

Capacity Building among Religious Congregations in the U.S.:

Preliminary Findings from the National Study of Congregations Economic Practices

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Authors' note:

This is a draft. Please do not cite without permission. Correspondence regarding this manuscript may be directed to Chris Munn at cwmunn@iu.edu.

Abstract:

For many people in the U.S., religious faith is a key component of their charitable giving. Almost one-third of all charitable dollars given in the U.S. go to religious congregations. In 2017, Americans donated approximately \$170 billion to religious congregations including churches, synagogues, mosques, other places of worship. Yet, few studies examine how congregations receive, manage, and spend these financial resources. In this billion-dollar domain of the nonprofit sector, the lack of formal reporting requirements further limits our knowledge about giving to religious congregations. Therefore, we conducted the National Study of Congregations' Economic Practices (NSCEP) to better understand the capacity and social impact of religious congregations. As part of the study, 1,234 congregations completed an online survey. The survey data will be supplemented with interviews of congregational leaders and site visits of select congregations. The congregations in our sample range in size from having 10 to 15,000 regularly participating adults and annual revenues that range from 0 to over 10 million dollars. Our preliminary findings about congregations' patterns of receiving, managing, and spending financial resources provide insight into how congregations build capacity and provide social impact. First, receiving patterns reveal that denominations build capacity by developing diverse resource streams and leveraging innovations in digital giving. Second, we analyze how the "sacred veil" over religious spending provides flexibility in how resources are used but potentially limits congregations' ability to build their own institutional capacity. Finally, we examine how congregations use their resources to generate a social impact locally, domestically, and internationally. Our analyses reveal substantial differences in the amount of resources used for community outreach across most major religious denominations. The NSCEP provides a comprehensive view of congregations' economic practices and their efforts to build capacity.

Introduction

For as long as researchers have tracked charitable trends, religious institutions (narrowly defined as congregations, denominations, missionary societies, and religious media) have remained the largest recipient category of Americans' charitable giving. According to the most recent estimates from Giving USA, the total estimated charitable giving in the United States grew 5.2% percent between 2016 and 2017 to 410.02 billion dollars. Over the same year, giving to religious institutions grew 2.9%. While increasing slower than overall charitable giving growth, the religious subsector represented 31 percent of all charitable giving in America, totaling \$127.37 billion dollars and more than doubling the amount of contributions made to education, the next largest charitable subsector. Yet, religious giving as a share of overall charitable giving has continued to decline rapidly since the 1980s from a height of 58% of all charitable giving to 31% today. With ongoing reports of declines in religious affiliation and attendance patterns, many have predicted continual declines in religious giving. Ongoing research, however, demonstrates that these hypotheses cannot be so simply confirmed. Analyzing religious congregations presents a much more complex and diverse story.

In this paper, we present initial findings from the National Study of Congregations' (NSCEP) specifically related to the patterns of how congregations receive, manage, and spend resources. In particular, we seek to situate research on congregations' economic practices into the larger nonprofit literature in order to focus on both the unique aspects and common challenges that religious organizations face in regards to capacity building and social impact. The authors contend that while studies of religious organizations, particularly congregations, may be distinct in many ways, they need not be segregated but should rather be better integrated into the literatures of philanthropic studies, nonprofit management, and social impact.

The State of Research on Religious Giving and Congregations' Economic Practices

Despite being the leading philanthropic beneficiary, congregations and their economic practices remain understudied in social science research in both the nonprofit and philanthropic literature. In fact, much of the research on faith and money has focused less on organizational and more on individual-level motives and mechanisms (see Bekkers and Wiepking, 2007; Dempsey 2011; Lincoln et al., 2008; Steensland and Hemphill, 2016). These studies point to religious identity and activity as a primary motivation and strong predictor of giving to both religious and secular causes, but they are less concerned with the organizational recipients (Putnam and Campbell, 2010). At the same time, other studies that include a focus on congregations' economic practices are most often explored in ways that focus on *individuals* rather than the organizations themselves (Finke et al., 2006; Smith et al., 2008, Lincoln et al., 2008; Steensland and Hemphill, 2016).

Of course, sociological studies have explored the link between religion money from the earliest days of the discipline. These overarching theories have sought to explain the spirit of capitalism (Weber, [1930] 2005) or economic inequality (Marx, [1844]1978) as well as more recently supply-side economic models of a religious marketplace (Finke and Stark, *Churching of America*, 2005) or the rational choice theory exemplified in strict culture institutions (Ianncone, 1994, 1997).

Congregational Finances

Yet, despite ongoing interest in religion and money from the literature on giving motivations as well as sociology's grand theories, an organizational-level approach focused on congregations remains underdeveloped for multiple reasons. For one, precise estimates on giving to congregations are difficult to obtain, especially since many congregations do not make their financial data available to scholars and those that do often self-report these data thus rendering

“apples to apples” comparisons difficult. Second, studying congregations often requires identifying a key informant at each congregation surveyed – typically clergy, a staff member, or lay leader – and conducting these interviews is often more challenging than surveying a general sample of individuals (Frenk et al., 2011). Furthermore, these key informants are not always capable of or comfortable answering questions about congregational finances. Third, social scientists lack a comprehensive list of congregations from which to draw a nationally representative sample, and the lists that are available (e.g., the U.S. Religion Census, the American Church List-Info USA) tend to underrepresent smaller and non-denominational congregations. One such list, the *Yearbook of American and Canadian Churches*, aggregated giving patterns of many denominations, but ceased publication in 2012. The Association of Statisticians of American Religious Bodies (ASARB) recently entered into an agreement with the National Council of Churches and Lake Institute on Faith and Giving to begin collecting data and resume publication of the *Yearbook*; however, it is likely to take a number of years to rebuild this publication into a reliable data source. Once repopulated, the *Yearbook* can offer a source of information on religious giving patterns, but it has historically favored more established denominations and thus lacked comprehensive, representative, and comparable data on giving to congregations across all denominations and faith traditions.

Among ongoing contemporary studies, similar constraints on access to comprehensive and representative data are present in sources intended for both academic and practitioner-based audiences (such as pastors and lay leaders). For example, the studies leading to the research volume, *Catholic Parishes in 21st century* (Zech, et. al, 2017) collects valuable data on the finances and management of Catholic parishes, but does not seek to expand beyond the U.S. Roman Catholic Church. Leadership Network, a church consulting firm, has conducted research

on the economic practices of U.S. congregations – including budgeting, staffing, and salary trends – but this research focuses on megachurches (Bird, 2013, 2016). The Evangelical Council on Financial Accountability (ECFA) annually published its “State of Giving Report,” but these data primarily sample large evangelical, nondenominational congregations, in addition to parachurch ministries (Evangelical Council on Financial Accountability, 2018).

Comprehensive studies on congregational finances peaked in the 1990s. For example, the 1993 American Congregational Giving Study (ACGS) collected data on 125 congregations each from Catholic, PCUSA, Southern Baptist, Evangelical Lutheran, and Assemblies of God denominations, resulting in a final sample of 625 congregations. This study included both a lay questionnaire and a congregational profile completed by a pastor or congregation leader. Numerous studies have analyzed data from the ACGS (e.g., Finke et al., 2006; Hoge et al., 1996; Hoge et al., 1998; Olson and Perl, 2001, 2005; Perl and Olson, 2000). Another noteworthy comprehensive study from this period is Independent Sector’s 1992 national study of U.S. congregations, focusing on issues related to congregational finances and community service activities. The primary investigators used the Yellow Pages (phone books) to create a sample frame of 257,648 congregations from which they randomly selected 3,779 congregations to participate (Hodgkinson and Weitzman, 1992; Hodgkinson, 1999). These studies, however, have not been expanded or repeated since the 1990s.

High-quality contemporary datasets on congregations do exist beyond the peak interest in the 1990s, but, again, they do not focus primarily on congregational finances. Especially noteworthy are the National Congregations Study (NCS, 1998, 2006-07, 2012), the U.S. Congregational Life Survey (UCLS, 2001 and 2008-2009), and the Faith Communities Today Study (FACT, 2000, 2005, 2008, 2010, and 2015). Taken as a whole, these studies provide basic

information about congregations' financial health, budgets, income, debt, financial conflict, capital campaigns, and expenditures (Chaves, 2004, 2013; Chaves & Eagle, 2015; Woolever and Bruce, 2002, 2010; Roozen, 2011b, 2016). Although these studies cover a wide range of topics – and the NCS and USCLS benefit from using a hyper-network sample frame to produce a nationally representative sample of congregations – they are not designed to provide in-depth information on the economic practices of congregations. Nevertheless, these studies serve as a launching point for more in-depth research on congregational finances and provide useful current trend data.ⁱ

The few studies on the economic practices of congregations reveal that, when interviewed, congregational leaders express their fears over the financial solvency of their congregations, their discomfort with discussing faith and money, and the uncertain and evolving funding patterns of faith communities (Conway, 1999; Lilly Endowment, 2015; Smith et al., 2008). Additional research speaks to the financial challenges faced by many U.S. congregations (Gannon and Schwartz, 1992; Mead, 1998; Ronsvalle and Ronsvalle, 1996; Vallet and Zech, 1995; Wuthnow, 1997; Zech, 2000), especially in the wake of the Great Recession (Indiana School of Philanthropy, 2009, 2013; Roozen, 2011a). Studies also identify high levels of finance-related conflict in congregations (Roozen, 2011a, 2011b, 2016). Although this research points to a prevalence of fiscal problems encountered by congregations, detailed data on how congregations receive, manage, and spend their resources are either outdated, incomplete, or have limited generalizability, thus limiting knowledge about how these challenges are met.

Faith-Based Nonprofits

In the past few decades, much of the research on faith-based organizations (FBOs) has moved from congregations to faith-based nonprofits and public policy. The academic literature has

centered on the definitions of FBOs, the proper role of their work in service provision, and the constitutionality of government support for programs offered by religious institutions (Bielefeld & Cleveland, 2013a). In focusing on the relationships between faith-based organizations, government, and recipients of social services, the scholarly literature sought to categorize the identity and activities of faith-based nonprofits (Ebaugh, Pipes, Chafetz, & Daniels, 2003; Jeavons, 2004). This literature has centered almost exclusively on domestic human services organizations (Bielefeld & Cleveland, 2013b), with limited studies examining international affairs nonprofits (McCleary & Barro, 2008). It often eschews congregations altogether, but like congregational studies, the literature on FBOs and the nature of their identity has also peaked. Yet, there is continued need for a more nuanced scholarship on the power of an organization's religious identity or activity to shape the staff, service provision, donor appeals, mission and vision of the organization. Like congregations, focusing on religious identity and activity alongside questions of receiving, managing, and spending resources aligning with issues of social impact would be a welcome line of inquiry.

Congregations: Social Impact and Civil Society

In America, religious vitality and high levels of giving have long been a distinguishing feature of both the country's faith-based communities and the philanthropic sector at large. The third sector in the United States flourished beyond business and government in a manner unique to their Western counterparts and far exceeding them in levels of private giving. The sector's success was built on religious groups such as congregations, faith-based nonprofits, and informal networks of generosity (King, 2018). More than any other voluntary group, Americans spend time together with their congregations (Putnam, 2000: 65-79). In addition to the formal practice of religion in services, participants often enjoy friendships, a sense of belonging and sources of

support in congregations. Some scholars argue that religious organizations, in effect, exist primarily to serve themselves. Their presence, at times, is not advantageous for the general community, and they provide little to no public benefits for nonmembers, despite their charitable status (Fiorina 1999; Paxton 1999, 2002; Putnam 2000). They suggest that the predominant aim of most religious leaders is to develop an internally-focused set of spiritual beliefs and experiences that lead to growth in regular adherents. Like a corporation, they design and promote a product that brings in more customers. Religious conversion dominates the spending priorities even if local outreach, international missions, and service projects are also included.

Other scholars submit that the type of congregational activity in which members participate and the contexts of religious traditions influence social impacts in their communities at large. Congregations within the four major American religious traditions – black Protestantism, mainline/liberal Protestantism, evangelical conservative Protestantism, and Catholicism mobilize and encourage civic engagement in significantly different ways, but may often be invisible to the metrics nonprofit studies employs to account for social impact and civic engagement. According to Beyerlein and Hipp, these might include liturgical activities such as prayers, worship songs, sermons; networks of personal friendships; invited speakers discussing social issues; the development of civic skills such as fundraising, event planning, collective decision-making and public speaking; as well as organizing and supporting community programs (2006). Congregations have often served as places of spiritual support, community development, and political mobilization.

Another significant scholarly avenue has been the accounting of the often-invisible social impact of congregations within a local community. Social worker scholar Ram Cnaan and colleagues has argued for the “invisible caring hand” of American congregations (2002). He has

continued to present research describing the “halo effect” of historic, urban congregations on the surrounding social space’s economy. In a 2016 report, Cnaan estimates that historic sacred places generate, on average, over 1.7 million dollars of economic impact annually. This economic and social impact comes through providing physical space for community events, creating economic opportunities for local residents, providing needed social services, encouraging tourism to less desirable parts of a city, and garnering economic investment from external entities ([Cnaan, 2016](#)). The “halo effect” argument highlights the positive economic impact of sacred places and, thus, suggests that capacity building is difficult but necessary to maintain their social impact.

Congregations: International Engagement

This economic and social impact is not only local but national and international as well. Sociologist Robert Wuthnow has demonstrated that the majority of American congregations are currently involved in international ministries or programs. The number of congregational members traveling overseas on a short-term basis to partner with others organizations has continued to grow. The number of full-time missionaries or staff supported by congregations but working globally is at an all-time high. Wuthnow also notes that this represents over \$4 billion in funding given or invested on behalf of American congregations (Wuthnow, 2009; Bakker, 2014). At the same time, scholars are beginning to point to the flows of giving where international funding has come to support religious congregations in the United States as well particularly among Christian and Muslim communities. Attending to the flows of money and people locally, nationally, and internationally is a growing field of scholarly inquiry.

In the following sections, we explore the initial findings of the NSCEP study in order not only to address the gap of how congregations receive, manage, and spend resources but also to investigate how congregations use their resources to build capacity and create social impact.

Data and Methods

Data

The NSCEP provides insight into the capacity building strategies and broader social impact of religious congregations. It is a nationally representative, cross-sectional survey of congregations in the United States produced by hyper-network sampling. Our study includes data from congregations from every state and major religious group that range in size from ten to fifteen thousand regularly participating adults. We collected data on a wide range of items related to organizational finances to provide the field with a more complex understanding of the patterns of giving, spending, receiving, and discussing money. The NSCEP team, in partnership with the independent research organization NORC at the University of Chicago, received surveys from 1234 key informants from religious organization during 2018. The survey will provide a new baseline for many aspects of religious charitable giving.

Variables

Our analyses include variables to investigate the patterns of giving and spending to build capacity and how religious congregations manage resources to make a social impact. Religious groups are defined broadly using the groups identified by {Steensland 2001}: *Catholic, Mainline Protestant, Evangelical Protestant, Black Protestant* with a minor difference as our analyses collapses Jewish congregations into a category labeled non-Christian. For these preliminary analyses, we include descriptive statistics and measures of central tendency.

The variables for congregation size was measured by calculating the number of adults who regularly participated over the past year. This continuous variable was grouped into five categories: extra small (less than 50), small (51-100), medium (101-250), large (250-1000), and mega (over 1000). A second variable used to measure capacity is the total amount received by a congregation from all sources in 2017. The amounts were grouped into low (less than \$250k), medium (\$250k-1 mil), and high (more than \$1 mil) The analysis also uses self-reported estimates of change in both the number of adults and the amount received. Participants were asked to choose whether their size or resources had increased, decreased, or remained the same over the past three years.

Variables for technological innovation focus primarily on the use of digital giving within congregations. Dummy variables were created to determine if a congregation allowed giving online, through an app, or other forms. We also measure the average percentage of people who gave digitally in 2017 and the percentage of resources received by congregations digitally. To measure social impact, the analysis uses dummy variables measuring if a congregation participated in at least one service-related activity in the past year. Second, we analyze if congregations organized a service project that involved: providing food or clothing, building/repairing homes, addressing physical needs, address mental health needs, addressing substance abuse issues, helping people obtain jobs, or providing disaster relief. We investigated whether the above social service activities were conducted locally, outside of the local community, or internationally. These were complemented with a descriptive analysis of whether the congregation has a separate nonprofit or for-profit organization attached and whether a congregation had collaborated with an external organization.

Receiving Patterns Among Religious Organizations

Congregations receive resources from a variety of sources. Their work is supported primarily by individual contributions but also by special fundraisers, charging rent to other organizations using their facilities, or returns from endowments. We find that, on average, individual donors provide 84 percent of congregations' overall budget and about 29 percent of congregations received all of their 2017 budget from individual donations. Amounts received from special fundraisers is the second largest identified category and comprises 7 percent of congregations' budgets. These findings are not surprising given that almost 80 percent of congregations ask their participants to give to a special cause at least quarterly. In addition, 40 percent of congregations reported having a capital campaign in the past 5 years.

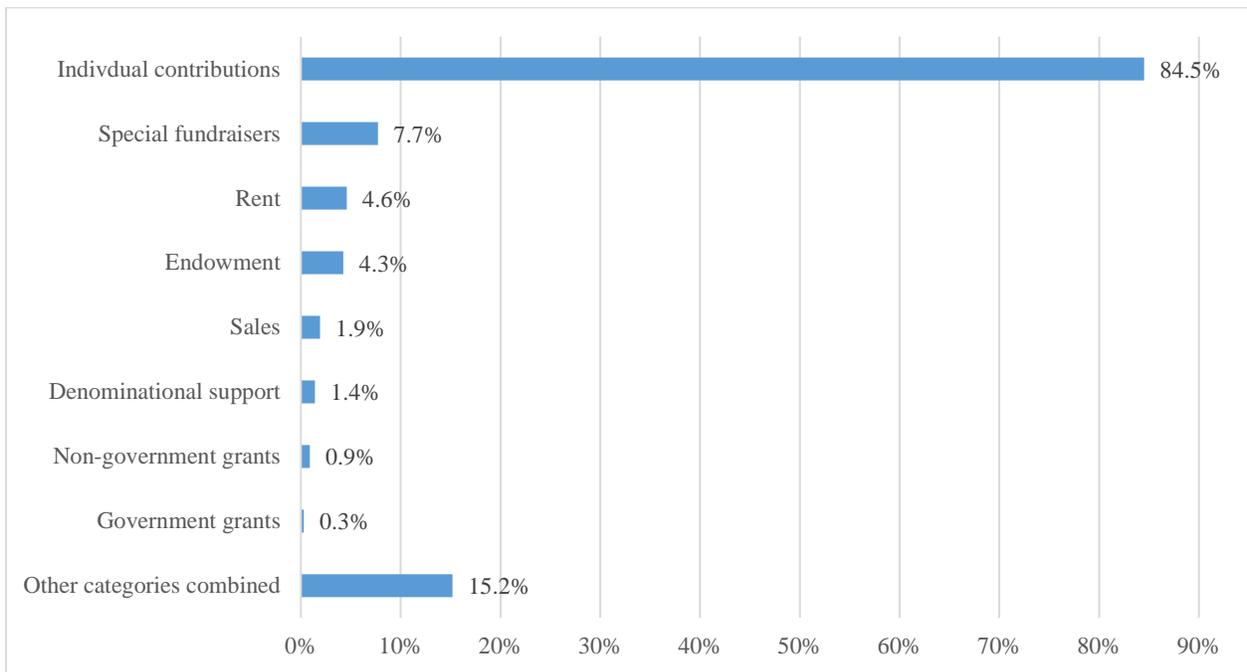


Figure 1 Average Percentage of Amount Received from All Sources in 2017

Receiving Patterns by Religious Groups

The two major areas of receiving vary across religious groups. While the average congregation's amount received from individual contributions is 84.5 percent, we report in Figure 2 that Black Protestants and Evangelical Protestants receive over 90 percent of their income from individual donations and that Catholics and other religious groups, on average, receive only about 70 percent from individuals. That we find a nearly twenty-point difference on average across groups suggests the need to investigate how the approaches to soliciting funding differs across religious groups. Some clarity is provided when looking at the figures for the amounts received through special fundraisers. Catholics and non-Christian groups make up the difference with higher reported amounts received from special fundraisers than Protestant groups.

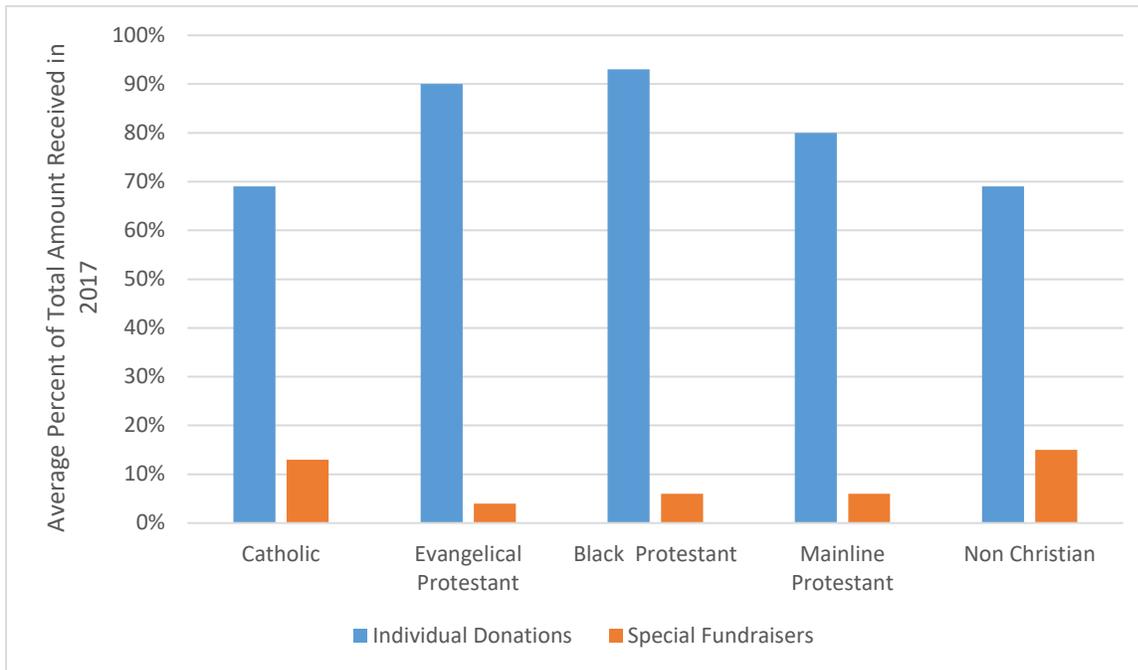


Figure 2 Average Percent of Budget Received in 2017 for Religious Groups

Theologies and Beliefs about Giving

An analysis of the amounts received data reveals a paradox: while the majority of congregations only formally taught about money quarterly or less (83 percent), most congregations asked for money in almost every congregation meeting. Leaders made giving to the organization a foundational component of their participants' regular religious experience through ritualized appeals even if they admitted rarely discussing finances directly. By these actions, congregations mediate the relationship between money and God and between God and community for their participants. Over three-fourths of respondents shared personal stories and testimonies about giving and 83 percent of congregations held an offering for mission-based outreach. In addition, 61 percent raised for solicited funders for and outsider organization or charity. Congregations were provided both motivation and opportunities to give.

As described earlier, most religious congregations embed rituals around giving, and many create expectations about the proportions people should give individually. Over half of congregations reported asking for a *tithe* – usually communicated as a tenth of an individual's income. Tithes are meant to be gifts to God that are mediated by the congregational leadership. For most religious organizations, tithes are collected weekly during the “offering” portion of a service or through automatic monthly deductions. Giving through the congregation for religious purposes becomes as integral to religious practice in some congregations as prayer and scripture reading.

Religious congregations layer on specific beliefs about how their participants should view money on top of religious rituals. Reported in Figure 2, The majority of congregations teach that money and possessions belong to God (83 percent) and that materialism and consumer culture are problems for our society (77 percent). We suspect that each of these theologies can be leveraged to build capacity. If a congregation needs to build a new recreation center, for

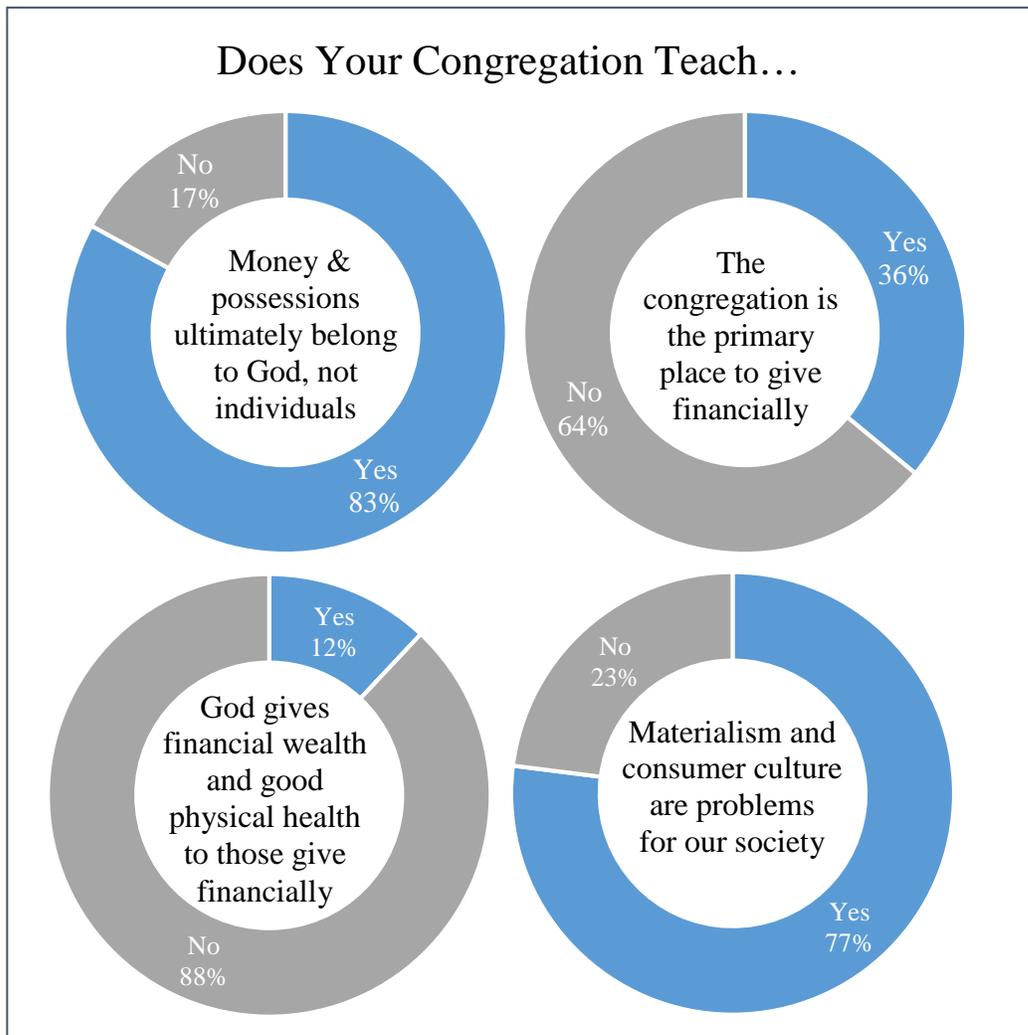


Figure 3 Proportions of Congregations with Specified Religious Giving Theologies

example, leaders can frame their discussions of the project as advancing the purposes of God. This would justify spending money on facilities without providing specific metrics about the social impact of the facility. It is important to note that a little over one third of congregations

taught that the congregation was the primary place to give financially. In these cases, when teachers discussed giving to God they explicitly directed the money towards the organization. Finally, it is important to note that theologies of giving can be quite varied. Twelve percent of the congregations taught that “God gives financial wealth and good physical health to those give financially.” Known colloquially as *the prosperity gospel*, this theological approach promises that people will receive tangential rewards from God for giving to the organization and it was practiced by 43 percent of black Protestants.

A strength among congregations in asking for support are these layered relational values inherent in giving. Not only is an individual supporting a nonprofit that they belong to or engaged in, but also through giving they are participating in religious ritual, in some cases fulfilling a religious duty, and almost always extending a relationship between themselves, community, and God. All of these experiences and the beliefs behind them are mediated through congregations.

Receiving Strategies to Support Capacity Building

Religious congregations used two primary strategies to build capacity. First, they generate income and share facility costs with other organizations. This is not necessarily an innovation but reveals how small congregations survive on a constrained budget. As we examined the third largest category of amount received, we found that a key area of capacity building was integral to a large portion of congregations’ budgets even if fell outside the central religious practices of the organization. Within the category “other”, congregations described receiving substantial percentages of their 2017 budget from school related income (i.e., tuition, grants) and 38 percent of congregations reported having a school. While many congregations would consider religious education as part of their mission and a mechanism for social impact in

their communities, it also allowed churches to share facilities, staff, and fundraising platforms that were, in some cases, only tangentially connected to the congregation.

A second strategy is purely digital. Modern congregations use multiple forms of technology to spread their religious offerings across the world. People can live stream religious services, download sermon podcasts, and connect with the virtual communities of congregation. As we have found in our data, some megachurches consider themselves “one church meeting in multiple locations.” Multi-site congregations have multiple physical buildings where people congregate and watch a recording of the religious teaching. This model is an iteration of television ministries that provide a stronger sense of community but funnel the resources in and out of a single large organization. Therefore, giving to congregations has to be readily available if and when individuals are motivated to donate. Religious congregations provide support for their participants to give in real time from a smartphone app (i.e., Pushpay, Givelify, etc.), on their websites and Facebook pages, and through automatic direct deposit.

The NSCEP data show that, on average, 35 percent of attendees gave digitally in 2017 and that congregations received about 24 percent of their giving digitally. Smaller churches can “pass the plate” but churches over 1000 or those host services online have developed innovative ways to allow people to give anytime, anywhere. We find that 74 percent allow members to give online, 23 percent allow congregants to give through text messages, and 33 percent allow giving through a smartphone app. Digital giving allows congregations to build capacity effectively and based upon the emotional or obligatory response to religious experiences. In contrast to other nonprofits, giving to religious congregations needs to be instant, as about 72 percent of their total budgets are collected during a religious service. When people feel motivated to give but do not have cash, denominations provide the ease of digital payments.

Spending Patterns Among Religious Congregations

Figure 4 outlines the overall spending patterns for congregations across the United States for 2017. Congregations, on average, spend roughly half of their total budget on salaries. The average religious leader made about \$49,000 in 2017 and a third of congregations had only one full time minister. Congregations spent the second highest amount of their income (19 percent) on facilities including building maintenance and construction, utility bills, and other expenses related to providing physical and online space to build community. When compared to traditional nonprofits, they spend higher proportions of their budgets on personnel and facilities, but places for worship and professional clergy are most often necessary for offering regular religious services and performing the sacraments and rituals that define congregational life.

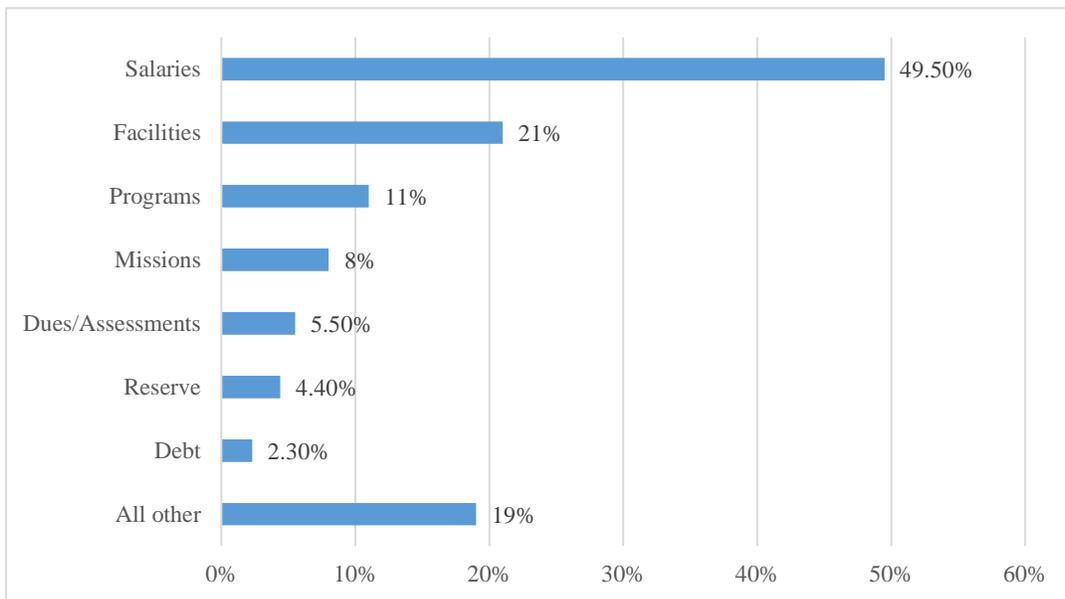


Figure 4 Average Percentage of Budget Spent from All Sources in 2017

For religious organizations, the average spending on programs for attendees and missions or outreach activities combined equal 19 percent. While the proportions vary quite a bit across the size of the organization and categories of other studies are not always consistent, the spending percentages listed in Figure 4 reveal the focus on capacity building for the average nonprofit in the United State in 2017.

Spending for Religious Groups

From the NSCEP data, we discovered substantial variation by religious tradition of the average budget percentage spent on the two predominant expense categories, salaries and facilities.

Figure 5 reveals that the proportion of funds used to pay religious leaders and staff is lowest in Black Protestant churches at 31 percent on average. From the broader literature on predominantly African American churches, we know that bi-vocational ministry is more common among Black Protestants (Barnes 2013). These practices allow for greater proportions of their resources to be spent on facilities, programs, and outreach. Mainline Protestants spend 57 percent on salaries which is nearly double the average amount on salaries as Black Protestants. Leaders of Mainline Protestant congregations are highly educated – 94 percent have masters degrees or above – and their overall budgets are higher in proportion to their average sizes.

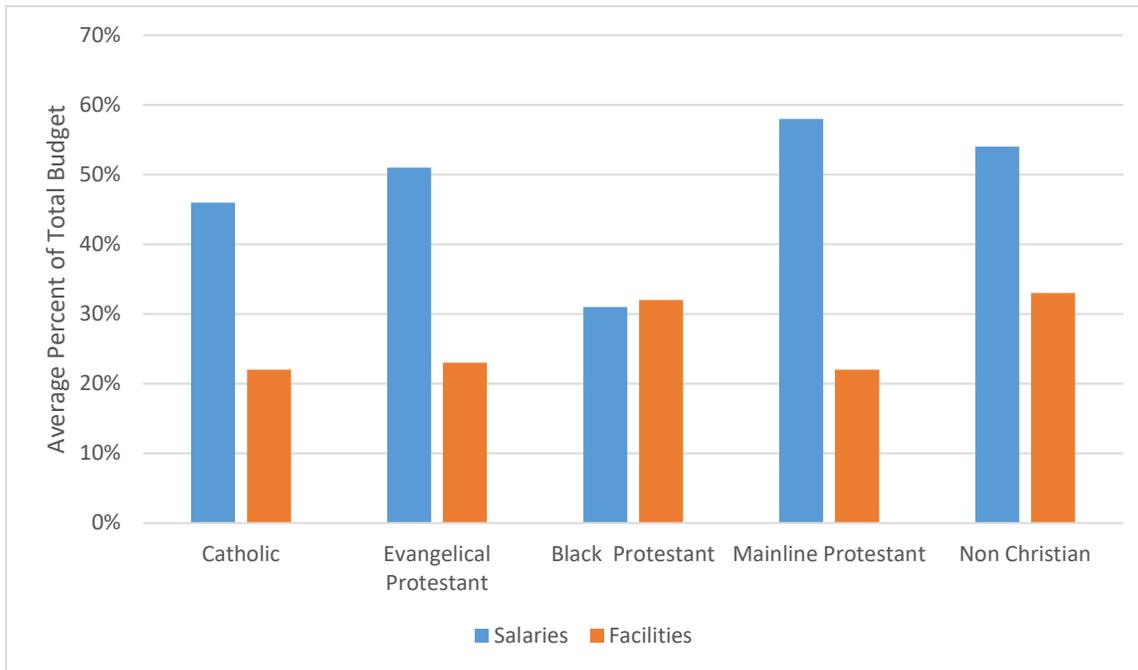


Figure 5 Average Percent of Budget Spent for Religious Groups for Salaries and Facilities

Sacred veil conceals financial patterns, reduces influence of donors

Tax law protects the separation of church and state by building a wall between the tax-exempt status of religious congregations and the financial reporting. This means that we know little about how congregations spend their money but also confers advantages to how religious congregations build capacity. Although church, synagogues, and mosques receive the same relative tax breaks as nonprofits, they can build capacity with less oversight and are largely protected from the accountability of lawmakers or the general public. In other words, the “sacred veil” keeps religious capacity building separate and apart from those concerned with flow of tax-free resources.

First, leaders can spend more on salaries and facilities than other nonprofit organizations without the expectations put on nonprofit leaders to provide details about donor acquisition costs or overhead through industry standards such as Guidestar or Charity Navigator. Only a small percentage of congregations file a year-end 990 IRS form. Congregations have traditionally operated with a different set of expectations, economic models, and higher levels of trust than other nonprofits. Nonprofits cannot sustainably build capacity without major capital investments. When a roof leaks, rents increase, or employees leave, nonprofit leaders must be creative to keep spending proportions the same. This is less true for religious congregations where investments in physical structures are key to growth and, compared to traditional nonprofits, spending proportions receive less public scrutiny. In fact, on average, 71 percent of spending in religious congregations goes to both salaries and facilities. Yet, our study points to the fact that congregations are at present less inclined to produce the same metrics of effectiveness that have become standard for the nonprofit sector.

Second, the sacred veil not only applies to external actors but also to a majority of religious leaders themselves. While 58 percent of congregational leaders indicated having access to the details about those who give in their congregation, only half of those reported that they look at the details of their givers. Often described as a protection from favoritism, congregational leaders conceal the financial data to remove the pressure to prioritize the wants of particular members or givers. In the qualitative comments, for example, one key informant commented “[the] Imam is never involved in financial affairs of the congregation so as not to affect his spiritual relations with individual congregant.” Through this practice, the congregational leaders are, in relational terms, attempting to reduce the obligations associated with reciprocity in the relationship. When an individual philanthropic actor gives to an organization, there may be the presumption that they can then impose their personal priorities on the leader. By maintaining the “spiritual” distance in a relationship and veiling their knowledge about those who give, many religious leaders believe they can either avoid being influenced by their members or more impartial in their own ministerial roles.

The sacred veil might reduce social pressure for religious leaders but we suspect that reduced accountability and awareness of potential donors likely limits capacity building. Of the proportion of participants who had access to the giving records and chose to view them, the qualitative comments suggest that they use the information to validate people in leadership, to identify major givers and to be made aware of when significant changes occur in giving patterns. These are useful tools for building capacity and creating accountability between religious leaders and their members. In fact, 69 percent of those who looked at the contribution records also reported an increase in budget over the past 4 years. In addition, most congregations have a group of volunteer leaders that mimic a nonprofit board. If a leader does not know who gives,

these boards might be filled with people who might have wealth or influence but no real pattern of financial investment into the organization.

Managing Resources for Social Impact

Service-related activities

While greater proportions of congregations' budgets appear to support internal needs over the broader social sector, it is also clear that religious congregations serve people outside of their congregation in multiple ways. Nearly 85 percent of congregations report conducting at least one type of social service in the past year and those activities vary across organizations. As reported in Table 2, the majority of congregations conducted service projects that provided food or clothing, addressed physical health needs, and provided disaster relief. They were also involved to a lesser extent in building/repairing homes, addressing mental health needs and substance abuse issues, and helping people obtain jobs. This wide range of service projects reveals the diversity of ways that congregations make a social impact.

In congregations, leaders are not simply doing this work alone. On average, 20 percent of the congregations developed either a separate nonprofit or for-profit/social enterprise organizations to increase their reach beyond their own walls. Yet, 79 percent also reported collaborating with other faith communities, nonprofits, and government agencies to provide social services to the broader community. For congregations, the broader community includes providing resources and relief to the city where they are located (78 percent), across the United States (53 percent), and abroad (44 percent). Congregations serve as a mediator for their participants to provide direct services to people in need and also to serve as a pool of potential donors for nonprofit agencies who seek support. Congregations partner with social service agencies in collaboration building the social capital of nonprofit leaders and their respective

communities while also bridging the value systems of people of faith as well as people of no faith as they jointly engage donors, staff, volunteers, and recipients of services.

Table 2 The percentage of congregations involved in service-related activities

Percentage of Congregations that...	NSCEP
<i>Service-related Activities</i>	
2018	
Participated in at least one type of service-related activity in the past year	84.8
Among the service-providing congregations, those that organized a service project that involved	
Helping people obtain jobs	30.3
Addressing mental health needs	35.2
Building/Repairing homes	39.7
Addressing substance abuse issues	41
Addressing physical health needs	50.7
Providing disaster relief	59
Providing food or clothing	94.3
Have a separate nonprofit that provides services/products	17.0
Have a separate for-profit/ social enterprise that generates revenue	3.2
Collaborated with outside organizations	79.2
Provided social services:	
To the local community	77.9
Outside of the local community (U.S.)	53.2
Internationally	43.5

Budget proportions by Religious Tradition

The overwhelming majority of congregations engage in social service activity, but they approach the work differently across various religious traditions. While some religious traditions focus more on internal growth, others prioritize reaching out into the community. A breakdown of how our respondents prioritize the use of their missions and outreach budgets reported in Figure 6 reveals differences in how congregations spend money to meet the physical and spiritual needs of people outside of their groups. Mainline Protestants, on average, devote 78 percent of the missions budgets to meet physical needs and about 20 percent to meet spiritual needs. In

comparison to other groups, the non-Christian group ranks second reporting 74 percent slated to meet physical needs and 49 percent going to meet spiritual needs. Evangelical Protestants, perhaps not surprisingly given their categorical name, are the only denominational group that spent more on meeting spiritual needs on average than on physical needs. Although the reported proportions only describe how denominations spend 8 percent of their overall budget, these data reveal that religious congregations may spend more on community development on average than pursuing religious conversion.

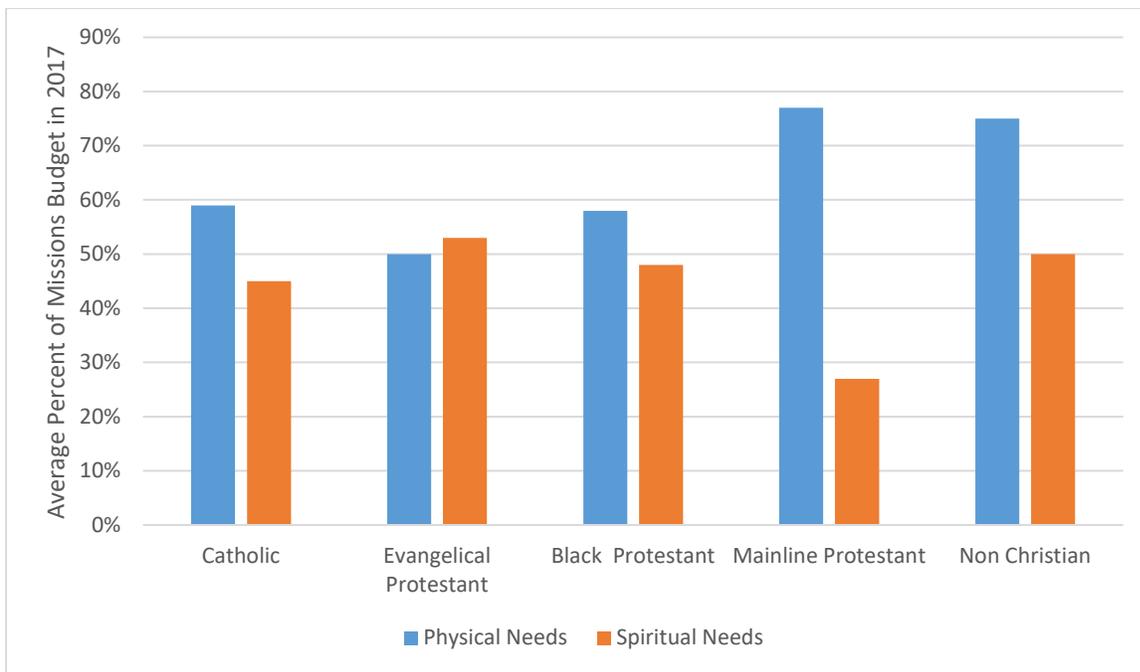


Figure 6 Average Percent of Total of 2017 Mission Budget Spent on Physical or Spiritual Needs by Religious Denomination

Conclusions

A preliminary analysis of the NSCEP data provide a launching board for what we expect to develop in greater detail in future work. Our findings provide insight into how religious congregations build capacity and make a social impact. Below, we provide a few general conclusions with respect to the broader field.

First, religious congregations are resilient. While recent studies (Pew 2016, PRRI 2017) have pointed to declining religious attendance and rising religious disaffiliation (23% of Americans adults report to be nothing in particular in referencing their religious identity), the number of congregations are not necessarily declining at the same rates. We find 39 percent of congregations reported growth in the number of adults attending and 59 percent reported budget growth over the past 3 years. In comparison, over the past 3 years, about a third reported declined in attendance and 22 percent received less money over the same time period.

Our preliminary findings here cannot provide definitive evidence for the growth patterns in the data but suggest that some factors may play a role in the capacity building of religious congregations. They regularly collaborate with other organizations, demonstrate efforts to diversify their sources of income, and embrace modern technology to enable their participants to give effectively. Also, the giving patterns of religious congregations remain veiled from the public eye even as congregations have often operated out of high levels of trust. We would not promote this as a best practice for all nonprofit organizations, and we anticipate that crises in religious communities as well as increasing competition for individual donors' giving make these veiled practices less tenable in the future. Simultaneously, our findings on how congregations manage and report on finances to their constituents demonstrate that they are increasingly encountering the need to follow best practices of the larger nonprofit sector that demand

accountability and transparency even as congregations still also operate with high levels of distinctive autonomy. With less relative oversight, religious congregations do spend their resources in ways that are advantageous to building capacity whether that be in the form of new buildings and more staff without perhaps less scrutiny and oversight.

Second, we believe that congregations often provide an undervalued mediating role in philanthropy and social impact. In their giving, congregations teach their members that they are not only giving to the institution and its leadership, but also are engaging in a religious practice establishing a deeper relationship between an individual and God, within the religious community, as well as the local, national, or international community. It is clear that the ritual of giving and the immediacy of giving through an emotional, physical connection to a congregation during a particular activity or time of worship is vital. While often traditional institutions, we observe that innovation is embedded in the DNA of many congregations. How congregations see these rituals and mediating roles as their organizational cultures, economic models, and engagement patterns change is an important question for our ongoing research to pursue.

Third, religious congregations use their resources to make a social impact. Our early analysis demonstrates that patterns around spending may differ and that the priorities for *how* to help broader society may not be consistent across denominational lines. Although the proportions of budgets that go to outreach could be considered quite low, a substantial proportion of congregations do service projects in their communities, partner with organizations to provide social services, and provide place for nonprofits to solicit donations. Further analysis is necessary to determine what motivates congregations to be active in their local communities. In this paper, we were limited in this project to descriptive analysis but anticipate providing a

clearer picture of the social impact of religious congregations in future publications from the National Study of Congregations' Economic Practices.

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ⁱ These studies and many of the other congregational surveys mentioned in this article can be accessed at: <http://www.thearda.com/archive>

Religion in the American workplace is among the most contentious and difficult areas for employees and employers to navigate. In our increasingly diverse and religiously pluralistic society, conflict is bound to occur, and if Equal Employment Opportunity Commission (EEOC) statistics are correct, it is occurring at an ever quickening pace. EEOC religion-based charges of discrimination have increased approximately 52% since 1997, and payouts have increased approximately 75%.¹ The risks of getting it wrong - and, we believe, the rewards of getting it right - are powerful motivators to businesses. Religious communities are good places to look for allies because, over the past 15 years, many congregations have developed an interest in exploring human duties to creation. The concept of stewardship of creation is gaining widespread support among those who believe in God as the creator of the universe. Surprisingly, many environmentally concerned people are not aware the Biblical teachings on stewardship of creation. Today there is much greater theological scholarship describing the full range of environmental messages in the Bible. This scholarship has caught on in many religious congregations where support for environmental sustainability is gathering strength. Participation in organized religion varies considerably across the United States. In Maine, just 27.6% of the population regularly attends worship services. Meanwhile, in Utah 79.1% of the population does. Even within states, residents of some areas are far more likely to attend religious services than others. 24/7 Wall St. reviewed the number of Americans who worship in every county as a percentage of the county's total population to identify the most religious county in every state. Every state is home to at least one county where the number of religious adherents is equal to at least 45% of