

Counting the cost: Congregations in the recession

by [John Dart](#) in the [March 24, 2009](#) issue

Among U.S. churches of better-than-average size and budget, nearly half are feeling the impact of the deepening recession and are being forced in many cases to cut staff or freeze salaries. Donations are down, said 48 percent of church leaders surveyed at these churches in February. Last August, 41 percent of respondents reported a downward trend in donations at a time when Wall Street financial firms needed rescue and gasoline prices were sky high.

But, to rephrase the old question, is the collection plate half full or half empty? Though the unemployment rate is rising, credit is tight as a drum and stocks and home values are shriveling, 52 percent of congregational executives reported that donations at their churches have not declined. They also said that church attendance is either steady (64 percent) or increasing (26 percent). Only 9 percent said worship attendance has dropped in the economic downturn.

In a similar vein, three-quarters (76 percent) of the churches said that their mission activities have not been curtailed or changed because of the ailing economy.

The survey by the National Association of Church Business Administration (NACBA) of its membership via the Internet provided an unusual measure of how generally healthy congregations are faring today—from mainline Protestant, evangelical and Pentecostal congregations to independent churches and Catholic parishes. More than 800 church administrators answered the most recent survey, which had a response rate of 36 percent, said Phill Martin, deputy CEO of NACBA, which is based in Richardson, Texas.

Historically, church members do not reduce their donations severely in the first years of a recession. “Traditionally . . . church giving is not the first category to be cut back in church member spending,” said Sylvia Ronsvalle, executive vice president of Empty Tomb, a Christian service and research organization in Champaign, Illinois.

“That may be because the church community is often regarded as the layer next to the family in terms of relationships, accountability and clearly urgent needs,” she said. Members tend to respond to the need to pay the pastor’s salary or aid survivors of a natural disaster.

Ronsvalle and her husband, John, are known for their research on church finances. She said in an e-mail interview that a recession will hit some churches hard, especially those that have depended on income from endowments to meet budget demands and that have also let individual giving trail off. “Those congregations may experience two sources of income decline,” she said.

Geography often determines which churches suffer. Churches serving people who live near large companies that have cut their workforce are bound to feel the impact. So will congregations not located in growing neighborhoods, say pastors.

First United Methodist Church in Round Rock, Texas, saw a 4 percent increase in pledges in 2008, down from an average 9 percent average annual growth, said pastor David Adkins.

“We’ve had three major building projects in the last 12 years,” Adkins said, “and each one occurred in what was called a downturn in the economy. But we are in a fast-growing area north of Dallas.” If the congregation were

located in an older, economically static community, “it would probably be considerably different for us.”

Even the Round Rock church leaders are cautious in setting a budget. “I know one church is making quarterly budgets because of the uncertainty of the economy,” said Adkins.

Yet the nation’s two largest Protestant denominations reported last month that giving has been slightly ahead of projections. The Southern Baptist Convention’s 11 agencies and its women’s auxiliary released a joint letter February 16 praising “the generosity of countless numbers of men and women in the pews.” It said that giving to the SBC’s cooperative programs that support ministries abroad and in North America is 0.81 percent ahead of giving last year.

The United Methodists’ General Council on Finance and Administration applauded the “generous giving of local churches” and their “faithfulness to the United Methodist connection” in a February 12 announcement. The total giving in 2008 was almost \$20,000 above the donations received in 2007.

Because most economists and the Obama administration think the current recession will become worse before it gets better, congregational leaders are looking for ideas to trim their costs and bring in added revenue. The Crystal Cathedral in Garden Grove, California, in addition to laying off some staff, is trying to sell two properties—not a possibility for most churches.

The 1,500-member First Unitarian Church of Portland, Oregon, facing a projected \$185,000 deficit, said it will close the church during July, usually a quiet month for the congregation. Senior pastor Marilyn Sewell told a reporter that she was disappointed that so many members accepted the closure. “But fear is a powerful force right now,” she said.

Sometimes it pays to live in Indiana. Sixteen regional associations of Protestant churches will split about \$11 million in grants from the Indianapolis-based Lilly Endowment. The purpose of the grants is to help educate congregations about the financial pressures besetting pastors—such as the need to pay down student loans and save for retirement. The funds may provide financial relief to some pastors.

The recent NACBA survey asked church administrators what cost-saving measures they have begun. Freezing staff salaries and reducing employee benefits topped the list for nearly half of the respondents. Twenty-six percent said they were postponing a major capital program; the same number noted that they were adjusting the church thermostats. But only 5 percent decided to establish a four-day workweek and only 3 percent opted to eliminate one or more worship services.