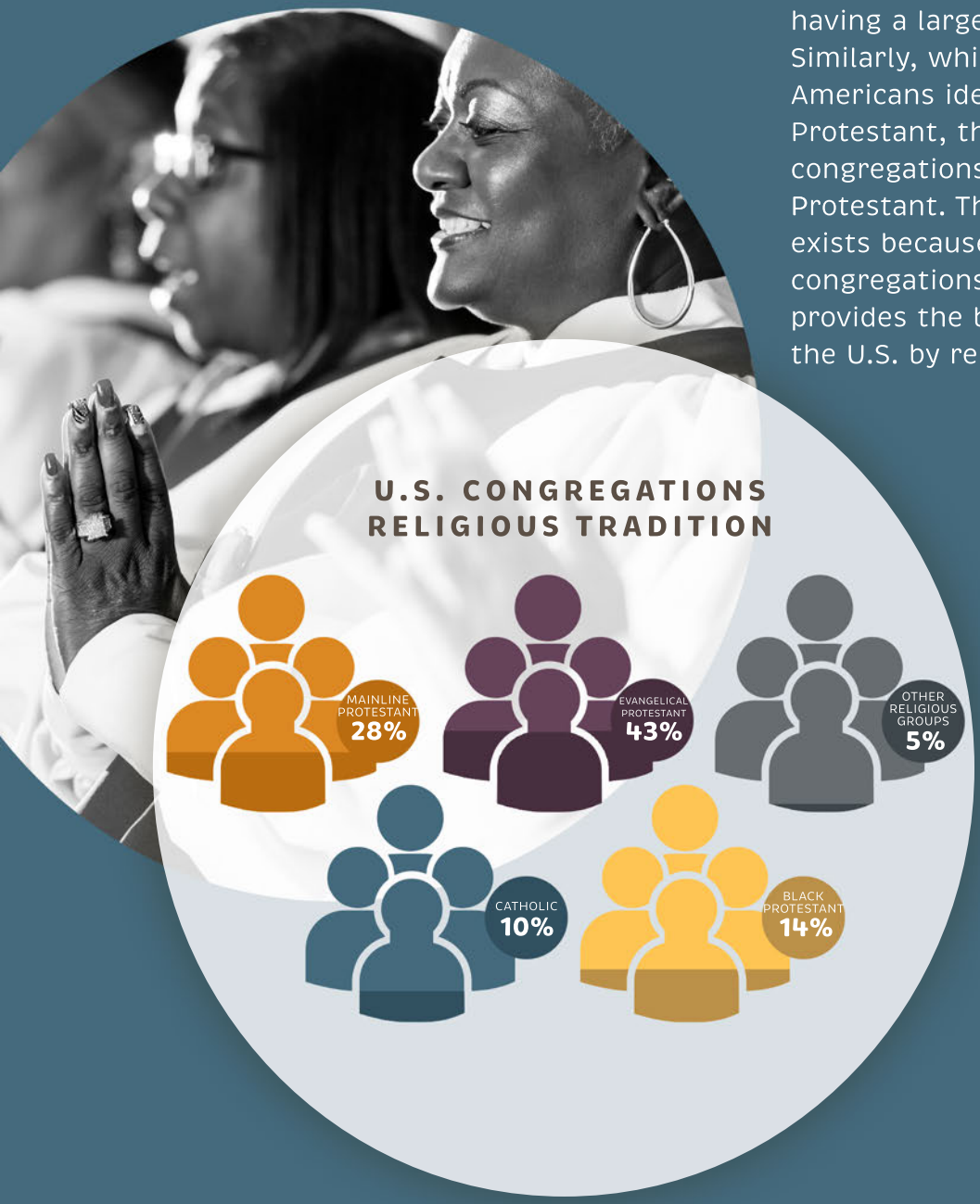
MANAGE: WE EXAMINE HOW CONGREGATIONS ASK ATTENDEES TO GIVE, HOW THEY TEACH ABOUT MONEY AND FINANCES, AND HOW THEY STEWARD THE GIFTS THEY RECEIVE.

SPEND: WE EXAMINE HOW CONGREGATIONS SPEND THEIR FINANCIAL RESOURCES TO SERVE THEIR MEMBERS, SURROUNDING COMMUNITY, AND BEYOND.

THE LANDSCAPE OF AMERICA'S CONGREGATIONS

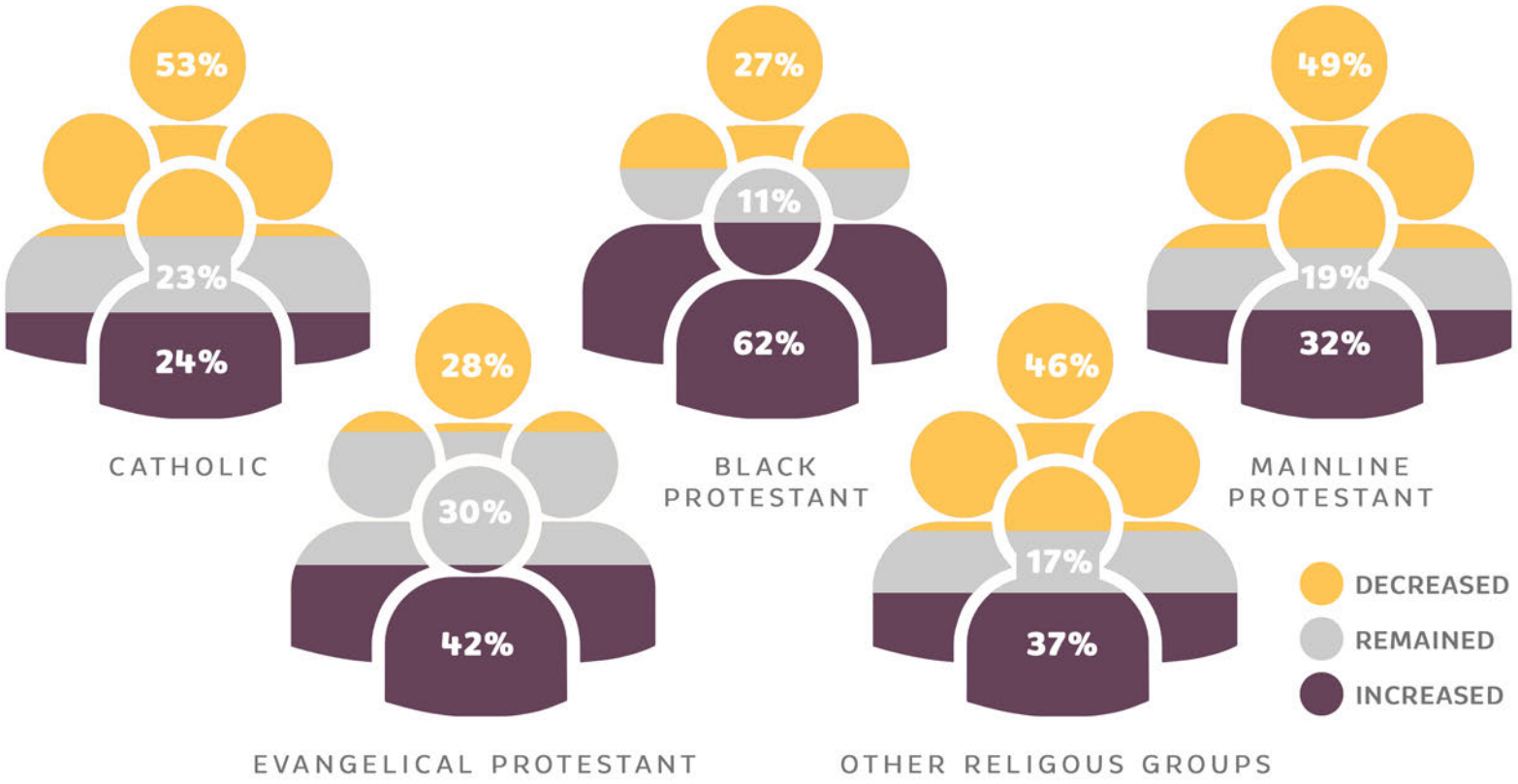
As a nationally representative sample of congregations, the NSCEP provides a descriptive snapshot of congregations in the U.S.: their distribution across geographic regions and religious traditions; their size (number of regular participating adults and budget); and their predominant racial and generational breakdown.

It is important to note the percentage of Americans identifying with a particular religious tradition and the percentage of congregations affiliated with that tradition are not one and the same. For example, while the Pew Research Center estimates that 21% of Americans identify as Catholic, the NSCEP indicates that only 10% of congregations in the U.S. are Catholic. This difference in percentages between Catholic individuals and Catholic congregations exists because Catholic congregations tend to be larger than congregations of other religious traditions. Therefore, Catholic congregations are a relatively small percentage of the total number of congregations in the U.S. - despite having a large number of adherents. Similarly, while Pew estimates that 15% of Americans identify as mainline or ecumenical Protestant, the NSCEP indicates that 28% of congregations in the U.S. are mainline Protestant. This difference in percentages exists because mainline Protestant congregations tend to be small.[3] The figure provides the breakdown of congregations in the U.S. by religious tradition.



When categorized in broad religious traditions, congregations' varied beliefs and practices might shape their economic practices in ways relative to their size and revenue. When measuring change in the number of participating adults and revenue within each religious tradition, the majority of traditions reported more growth than decline.

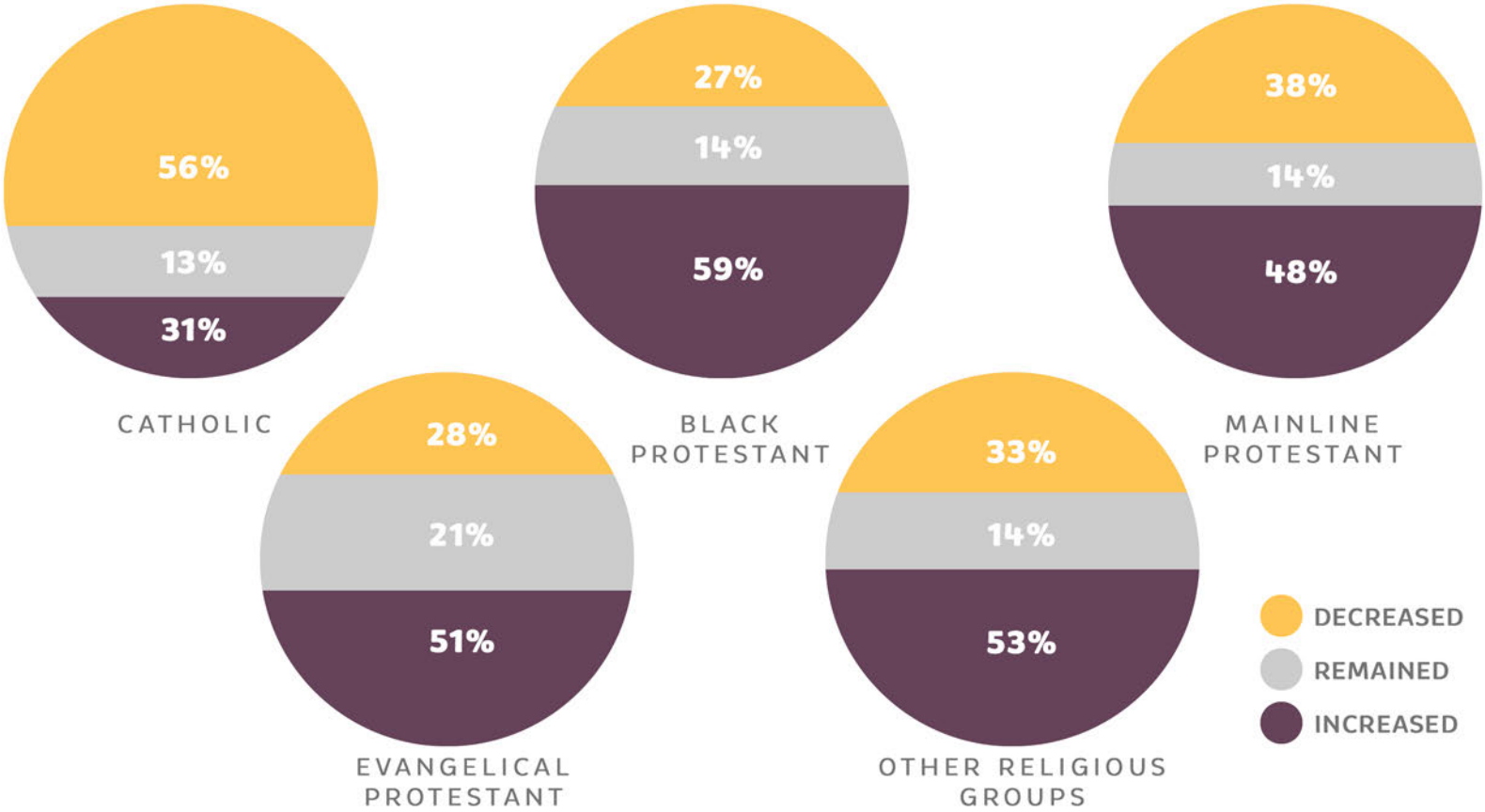
CHANGE IN PARTICIPATION BY RELIGIOUS TRADITION



More black Protestant congregations grew in participation than any other religious tradition with 62% of congregations reporting an increase in regularly participating adults. In fact, while they make up only 13% of congregations, they represent 19% of the congregations that grew by 10% or more. The other two religious traditions with the highest percentage of congregations indicating growth are evangelical Protestant congregations (42%), and congregations representing Other religious traditions (37%). The growth of Other religious traditions was tempered only by the relatively small number of growing Jewish synagogues. While the percentage of non-Christian congregations in the U.S. remains relatively small, their growth in the number of participating adults supports other research indicating that religious pluralism in the U.S. is increasing.

NSCEP found that the decline of the number of adults participating in religious organizations is more highly concentrated among a few traditions. A larger percentage of mainline Protestants and Roman Catholic congregations indicated a decrease in participation. Catholic congregations represent the highest proportion of congregations indicating a decrease in participation (53% compared to 24% growth) while 49% of mainline Protestant churches also reported a decrease in participation. Evangelical Protestant congregations experienced the highest percentage of congregations remaining the same (30%).

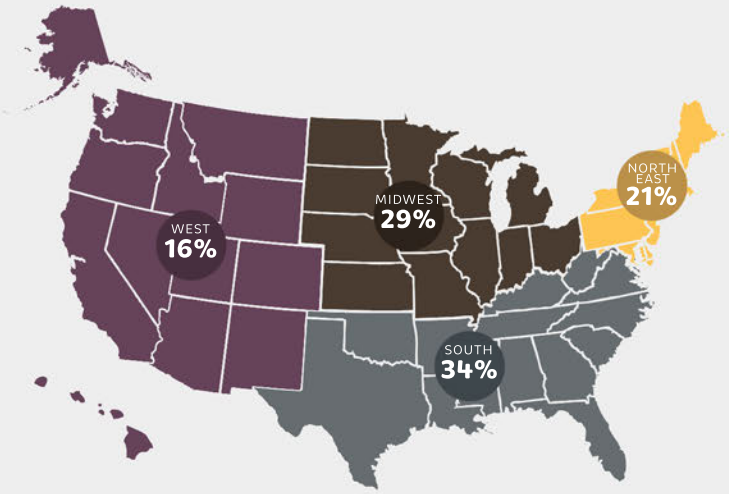
CHANGE IN REVENUE BY RELIGIOUS TRADITION



In terms of the amount of money received, breakdowns by religious tradition follow similar patterns. With few exceptions, most religious traditions saw a greater percentage of their congregations increase in revenue than those that increased in participation.

While Roman Catholics and mainline Protestants have the highest percentage of congregations reporting a decrease in participation, only Catholics had relatively the same percentage of congregations reporting a decrease in revenue. Catholic congregations were also the only tradition with a higher proportion of congregations decreasing (56%) than increasing (31%) in revenue. And only black Protestant congregations had a lower percentage of congregations increasing in revenue (59%) than increasing in adult participation (62%). However, the proportion of black Protestant congregations increasing was still larger than increases of both evangelical (51%) and mainline Protestants (48%). After black Protestants, congregations in the Other category reported the second highest increase in resources (53%). Despite high percentages of overall growth in this category, a majority of Jewish synagogues (57%) reported a decrease in revenue even if the percentage of synagogues with declining revenues was lower than the percentage of those reporting a decrease in participation.

REGIONAL DISTRIBUTION OF U.S. CONGREGATIONS



RACIAL COMPOSITION OF U.S. CONGREGATIONS

Regional Distribution of Congregations

From coast to coast, religious congregations shape culture, create community, and impact society. The prevalence of congregations generally corresponds with the patterns of religious adherence across the nation. The greatest proportion of congregations are located in the South (34%) and Midwest (29%). There is a regional variation, however, in patterns of growth. In the Northeast, the highest percentage of congregations report a decrease in size (58%). Moreover, while we might expect that those in the "Bible belt" would report growth, the data indicates that a higher percentage of congregations are growing in the West than in the South.

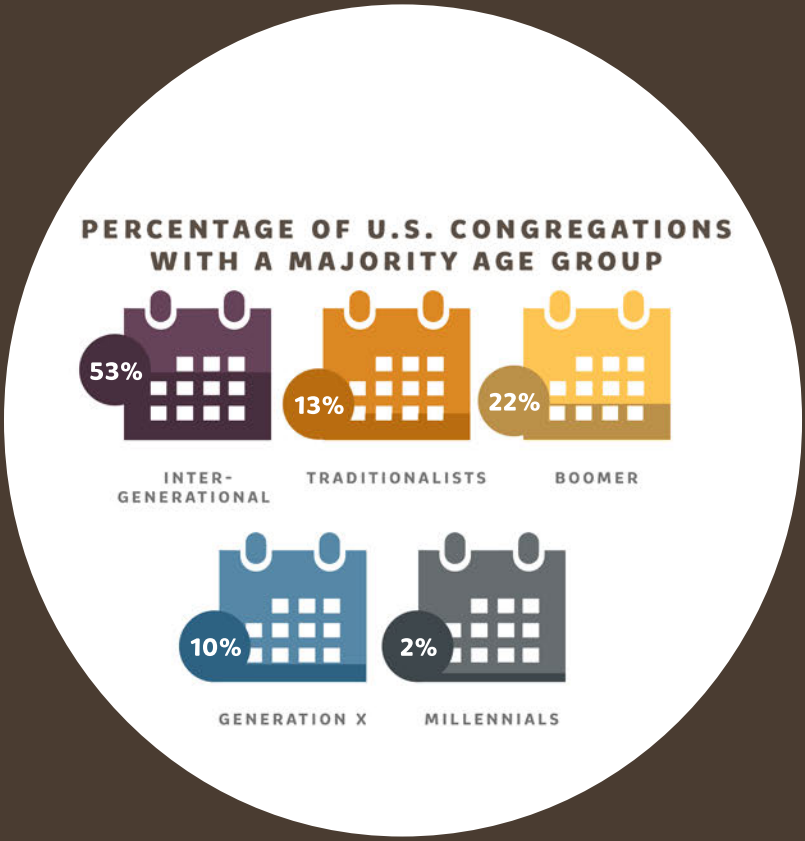
These patterns suggest that, among other factors, regional differences also might be associated with a pattern of declining economic health of religious congregations.

Predominant Racial Composition

Most congregations in the U.S. are comprised predominantly of one racial/ethnic group (80% or more of a single race/ethnicity). The majority of these "monoracial" congregations are predominantly white (65%). Sixteen percent are black, one percent are Latinx and less than one percent are Asian. Eighteen percent of congregations are multiracial.[4] Multiracial congregations reported fewer regularly participating adults and slightly less revenue than the median American congregation.

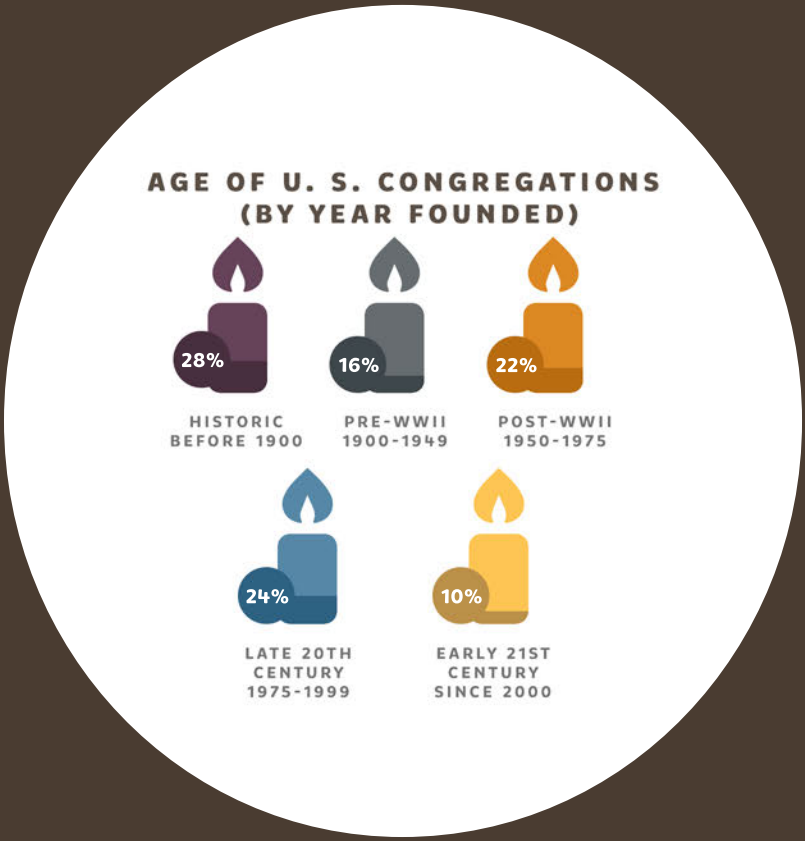
Generational Cohorts within Congregations

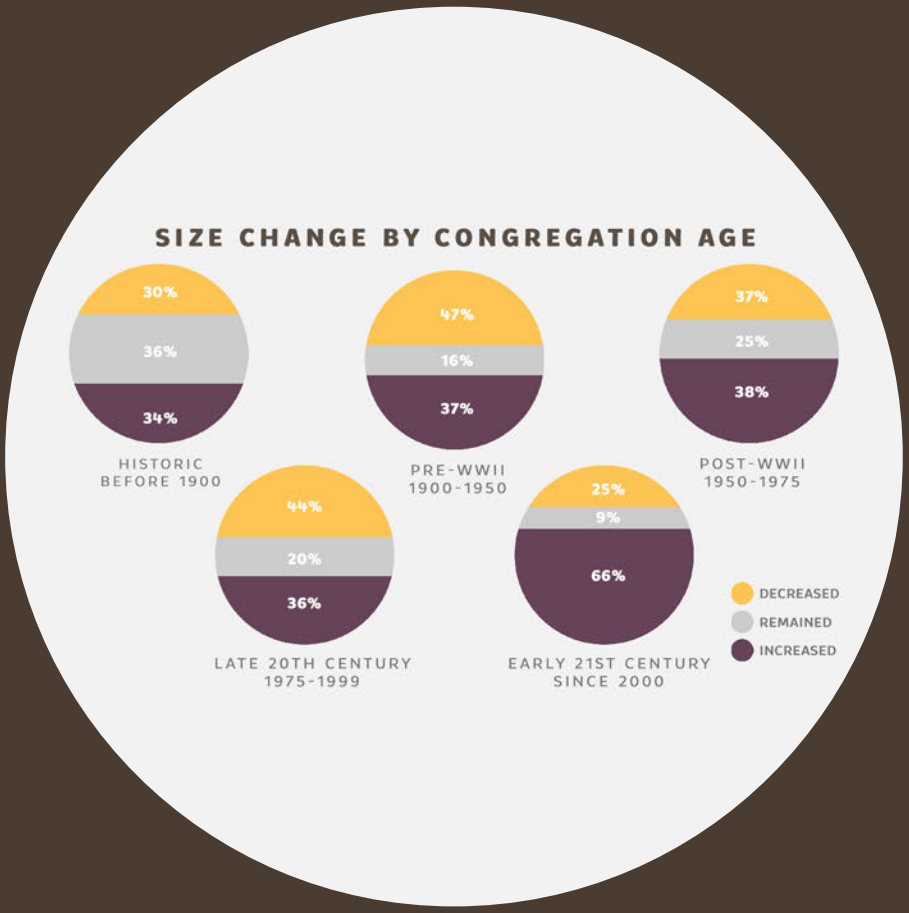
Congregations may remain one of the few voluntary organizations where multiple generations come together. The majority of congregations (53%) have no single generation making up more than half of their attenders. The remainder of congregations had over 50% or more of one generational group. Generation Xers are the majority in 10% of congregations, with only 2% of congregations being majority millennials. We find that congregations with generational majorities of Boomer (55%) and Generation Xers (85%) reported the greatest growth in revenue. Millennial majority congregations, although a small proportion of the religious landscape, reported the highest percentage of congregations with decreases in size (74%) and revenue (68%) over the past 3 years.

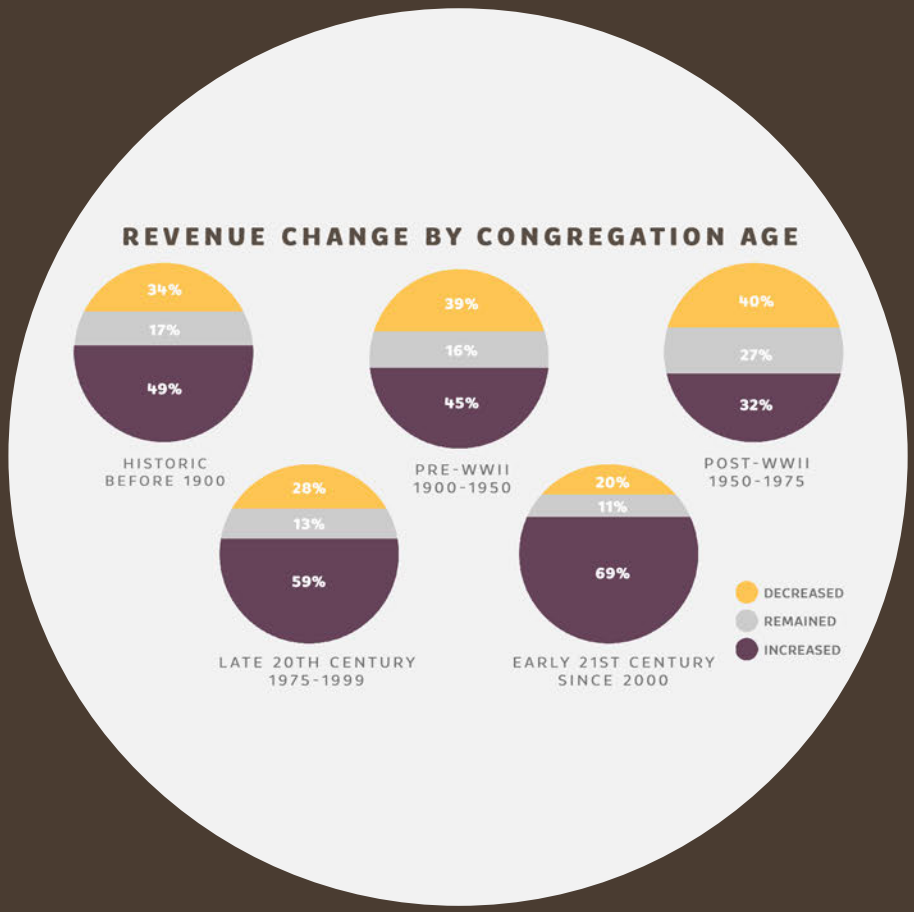


Age of Congregations

Religious congregations have been an important part of America's cultural fabric throughout the nation's history. Twenty-eight percent of congregations were founded before the beginning of the twentieth century. With a post-World War II boom in religious participation and economic prosperity, there was a demand for new congregations and the resources available to meet such a need. Twenty-two percent of congregations were built in the 25 years following the war. That growth in new congregational development continued through the last quarter of the twentieth century. Overall, the median age of congregations is 66 years. Only one-third of historic congregations (founded before 1900) reported an increase in the number of regularly participating adults. Comparatively, however, these historic congregations founded before 1900 are not decreasing in size at the same rates as congregations established in the first half of the twentieth century.





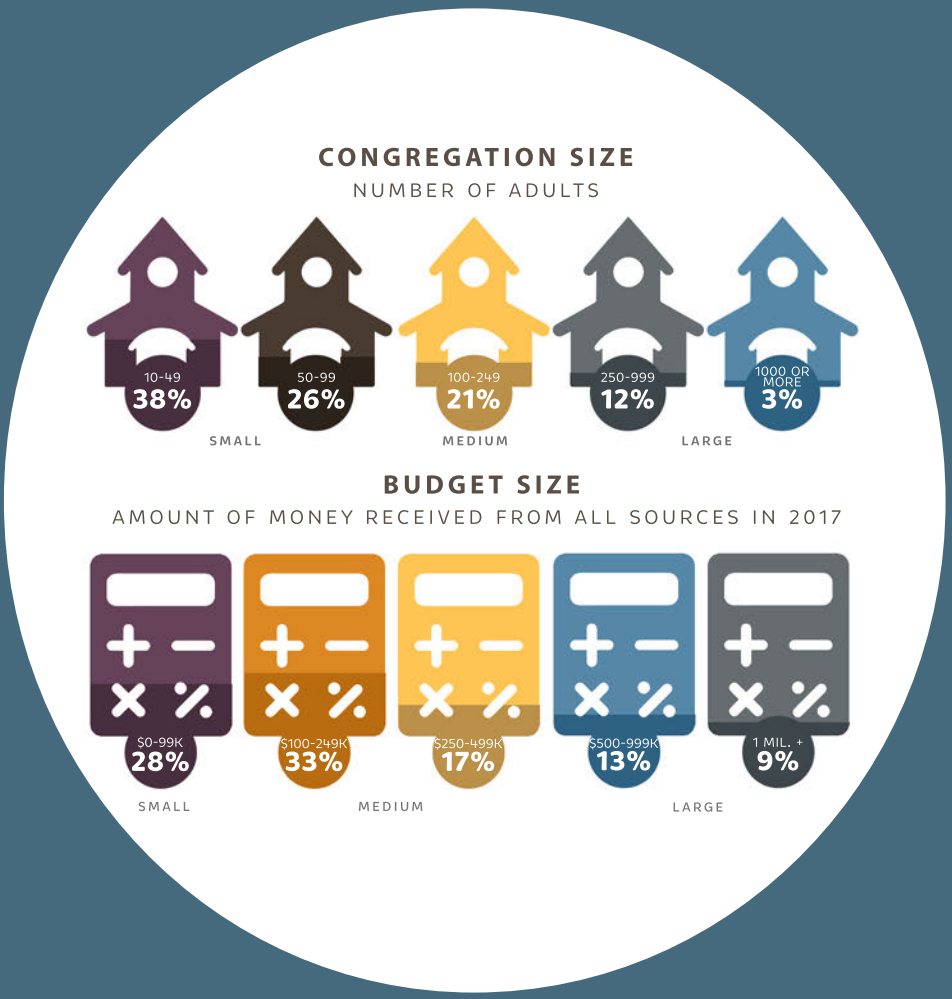


Although they reflect our smallest percentage of congregations, early 21st century churches report the most growth in both size and revenue. In fact, at least 25% more congregations established since 2000 are reporting growth in size as compared to all other groups.

Congregation Size

While not the only measure of congregational vitality, religious leaders often gauge their congregations by the number of adults that regularly participate in the life of a congregation. The NSCEP indicates that the median size of congregations in the U.S. is 65 adults. In fact, 64% of congregations have fewer than 100 regularly participating adults and 85% of congregations have fewer than 250. The majority of religious Americans, however, attend large congregations, which make those congregations more visible. Yet, only 3% of congregations report having over 1,000 regularly participating adults.

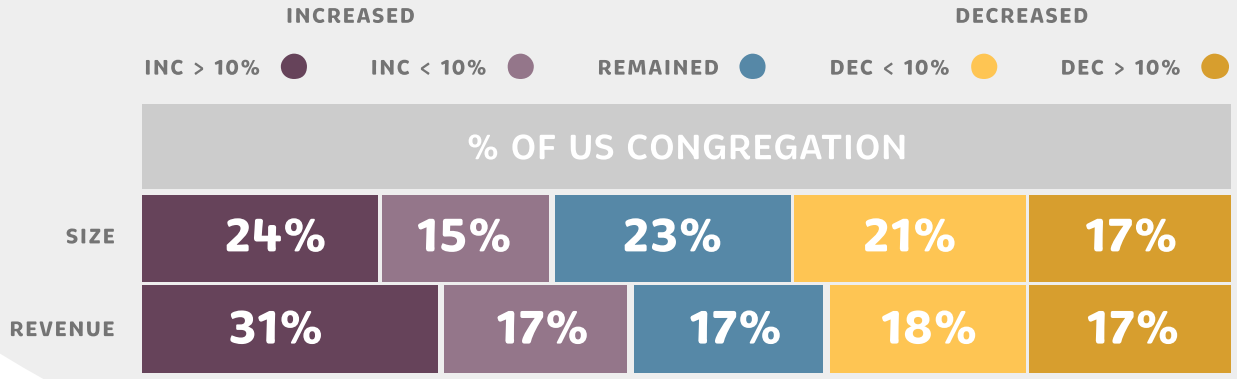
While money is often a difficult topic for religious leaders to discuss, giving patterns and financial resources are significant factors in the health of a congregation. The NSCEP asked congregations to report the total amount of money they received from all sources in 2017. Twenty-eight percent of congregations received less than $100,000 in 2017 and the median amount of money received was approximately $169,000. The largest share of congregations (33%) received between $100,000 and $249,999 and 17% reported receiving between $250,000 and $499,999. About 22% of congregations received half a million dollars or more in their past fiscal year.



Trends in Congregational Size and Revenue

Despite a substantial growth in the percentage of "Nones" – adults claiming no religious affiliation – 39% of congregations report growth in size which is slightly higher than the 38% reporting a decline. Our other key measure of congregational change examined the amount of money received relative to three years ago. An even larger percentage of congregations increased in amount received (48%) and a lower percentage reported a decrease in revenue (35%). In fact, just as can be noted in the change in number of adults, more congregations reported a significant (10% or more) percentage increase in revenue (31%) than more modest (less than 10%) increase (17%). In many periods of congregational growth, congregations formed to meet the needs of local communities. Congregations can subsist and remain vital on volunteer leadership and minimal resources, yet it appears that smaller congregations are finding it more difficult to maintain numbers of adults and revenue. Data from the NSCEP indicates that 45% of medium (100-250 adults) and 47% of large congregations (250 or more adults) continue to experience growth when compared to those under 100 regular participants (33%). Small congregations face challenges that perhaps inhibit growth including the lack of full-time employees and the resources to maintain facilities or offer comprehensive programming.

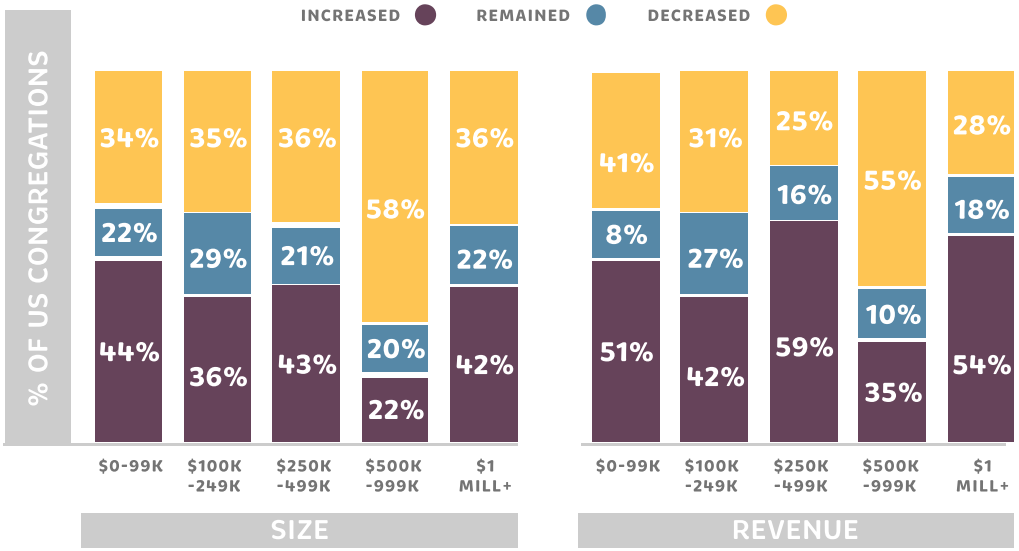
CONGREGATIONAL CHANGE OVER THE PAST 3 YEARS



The same patterns hold for growth in revenue. Fifty-eight percent of congregations with more than 100 regularly participating adults reported revenue growth in the past 3 years compared to 40% of smaller congregations. The differences are most pronounced in revenue decline: while only 16% of large congregations reported receiving less revenue compared to three years ago, 44% of small congregations reported a decrease. If these patterns continue, the landscape of American congregations might contain fewer small congregations over the next generation.

When comparing trends in revenue with change in participation, an even larger percentage of congregations increased in amount received (48%) than total adults (38%) while a lower percentage reported a decrease in revenue (35%) than total adults (38%). Similar to the number of adults, more congregations saw a larger percentage increase in revenue (31% increased by 10% or more). However, a slightly larger percentage of congregations experienced a relatively greater decline (18% decreased by 10% or more compared to 17% experiencing a decline of less than 10%).

CONGREGATIONAL CHANGE OVER PAST 3 YEARS



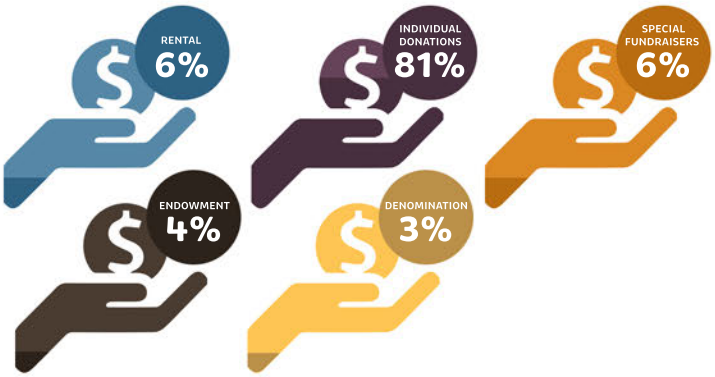
When considering congregations by the relative size of their budget, congregations experienced greater growth in small, medium, and large categories. Low revenue congregations, with a budget of less than $100,000 (making up 28% of congregations) increased in number of adults by the largest proportion (45%). Also, 59% of larger congregations ($250,000-$499,000) reported revenue growth more than any other size group. Congregations with revenue of $1 million or more reported size increases in similar percentages as medium-sized congregations. Forty-two percent of the largest congregations grew in number of adults while 54% grew in revenue. While the small, medium, and large budget congregations may operate quite differently in scale, their similar percentages of growth demonstrate some commonalities that one might not predict.

CONGREGATIONS ACROSS ALL TRADITIONS, TYPES, AND SIZES APPEAR TO HAVE THE CAPACITY TO SUCCEED IN THE MIDST OF THE CHANGING AMERICAN LANDSCAPE.

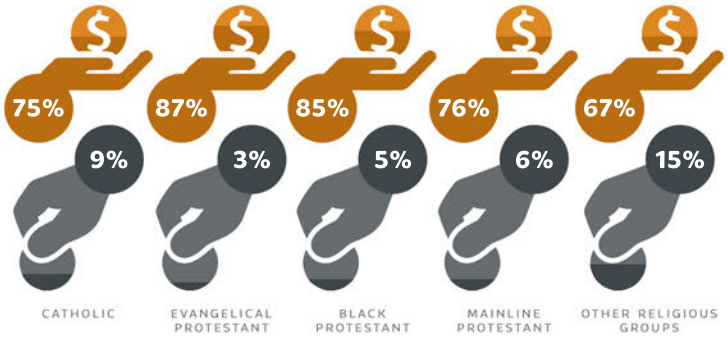
CONGREGATIONS CHANGING IN SIZE AND REVENUE

When we analyze change in the number of regularly participating adults along with the change in revenue, an interesting story emerges about the relationship between changes in size and revenue. Forty-two percent of congregations were decreasing or remaining the same in both areas over the past three years. Twenty-six percent of congregations report increases in number of adults and amount received. The most striking finding is that growth in number of adults does not necessarily lead to growth in income. Almost a third of congregations (32%) experienced growth or decline in one measure without a corresponding change in the other. Among congregations that are declining in attendance, there is not necessarily an automatic corresponding decline in revenue. The most striking finding may be that while membership and attendance patterns are changing in American congregations, declines in participation are not as of yet leading to a uniform negative impact on congregational finances. While regular participation and amount received are helpful measures of congregational vitality, they are not the only measures. They also do not tell a single story and must be examined more deeply as these two measures (as well as many other factors) interact with one another.

PERCENTAGE OF CONGREGATIONS' REVENUE FROM VARIOUS SOURCES



INDIVIDUAL DONATIONS & SPECIAL FUNDRAISERS BY RELIGIOUS TRADITION



RECEIVING FUNDS

We have assessed changes congregations have experienced in the number of regular participants and amount of money received. Now, we will focus more specifically on how congregations receive money, in what forms, how, and when.

Sources of Congregational Revenue

Individual Contributions

Congregations receive funding from a variety of sources, but the vast majority of funds come from direct individual contributions (on average 81%). In fact, 40% of congregations receive essentially their entire annual revenue from individual donations. Individual donors are the lifeblood of the nonprofit sector, comprising 68% of all charitable dollars, more than foundations, corporations, and bequests combined.[5] Yet, among congregations in almost all religious traditions, individual gifts make up an even larger percentage of total giving.

Special Fundraisers

Although individual contributions are the largest percentage of received revenue in almost all congregations, there are other modes through which congregations receive income. The second largest category was money that came through special fundraisers. Among the congregations that reported receiving funds from special fundraisers, this revenue comprised, on average, 6% of the income they received. These fundraisers included bake sales, bingo, and spaghetti dinners to support the youth mission trip as well as fundraising responses for disaster relief or annual local school supply drives. Some religious traditions rely more heavily on special fundraisers. Catholic congregations and congregations from Other religious traditions reported receiving higher a percentage of their income from special fundraisers.

Earned Revenue: Rent, Sales and Program Fees

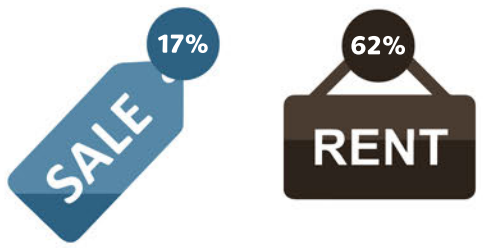
A majority of congregations also earn revenue from renting their facilities, selling goods or services, or collecting program fees. On average, when we combine all earned revenue it comprised 7% of these congregations' income.

Rent made up the bulk of this income. Sixty-two percent of congregations receive revenue from renting their facilities. Rent included income not only from weddings, conferences or events, but also hosting other tenants (such as nonprofits or for-profit enterprises).

Congregations received money from sales, but it comprised a small percentage of the amount of money congregations received on average (1.4%). Typically these sales were most often from media (recordings of the religious leader's recordings, books, or study materials). Food and drink (i.e. coffee shop), clothing, or other items make up another major category of sales. Only 3% of congregations have established separate for-profit or social enterprises.

A small portion of congregations also reported program fees (5%) as a source of revenue, highlighting payments for things such as religious education (e.g. confirmation; bar/bat mitzvah classes; or Bible studies), fees for youth trips, recreational sports leagues, or other events.

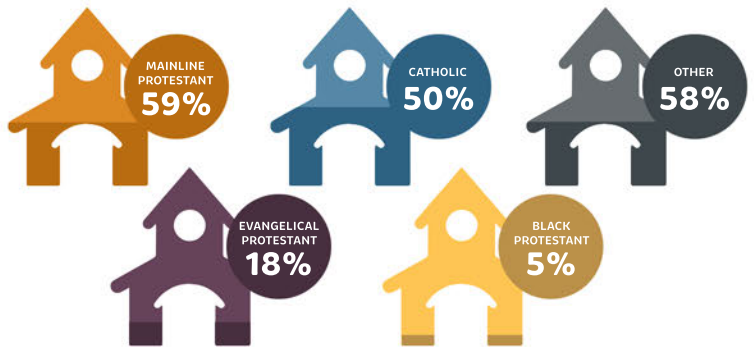
PERCENTAGE OF U.S. CONGREGATIONS RECEIVING REVENUE FROM SALES AND RENT



Passive Income: Endowments, Bequests, and Other Investments

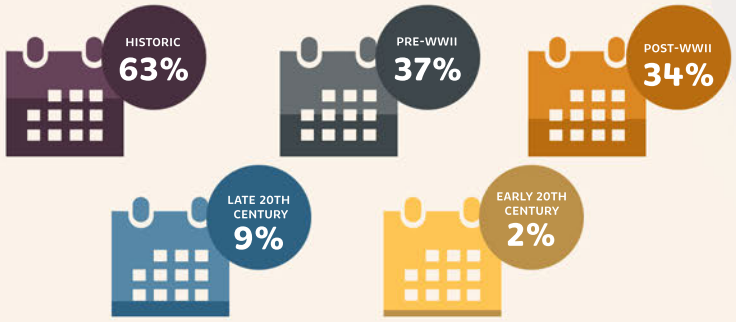
One-fourth of congregations reported receiving money in the past year from passive income: investments, reserves, or long-term gifts such as endowments or bequests. While some congregations specifically referenced funds they received from insurance payments, funds they intentionally had previously saved in reserves, or a particular bequest gift, the largest total by far were distributions from endowments.

CONGREGATIONS WITH AN ENDOWMENT



34% OF CONGREGATIONS HAVE ENDOWMENTS, AND AMONG THOSE CONGREGATIONS, ENDOWMENT DISTRIBUTIONS COMPRISE ON AVERAGE 4% OF THEIR TOTAL REVENUE. ENDOWMENTS, HOWEVER, ARE NOT DISTRIBUTED EVENLY ACROSS RELIGIOUS TRADITIONS AND DEMONSTRATE PARTICULAR GIVING CULTURES, DEMOGRAPHIC DIFFERENCES, AND ECONOMIC PRACTICES ACROSS RELIGIOUS TRADITIONS.

CONGREGATIONS WITH AN ENDOWMENT BY AGE OF CONGREGATION



Among all religious traditions, mainline Protestant congregations are most likely to have an endowment (59%), followed by Other religious groups (58%) and Catholics (50%). It is much less likely for evangelical Protestant and black Protestant congregations to have endowments. Only 18% of evangelical Protestants and 5% of black Protestant congregations have endowments.

A congregation's age also aligns with having an endowment. Sixty-three percent of historic congregations (i.e. those founded before 1900) have an endowment, which is nearly double that of all other congregations. Only 2% of congregations established in the past 10 years have endowments.

Outside Institutional Support

Beyond the largest revenue categories discussed above, some congregations have a variety of other revenue sources. One-fourth of congregations receive funds from their denomination or religious association. Some younger congregations receive support from established congregations to subsidize their expenses. Other times, under-resourced congregations might be in contexts where the institutional or programmatic needs of the congregation do not match the available economic resources. Or perhaps the perceived need for a particular religious tradition to maintain a presence in a community leads a denomination such as the Roman Catholic Church to redistribute resources collected among multiple parishes to support the work of a smaller or rural parish who may not have the necessary resources on their own.

Only 2% of congregations receive income from government grants, and 12% received funds from non-governmental grants. While legislation and public policy affirm that congregations are eligible to receive government funding to support programs such as social service provision, it is clear that only a small percentage use the government as a funding source.

Twenty-three percent of congregations generate revenue and extend their mission by operating schools and day-care centers. Among those that have schools, they receive, on average, 37% of their budget from school income. Schools provide the opportunity for congregations to share administrative staff, maintain property, and hold fundraisers for community members.

How Congregations Receive Gifts during Worship

The majority of financial resources that congregations receive comes from individuals, and the vast majority of those funds are given during a worship service (78%).[6] While congregations make a variety of giving options available, almost all congregations "pass the plate" :92% of congregations collect an offering by physically passing a plate or basket each week during religious services. 26% of congregations have an offering or tithe-box located in the worship space.

Beyond these two physical forms, many congregations provide options for participants to give digitally. Half of congregations receive gifts during a worship service via a digital format. Twenty-one percent give participants the option to contribute during the worship service via mobile device app and 14% have a text-to-give option. Five percent have a giving kiosk where participants can make an electronic gift.

Yet even with the variety of giving options during religious services, the vast majority of congregations receive the bulk of their contributions through the offering plate. In fact, the largest average amount received in worship weekly came through checks ($4544), more than four times the average weekly amount received in religious services either digitally ($1180) or in cash ($1020).

Digital Giving

Digital giving is an important financial tool for religious congregations. We define digital giving as any giving done online such as through a credit card, bank transfer, smartphone app, Venmo, PayPal, as well as reoccurring donations processed electronically such as ACH transfers or direct deposits. Half of all congregations have at least one of these digital options available.

Congregations with digital giving options receive on average 22% of their total giving digitally, and on average, 24% of regularly participating adults made at least one digital contribution to their congregation in the past year.

While smaller churches (<100 adults) tend to rely on more traditional means such as “passing the plate”, larger congregations (>250 adults) offer digital giving options (83%). Among congregations with more than 1,000 participating adults, 95% allow members to give online, 28% allow congregants to give through text messages, and 48% utilize smartphone giving apps.

THESE INNOVATIVE WAYS OF RECEIVING CONTRIBUTIONS MAKE IT EASIER FOR CONGREGATIONS TO RECEIVE SUPPORT OUTSIDE WORSHIP SERVICES AS WELL AS FROM A VARIETY OF POTENTIAL GIVERS.

The patterns are similar for congregations that offer giving through a smartphone app. Sixty percent of congregations with an app experienced growth in revenue compared to a growth rate of only 45% for those congregations with no app options. Although further analysis is required to explore the relationship fully, we find a positive relationship between congregations that embrace innovative donation technologies and reported growth in both revenue and size.

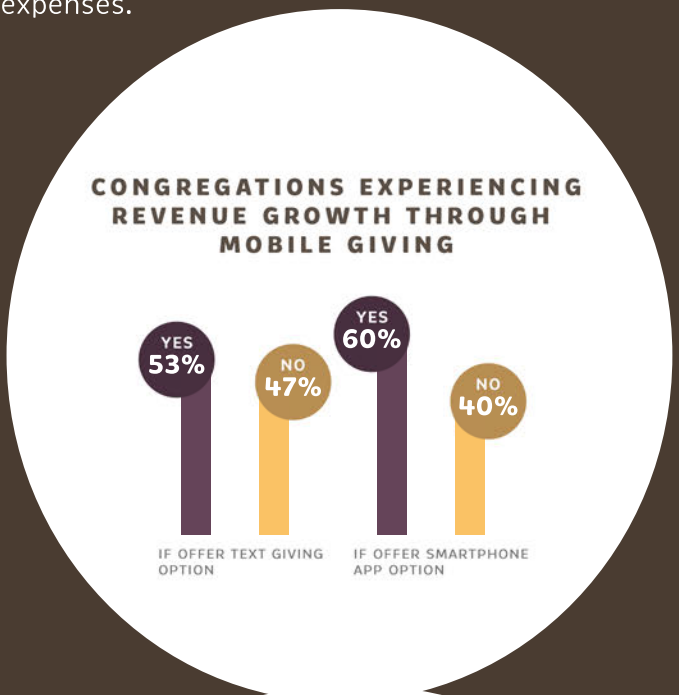
Recurring Contributions

Fifty-five percent of congregations provide the option for individuals to set up recurring contributions to the congregation through their bank or credit card. Yet among these congregations with the capacity to receive recurring gifts, 15% do not receive any gifts through these methods. On average, congregations that reported receiving any recurring donations received about $4,500 monthly from reoccurring gifts. While reoccurring giving options appear advantageous for congregations to pursue not only because of their convenience and predictability, it might also compensate for the decrease in the amount received during religious services if changing attendance patterns mean that fewer participants are present each week to give as often.

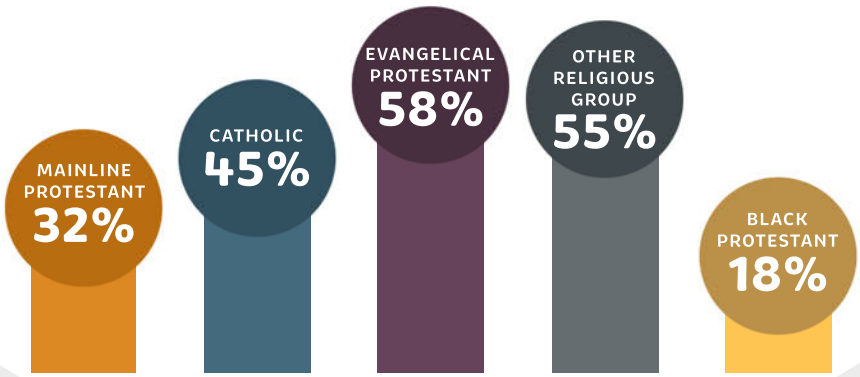
Yet, even with all the advantages of establishing reoccurring gifts outside the specific context of weekly worship for congregations and participants, it is clear that a time set aside for the ritual of giving, the direct appeal, and the physical passing of a plate/basket during religious services remains the primary mode through which congregations receive contributions.

Bequests and Designated Gifts

Congregations also receive funds that are specifically designated for a particular purpose. Such contributions come from the bequests of members who have died, through trusts, and through individual contributions. For some congregations, designated funds present a unique challenge to leaders. Resources could go unused if the purpose of the funds does not match the ongoing priorities of a congregation, or they may be used in ways challenging original donor intent. At other times, a preference for designated gifts may make it difficult to fund ongoing, operational expenses.



CAPITAL CAMPAIGNS IN THE PAST 5 YEARS BY RELIGIOUS TRADITION



CONGREGATIONS PROVIDE MULTIPLE OPPORTUNITIES TO GIVE

While contributions by individuals in worship services make up the greatest percentage of the amount of money congregations receive, most congregations make multiple requests of their participants. Almost 80 percent of congregations ask their participants at least once a quarter to give to a specific cause beyond the general budget of the congregation. There may be specific offerings for the congregation or its leaders. Fifty-nine percent of congregations collected a special offering ("love offering") either honoring the clergyperson with a gift of appreciation around a milestone anniversary or to support a guest speaker, musician, or particular person in need in the congregation. Many other congregations (56%) collected a specific year-end offering to capitalize on many donors' heightened focus on charitable giving at the end of the calendar year.

Mission Offering

Eighty-four percent of congregations collect a specific "mission offering" at least once a year. Forty-nine percent of congregations collect money for their denomination or religious association, while 57% of congregations raised money for an organization or charity outside their local congregation, denomination, or religious association. These offerings might have specific areas of focus like alleviating hunger or providing disaster relief, and as a majority of congregations collect such donations, these additional donations indicate that the money congregations receive does not solely support the congregations' staff, facilities, and programs.

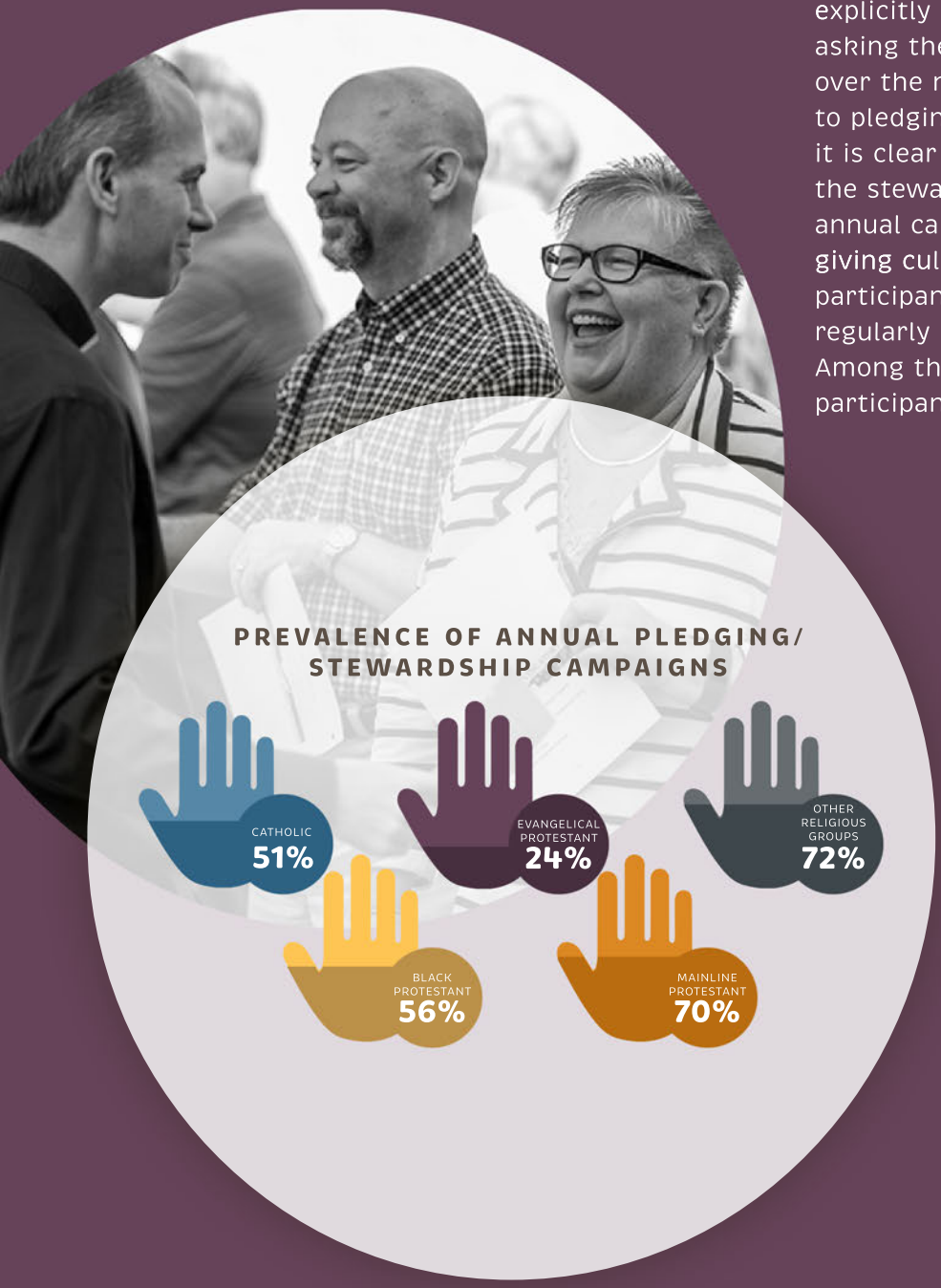
After receiving these resources, congregations use these funds for a variety of needs both inside and outside the congregation, often directly supporting other nonprofit, mission, and service organizations whether included in the congregation's own budget or not.

Capital Campaigns

Another way many congregations receive money is through solicitations for capital campaigns. Capital campaigns provide additional funding for facilities, debt retirement, or specific programs without tapping into the annual budget. Twenty-six percent of congregations held a capital campaign in the past five years. These campaigns have an average goal of $850,000 and an average amount raised of $630,000. Within these campaigns, on average, 53% of the congregation's regular participants made a pledge to support the campaign financially, most often considered as an additional gift over and above their regular contributions and often given to the congregation over several years. Large congregations (>250 people) are more likely to have a capital campaign (49%) compared to small congregations of less than 100 adults (19%). We also find that capital campaigns are more common among evangelical Protestants (58%) and that fewer black Protestant churches (18%) held recent capital campaigns.

MANAGING FUNDS

Congregations demonstrate their regard for money and possessions in how they ask for contributions, how they preach and teach about giving and finances within their community, and how they steward and manage the resources with which they have been entrusted. We focus our analysis on how religious congregations manage their resources through asking for gifts, teaching about personal finances, and communicating about the use of congregational resources.



Asking

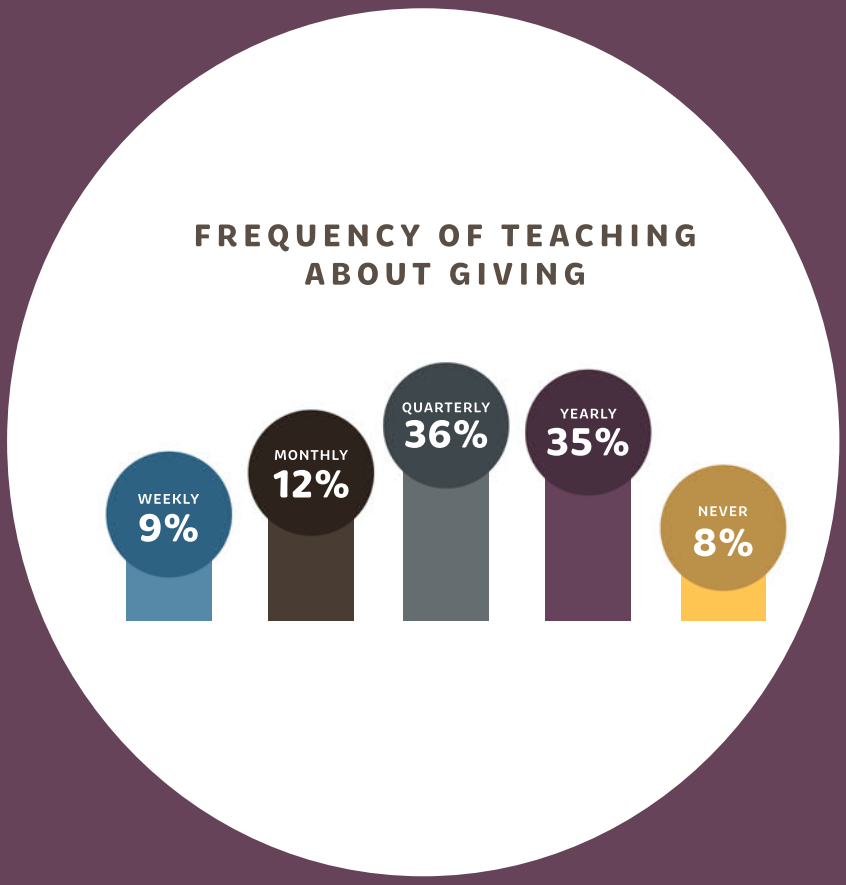
While the vast majority of congregations make an implicit or explicit appeal for financial contributions each week during religious services (by passing an offering plate and inviting participants to give), a large percentage also set aside a specific time each year to focus on individuals' giving commitments - 45 percent of congregations conducted an annual stewardship campaign in the past year. These congregations indicate that there is a rhythm to their stewardship work, most often designating a time annually to focus on giving and budget planning for the upcoming year. Among the congregations that conduct an annual stewardship campaign, 64% explicitly asked their participants to pledge - asking them to commit to giving a specific amount over the next year. While the particular approach to pledging varies depending on the congregation, it is clear that among congregations subscribing to the stewardship campaign and pledging model, an annual campaign remains an ingrained part of their giving culture. Among congregations that ask participants to make a pledge, on average 53% of regularly participating adults made a pledge. Among those same congregations, 87% of regular participants made at least one gift in the past year.

Running an annual stewardship campaign has less bearing on revenue than we might expect. Congregations that have annual stewardship campaigns reported similar increases in revenue when compared with those without them. As shown in the graphic, greater percentages of mainline Protestants and Other religious groups conduct annual stewardship pledge campaigns. Among those congregations that do ask for a pledge, black Protestant and Catholic congregations are the most likely to ask their participants to pledge.

Teaching on Giving and Personal Finance

Congregations are asking for financial support much more often than they are teaching on giving. While the vast majority of congregations make an appeal for contributions each week, 43% teach passages related to giving in worship services yearly or never. Another 36% of congregations teach about giving quarterly. While a small percentage of congregations teach on giving weekly or monthly, the vast majority do so much less regularly.

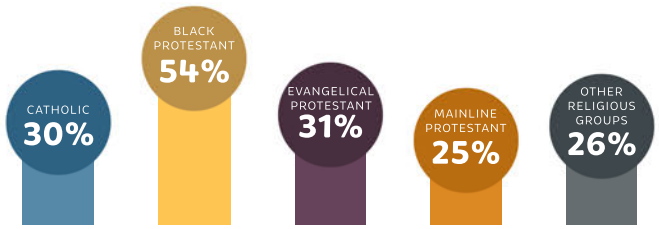
When asked how often congregations share individual stories (or testimonies) of giving in religious services, the percentages were even lower. One-third never shared giving stories, while 36% teach or discuss passage related to giving during services only quarterly. Giving is often ritualized or routinized within congregations although it is rarely addressed explicitly.



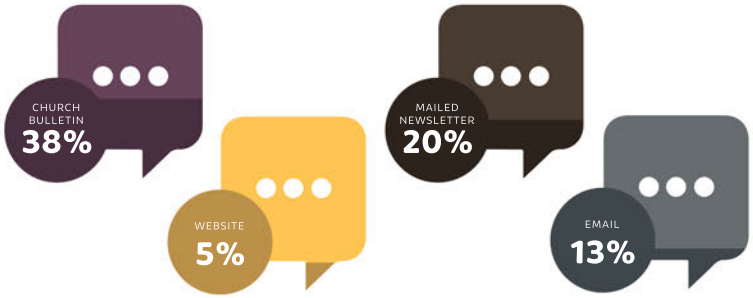
CONGREGATIONS ARE ASKING FOR FINANCIAL SUPPORT MUCH MORE OFTEN THAN THEY ARE TEACHING ON GIVING.

Participants may commonly see an offering plate passed, but few congregations focus intentionally on teachings or stories of giving. Among congregations that teach on giving weekly (9%), 90% reported financial growth. Among those discussing giving monthly, reported financial growth was 73%. With rising religious illiteracy even among those participating in faith communities,[8] and congregations' own lack of explicit religious teaching on giving, congregations should not assume that most religious participants will naturally know their faith tradition's teachings on giving or feel compelled to support the congregation without an explicit articulation of the mission.

OFFER MONEY MANAGEMENT CLASSES



HOW FINANCIAL REPORTS ARE SHARED WITH CONGREGANTS



Teaching on giving within congregations, however, is not restricted to religious instructions on when, where, or how much to give. It is also tied to larger orientations to money and material possessions. While most congregations have a relatively similar outlook on stewarding possessions and individuals' engagement to materialism or consumer culture, they are providing relatively limited opportunities for participants to address these questions with their own personal finances, often a first step before individuals are able to engage proactively in religious giving. Thirty-one percent of congregations offer groups, classes, or events focused on personal finances. Among those that do, black Protestants offer money management courses in the highest percentage. Most often referenced were courses like Dave Ramsey's Financial Peace, but other important moments most often noted for addressing personal finance were in religious leaders' premarital counseling.

Communicating Congregational Finances

Most congregations provide opportunities for participants to give each week, and about half maintain an intentional focus on giving and stewardship at a particular time each year. Beyond asking for financial gifts, however, how often are congregations discussing finances and giving? The NSCEP asked congregations how often they provide a summary of their congregation's financial status (e.g. its cumulative income and expenses) to their participants. While 10% never discussed the organization's finances during religious services, the largest percentage did so annually.

We asked how often congregations provide financial summaries to their participants. Most (95%) congregations do so in more than one way. The most common way is via the church bulletin (38%) and through mailed newsletters (20%). Fewer congregations share information with their participants online. Only 5% posted their financial information on the website and 13% sent it over email. Finally, while 92% create an annual financial report, only 81% share that report with congregation members.

Stewarding Congregational Finances

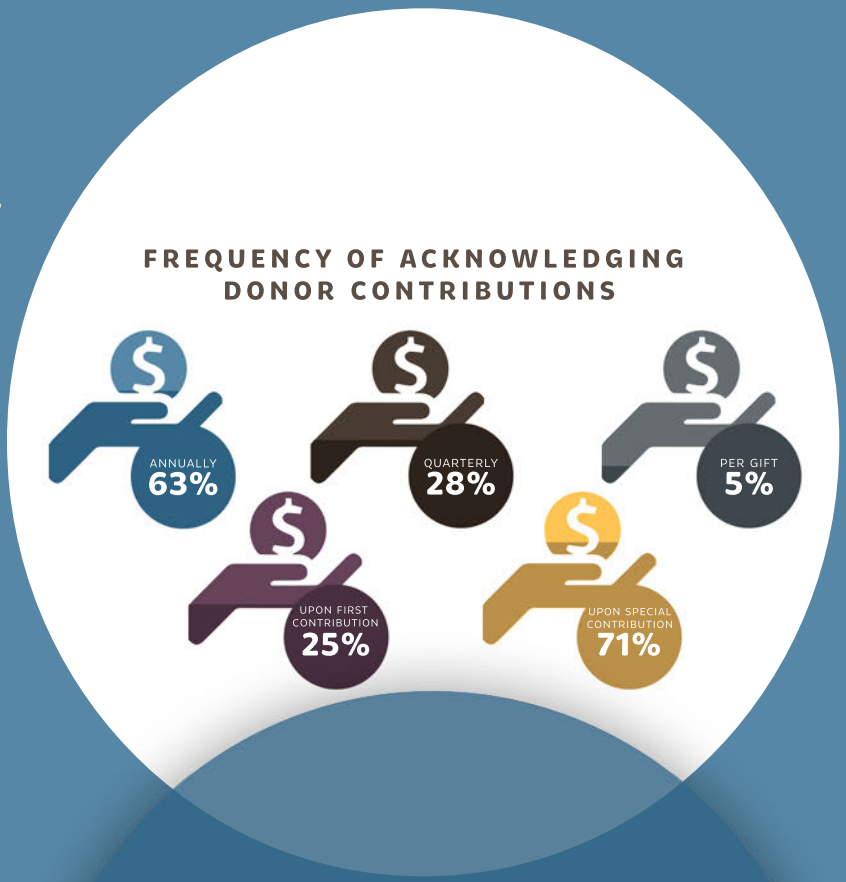
With the vast majority of donations given by individuals and with congregational finances often being governed and even administered by volunteers, it is important to note not only how religious leaders discuss congregational finances but also how congregations steward the funds they receive. As noted above, congregations provide a status of their finances in a variety of ways. While most congregations rarely update participants verbally in religious services, they provide information through newsletters, worship bulletins, or congregational meetings. Who prepares and approves the congregation's budget is another question.

Most congregations (85%) have a formal written budget, and 76% note that their head clergy is involved in budget preparation. Most often the budget is prepared by staff with active support from volunteer leadership such as a finance committee. In 53% of congregations, members outside of leadership are given an opportunity to approve the budget even if this often serves as a formality to the work done by committees and staff. The larger the congregation, the more reliant they are on administrative staff and clergy to handle the bulk of budget planning and financial management functions. In smaller congregations, these duties are handled solely by the leader or volunteer groups.

Most congregations (95%) track participants' giving, and half of congregations use accounting software to track giving. While 14% track giving via pen and paper, 18% use a Microsoft Excel spreadsheet, and 51% use accounting software. Contribution records, like a formal budget, are useful tools for building capacity and creating accountability between religious leaders and their members.

Tax deductions for charitable contributions remain a motivating factor for individuals' giving even as fewer U.S. households are itemizing their deductions with the new 2016 tax law.[7] Almost all congregations (95%) acknowledge donors' contributions. The majority acknowledge gifts annually (63%) through an end of year statement while 28% provide quarterly statements. Digital tools make it easier for the 5% of congregations that acknowledge every time a participant gives. Beyond regular acknowledgements, some congregations send a specific thank you letter when participants make their first contribution (25%) or when they give a special contribution (71%) such as in honor of a loved one, for a specific project, or through a special offering. The overwhelming percentage of congregations only acknowledge individual contributions quarterly or annually (91%). While congregations may have many more regular and routinized givers, they appear to lag behind other nonprofits in the standard practices of acknowledging and thanking their donors within 72 hours of receiving a gift.[9]

Congregations have particular cultures not only around giving but also on stewarding finances. A lack of discussions about budgeting and acknowledging contributions reflect a taboo around money - separating the spiritual from the material. In fact, when asked who had access to participant's contribution records, only 55% of congregations said the head clergyperson has access to participant's contribution records. Among the congregations where the clergy have access, only 58% look at individual giving records. When asked why they did not, clergy stated they felt that they did not want to be tempted to treat individuals differently based on their level of giving or have their giving influence decisions within the congregation. Yet, among those congregations whose clergy look at giving records, 58% reported an increase in the amount they received over the past three years (42% with an increase of 10% or more), compared to only 48% of overall congregations reflecting any increase. Leaders who have access to the giving records of their congregation's participants and chose to view them reported that they used the information to identify major givers and be made aware of significant changes in giving patterns. Perhaps the avoidance of teaching about giving and finances, discussing congregational finances, or creating open accountability around stewarding contributions has hindered the many other assets congregational leaders bring to nurture religious giving and congregations' economic practices.

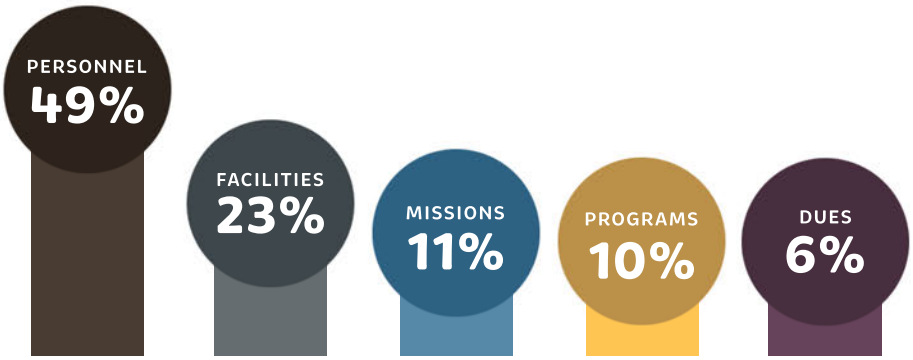


AMONG THOSE CONGREGATIONS WHOSE CLERGY LOOK AT GIVING RECORDS:

58% REPORTED AN INCREASE IN AMOUNT RECEIVED OVER THE PAST THREE YEARS

42% REPORTED AN INCREASE OF 10% OR MORE

WHERE FINANCES ARE SPENT



SPENDING FUNDS

Patterns among Congregations

While the NSCEP recorded congregational revenues from $3,000 to $41 million, the median congregation in the U.S. spent about $155,000. Most congregations spend almost all of what they receive annually. Many congregations (58%) spend more than they receive as they use funds received in a previous year set aside in reserves, contributed during a capital campaign, or perhaps reflecting a past surplus of receipts over expenses. Most often, however, the amount of money a congregation receives and spends is very similar as congregations construct budgets based on what participants pledge to give or on the congregation's recent experience of what has been given in past years. Oftentimes, budgets may be altered or expenditures deferred within the year if congregational giving does not keep track with projected expenses.

Overall, how congregations receive, manage, and spend demonstrates the diversity of their economic practices.The NSCEP classifies expenses into categories shown in the graphic. The largest expense category is personnel, with congregations spending roughly half (49%) of their total budget. Congregations spend the second highest percentage of their income (23%) on facilities, including building maintenance and construction, utility bills, mortgage payments, and other expenses related to providing physical space to build community. Providing a place for worship and professionally trained and/or credentialed clergy are most often necessary for offering regular religious services and performing the sacraments and rituals that define congregational life.

AMOUNT OF BUDGET SPENT ON PERSONNEL VS. FACILITIES

AFFILIATION	PERSONNEL	FACILITIES
CATHOLIC	44%	23%
EVANGELICAL	51%	21%
BLACK PROTESTANT	23%	25%
MAINLINE PROTESTANT	54%	24%
OTHER RELIGIOUS TRADITIONS	56%	32%

The amount congregations spend on personnel and facilities varies by religious tradition. While highest among Other religious traditions (56%) and mainline Protestants (54%), the average percentage of funds used to pay religious leaders and staff was relatively similar among most religious traditions, but substantially lower among black Protestant congregations (23%). One reason for this difference may be that the average salary of black Protestant clergy is about one-third as much as other religious traditions.

Black Protestants also more often rely on bi-vocational clergy than other traditions. In fact, over 44% of the leaders of black Protestant congregations had a second job compared to only 18% of all other religious traditions. Perhaps these lower percentages allow for greater percentages of black Protestants' resources to be spent on facilities, programs, and outreach. Congregations from the Other religious traditions category spend the highest percentage (32%) on facilities.

PERCENT OF CONGREGATIONS WITH MORTGAGE BY AGE OF CONGREGATION

CONGREGATION AGE	OWN BUILDING (NO MORTGAGE)	OWN BUILDING (WITH MORTGAGE)
HISTORIC (BEFORE 1900)	89%	11%
PRE-WWII (1900-1949)	78%	22%
POST-WWII (1950-1974)	72%	28%
LATE 20TH CENTURY (1975-1999)	50%	50%
EARLY 21ST CENTURY (AFTER 2000)	11%	89%

Spending on Facilities

Most congregations (95%) meet in a building specifically designed for religious purposes. Only 5% meet in a non-religious building such as a school, hotel, storefront, community center, or private home. A very small percentage of congregations (8%) rent space. Among those who do not own the space, only 40% pay to use the space, and of those, the average monthly rent is $1,744.

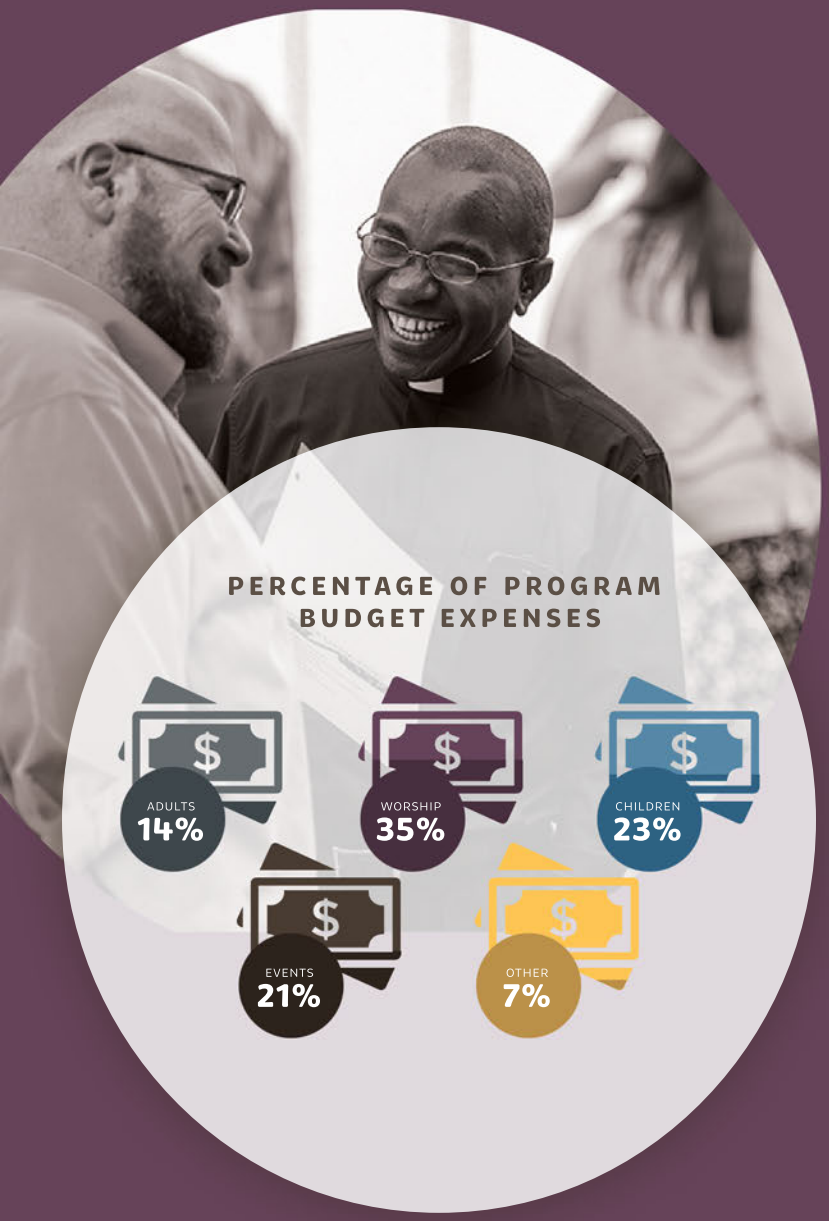
Among congregations that have their own building, there remains a variety of ownership. About two-thirds of congregations own their own building, while the buildings of the other third are owned by the denomination, religious association, or another organization. Understanding these differences is important as several denominations have experienced divisions in recent years that have led to property disputes and legal challenges as historic buildings and real estate are often a congregation's most valuable asset.

A congregation's age is also associated with its likelihood of owning its building. Among congregations founded before 1900, 89% own their own buildings. The number is 79% among congregations founded between 1900 and 1949. Not surprisingly, newer congregations more often do not yet own their building. Some congregations do not build their entire structure/facilities at a single point in time. Congregational growth often leads to new structural additions such as a larger worship space, an educational wing, or a gymnasium/activity center. While funds for these additions might come from a capital campaign or special fundraising effort, it can also lead to a congregation taking out an additional or new mortgage.

For some congregations, their mortgage payment is their largest facilities expense. Utility and maintenance costs are additional ongoing expenses. Capital improvements and facility development can drive the need for additional multi-year campaigns. Historic congregations, for example, may not carry a mortgage, but they may bear increased maintenance and capital improvement costs for repairing organs, aging boilers, or modifying spaces not initially designed for ramps or elevators necessary for increased accessibility.

Spending on Programs

Beyond staff and facilities, the other two main expense categories are programs for attendees and mission or outreach activities.



Ten percent of congregation's budgets on average go toward programs. While difficult to categorize programs and activities across the wide variety of congregations, worship services are the largest sub-category among programs (35%). This varies slightly by religious tradition with mainline Protestants spending the highest percentage of program dollars on worship needs (44%). In addition to worship services, educational activities for adults and children are a financial priority for many congregations.

Congregations also value the social cohesion that congregational events foster as well, as they spend roughly 21% of their programming dollars on community building activities. Other areas of programming expenses include preschools, marketing, and church planting.

Mission, Service, Charity/Benevolence

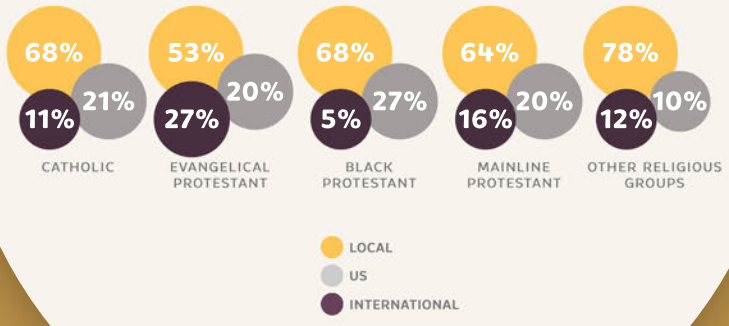
While a greater percentage of congregations' budgets support the needs of its regular participants, congregations seek to serve people not directly involved in their congregation. Many congregations included missions and outreach in the description of their programs and ministries budgets. Combining events and other programs focused on those outside members and attendees makeup on average, 28% of a congregation's program expenses.

Most congregations serve people in their surrounding community. In fact, 84% of congregations provide at least one type of social service. The majority of congregations engaged in service projects provide food or clothing (95%), while 39% address physical health needs, and 48% provide disaster relief. Smaller percentages of congregations are involved in building/repairing homes, addressing mental health and substance abuse issues, and helping people obtain jobs. This wide range of service projects reveals the variety of ways that congregations respond to social needs. A few congregations develop separate nonprofits (11%) or for-profit/social enterprises (2%) that provide products or services. Almost all (98%) social service providing congregations collaborate with another organization (i.e. faith based organizations, schools, and government entities) to provide social services to the broader community.

Congregations also provide volunteer opportunities for participants to support people in need and act as a pool of potential donors and volunteers for nonprofit agencies who seek support. For example, 50% of congregations collect a special offering at least once a year to support initiatives sponsored by their denomination or religious association and 57% offer a specific opportunity for their participants to financially support other outside nonprofits. In addition to the specific funds congregations solicit beyond their own budgeted needs, some congregations raise funds to be passed through to partner organizations doing the work locally, nationally, and internationally. Among congregations belonging to a denomination or religious association, they contributed on average $25,142 for mission-related causes and send an average of $18,442 to their denominations specifically for mission outreach.

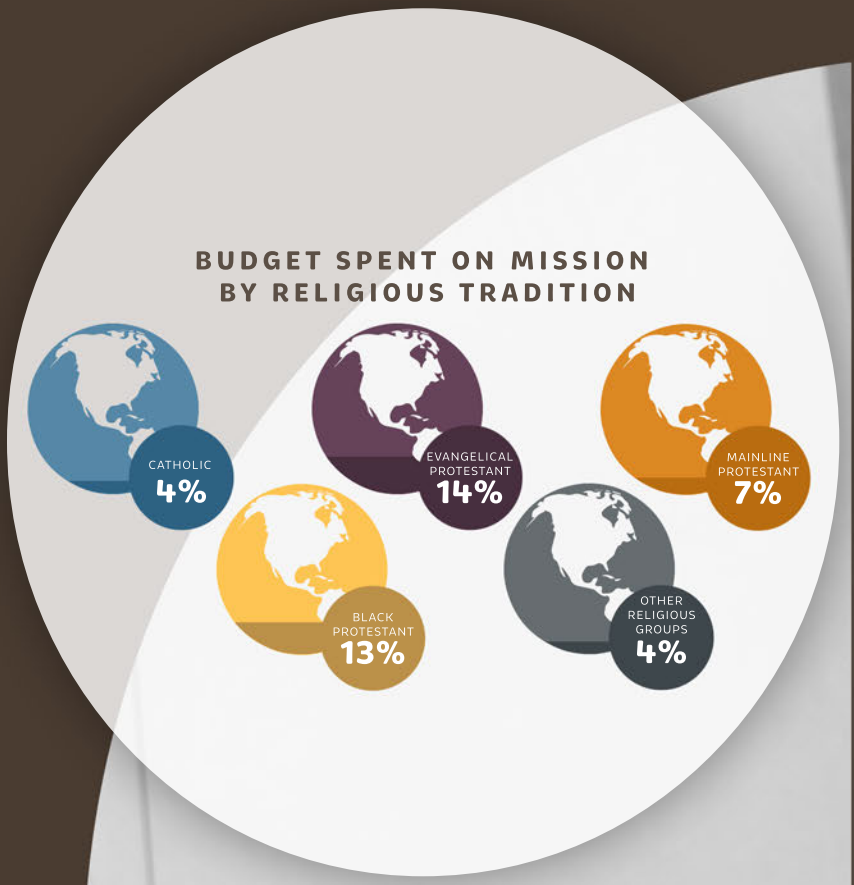
LOCAL, U.S. AND INTERNATIONAL MISSION SPENDING

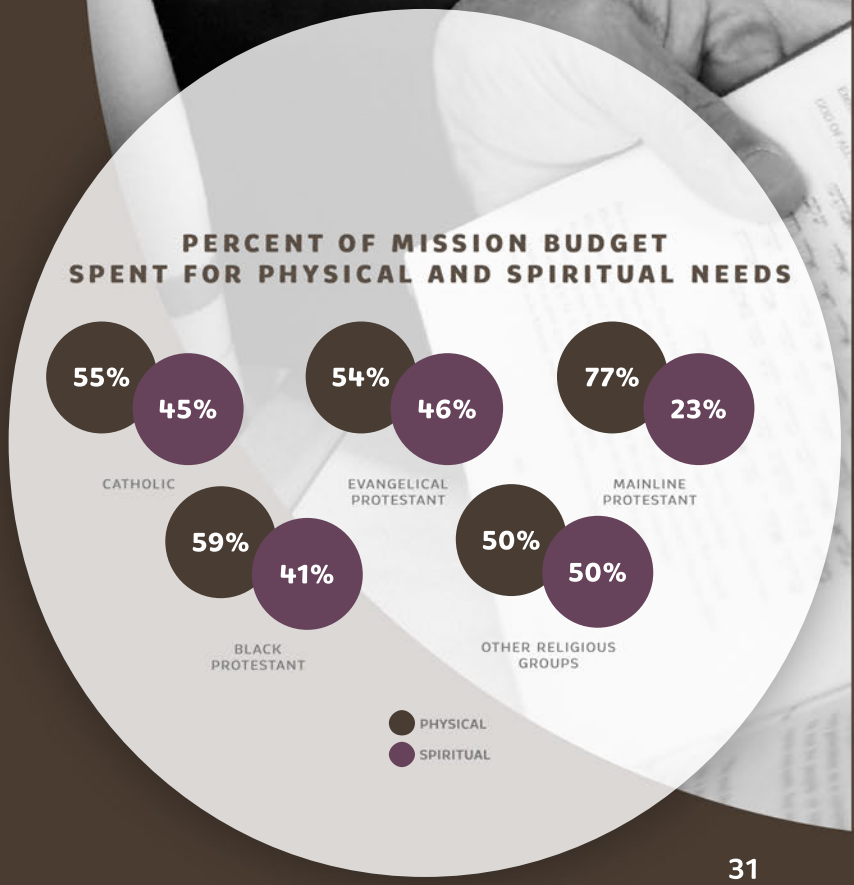
LOCAL, U.S. AND INTERNATIONAL MISSION SPENDING BY RELIGIOUS TRADITION



Congregations engage in missions work in multiple contexts: local, national, and international. The greatest percentage of congregations' mission, service, and benevolence resources go towards meeting local needs (61%). Beyond their local communities, congregations spend, on average, 20% of their mission resources in the United States and 19% to help people in countries abroad.

Congregations saw a slight variation by religious tradition in the allocation of their mission dollars. Evangelical congregations allocated a slightly higher percentage of their mission dollars to international causes compared to congregations from other religious traditions. Black Protestant congregations allocated a slightly higher percentage of their mission dollars to their local communities. In addition to location, congregations vary based on how they describe the purpose of their mission, service, and benevolence spending. Every religious tradition spent a higher percentage of their mission dollars on meeting physical needs except Other religious groups that were equally split between the two. While Catholic congregations, evangelical, and black Protestant congregations spent moderately more on physical over spiritual needs, mainline Protestant congregations committed much higher percentages of their resources on physical over spiritual needs. These numbers demonstrate that while congregations are classified by tax laws as having a primary religious purpose - providing religious education and services, congregations are engaged in extensive mission activities both locally and around the world. They are engaged not only in evangelism and spiritual formation, but they are also central in providing disaster relief, international development, and supporting local needs.





CONCLUSION

The National Study for Congregations' Economic Practices is the most comprehensive study of how congregations receive, manage, and spend resources. With an in-depth analysis of all the components of congregational finances, we find that the economic story of congregations is complex. Congregations vary dramatically in size, revenue, and, perhaps most importantly, in their approach to generating, sustaining, and reinvesting the resources entrusted to the people they serve. In the report, we first presented descriptions of how congregations from different religious traditions, generational and racial compositions changed over time. Second, we reported the foundational patterns of congregational finances and detailed the variation in economic practices. Taken together, the findings from the NSCEP data provide a solid baseline for understanding congregational change and key congregational economic practices.

Despite reports that individual religious adherence – measured by affiliation and attendance – is declining; overall more congregations in the United States are growing than declining. We find that congregations report the most drastic difference in reported change in the amounts of resources that congregations are receiving. In this report, we describe that growth may not be evenly distributed. Our findings also suggest that changes in size and revenue are not uniform across all religious groups and organizational structures. Fewer small congregations report growth over the past three years; however, these congregations likely draw on support from their denominations and reserves or reduce staffing costs to remain open. In future publications from NSCEP, we will more extensively explore the factors that relate to growth or decline of American congregations.

In addition to changes in religious congregations, the NSCEP provides a comprehensive look at the components of congregational finances. Congregations take multifaceted approaches to generating revenue from inside and outside of the congregation. Even if the overwhelming financial support for congregations comes from direct individual contributions, leaders also leverage their facilities to generate income from rent, and support collaborations with outside organizations. For example, congregations support local educational institutions through providing physical space for schools, conducting ministry activities to provide resources to students, and volunteering at school activities. We can conclude that the presence of religious congregations provides tangible benefits to local communities.

The NSCEP data expands our understanding about how different leadership styles combine with religious tradition regarding economic practices to create distinct organizational norms about money. Leaders receive little training on the best practices of financial management in their formal education and may not be able to hire additional staff to support these dimensions of management. Congregations mostly teach that individuals are stewards of resources originating from a divine source and implore their members to reinvest a portion of their resources back in the organization. However, the experience of giving to congregations can vary widely. A small portion of congregations discuss or teach about money regularly, ask for donations at almost every gathering, and acknowledge people for their gifts frequently. Other congregations rarely talk about finances and approach money hesitantly. They provide little information about how finances are used, avoid developing explicit theologies of money, and guard giving records closely. Findings of such varied financial approaches reveal how religious tradition and organizational culture can shape the economic practices of congregations.

METHODOLOGY

Sample Development

Because there is no comprehensive list of congregations in the U.S., researchers need to use alternative methods to generate a nationally representative sample of congregations. The most empirically rigorous method is hypernetwork sampling, which has been effectively used by major studies of congregations including the National Congregations Study and the U.S. Congregational Life Survey; it is also the method used by NSCEP.

A hypernetwork sample begins with a nationally representative sample of individuals and asks if they have attended a congregation in the past year. If they answer affirmatively, they are asked to provide the name of the congregation they attend, thus creating a nationally representative sample. The NSCEP generated a hypernetwork sample of congregations using the AmeriSpeak Panel—a nationally representative probability-based panel of U.S. households operated by NORC at the University of Chicago. The NSCEP reached out to each nominated congregation and asked a key informant from the congregation (typically the head clergyperson or financial administrator) to complete an online survey. 1,231 congregations participated in the study resulting in a weighted response rate of 40%.

Survey Development

In order to generate the highest quality survey instrument possible, the NSCEP conducted cognitive testing of all survey items and a usability review of the online survey interface. The NSCEP used advances in technology to create a user-friendly online survey. Administering the survey via the internet has several advantages when compared to other modes of delivery. In addition to being cost-effective, online surveys offer unique functions, which can increase response rates and improve data quality. Compared to phone and face-to-face surveys, online surveys eliminate inefficiencies associated with scheduling interview times and allow respondents to participate when it is most convenient. Unlike paper surveys, online surveys can include features that automate skip patterns, carry forward respondents' answers, and provide an option to "save and finish later"—all of which enhance the user's experience and lead to higher completion rates. In addition, once the online survey is completed, the returned data are already in an electronic format, which facilitates error checking and eliminates the costs and potential risks associated with inputting responses into a database. Upon the completion of each survey, the NSCEP research team checked the responses for errors and missing values and followed up with the informant to correct or clarify any discrepancies.

Survey Weighting

The probability of a congregation being nominated is proportional to its size: larger congregations are more likely to be nominated than smaller congregations. As a result, larger congregations are overrepresented (and smaller congregations are underrepresented) in the NSCEP sample. However, because a congregation's likelihood of being nominated corresponds with its size, the sample's over/underrepresentation of congregations based on their size can be corrected with weights that account for the sample's probability: proportional-to-size characteristic. The NSCEP constructed the appropriate weight and every statistic in this report has been calculated using these weights.

ENDNOTES AND REFERENCES

1 *"Giving USA 2019: The Annual Report on Philanthropy for the Year 2018,"* a publication of Giving USA Foundation, 2019, researched and written by the Indiana University Lilly Family School of Philanthropy.

2 Pew Research Center, "America's Changing Religious Landscape," May 12, 2015, https://www.pewforum.org/2015/05/12americas-changing-religious-landscape/; Jeffrey M. Jones, "U.S. Church Membership Down Sharply in Past Two Decades," April 18, 2019, https://news.gallup.com/poll/248837/church-membership-down-sharply-past-two-decades.aspx

3 Pew Research Center, "America's Changing Religious Landscape," May 12, 2015, https://www.pewforum.org/2015/05/12/americas-changing-religious-landscape/

4 We define multiracial churches as those where a second racial/ethnic group or two or more minority ethnic groups make up at least 20% with no one group making up 80% or more.

5 *"Giving USA 2019: The Annual Report on Philanthropy for the Year 2018,"* a publication of Giving USA Foundation, 2019, researched and written by the Indiana University Lilly Family School of Philanthropy.

6 Some religious communities are much less likely to receive money during religious services. Jews, for example, would traditionally not handle money on Shabbat, when the majority of religious services take place. While a small percentage of Jewish congregations did report receiving some funds during religious services, it was a very small percentage of their total amount received.

7 Moore, D. L. (2014). "Overcoming Religious Illiteracy: Expanding the Boundaries of Religious Education," *Religious Education*.

8 "What America Knows about Religion" July 23, 2019, https://www.pewforum.org/2019/07/23/what-americans-know-about-religion/

9 https://www.adrp.net/assets/adrp%20best%20practices%20-%20gift%20acknowledgment.pdf

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