



**Faith
Communities
Today**

FACTs on Finance:

Trends in Congregational Economics from the Faith Communities Today 2020 Study

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FACT 2020 Financial Report Summary of Findings

This report summarizes the financial findings of the 2020 Faith Communities Today (FACT) survey. The 2020 survey was the largest national survey of congregations ever conducted in the US, covering 15,278 congregations from 80 different denominations and faith traditions. Faith Communities Today has been tracking US religious trends since 2000.

This report focuses on the financial findings from the 2020 FACT survey. The focus is on congregational finances and presents an overview of how faith communities receive, manage, and spend resources. The report looks at finances in relationship to congregational size and religious tradition. The report also looks at online giving, an increasingly important source of income.

- Most congregations are small and have budgets under \$100,000.
- Slightly more than half of American worshipers (51%) attend large congregations with budgets over \$1,000,000.
- The median income or gifts was \$120,000, which is a 20% decline from 2010.
- Congregational budget size is closely tied to attendance and participation.
- Smaller congregations have larger per capita incomes and expenses.
- Congregations with shrinking attendance have much higher per capita incomes and expenses than stable or growing congregations.
- Eighty-five percent of revenue is from participant contributions.
- Salaries are the largest share of expenses at 44%. Buildings make up another 26% of expenses.
- Most congregations, 66%, own their primary place of worship.
- While most congregations have full-time leadership, small congregations are much more likely to have a primary religious leader who is part-time.
- Reports of financial difficulty have stayed relatively stable since 2010. Most congregations report excellent or good financial health. Nineteen percent report financial difficulty.
- Congregations polled before COVID-19 lockdowns reported better financial health on average than those polled after lockdowns.
- Fifty-eight percent of congregations now use some form of online giving, a 27% increase since 2015.
- Congregations polled after COVID-19 lockdowns reported more online giving use than those polled before.
- Congregations using online giving have a higher per capita income.

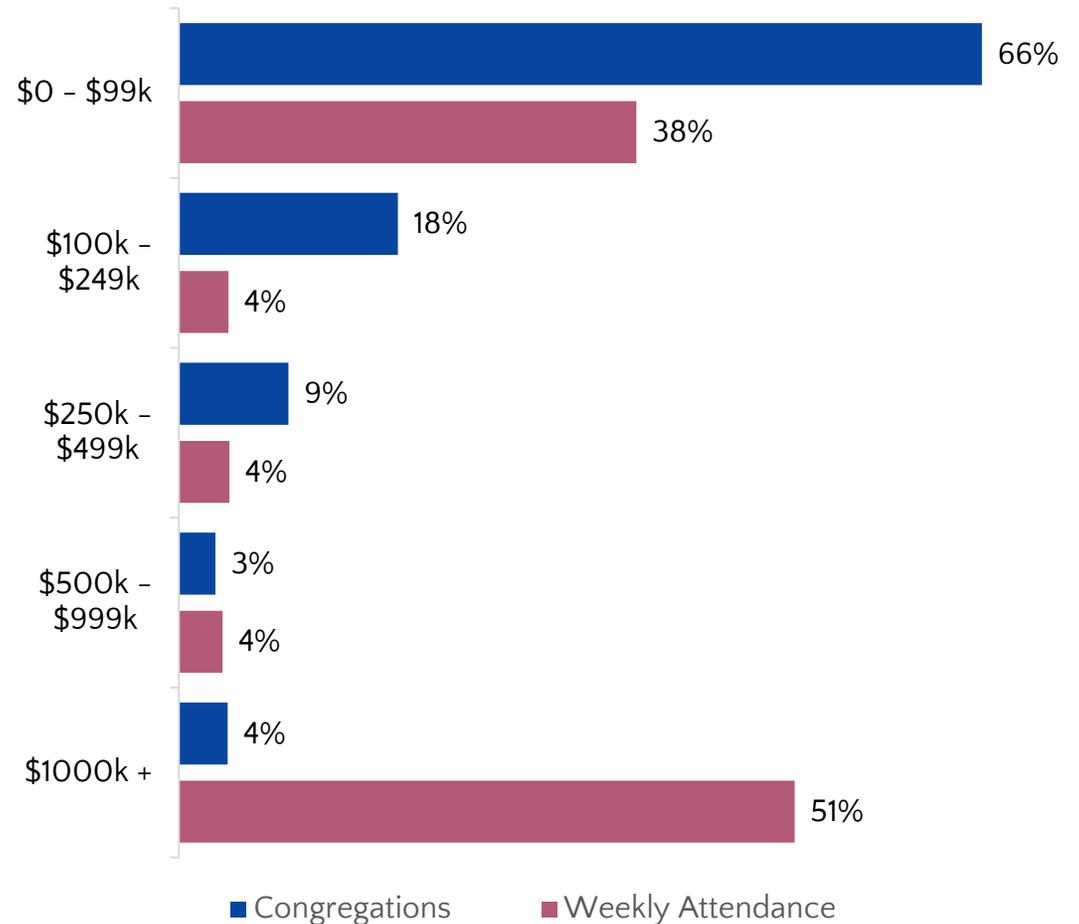
Income and Congregational Size

Overall, trends in finances follow trends in congregational size. Attendance is the most important predictor for a congregation's income and expenditures. Most congregations are small in terms of the number of people attending as well as in the size of their budgets. The median congregational income in FACT 2020 is \$120,000.

When we break congregations out into quintile income groups, we see that the majority, 66%, of congregations receive less than \$100,000 a year in contributions. Another 18% fall between \$100,000 and \$250,000. The top 3 income groups combined account for 16% of congregations with only 4% receiving more than \$1,000,000. When we look at weekly attendance by income quintile, the distribution is split between the largest and smallest income groups. Slightly more than half of attendees, 51%, go to the largest congregations with budgets of over \$1,000,000, while the next largest share, 38%, attend small congregations with incomes under \$100,000.

66% of congregations have annual incomes of less than \$100,000, yet 51% of people attend congregations with revenues of more than \$1M

Percent of total congregations by revenue size category and percent of regular weekly attendance by revenue size.

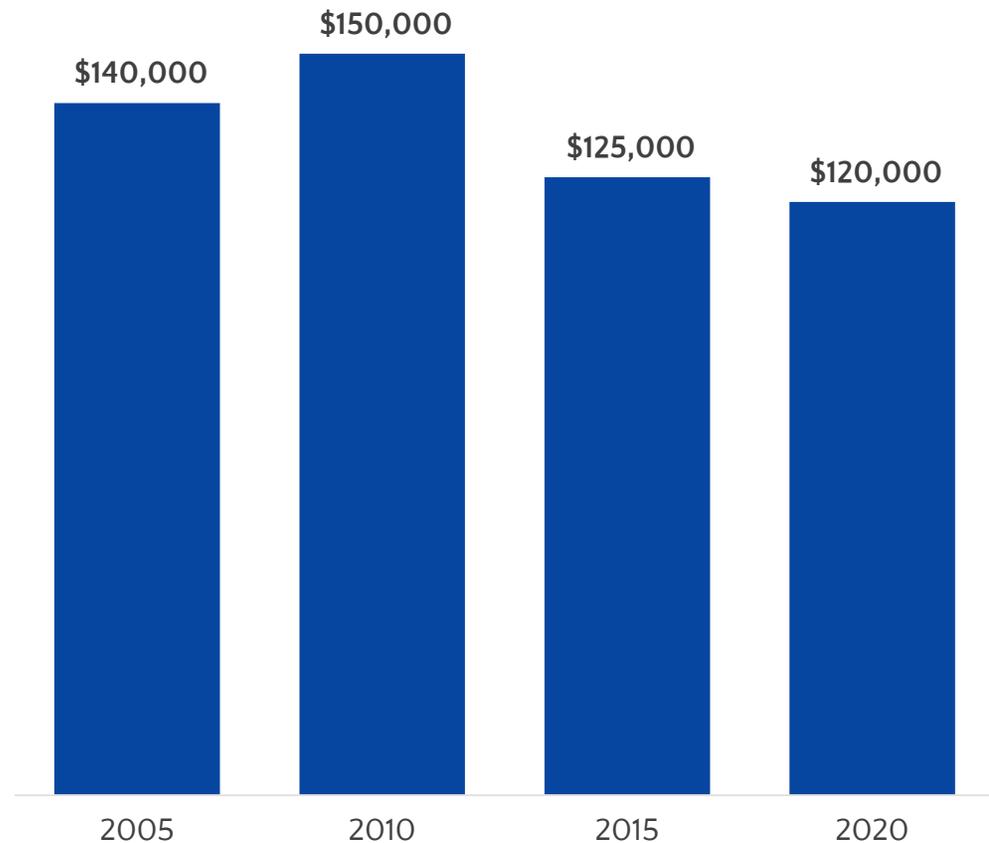


Median Congregational Incomes

Median congregational income has declined 20% since 2010

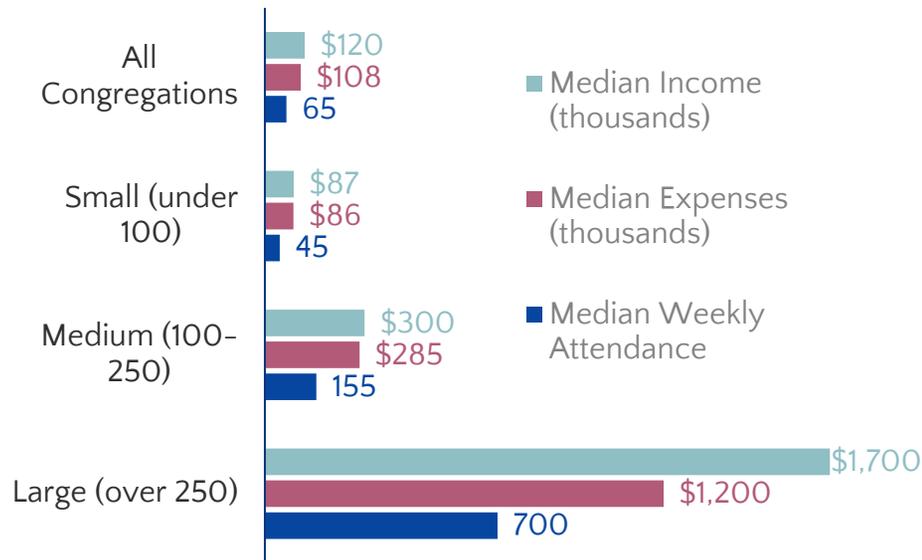
Median annual income, 2005-2020

Median incomes were \$120,000 for FACT 2020. Looking over time, there is a slight increase of median incomes from 2005 to 2010, and then a gradual decline until the present. The slight bump in 2010 was most likely due to a recovery from the 2008 Great Recession. There was a 20% decline in median income from 2010 to 2020. Median weekly attendance decreased 38% in the same timeframe.

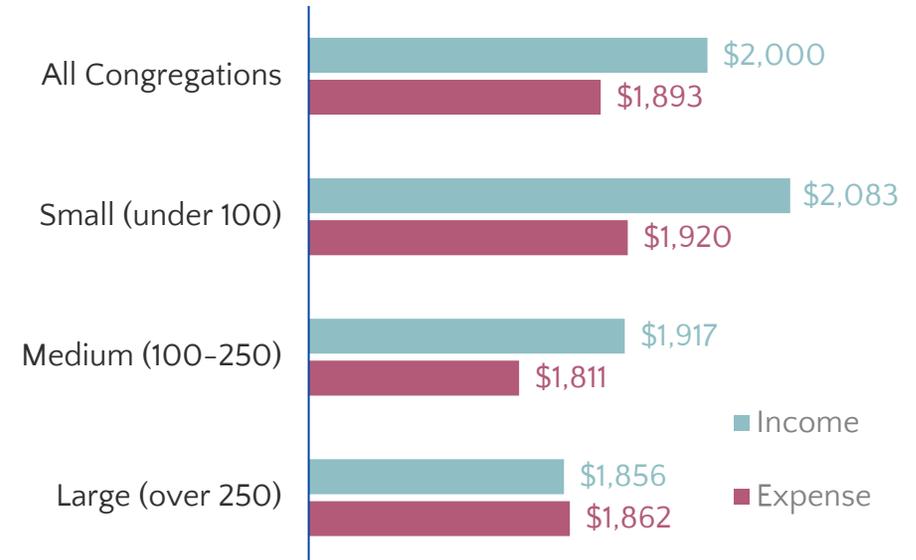


Congregational Size, Income and Expenses

Median income and expenses by average weekly attendance



Per capita by attendance income and cost by congregational size

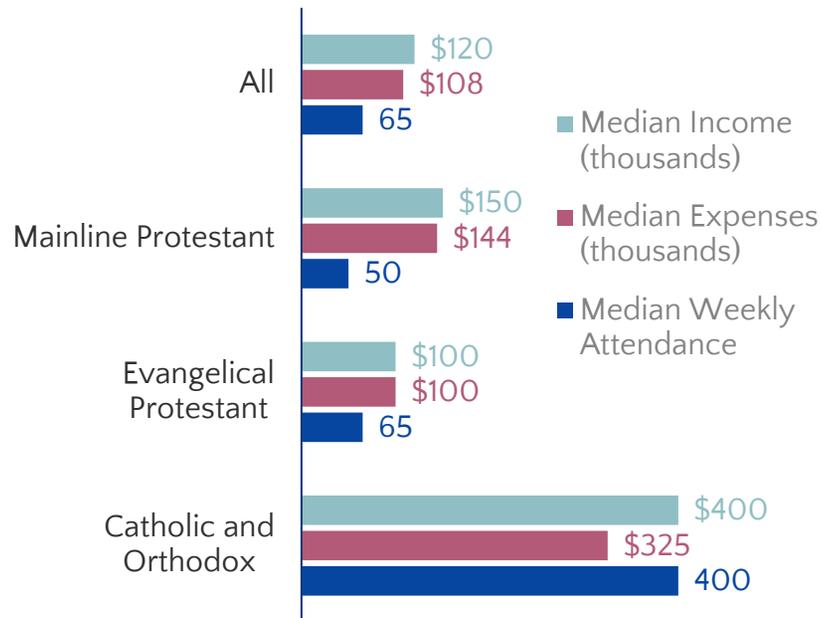


Congregational finances are closely tied to congregational size, attendance, and participation. This association is clearly visible when median budgets are broken into size groups. Small congregations with weekly attendance under 100 have a median income of \$87,000 and median total expenses of \$86,000. The medium category with weekly attendance of 100 to 250 has a median income of \$300,000 and median expenses of \$285,000. The large category with weekly attendance of over 250 has a huge leap in average budget size, with median incomes of \$1,700,000 and median expenses of \$1,200,000.

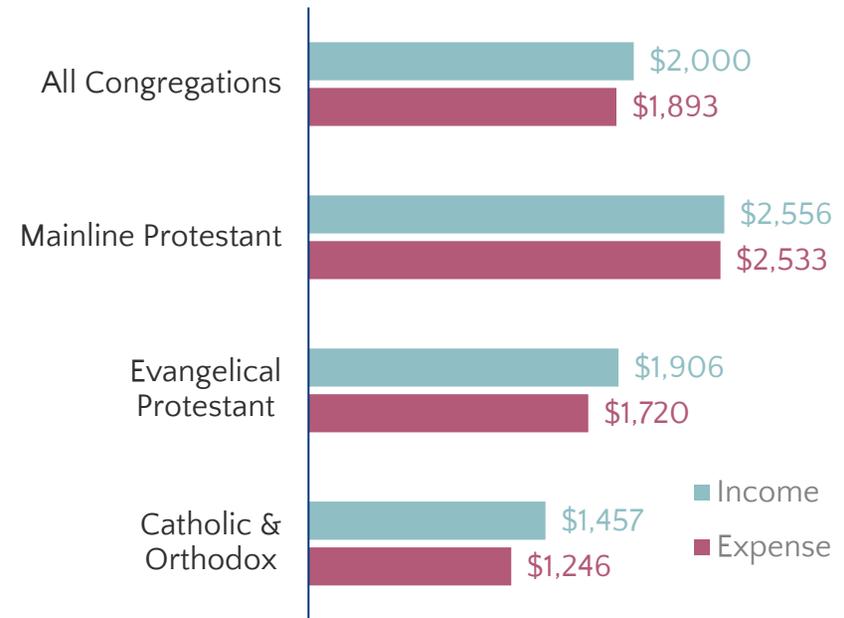
Small congregations have higher per capita incomes and costs than larger congregations. There are several reasons this could arise. Members of small congregations could feel more responsibility for their congregation or there could be more social pressure to contribute. There are also likely economies of scale, such as building costs, that are realized with larger congregations lowering the amount needed per member. Per capita income and cost are defined here as total income or total expenditures divided by average weekly attendance.

Religious Families, Income and Expenses

Median income, expense, and weekly attendance by religious family



Per capita by attendance income and cost by congregational size



Looking at religious families, the link between attendance and budget is still evident. Evangelical Protestant congregations have the smallest median income and expenses, while Catholic and Orthodox Christian congregations have the highest. Mainline Protestant Christian groups have the highest median per capita income and expenses.

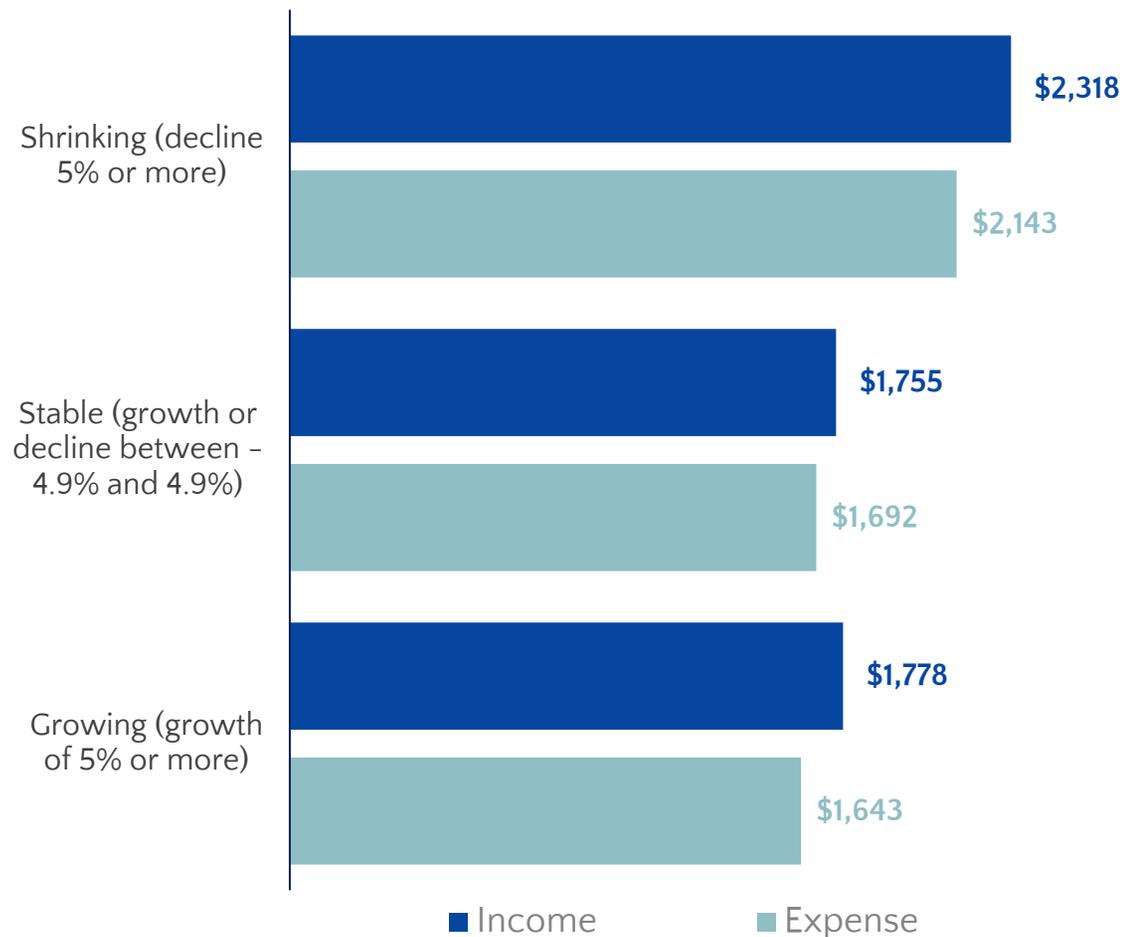
The non-Christian faith communities included in FACT 2020 are very diverse in their financial structures. This makes it very difficult to make summary statements about their financial structures and so they are excluded from summary tables and figures.

Growth, Income and Expense

Congregations whose attendance shrank by more than 5% had a significantly higher per capita income and expense than either stable congregations or those whose attendance increased by more than 5%. This is likely because budgetary expenses such as salaries and facility expenses change at a slower rate than attendance, leaving a smaller pool of givers to cover the budget.

Shrinking congregations have a higher per capita income

Per capita by attendance income by growth category



Sources of Revenue

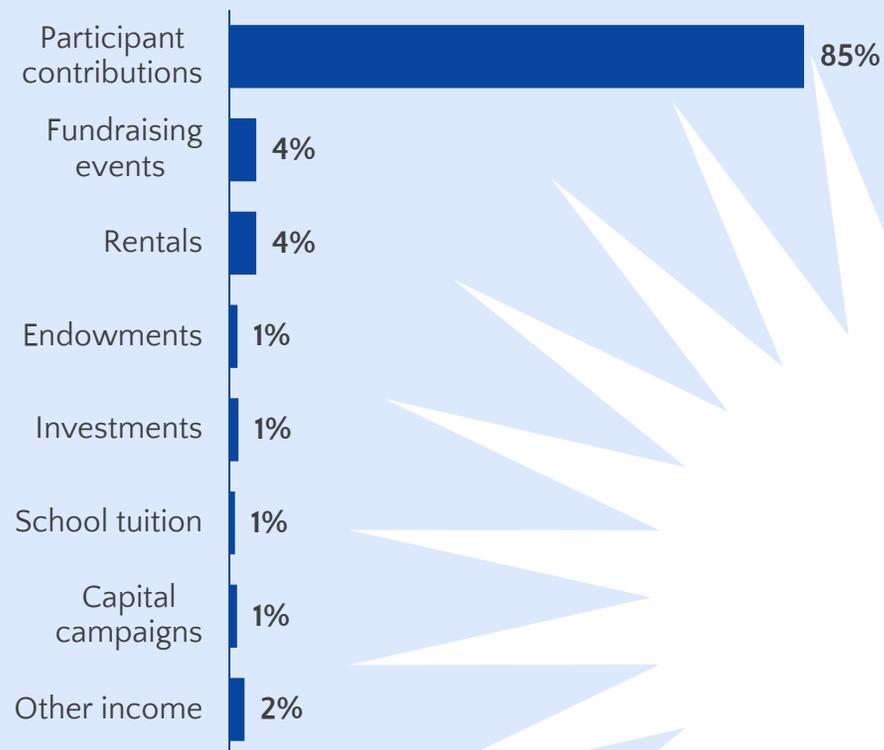
Congregations receive funding from a variety of sources, but the single largest source of funds come from individual participants' contributions in the form of tithes, offerings, or dues. In almost all congregations across sizes, regions, and religious traditions, individual gifts make up a large percentage of total giving. On average, individuals' regular contributions make up 85% of a congregation's annual revenue.

Fundraising events provide an additional 4% of income on average. While most fundraising events most likely come also come from individuals, they differ from regular participants' contributions because they are the result of a specific event.

Rental income also provides about 4% of income on average. While 13% of congregations in FACT 2020 rent their primary place of worship, most congregations either own their facility directly (64%) or the facility is owned by their denomination (17%).

Participant contributions are the largest source of income for congregations

Mean percent of total income



Expenditures

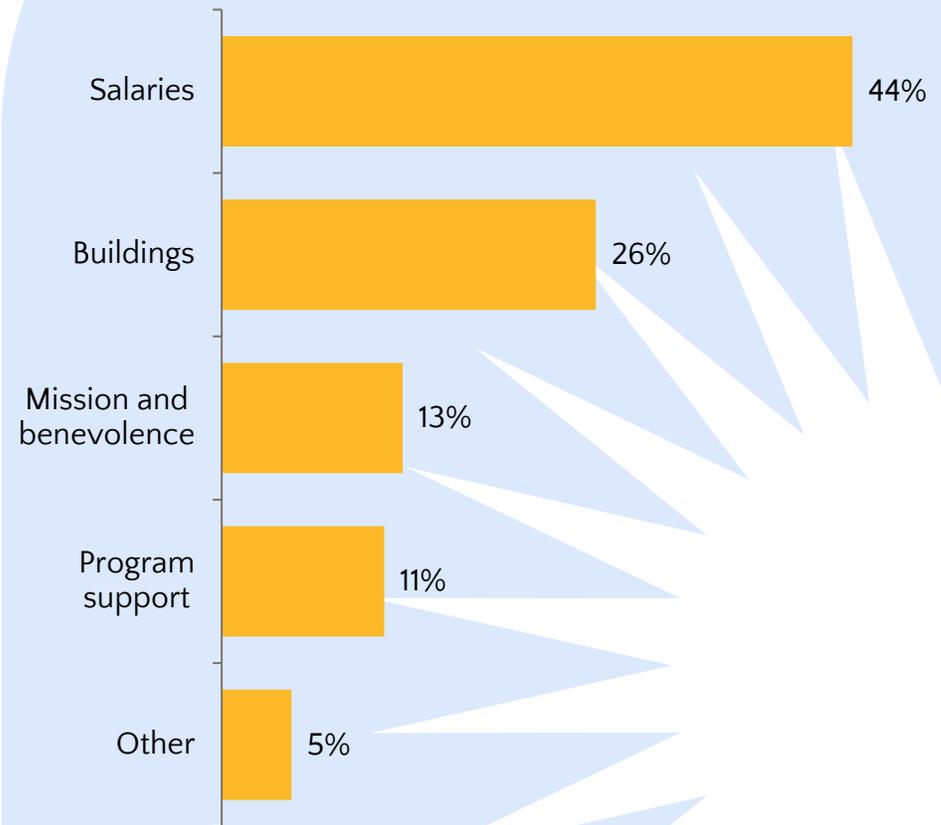
Expenditures are very similar for congregations of all sizes. Personnel expenses make up the largest category of expense, averaging 44% of congregation's budgets. While most congregations, 76%, have full-time clergy, there are large differences based on congregational size. Only 58% of small congregations with average attendance of less than 100 have full-time clergy. That rate increases to 96% for congregations with 100-250 average attendance and 98% for larger congregations.

The next largest expenditure category is buildings and facilities at 26%. Somewhat surprisingly, congregations who used a facility provided by their denomination tended to spend a larger proportion of their budget, 32%, on buildings and facilities than other building arrangements. Congregations who rent only spend a slightly higher than average portion, at 28% of total expenditures.

Congregations spend 13% on mission and benevolence and 11% on program support. Mission and benevolence is most often focused on activities outside of the congregation, while program support includes things such as materials for religious education, community events, or worship services.

Salaries are the largest expense followed by buildings

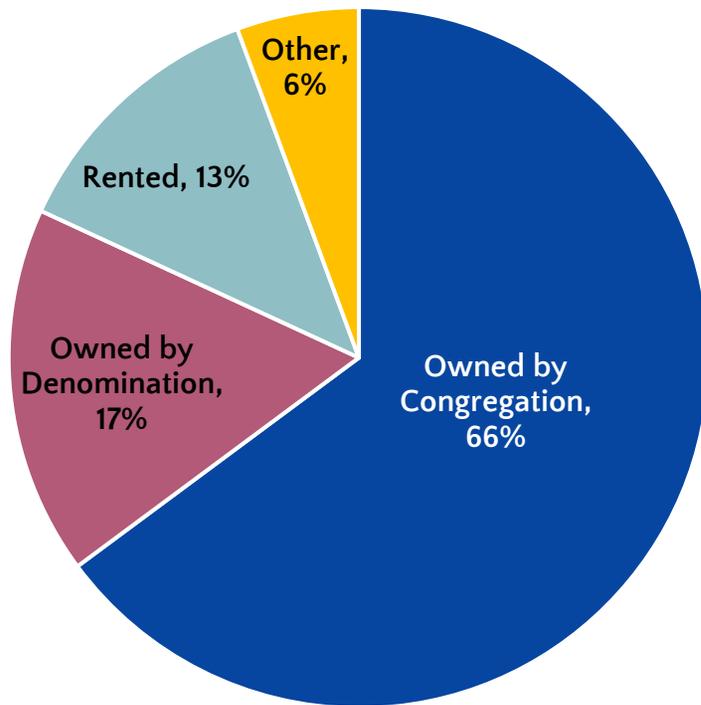
Expense category percentages



Building Ownership and Employment Status

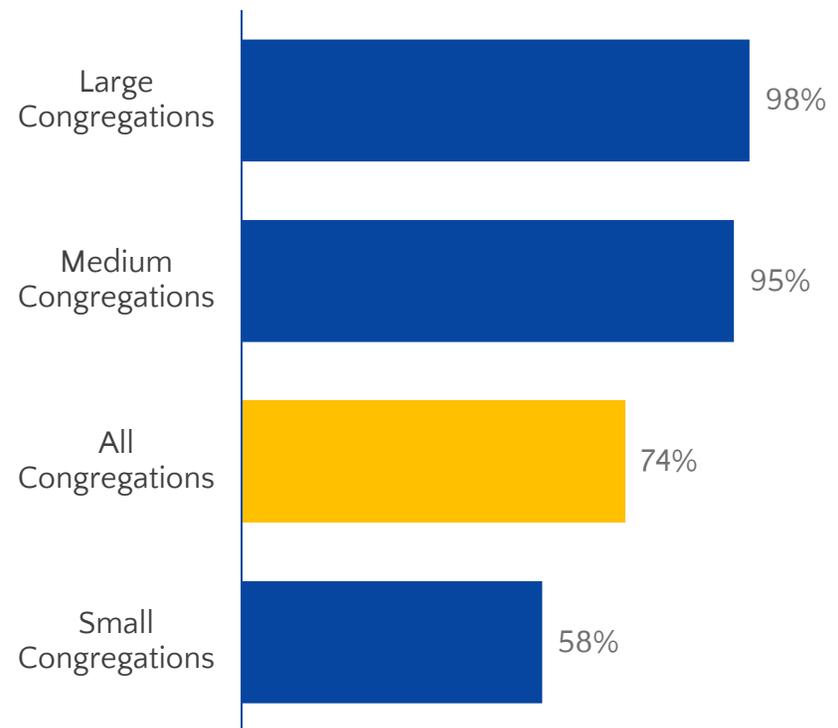
Most congregations own their main place of worship

Congregation relationship to primary place of worship



Small congregations have more part-time clergy

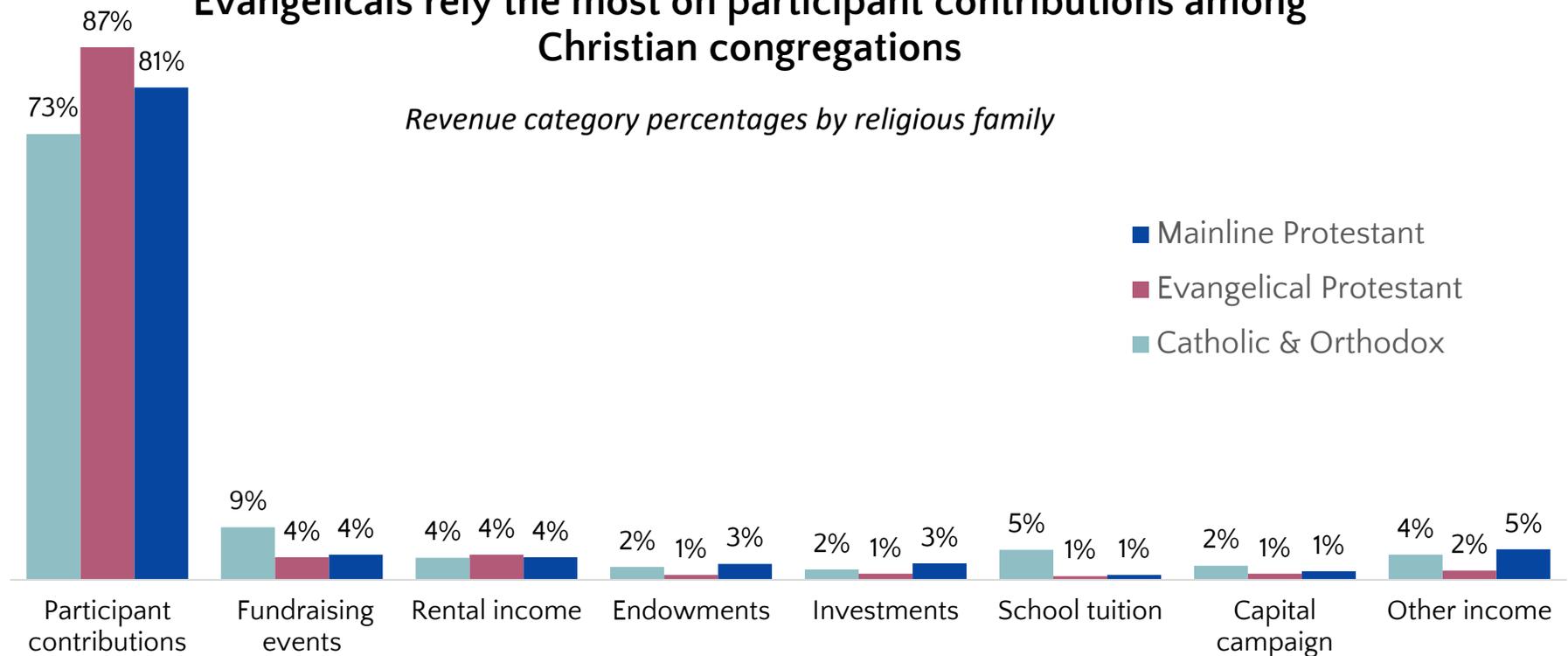
Percent full-time clergy by congregation size



Income Categories by Religious Family

Evangelicals rely the most on participant contributions among Christian congregations

Revenue category percentages by religious family

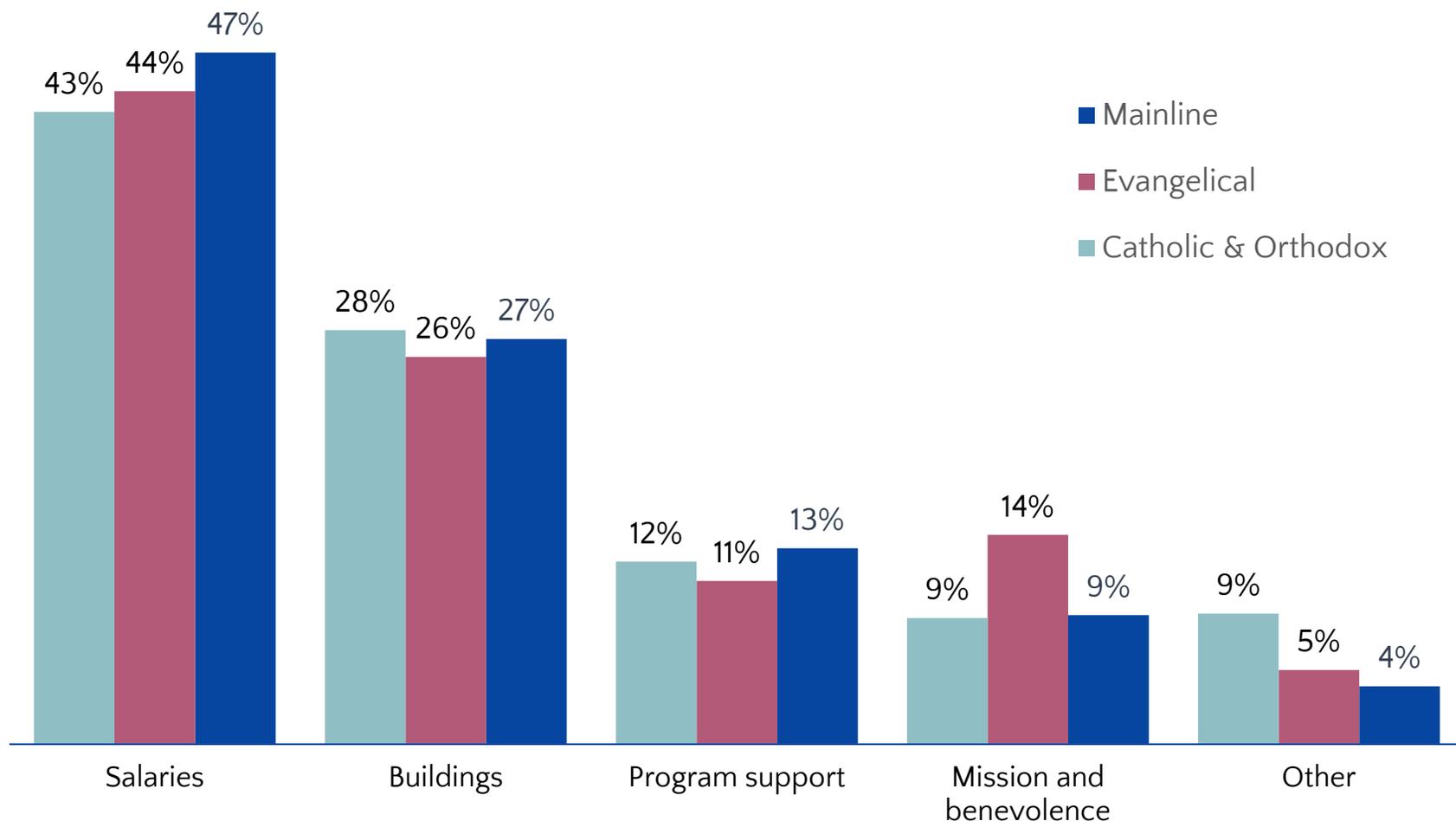


Religious tradition does make a small impact on income sources and expenditures. Evangelical Protestant congregations rely the most on participant contributions as a proportion of their budget, comprising 87% of their income, while Catholic and Orthodox Christian average 77% from participant contributions. Catholic and Orthodox Christian congregations get more from both fundraising events and school tuition than other Christian congregations. On the expense side, Mainline Protestants spend slightly more on personnel, while Evangelical congregations spend 5% more on mission and benevolence.

Expense Categories by Religious Family

Mainline Protestants spend slightly larger share on salaries, Evangelicals spend a larger share on mission and benevolence

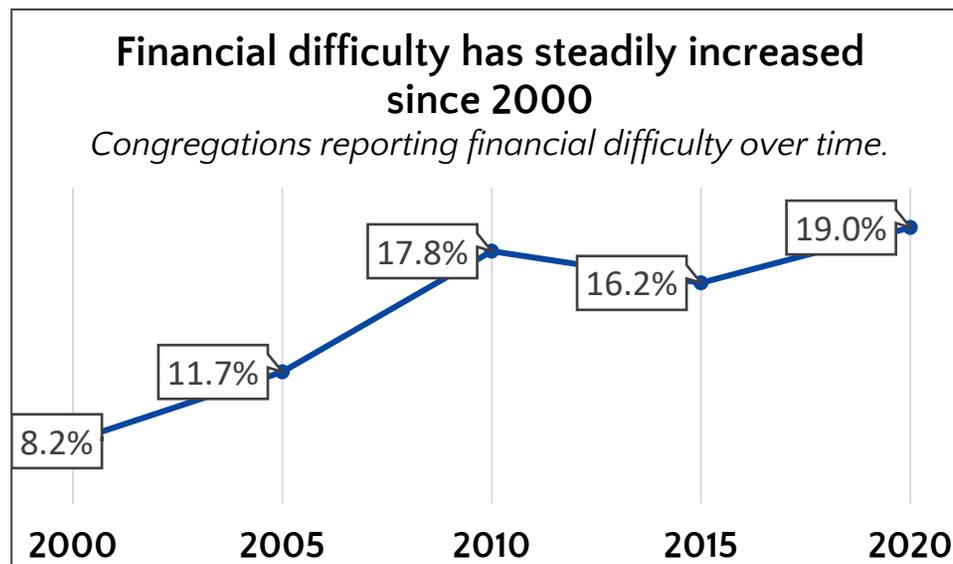
Expense category percentages by religious family



Financial Health

Congregations were asked “How would you describe your congregation’s financial health today and five years ago.” About today, 17% said “excellent,” 32% said “good,” and about 30% replied that finances were “tight, but we manage”. A combined 19% reported that they were either in “some difficulty (13%) or “serious difficulty” (6%). When asked about their financial health five years ago, the responses suggest that fewer congregations see themselves as facing financial difficulty today (19%) than five years ago (26%). Also, more congregations reported doing excellent today (17%) than five years ago (12%).

The self-reported financial health conflicts a little with trends across FACT studies. Looking at previous FACT data, the percent reporting financial difficulty increased from 2000 to 2010 but is nearly flat from 2010 to 2020. The percent reporting financial difficulty has increased 10.8% since 2000. The differences between these findings may have to do with interpreting the data across past FACT studies alongside leaders’ own present reflections of past circumstances.



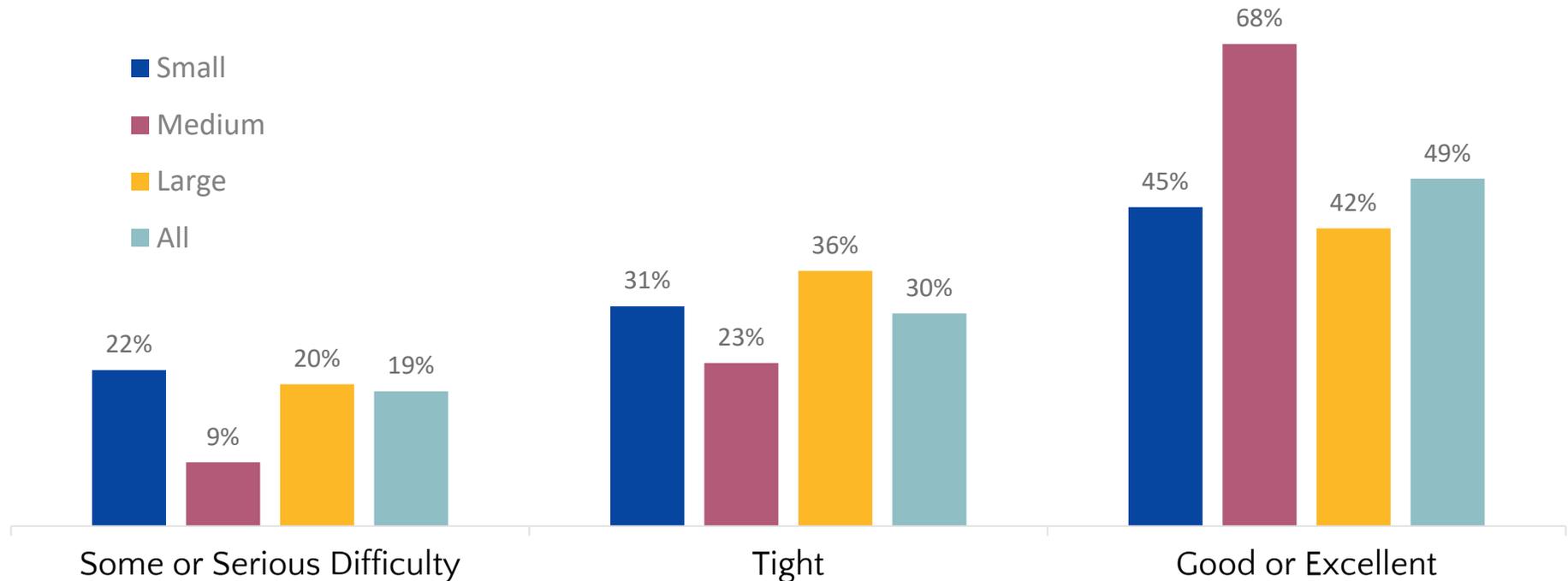
How would you describe your congregation’s financial health today and five years ago?

	<u>Today</u>	<u>Five years ago</u>
In serious difficulty	6%	7%
In some difficulty	13%	19%
Tight, but we manage	30%	29%
Good	32%	31%
Excellent	17%	12%
N/A	2%	3%

Financial Health by Size

Mid-sized congregations report better financial health than small or large congregations

Perceived congregational financial health by congregation size

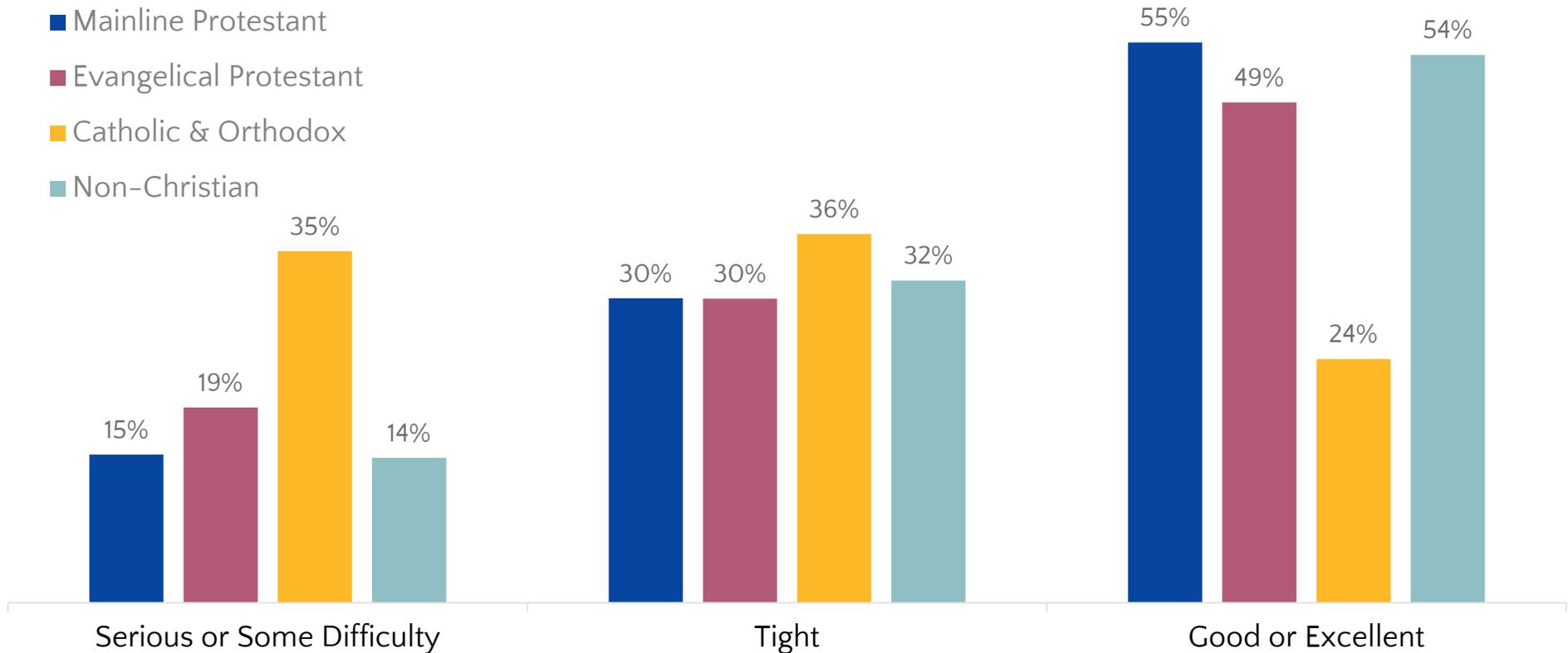


While small and large congregations both are close to the overall averages on the financial health scale, medium sized congregations stand out. Medium congregations less frequently report financial difficulty and more frequently report good or excellent financial health than other congregations.

Financial Health by Religious Family

**Mainline and Non-Christian congregations report the least financial difficulty
Catholic and Orthodox the most**

Perceived congregational financial health by Religious family



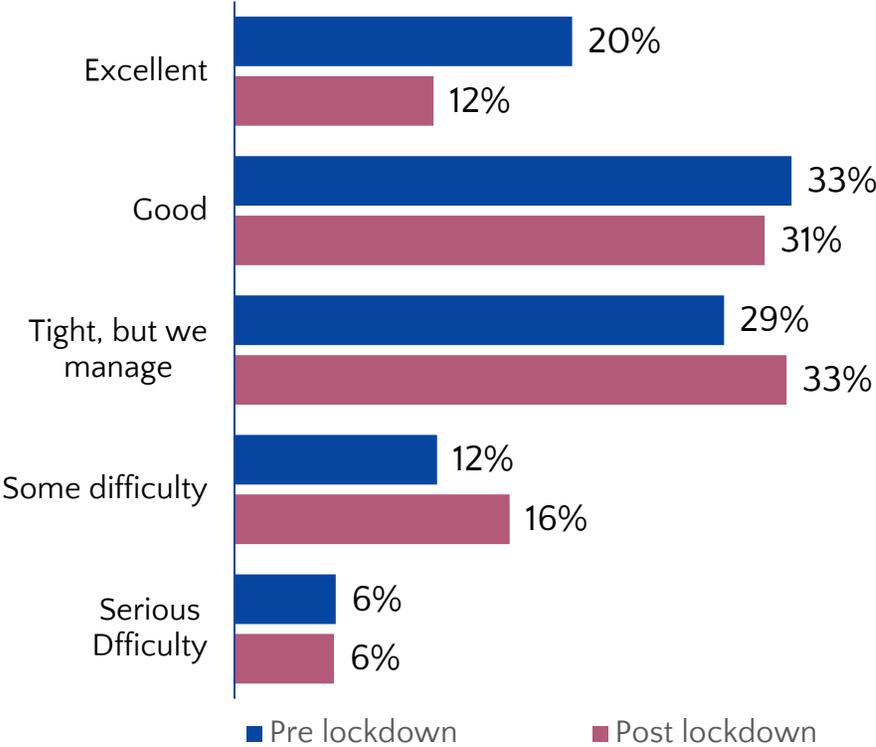
Catholic and Orthodox Christian congregations also stand out, as they have the smallest portion reporting good or excellent finances and the most reporting financial difficulty. Mainline Protestant Christian and Non-Christian congregations reported the least financial difficulty and the most “good” or “excellent” responses.

Financial Health and COVID-19

The FACT 2020 data gathering period spanned both pre- and post-COVID-19 lockdowns. While we must be cautious about COVID-19 lockdowns as causal factor, there are significant differences in reported financial health among congregations polled before and after lockdowns. Of congregations polled before COVID-19, 53% reported excellent or good financial health, while 18% reported some or serious difficulty. For congregations polled after COVID-19, 43% reported good or excellent and 22% reported difficulty.

After the COVID-19 lockdowns, fewer congregations reported excellent or good financial health

Describe your congregation's financial health today

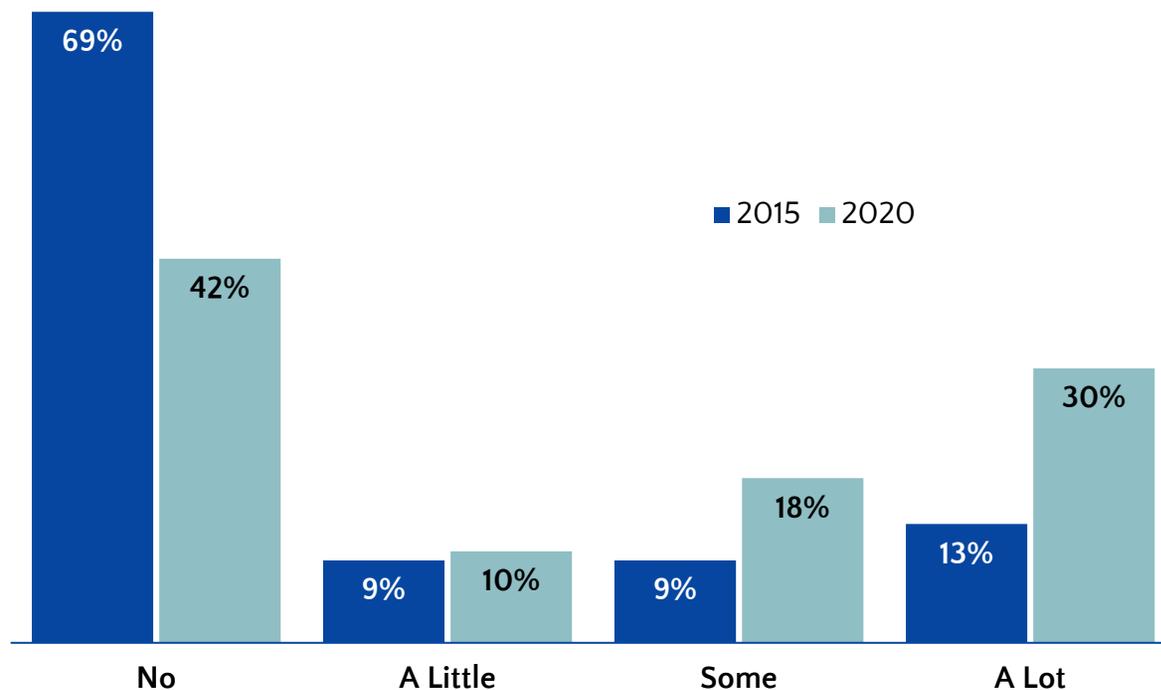


Online Giving

The share of congregations using online giving has increased 27% since 2015

Since 2015, there has been a dramatic shift in the use of online giving. In 2015, 69% of congregations did not use any form of online giving. In 2020, that proportion had dropped to 42%. The number of congregations which used online giving “some” or “a lot” more than doubled. In 2015, 13% said they used online giving “a lot” while in 2020 that was up to 30%.

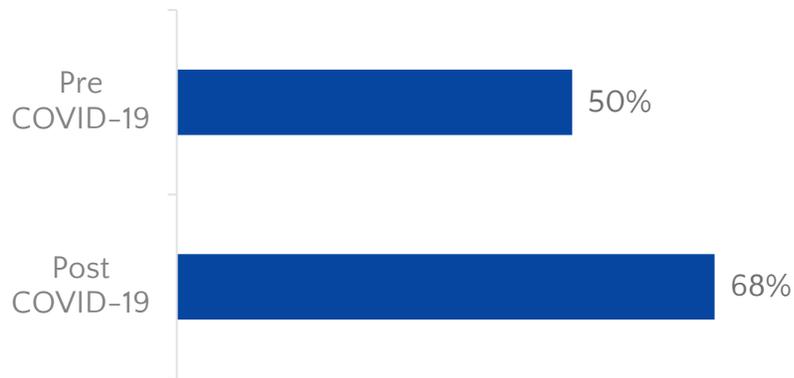
Does your congregation make use of Electronic/ACH/Online giving?



Online Giving

More congregations reported using some form of online giving post COVID-19 lockdowns. Of those, congregations using any online giving platform received \$300 more per capita than congregations that did not use any form of online giving.

Online giving use by pre or post COVID-19 lockdowns



Per capita income by giving options: Online vs No Online



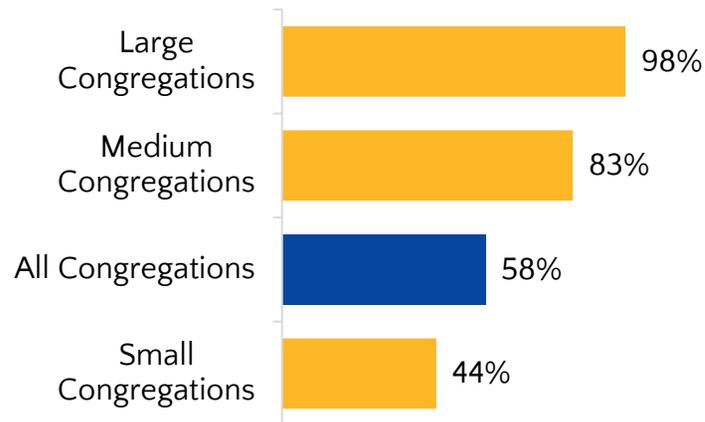
Covid seems to have increased the frequency of congregations using online giving. Fifty percent of congregations polled before lockdowns offered any form of online giving, while 68% of those polled after offered forms of online giving.

Online giving seems to have clear financial benefits. Congregations with any form of online giving bring in \$323 more income per capita on average than congregations that have no form of online giving.

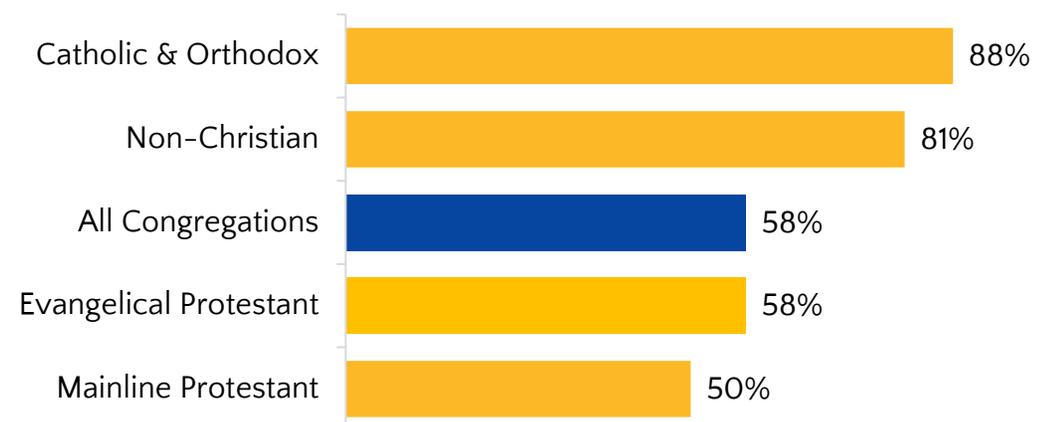
Online Giving by Size and Religious Tradition

Large and medium congregations, as well as Catholic, Orthodox and Non-Christian congregations utilize online giving more often than smaller and Protestant congregations

Percent reporting any online giving use by size



Percent reporting any online giving use by religious family



Small congregations use online giving much less frequently than medium or large congregations. While overall 58% of congregations use online giving, only 44% of small congregations use it. For medium congregations, the rate increases to 83% and for large congregations 98%.

Use of online giving varies by religious family. Catholic and Orthodox Christian (88%) and Non-Christian (81%) congregations use online giving the most frequently, followed by Evangelical Protestants (58%) and Mainline Protestants (50%).

Summary

Most congregations are small, and a larger percentage of congregations are becoming smaller. To maintain clergy's salary and benefits, along with maintenance of the property, insurance, and programmatic support, a higher burden is placed on a fewer number of members. Larger congregations may be better positioned to distribute expenses with more members to share the budget responsibility. As congregations decline in size and fewer members are left to contribute, a congregation may be at greater risk for declining revenues or even closure. Yet, it remains the case that small congregations make up the majority of most denominations.

Individual gifts, contributions, or tithes continue to constitute the majority (85%) of a congregation's income.

Personnel remains the largest expenditure for most congregations, followed by maintenance, mission or benevolence, then program support.

In this study, among small congregations (those under 100 members), 58% have a full-time minister. This leaves 42% of small congregations with part-time ministerial leadership. For this study, it equals to 3,150 congregations with part-time ministers. This finding leads to questions beyond the scope of this study, such as availability of part-time and/or bi-vocational ministers to supply the growing numbers of congregations that cannot afford a full-time pastor.

Concerning income, evangelicals have the highest percentage of individual contributions (87%) while Mainline Protestants pay slightly higher salaries.

In general, the financial situation for congregations has remained constant. Those with financial challenges today had financial challenges five years ago.

Catholic and Orthodox congregations appear to have the most financial difficulty. The COVID-19 pandemic has impacted incomes as well. Further studies will provide better insight into the pandemic's impact.

Faith partners released the 2020 survey at different points in time, before and at the onset of the COVID-19 pandemic. This staggering in the data collections provides a glimpse into changing ways of receiving contributions. One clear outcome is that more congregations are opting for online giving opportunities. Online giving has increased 27% over the last five years.

Future studies will better help the religious landscape to understand the pandemic's impact on giving, and whether diversity in giving opportunities leads to financial stability.