

Financial Giving

This publication is one in a series produced by *Faith Communities Today (FACT)*, a collaboration of American faith communities known as the *Cooperative Congregational Studies Partnership (CCSP)*. These periodic publications are designed to connect research with strategies for dealing with important issues facing congregations in the U.S. today.

So you're interested in taking a deeper look at your congregation's financial giving? Here are a few things to consider as you prepare for a more formal and thorough review. We begin with a good news/mixed news teaser. Then move to a few fun, but relevant facts to get you thinking. Next, we list key questions you should be asking yourself and several resources that will help you pursue things in more depth.

First, the good news.

Americans are an extraordinarily generous lot.

They opened their bank accounts following 9/11 in 2001 and again after the immense tragedy of the Asian Tsunami in 2004. When Hurricane Katrina struck the American South in 2005, there was an immediate outpouring of volunteers, goods, services and, within four weeks, according to newspaper accounts, more than \$1 billion dollars to a variety of causes. Government statistics show that this is part of the recent upward trend in household charitable giving, both in terms in actual dollar amounts and percentage of household income. This trend is likely to continue if Boston College's Social Welfare Research Institute's study is correct in projecting that over the next 50 years \$41 trillion will be transferred via estates, of which \$6 trillion will go to charity.

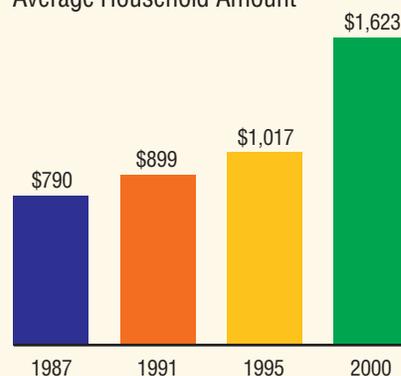
What is more, public opinion research shows that religious people are far more likely than secular people to give to charitable causes, both non-religious causes and religious causes. Indeed, the trend in member giving to congregational finances as a percent of income over the last twenty years has the same upward trajectory as the broader trend in overall charitable giving.

The news on religious giving, however, is not all positive.

For one thing, while congregational giving as a percent of income is higher today than 25 or so years ago, it is not as high as it was in the 1950s and 1960s.

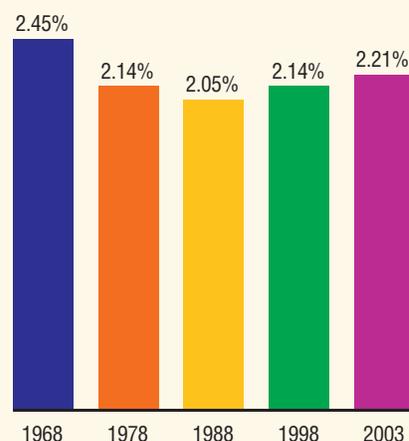
While many denominations and congregations are fiscally thriving today, many also are struggling. The *Faith Communities Today 2000 (FACT2000)* national survey of congregations found, for example, that more than 1 in 3 congregations in most faith groups would not characterize their fiscal health as either good or excellent, and that the most frequently cited source of conflict in congregations was over money. And the *FACT2005* national survey of congregations found that congregational finance was among the top five challenges the respondents named.

Charitable Contributions—
Average Household Amount



Data Source:
Statistical Abstract of the United States,
U.S. Department of Commerce (Various Years)
<http://www.census.gov/statab/www/>

Giving to Congregational Finances
as a Percent of Member Income



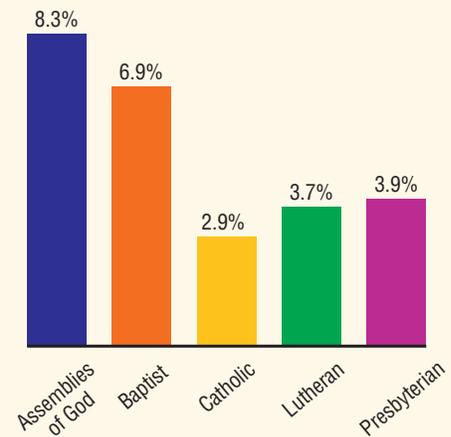
Data Source:
The State of Church Giving through 2003,
(Fifteenth edition, 2005), Empty Tomb, Inc. 2005

Did you know?

The most recent cross-denominational study of church finances confirms what many people suspected. Not only does giving vary considerably across denominations, but Evangelical Protestants give more generously than Oldline Protestants who give more than Roman Catholics.

Data Source:
Dean R. Hoge, et al.,
Money Matters: Personal Giving in American Churches
(Westminster, 1996)

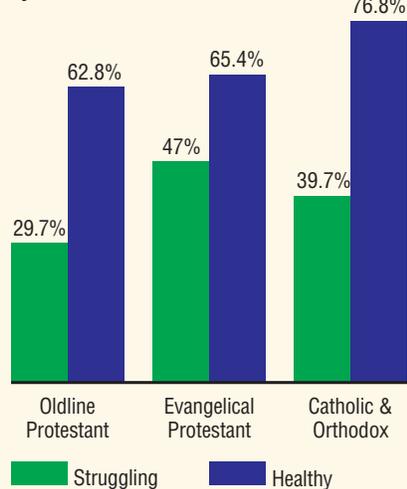
Congregational Contributions
as a Percent of Household Income



We also know...

- A majority of congregations (57%) reported that their financial situation was good or excellent in the *FACT2005* national survey. <http://fact.hartsem.edu/> This represents a notable drop since 2000 when two-thirds (66%) of congregations so reported. The financial health of congregations also varies considerably by faith family. Indeed, less than half of Oldline Protestant congregations (48%) reported that their financial situation was good or excellent in the *FACT2005* national survey, while the comparable figure for Other Protestant congregations and for Catholic and Orthodox parishes was 62%.
- One of the best-giving faith groups in the U.S. is the **Seventh Day Adventist Church**. It is among several conservative denominations that stress tithing and systematic giving for its members. For the Adventists, *stewardship* and *discipleship* are interchangeable terms. <http://www.adventistreview.org/2005bulletin/Stewardship.html>
- **Synagogue** giving (tzedakah) is typically based on membership dues, often expressed on a sliding scale according to income. <http://www.jewfaq.org/tzedakah.htm> But most Jewish charitable giving is directed through a network of locally-based umbrella organizations called the Federation system and to independent agencies.
- The principle of *proportional giving* is common in **Anglican, Presbyterian, Methodist** and similar faith groups. Proportional giving asks members to allocate a percentage of their income to their congregations and consider increasing that percentage each year. <http://www.findarticles.com/p/search?qt=church+giving&tb=art&qf=free>
- Many national faith groups give assistance to local congregations for planned giving such as bequests, annuities and endowment funds—e.g.: <http://www.elca.org/fo/>.
- Among the Five Pillars of **Islam** is the practice of Zakat (almsgiving) which involves giving 2.5% of one's income for charity. Zakat is often given during Ramadan but some Muslim scholars describe it as a regular ongoing duty. http://www.cair-net.org/mosquereport/Masjid_Study_Project_2000_Report.pdf
- Giving in **Roman Catholic** parishes is, in general, considerably less than in other Christian Churches. According to Charles Zech, an expert on Catholic giving, there needs to be a greater understanding of stewardship among the faithful. See the footnote for his views and recommendations. <http://www.osv.com/periodicals/show-article.asp?pid=308>

Percent of High Vitality Congregations by Fiscal Health



Why is giving important? As gratitude to God or religious obligation it has theological and spiritual significance, and it is this significance that is typically indicated when giving and fundraising are identified as a dimension of stewardship. On a more organizational level, as shown in the *FACT2000* national survey of congregations, giving is important, because fiscal health is strongly related to congregational vitality.

Data Source:
FACT2000 National Survey Of Congregations—<http://fact.hartsem.edu>

A study of African-American churches showed the following motivations for giving in order of importance:

REASON

- ▶▶ To keep my covenant with God to support the church
- ▶▶ Giving is a way of paying back blessings received
- ▶▶ Feel the church has a genuine need
- ▶▶ Think church-sponsored programs are appropriate
- ▶▶ Programs are helpful to community
- ▶▶ Come from family that gives
- ▶▶ When you give, you get rewarded

Member motivations for giving also vary. Money Matters, a recent study of church finances, identifies the following four basic types.

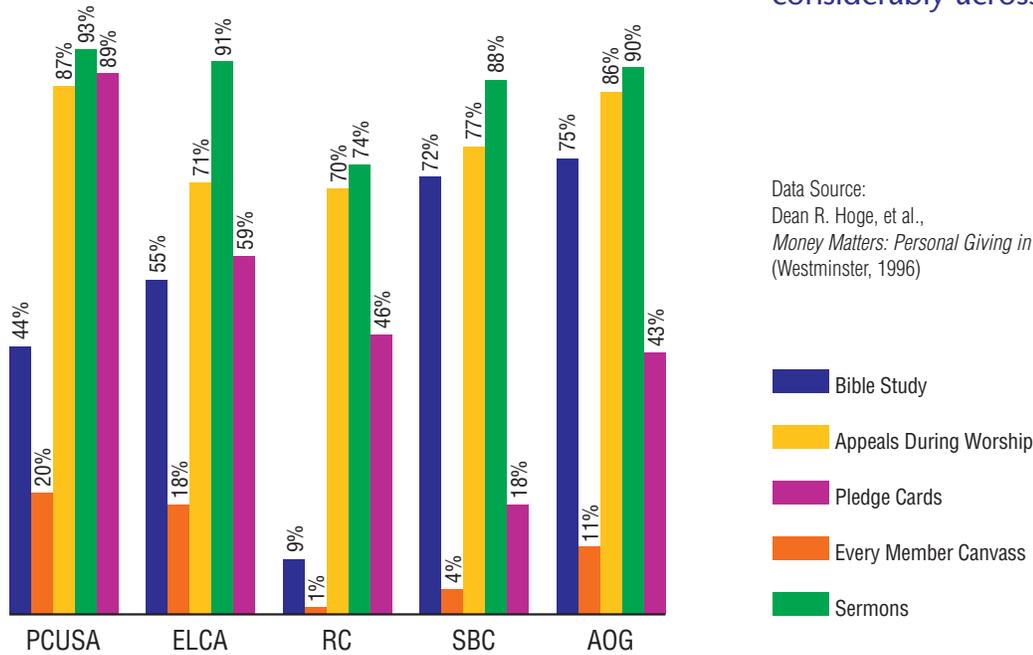
THANKFULNESS (especially gratitude for the many gifts God provides) and altruism.

RECIPROCITY WITH GOD—in its most base form, giving gifts in the hopes of getting something in return.

RECIPROCITY WITH THE CONGREGATION OR FAITH GROUP, often with the payoff being recognition in the case of special gifts, and in other situations approximating “fee for service.”

GIVING TO EXTENSIONS OF THE SELF because it produces feelings of joy.

Percent of Congregations Using Various Ways to Promote Stewardship



The specific methods congregations use to promote giving also vary considerably across denominations.

Data Source:
Dean R. Hoge, et al.,
Money Matters: Personal Giving in American Churches
(Westminster, 1996)

- Bible Study
- Appeals During Worship
- Pledge Cards
- Every Member Canvass
- Sermons

In his pioneering study of congregational finances, Loyde Hartley reminds us that, “The key element of the economic processes in the life of a local church is the people who make the financial decisions...(*Understanding Church Finances: The Economics of the Local Church*, Pilgrim Press, 1984).” He surveyed 440 such leaders in seventy-five congregations, and among the most interesting questions he asked them were what they would eliminate from their congregation’s budget if they had to cut expenditures and what would be done with a large unexpected sum of money if they were to receive it. Here is what he found:

Rank Order of Proposed Expenditure Cuts

- 1) Church support for projects beyond the local church
- 2) Money sent to the denomination
- 3) Maintenance of church buildings
- 4) Educational programs
- 5) Staff salary, other than pastor
- 6) Debt-reduction payments
- 7) Pastor’s salary

Rank Order of Proposed Uses of a Hypothetical Gift of \$50,000

- 1) Place funds in endowment
- 2) Use for special local programs
- 3) Use to reduce debt
- 4) Purchase special equipment
- 5) Use for special maintenance or renovation
- 6) Invest money and give interest away
- 7) Give interest and principal to a worthy cause
- 8) Use for current expenses

Bottom Line Questions to Ask

- Every faith group has a theology of stewardship of the resources God has given to individuals and communities. What does your congregation believe and how does it relate to your denominational tradition? For examples, see:
 - <http://www.resurrectionchurch.com/resources/stewardship.html> (*Episcopal*)
 - http://www.rc.net/lansing/ctk/stewardship/homily_01_26_2003.html (*Roman Catholic*)
 - <http://www.cmalliance.org/ncm/stewardship/stewardship.jsp> (*The Christian and Missionary Alliance*)
- Research shows that a person's level of congregational involvement is one of the primary determinants of their congregational giving. What do you know about the characteristics of high, moderate and low givers among your members? How might you raise the level of involvement in ministry of your congregation's participants? Dean R. Hoge and Mark A. Knoll in *More Money, More Ministry*, (Eerdmans, 2000) say that "church involvement is the strongest single predictor of giving."
- Most stewardship professionals agree that it is important to be able to connect giving to concrete accomplishments in moving towards a clear vision and purpose. Does your congregation have a clearly articulated sense of mission? Can you show obvious connections between it and your budget? Your fund raising appeals? For a Jewish perspective on this, see <http://www.jrf.org/cong/res-mcl-giving.html>.
- Remember that people give to people and not to budgets and shortages. The first rule of fundraising is to ask. Do you ask personally and connect the contributions to how they concretely assist people in their spiritual, physical, and other needs?
- What curriculum materials do you use to teach stewardship education at an early age? Most national faith groups and religious publishers have resources to assist you in this. One resource may be found here: http://www.churchfinancecouncil.org/pages/stewardship/art_serious_child.pdf.
- Do you give participants specific suggestions to tithe or move toward tithing or to give a specific percentage of their income to the ongoing ministry of your congregation? Participants who make an annual or semi-annual pledge tend to give more regularly and generously than those who don't.
- Are you providing regular feedback to the congregation on how the financial needs of the congregation are being met? At a minimum, mail a quarterly statement that records their gifts and explains how the gifts are benefiting the congregation and people beyond the congregation.
- Are you still using a "unified budget" which combines the entire congregation's need in one budget? Today most congregations know that the annual budget only raises a portion of the income and that special offerings designated for social needs, youth, a mission project and similar services give people an opportunity to give to causes they love and support.
- How involved is your congregation's spiritual leader in fund raising? Clergy are frequently hesitant to be involved because it seems self-serving. But if "stewardship is discipleship" then the congregation's spiritual leader needs to be fully involved.
- Are you aware that giving through bequests, living trust, annuities and other planned giving instruments can be a significant source of income? If possible, make a specialist available to members to help them plan their giving or explain the options.
- Many congregants may live from paycheck to paycheck and have no other financial resources from which to give. Others however, have savings and investments. For special occasions and capital fund drives, encourage giving from those additional "pockets."

Which of these questions are appropriate to your congregation?

Which ones take priority?

What steps do you imagine your congregation would need to take to implement these things?

Next Steps

- Appoint a task force (or standing committee) to explore financial giving in your congregation. Involve the congregation's spiritual leader at key points in the assignment. Begin by analyzing your congregation's giving patterns answering questions such as, What percentage of your congregation gives 80% of your income? What percentage of participants gives nothing or only nominally?
 - Systematically move through this resource and ask what insights are valuable to your congregation and how they might be applied.
 - Issue a report to the congregation and its board with key recommendations and implementation steps.
 - Continue to deepen your understanding of congregational giving by reading some of the following resources:
1. Hoge, Dean R., and Charles Zech, Patrick McNamara, Michael J. Donahue. *Money Matters: Personal Giving in American Churches*. Louisville: Westminster John Knox Press, 1996.
 2. Wuthnow, Robert. *The Crisis in the Churches: Spiritual Malaise, Fiscal Woe*. New York: Oxford University Press, 1997.
 3. Barna, George. *How to Increase Giving in Your Church*. Ventura, CA: Regal Books, 1997.
 4. Zevit, Shawn. *Offerings of the Heart: Jewish Values-Based Approaches to Money in Community*. Herndon, VA: The Alban Institute, 2005.
 5. Callahan, Kennon L. *Giving and Stewardship in an Effective Church: A Guide for Every Member*. New York: HarperCollins, 1992.
 6. Chaves, Mark, and Sharon L. Miller, editors. *Financing American Religion*. Walnut Creek, California: Altamira Press, A Division of Sage Publications, Inc., 1999.
 7. A good website to explore is "Generous Giving", including an annotated listing of further resources:
<http://www.generousgiving.org/page.asp?sec=50&page=85>
 8. John L. & Sylvia Ronsvalle. *The State of Church Giving through 2003*. Empty Tomb, Inc., 2005.
Also explore their website at <http://www.emptytomb.org/>
 9. A fun resource is this tithing calculator:
<http://bethelite.org/tithe-calculator.html>
 10. Discover resources that are specific to your faith group.



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FACT/CCSP offers research based resources for congregational development that are useful across faith traditions, believing that all communities of faith encounter common issues and benefit from one another's experiences. We welcome your responses to our efforts. Please direct them to:

Insights@hartsem.edu.

Visit the FACT/CCSP website at <http://FACT.hartsem.edu> for more information about our research and publications. To register for our quarterly electronic newsletter, *Leadership & Transformation*, send an email to L&T@hartsem.edu.

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