2010 Large Church Economic Outlook Report:

North American Megachurches Are Holding Steady During the “Great Recession”

By Warren Bird and Andy Williams
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Article Summary

Drawing from a survey of 253 large churches, this illustrated report highlights current trends and forecasts, all in light of the current economic downturn.

Also in This Series:

This report is the second in a series of three, each accessed by free download at www.leadnet.org/salary.

- The first, already available, is titled “2010 Large Church Salary and Benefits Report.” It covers a wide range of church roles, looking at both salary and benefits.

- The third, to be released in December 2010, is titled “2010 Large Church Finance”
Introduction

North America’s largest churches are showing a strong sense of resiliency in the midst of a struggling economy. The majority are growing numerically, their budgets and staffing levels have increased very modestly, and they show general optimism, though cautiously, toward 2011. These findings come from a Leadership Network survey of 253 churches with attendances of 1,000 and higher. A longer survey was fielded April-May 2010, and then a shorter follow-up survey was fielded October 2010.

Many survey participants stated the obvious in their comments: “There will be continuing hard times for middle class America, which pretty much describes our congregation,” said one suburban pastor. “People are hurting financially because of the down-turn in the economy and by-in-large are in debt,” said another.

Yet optimism comes through on the majority of statistics and comments. “We are seeing some upturn compared to 2009,” commented one church leader in a statement that would sum up the general activity of many large churches during 2010, “but it hasn’t been dramatic.” Another said, “God is faithful and He will grow His church no matter the economy that we are in. That’s His promise. He is looking upon us pastors to be wise stewards of the resources He has given us.”

As Jim Sheppard, CEO of Generis, a church-focused financial consulting team, summarizes, “The effect of the Fall 2008 meltdown was dramatic for a lot of people. It was a time of unprecedented financial adjustment. It was the first time that both home values and people’s equity investments (generally their retirement funds) had been so significantly devalued simultaneously. The shock of that is starting to wear off and church members are adjusting to a ‘new normal.’ ”

Current Reality

Churches are continuing to grow or maintain current numeric and financial levels during the economic downturn—with the biggest churches getting bigger in both size and income. Generally, the larger the church, the more likely it is to have experienced an increase in attendance and giving from 2009 to 2010.
Looking at megachurches as a group – congregations with attendance of 2,000 or more – 81% of them grew in attendance from 2008 to 2009, and 83% grew from 2009 to 2010. Only 9% report that attendance is down in 2010 (through October), with the majority of those churches decreasing in attendance by only 1%-5%.

Likewise 67% of megachurches increased their budget from 2009 to 2010, with the average increase being 3%. Offerings likewise are up modestly. Only 22% of responding churches say they are about the same as 2009; another 15% say offerings are down from last year. “Our regular tithers continue to give as usual,” one leader reported. “Most did not receive bonuses for the year, so extra giving from them did not happen. We have seen some new givers step up, and a few tithers dropped down because of personal business struggles.”

All in all, most North American megachurches have remained vigilant but healthy through the recession. Even through the recession, most large churches are growing in both attendance and budget.

Along with attendance growth has come modest church staff salary increases. Nearly two thirds (64%) of megachurches gave merit increases and/or cost of living raises in 2010. Among those, the vast majority of the increases were small: two thirds saw staff salaries increase 1%-3%, while one third approved raises of 4% to 10% or more. Only 4% of megachurches cut salaries in 2010. The remaining 32% kept salaries the same from 2009 to 2010 (or the current fiscal year). There was no pattern as church size changed. For the each attendance range in the entire study group – 1,000 to 14,999 – the most-selected option was a salary increase from 0% to 3%.

Senior pastor and other senior level salaries, however, did not go up as much as the rest of the staff. As Leadership Network’s “2010 Large Church Salary and Benefits Report” indicated (table 12, page 20, see www.leadnet.org/salary), top-paid staff on average remained level or increased only slightly.
For many, the increase in remuneration came not as cash but as benefits, “We have been slightly affected negatively by the economy because we have really tightened our belts,” one survey participant said. “The only increases in the budget are the things out of our control such as health insurance and utilities.”

A majority of megachurches that have held the line on staff hiring in 2010 anticipate slowly opening those gates next year. In terms of adding staff, 71% said in April-May that they plan to have added one or more new staff by the end of 2010 (most citing only a modest anticipated increase), 22% anticipate no change in their staffing level, and only 7% plan to end 2010 with fewer staff than at the beginning of 2010. There was no distinct pattern between the various church sizes. As one survey participant said, “We are currently not filling two part-time positions until year-end giving comes in.” Another had a similar comment, “We are under-staffed and awaiting a sustained upturn in giving to begin hiring.”

Most church leaders anticipate that their congregations will finish 2010 in the black financially, with increased giving through the end of the year. Among the participating megachurches 80% said in April-May that they expect to meet their 2010 budget. “As fears subside, giving increases,” one church leader said at that time. Another survey participant commented, “We are seeing a positive trend in our giving and we expect it to continue.”

However, when we repeated the survey in October, only 67% of megachurches said that they expect to meet their 2010 budget. Most of the write-in comments in October were hopeful: “Offering income has stabilized recently and shown some signs of recovery,” one said. “People are starting to find work, we are teaching on giving a little more, and at year-end folks like to give in our church,” another person said. Yet another had an interesting take on why they might not make budget: “We are experiencing a lot of new attendees who are not necessarily accustomed to giving/ tithing. It usually takes 12-18 months for the giving curve to respond.” Yet another survey participant is from hard-hit Michigan. He said, “We have the same number of people giving less than what they used to. Our Michigan economy hasn’t gotten worse; I just think people have pulled back giving, out of a scarcity mindset. Truly, it is a spiritual issue we haven’t effectively addressed as a church; but not because we haven’t been trying.”
A majority of leaders see upward trends producing an even stronger financial picture in 2011 (perhaps one reason 71% said they are likely to add at least one more staff member sometime during 2010), and a large percentage eyeing a slight increase in missions giving or investment in new technology. “We are seeing an increase in attendance, and with that we generally see an increase in income,” one pastor said.

The survey findings also show that many large churches have deployed various strategies and tactics this year to help their congregations ride out the economic downturn. Those strategies, along with a general optimism about projected giving patterns, leave most church leaders with a positive outlook for the coming months.

However, in the aftermath of what some have called the “Great Recession,” the news certainly isn’t good for all large congregations. Regional pockets have been hit hard by shrinking industries, and massive layoffs have taken a corresponding toll on some churches. Speaking for the 15% of large churches that have seen their budget decrease and 9% that have experienced shrinking attendance, one leader commented: “We continue to see decline in giving and too much uncertainty with financial/economic systems.”

When assessing the impact of the economic slowdown on their church, most megachurch leaders believe the economy is having “no impact” or a “slightly negative” impact on the church and its ministries. When asked that question in April-May, 71% said so. When those same people were asked the question again in October only 58% said so.

Even with this change, people still show optimism. One October survey participant wrote, “Historically the final quarter is strong for us. We are being cautious and planning for year end giving to be in line with current giving trends. We praying and asking God to bless above that, and for financial needs to be met so ministry will not be hindered.” Many referenced comparisons to previous years, but past history didn’t always shed light for them. “The trending lately has not matched any previous historical trends,” admitted one survey taker.

The majority of churches with attendance of 1,000 and higher report that major donors have given about the same during the economic downturn (see graphic). While only 6% say that major donors have given more during the recession, 8% report that new major donors have actually surfaced during the down economy. “We are finding that mostly new believers are learning about giving,” said one leader, “and somewhere in their spiritual journey, they are starting to give.”
New Financial Strategies Will Remain When Good Times Return

The economic downturn has caused North American large churches to examine business as usual, often making changes. Do church leaders plan to continue, even after the economy recovers, the shifts in operations, budgets or stewardship that they’ve made? Yes, on several counts.

Given nine choices for how they have changed their mode of operation during the recession, by far the most popular strategy (65%) to continue into the future is a “greater use of volunteers” instead of adding paid staff. Church leaders have also employed tactics such as increased emphasis on financial classes (45%), maintaining more financial cushion in the church bank account (43%) and creating more electronic/online giving options (40%)—changes that they see continuing even when the economy rebounds.

Interestingly, megachurches say that “20% or less” of their congregation “gives electronically through online banking, bank transfer, and credit/debit card or lobby kiosk.” That percentage is likely to increase in the coming years as more people move to online banking and electronic giving.

Jim Sheppard of Generis comments, “Millennial donors in particular say convenience in giving is a high priority. We have to make it convenient for them to give. Many of them do not even have a checkbook and yet that is the way the church expects them to give. We have to adapt church systems to allow givers to ‘do it their way.’ ”

As a result of adding classes or groups to help families and individuals with personal money management and budgeting, a strong percentage of church leaders (65%) have seen at least some positive results from these efforts. “We have focused on moving people up a level in their giving,” commented one leader. “We want to see them move from non-giver to occasional, occasional to tither, tither to generous giver.”

Some churches are attempting to capitalize on a U.S. trend: the massive transfer of wealth from the “Builder” generation that enjoyed economic prosperity to their “Boomer” children and grandchildren. Of several options offered, the most emphasized approach in North American large churches is to preach more sermons on finances and generosity. After that, churches are promoting financial classes or seminars geared for those with extra resources, and creating estate planning materials or seminars. An occasionally mentioned option is that of employing a staff role that increases focus on stewardship issues.

About one third of megachurches (34%) have shifted more of their budget toward external ministry (local or overseas) during these dicey economic times, and are seeing the impact. “We believe God is leading us to put more resources into our local community—which has stimulated giving in our congregation,” according to one pastor.
Leaders Cautiously Optimistic About Remainder of 2010 and Beyond

Given the nation’s economic picture, one of the most positive signs for North American megachurches is that the vast majority of leaders in those churches forecast their church will meet its 2010 budget, as the table indicates. A small portion reports they likely will not make their budget projections this year, with a few not sure how things will land by year’s end.

Note that the October responses in general are still optimistic, but not quite as much.

![Most Megachurches Are Optimistic about Meeting Their 2010 Budget](image)

*Actual question: How do you respond to this statement: “Our church will meet its budget for this year.”*

Again, the news is best for the biggest congregations. One hundred percent of churches with attendance of 10,000 to 14,999 project meeting budget in 2010; while 72% of churches with attendance from 1,000 to 1,999—still strong given the current recession—plan to reach this year’s budget projections. “Giving has been down since the beginning of the fiscal year,” said one church leader. “Events that we counted on in the past to bring in extra funds (Christmas, year-end, Easter) have not brought in nearly as much as we need.”

Perhaps anticipating a slight economic rebound in the fourth quarter of 2010, 62% of megachurch leaders expect some increase in church income throughout the rest of 2010. Nearly half of those leaders (47%) say they expect their church’s income to increase by 1-10% during the remainder of 2010, while another 13% expect an 11-20% increase, and 2% project an increase of more than 20%. Nearly one third (32%) expect income to stay the same, and only 8% project income to decrease through the remainder of the year. “Historically, about 35% of our general fund income has been received during the fourth quarter of the year,” said one church leader. “We expect that trend to repeat in 2010.”

As large churches look ahead to 2011, leaders predict that if they anticipate an increase in spending next year, missions giving is the most likely place they will spend more (66% anticipate either a “slight”, “moderate” or “significant increase” in missions giving). Information technology spending is the next most likely area to receive increased funding (54% anticipate
at least a “slight increase”), followed by facilities (48% at least a “slight increase”) and communication such as in-house publications and marketing (35%).

Program-related spending of all types was the area least likely to see an increase in budget allocation for 2011, while 87% of large church leaders anticipate flat or decreased spending on “staff continuing education.” Mirroring a trend in corporations to maintain a flat budget during the recession, an average of 42% of megachurch staff surveyed expect spending across all ministry areas to stay “about the same” in 2011. “People are still very cautious and waiting to see what happens with the economy and with the church,” one leader said.

Likewise churches have been moving forward in 2010 in other areas. Among nine choices offered, the top-chosen activity (34%) is a “church-wide financial emphasis designed to help the poor or needy.” Next is “a capital funds drive for new property or building” (31%).

### Missions Is a Spending Priority

<table>
<thead>
<tr>
<th>All Churches</th>
<th>2,000 or Higher 10,000 - 14,999</th>
<th>6,000 - 9,999</th>
<th>4,000 - 5,999</th>
<th>3,000 - 3,999</th>
<th>2,000 - 2,999</th>
<th>1,000 - 1,999</th>
</tr>
</thead>
<tbody>
<tr>
<td>About the same</td>
<td>31%</td>
<td>0%</td>
<td>19%</td>
<td>32%</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>Increase</td>
<td>66%</td>
<td>100%</td>
<td>81%</td>
<td>64%</td>
<td>59%</td>
<td>62%</td>
</tr>
<tr>
<td>Decrease</td>
<td>2%</td>
<td>0%</td>
<td>0%</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

*Actual question:* In our next year’s spending plans, we expect Missions giving to move in this direction: significant decrease, moderate decrease, slight decrease, about the same, slight increase, moderate increase, significant increase.

Likewise churches have been moving forward in 2010 in other areas. Among nine choices offered, the top-chosen activity (34%) is a “church-wide financial emphasis designed to help the poor or needy.” Next is “a capital funds drive for new property or building” (31%).

### Helping the Poor and Needy Is Also a Top Priority

| 34% | Church-wide financial emphasis designed to help the poor or needy |
| 31% | A capital funds drive for new property or building |
| 28% | An appeal to launch a new worship site of your own congregation |
| 27% | An appeal to plant multiple new congregations |
| 21% | A debt retirement funds drive |
| 15% | Other, please specify [biggest cluster of responses dealt with ___] |
| 14% | Replacing church services one weekend with a church-wide day of service |
| 13% | A gift to mission causes over 1 million dollars |
| 2% | A large appeal for any denominational cause of any type |
| 7% | Auto giveaway or refurbishing program for people in need |

*Actual question:* Is your church planning any of the following emphases in 2010? Check all that apply.
Leadership Network’s findings confirm the impact of a struggling economy on North America’s largest churches. While many non-profit sectors such as the arts have been hit much harder than churches, houses of worship definitely feel the impact of today’s higher unemployment, tighter finances, economic uncertainties, and general caution about the future. That impact likely reflects the financial picture of each unique community in which those churches serve.

Some megachurches, such as the 19% that anticipate moderate or significant increases in facilities spending next year, are perhaps riding the wave of an early economic recovery or a stable economy that didn’t dip too precariously along the way. “We completed a $1.7 million expansion in 2009, which the congregation gave sacrificially to and caused our overall budget and giving to be high,” said one pastor. “We ended the year with no debt, and expect our income to increase.”

A few churches have been crippled by the economy—one pastor reported 6,000 layoffs by one nearby employer. Several others wrote in similar comments specific to their location, all emphasizing how the fragility of the economy in their area directly affects the financial well being of the people they serve.

The majority of megachurch leaders plan to hold the line with flat budgets and moderate—if any—expansion plans in 2011. However, a healthy percentage is willing to take calculated steps forward. “We’re beginning to see some signs of recovery in our area,” one leader said. “Many of our key givers are entrepreneurs whose businesses have been adversely affected the past two years.”

One church leader likely speaks for a large percentage of large churches when describing his congregation’s view toward an ambiguous economy and a blurry future: “We expect our church income to increase because we are pushing it...We are holding our own and moving forward in faith.” Another survey taker welcomed us to quote him by name. According to David Fletcher, executive pastor of The Chapel of Akron, “The recession is helping us focus on what we really need and want to do. This is not a time for superfluous programs or overweight expenses. God is using the recession to help us hone what we do and why. It is a great opportunity.”

253 Churches Participated in the Study, Representing 38 U.S. States and 4 Canadian Provinces

5% of responding churches are located in Canada.

95% of responding churches are located in the U.S.
About Leadership Network

Leadership Network’s mission is to accelerate the impact of 100X leaders. These high-capacity leaders are like the hundredfold crop that comes from seed planted in good soil as Jesus described in Matthew 13:8.

Leadership Network...
- explores the “what’s next?” of what could be.
- creates “aha!” environments for collaborative discovery.
- works with exceptional “positive deviants.”
- invests in the success of others through generous relationships.
- pursues big impact through measurable kingdom results.
- strives to model Jesus through all we do.

Believing that meaningful conversations and strategic connections can change the world, we seek to help leaders navigate the future by exploring new ideas and finding application for each unique context. Through collaborative meetings and processes, leaders map future possibilities and challenge one another to action that accelerates fruitfulness and effectiveness. Leadership Network shares the learnings and inspiration with others through our books, concept papers, research reports, e-newsletters, podcasts, videos, and online experiences. This in turn generates a ripple effect of new conversations and further influence.

Leadership Network is a division of OneHundredX, a global ministry with initiatives around the world.

To learn more about Leadership Network go to www.leadnet.org

About The Authors

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Endnotes

1. Usable responses came from 242 Protestant churches in the United States and 11 in Canada. The survey was fielded in April-May 2010. Then 10 of the questions were repeated to participating churches in October 2010 in order to generate comparisons. The October survey generated 122 usable responses. Both versions were offered online only. Participants were recruited by individual emails and by announcements in online publications, including blogs and tweets.

2. Numbers and percentages in the rest of this report will be for megachurches unless otherwise stated.