

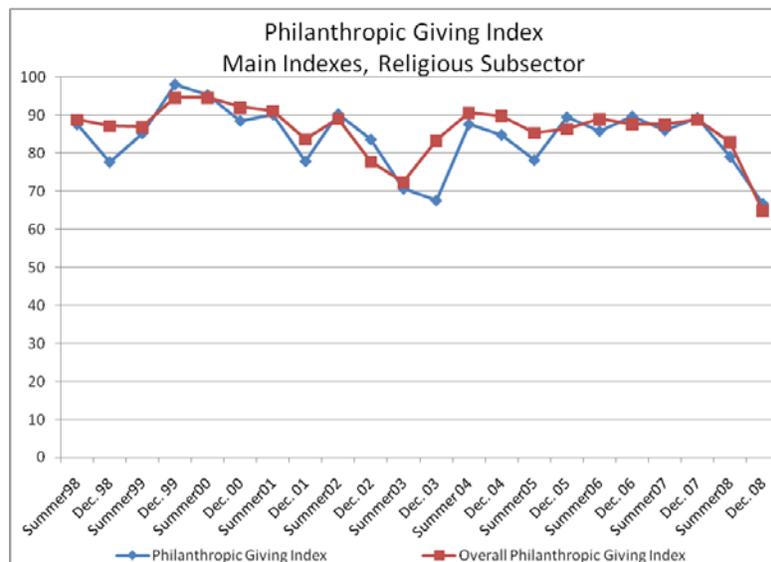
INSIGHTS ON FAITH AND GIVING IN UNCERTAIN TIMES

Prepared by
The Lake Institute on Faith & Giving
The Center on Philanthropy at Indiana University

The economic outlook for religious giving and fundraising in 2009 is – at best – uncertain, if not downright sobering. We base this assessment on two factors: (1) the Philanthropic Giving Index (PGI), an overall assessment of the fundraising climate in the United States based on a survey of 405 fundraising executives and consultants, (2) our own anecdotal conversations with several dozen clergy and leaders of religious nonprofits about what they are experiencing in their respective congregations and organizations regarding giving in 2008 and pledging for 2009.

The Philanthropic Giving Index

- More than 93% of fundraisers described the economy as having a negative to very negative impact on their fundraising.
- The PGI, similar to a Consumer Confidence Index for charitable giving, is at an all-time low since its inception in 1998, having dropped 27% since December of 2007 and 21.7% alone since July 2008. (The percentages for the religious subsector are 25.2% and 18.4%, respectively.)
- The PGI for the subsector of religion is also at an all-time low, indicating fundraisers from religion believe this is the worst fundraising climate since the study began.
- Fundraisers report that among donors giving less than \$1,000, 44% gave the same over the past year while 30% increased their giving.
- Among all donors giving more than \$1000, one-third increased their giving, one-third remained the same, and one-third decreased their giving.
- 40% of fundraisers reported that the extension of the IRA charitable rollover for all individuals 70.5 years of age or older had a positive effect on fundraising in 2008.
- While the PGI for religious giving is at its lowest on record, 83.3% of fundraisers from religious organizations reported success with planned giving.
- 88.9% of religious organizations were reported to be in a current capital campaign; higher than any other nonprofit subsector.



(The full PGI report including results by organization size and subsector may be purchased at <http://www.philanthropy.iupui.edu/Research/fundraising-climate.aspx>.)

Anecdotal Snapshots

- A large Methodist congregation reports a 5% drop in income for 2008 and in pledging for 2009.
- An evangelical megachurch in the West reports an average decrease of 8% in its weekly offerings in 2008 leading to the elimination of 20 staff positions in order to maintain mortgage payments.
- An Assembly of God congregation cuts staff because of loss of revenue in 2008.
- A Mennonite congregation with an annual budget of about \$325,000 reports its giving to be on goal with an anticipated surplus of \$5000 in 2008.
- A small nondenominational suburban community church experienced a 16% shortfall in pledging for 2009 due in part to the loss of its largest donor.
- A suburban Lutheran congregation reports its pledging for 2009 as follows: 96 households pledged the same, 56 decreased their pledge, and 54 increased their pledge. The average pledge increase was about \$220 while the average pledge decrease was \$900. It also received 40 new pledges.
- A historic urban congregation that has relied on its endowment to provide for 80% of its operational budget is embracing the economic crisis as a time to become less dependent and more economically responsible by embarking on a new giving campaign.
- A small but vibrant urban Catholic congregation with a history of community outreach and a priest who unabashedly talks about the faithful use of possessions reports that it is ahead of budget for the 2008-2009 year and optimistic about its giving in 2009-2010.
- A large Jewish congregation reports a decline in giving of approximately 5%; however, this loss in pledged revenue has been offset by special gifts from individuals. The upshot is that the congregation is preparing a flat budget for 2009, a budget that includes cost of living increases for all employees.
- A Presbyterian congregation experiencing a modest decline in its giving in 2008 is delaying the finalization of its 2009 budget until after the first quarter so it can fully measure the impact of the economic climate on its giving. In the meantime it will make certain that its expenditures at no time exceed its income.
- The Indianapolis Center for Congregations sponsored a January luncheon conversation on the economy and church financing. Of the fifteen congregations represented at the luncheon, the majority reported modest pledge decreases for 2009 resulting in flat budget projections for 2009. Several congregations reported decreases of between 10% and 15% resulting in budget cuts. In those congregations where attendance had increased, reflecting greater church attendance in times of crisis, increased attendance did not result in increased giving.
- The Barna Group, a consultancy in California, reports that in the last three months of 2008 one in five households decreased its giving to churches.
- Barbara Wheeler, president of Auburn Theological Seminary in New York and a consultant with seminaries and theological schools across the United States, observes that these institutions are also feeling the brunt of the current economic crisis. Wheeler notes, "Hardest hit are endowed institutions. Less severely affected—at least so far—are schools whose budgets are driven by tuition, or current gifts, or some level of denominational support. Some institutions are embracing a *wait and see* approach. They hope that the crisis will soon pass and be followed by the relatively quick economic recovery that has marked the recessions of the last quarter of a century. Other institutions

are pursuing a *stick to the discipline* approach; these are institutions that have tended to follow more conservative fiscal policies including a more modest use of their endowments and invested funds. A substantial number of schools are operating on the assumption that recent developments are *unprecedented; they are resetting their budgetary gauges*. The responses of seminaries and theological schools to these challenging times vary. Among the measures taken or under consideration are more careful monthly monitoring of invested funds and income, the curtailment of non-essential spending such as travel, the postponement of technological updates and purchases and the cancellation of special events. More severe are freezes on new hiring and faculty pay and temporary suspension of pension payments. Some schools have enacted actual cuts in faculty salaries, the elimination of positions and the termination of adjunct faculty. Some plan to close programs that require substantial subsidy.” Ms. Wheeler’s sage counsel is: “Don’t waste a good recession! This is an opportune time for an institution to address those financial and programmatic issues that may have been overlooked or too long neglected.”

Coping With Economic Uncertainty

- **Know the demographics of your congregation**, as every congregation is unique. Age, geography, frequency of church attendance and economic situation all affect religious giving.
- **Carefully analyze the giving patterns of your congregation**. Where do you find increases and decreases in giving? Does the portrait of giving surface needs and anxieties to be pastorally addressed?
- **Plan for long term economic health regardless of the surgery necessary to survive the present**. If your organization has relied on credit to meet your budget goals in the past, the financial pinch you now feel may be particularly painful. Heavy reliance on an endowment fund or dependency on a large mortgage or loan will limit the flexibility you have in balancing your current budget, forcing you to make cuts in staff and programming. Let this current crisis be a learning experience.
- **What insights does the giving pyramid have for the state of giving in your congregation?** In many nonprofit organizations the top 10% of donors give 60% of the dollars. The next 20% give 20% of the dollars, and the lower 70% give but 20% of the dollars. Some recent research indicates that among Christians it is the top 5% of the donors who give 60% of the dollars. Evaluate the giving of your top 5% and 10% for 2008 and their pledges for 2009 as this will be a significant clue as to the outlook for giving in your congregation.
- **Review your sources of income**. If significant dollars come from older people dependent on IRAs or from family foundations or endowments, you should prepare for a greater shortfall in giving in 2009.
- **This is your opportunity to realign your budget with your mission and program priorities**. Frequently, organizations become complacent in minding their dollars when income is not a serious problem. Let these kinds of questions guide you in this process:
 - (1) Who are you? Why do you exist as an institution?
 - (2) What is your core purpose and mission?

(3) How do you go about carrying out your mission in such a way as to be a good steward of the resources with which you have been blessed?

- **Consider target budget reductions.** Rather than making across-the-board percentage cuts, target your reductions for those areas in your budget that reflect programs that are the least productive, non-essential and no longer reflective of your primary mission.
- **Revisit the moral and ethical issues embedded in your religious tradition.** Ask the neglected questions that sit behind much of the current economic chaos. Theologian Sondra Wheeler suggests four such moral questions growing out of the Judeo-Christian tradition:
 - (1) The question of freedom: Am I free to hear God's call or am I encumbered by my possessions?
 - (2) The question of worship: Who or in what do I ultimately trust?
 - (3) The question of justice: How do I use the power of my wealth?
 - (4) The question of care: How do I determine what I will keep, what I will share, what I will give away? Remember, people will answer such questions in ways that reflect their situation in life. As the poet Rilke wrote, "Dare to live with the question and in time you will live your way through to the answer."
- **Embrace the current crisis as a teachable moment!** Help people learn money's language by inviting them to rethink their own money story. Ask questions that invite autobiographical reflection: How did they come to have what they have? How much is enough? What do they do with their "more than enough"? What does it mean to be "faithful" in the use they make of their possessions?
- **Tell stories that illustrate faithfulness and inspire** the moral and religious imagination.
- **Explore the possibility of new economic and ecumenical partnerships.** Are there local congregations or organizations with whom you might partner in the purchasing of administrative supplies and materials, the common use of space, the provision of educational programs and even worship?
- **Revisit the Psalms of lament** which can provide people with a language to use to talk honestly with God about their fears and anxieties.
- **Learn from the present by planning for the future.** It is our observation that those congregations that are coping well with the challenges of the present are congregations that have in the past been intentional in integrating money-talk and public conversations on the responsible use of possessions into their preaching, teaching and educational programming. A unique resource offered by the Lake Institute on Faith & Giving is our two-day seminar: *Creating Congregational Cultures of Generosity*.

The Lake Institute on Faith & Giving
A Program of
The Center on Philanthropy at Indiana University

Wm. G. Enright
Executive Director

Richard L. Klopp
Associate Director

Natalie Ingle
Program Manager

Ashley Miller
Admin. Assistant