

COVID-19 Congregational Study

September 2020



IUPUI

LAKE INSTITUTE ON FAITH & GIVING
LILLY FAMILY SCHOOL OF PHILANTHROPY

Introduction

Although almost all U.S. congregations ceased in-person religious services in mid-March 2020 as a result of the Covid-19 pandemic, for the vast majority of these faith communities, their work and religious services continued online in the midst of significant uncertainty. How have congregations responded in these unprecedented times? Through a recent survey of congregational leaders across the country, Lake Institute on Faith & Giving asked congregations about their finances: How have congregations encouraged giving and managed their resources in the midst of the pandemic? How are they looking to the future in terms of giving trends, budget planning, and reopening for in-person services?

We sought to gather data from congregations on several key questions:

- What are the congregational trends in participation and giving during the current pandemic?
- With increasing uncertainty around financial support, how have congregations responded?
- What are congregations expecting over the next year for their organizational or financial future?
- As many congregations have reopened or are making plans to do so in the future, what are the key considerations informing their decisions?

During July 2020, Lake Institute surveyed congregations through our network of partners.* While our sample of 555 congregations represents significant diversity across the variety of religious traditions in the U.S., it is not a randomized or representative sample. However, our findings offer a snapshot of what congregations have experienced and what they are expecting as a result of the multiple pandemics in our country since March 2020.

Key Findings

- Since the beginning of the COVID-19 pandemic in March, a slight majority (52%) of congregations reported an increase in participation.
- Over the same time, a plurality of congregations (41%) reported a decline in giving.
- Congregational giving overall was down 4.4% from March to June 2020 compared to the same period in 2019. In June, the decline was at 6.0%.
- Catholic parishes and small congregations under 50 weekly participants reported declines in participation and giving more often than any other groups.
- In our sample, 65% of congregations received Payroll Protection Program (PPP) loans. Catholic parishes and larger congregations were much more likely to apply for PPP funds.
- Only 14% of all congregations reported reductions, layoffs, or furloughs of staff. Thirty percent of congregations raised funds to support other congregations and nonprofits in need.
- While most congregations are planning to move forward without significant budget cuts, not a single congregation expects to increase next year's budget. The majority (52%) of congregations hope to maintain their current budgets over the next year.
- Re-opening for in-person services appears to be driven more by congregations' political orientation than public health. Seventy-one percent of conservative congregations planned to reopen by August, while only 20% of liberal congregations had similar plans (and 49% of moderates).

Overall: Participation Up and Giving Down



While almost all congregations ceased in person services in mid-March, the vast majority of these faith communities moved services online (86%). For most congregations, this was new. Only 31% of congregations responded that they had live-streamed or recorded services before the pandemic. Even if the congregation was not meeting in person, the building itself retained a significant and sacred role for the community as 71% of congregations recorded or live-streamed religious services from within the worship space.

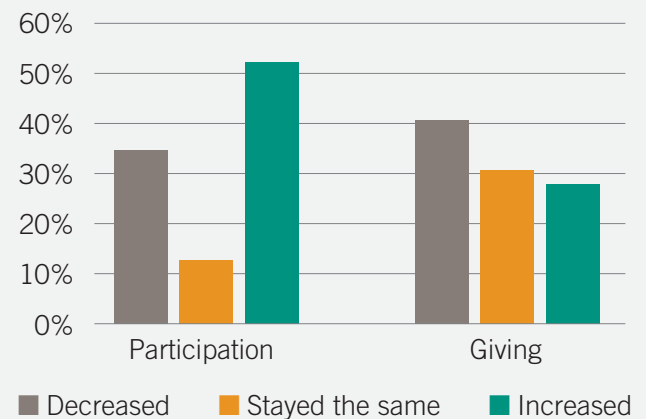
A slight majority (52%) of congregations reported an increase in participation measured by viewers online compared to attendance at in-person services prior to the pandemic, while 35% of congregations reported a decrease.

In tracking trends in religious giving for decades, we have found that giving to religious organizations often follows trends in participation. In our [National Study of Congregations' Economic Practices](#) (NSCEP), we found that 81% of giving comes from individuals and 78% of these individuals' donations are given during a worship service. We have never experienced a situation in which congregations have been forced to remain closed for an extended time. What does that mean for congregations' finances?

When asked about giving since March 2020, the largest number of congregations (41%) noted a decline while 28% of congregations reported an increase.

Participation and Giving During the Pandemic

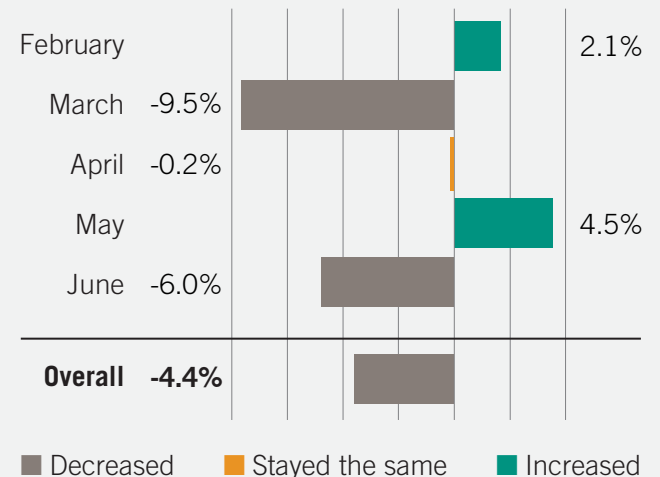
Percentage of Congregations



Comparing the actual dollar amount congregations received from individuals in 2020 with the same time period in 2019, giving to congregations in our sample was down on average 4.4%. In February 2020 (+2.1%), before the pandemic, giving was up slightly from the same time in 2019, but it dropped sharply in March 2020 (-9.5%). It remained flat in April before rebounding in May (+4.5%). It declined again in June (-6.0%). As many congregations remained closed and members affected by the economic downturn faced continued financial uncertainty, the latest downward trend in giving remained worrisome.

Average Change in Congregational Giving

Year over Year Comparison, February – June 2020



Of course, factors outside the congregation’s control, such as local economic conditions, the percentage of congregational members having experienced job losses or economic hardship, and the intensity of Covid-19 within the congregation’s state likely also affected giving trends. Among factors that congregations do control, such as the mechanisms through which individuals could give, we found that congregations with already established online giving options and higher percentages of online givers fared better. A majority of congregations (73%) had the ability to make contributions online before March, and among those that did not, 39% scrambled to add online giving options shortly after they ceased in-person services. The smallest congregations (<50 people participating weekly) were least likely to have online giving options before or after the pandemic. While 54% of these smallest congregations still have no online giving options, over 94% of congregations with 100 or more people participating weekly have these options in place. No doubt, this digital divide has contributed to the struggle to maintain giving in smaller congregations without in-person services.

Catholics, Small Congregations See Biggest Declines

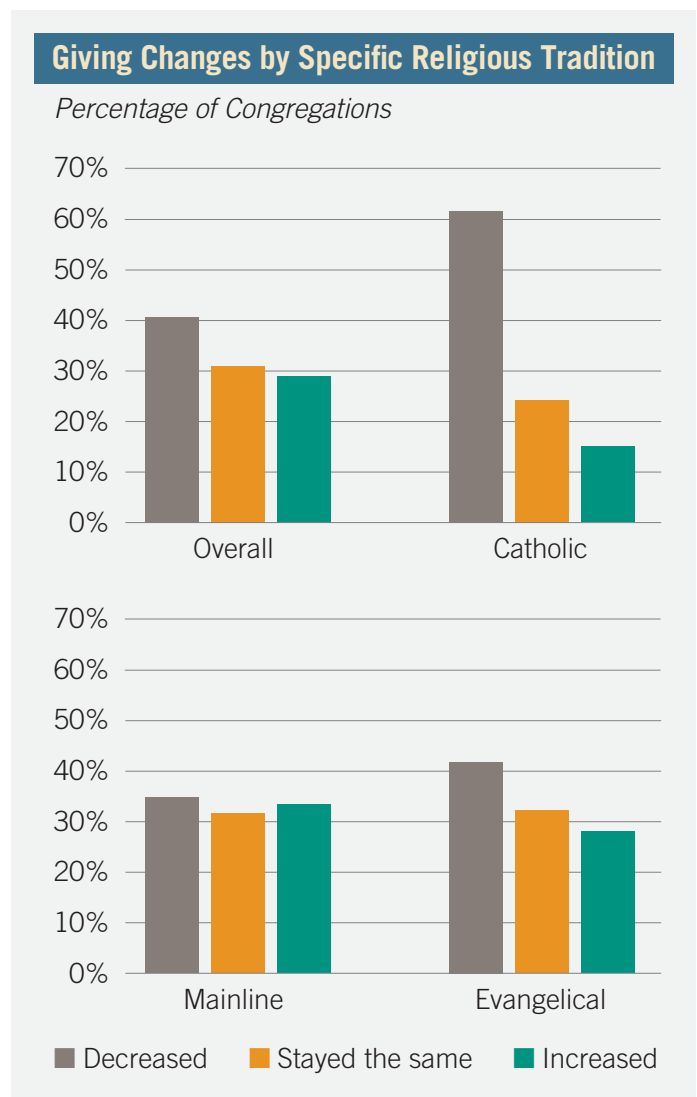
In looking at congregations by racial makeup, region, or city status (urban, rural, suburban), these factors alone did not significantly affect trends in participation and giving. The two most significant factors appear to be religious tradition and congregational size.

With the exception of Catholic parishes, larger congregations were more likely to report an increase in participation, compared to smaller congregations. While 45% of congregations under 50 members reported increasing participation, 69% of congregations of over 1000 participating adults (excluding Catholic parishes) reported increases. Catholic parishes, which are larger than

other congregations on average, reported the largest decreases in participation.

As with trends in participation, the likelihood that congregations reported increased giving grew slightly as the size of the congregation grew. When giving trends were broken out by religious tradition, significantly higher numbers of Catholic parishes reported declines in giving.

Among Christian congregations in our sample, evangelical Protestant congregations were the second most likely to report decreased giving (41%), but at a full 20 percentage points less than Catholics (61%). The majority of religious traditions appear more similar than different in trends of participation and giving, but Catholics stand out as reporting the greatest challenges during the pandemic.



Managing Finances in the Midst of the Pandemic: Controlling Expenses and Receiving Payroll Protection Program (PPP) Funds

Faced with uncertainty over when they could resume normal operation and confronted by changes in their finances, congregations responded in multiple ways. By far the most frequent response was applying for a Payroll Protection Program (PPP) loan from the U.S. federal government.

With 66% of congregations in the survey applying and almost all receiving the loan, many congregations were able to continue their work without reducing personnel expenses. In fact, only 14% of all congregations reported reductions, layoffs, or furloughs of staff. Among religious traditions, Catholics again stood out with 93% of parishes in our sample receiving PPP loans as opposed to 52% of evangelical congregations. The rate of congregations applying for a PPP loan also grew with size. Large membership congregations applied at four times the rate of the smallest congregations. Smaller congregations also reported reducing personnel expenses (30%) in the midst of the pandemic at over twice the overall rate of congregations in our sample. With little access to PPP funds and already leaner budgets, clergy in small congregations were most likely to feel the direct financial effects of the pandemic.

Financial Actions During the Pandemic	<i>Percentage of Congregations</i>
Applied for a Payroll Protection Program loan (PPP)	66%
Reduced non-personnel administrative expenses	38%
Financially supported other congregations or nonprofits in need	30%
Created a special fund to support individual members' financial needs	22%
Delayed a building program or needed repairs	16%
Reduced personnel expenses through salary reductions, layoffs, or furloughs	14%
Reduced giving to denomination/religious association	12%
Put a capital campaign or special fundraiser on hold	11%
Drew down reserves or endowment	10%
Applied for a loan/grant outside the PPP	10%
Reduced giving to missions, service, or benevolence programs	8%

The second most frequently cited approach to managing finances (after applying for a PPP loan) was through reducing administrative expenses (38%). While congregations may have incurred new expenses for technology to stream services or Zoom accounts to work remotely, they also spent less on travel, office, or program expenses. Delaying building repairs or new projects (16%) was the third most likely response. Only 12% of congregations reported reducing their giving to their denomination and an even smaller number (8%) reduced other mission or benevolence programs.

While some congregations responded to financial challenges by cutting expenses, a number of congregations also sought to raise funds to support other congregations and nonprofits (30%) or assist individual members' own needs (22%). Not only have congregations sought to support their own members in difficult times, but those who have persevered through the pandemic with less financial loss have often stepped up to help fellow faith communities locally and around the country.

Making Financial Plans for the Future: Congregations Hoping to Hold Steady

As many congregations are currently beginning to plan their budgets for next year, we also asked them to look to the future. A majority (52%) of congregations anticipated their budget would remain about the same, while the rest anticipated cutting their budget next year (on average 5 to 10%). No congregations anticipated increasing their budget. With so much uncertainty, these results suggest that most congregations are simply hoping to hold steady.

Among Christian congregations, evangelicals appeared most optimistic about receiving funds

needed for their budget in the coming year with 61% of congregations hoping to maintain current revenues. Catholics expressed the greatest concern with 59% of parishes anticipating cuts while mainline Protestants remain right in the middle with half hoping to maintain current revenues and the other half anticipating small shortfalls.

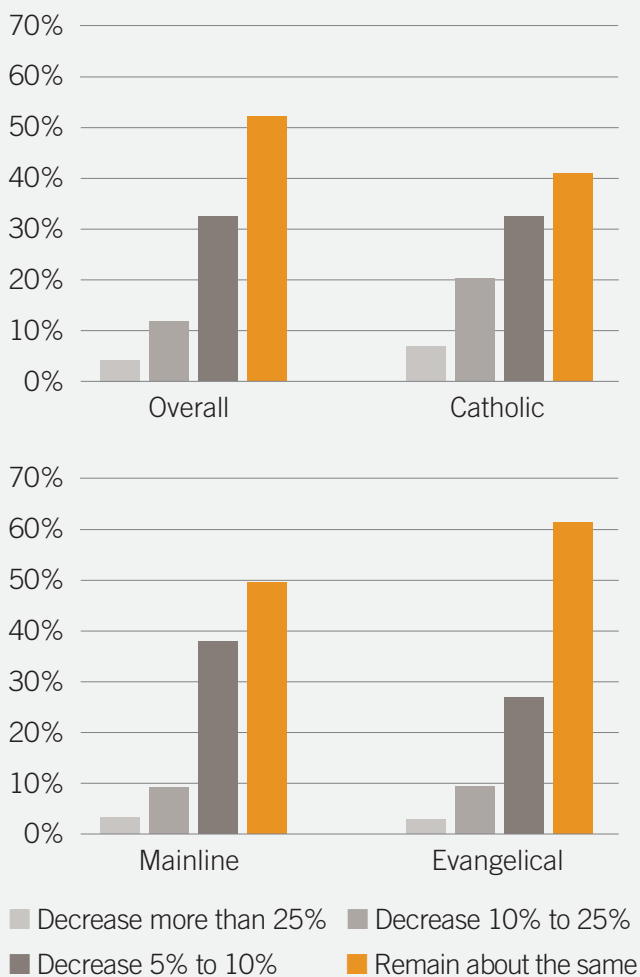


52%

of congregations anticipated their budget would remain about the same while no congregations anticipate increasing their budgets next year.

Anticipated Next Year Budget Changes

Percentage of Congregations



If declines in revenue continue through the rest of 2020 and beyond, affected congregations appear first set to continue cutting administrative expenses. To find new resources, congregations (35%) anticipate plans to draw down reserves or endowment funds or developing new fundraising appeals (37%). The need to reduce expenses through downsizing personnel through layoffs or furloughs or reducing mission and benevolence programs increased only slightly when looking to future plans.

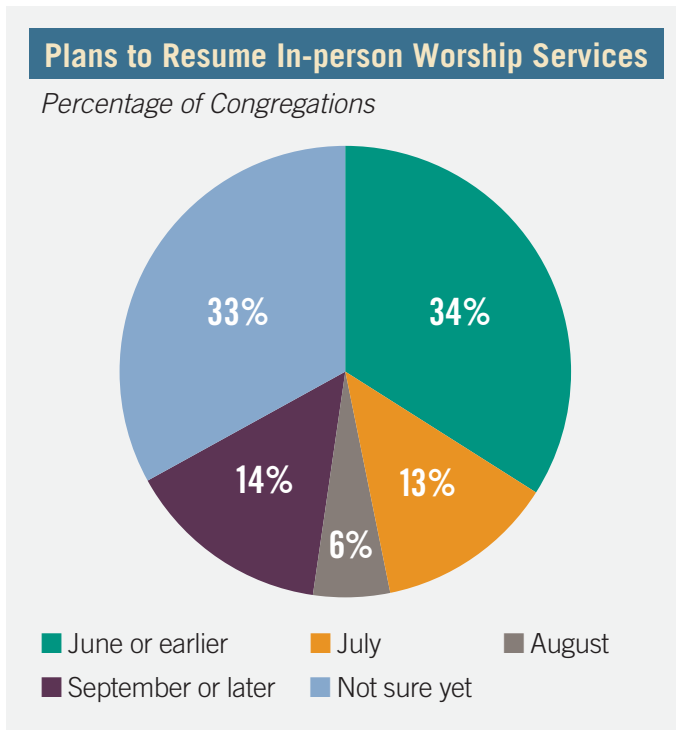
Plans for the Future if Change in Revenues Continue	<i>Percentage of Congregations</i>
Increase or develop new fundraising appeals	37%
Reduce non-personnel administrative expenses	36%
Draw down reserves or endowment	35%
Reduce personnel expenses through layoffs or furloughs	19%
Delay a building program or needed repairs	18%
Reduce giving to denomination/religious association	15%
Financially support other congregations or nonprofits in need	15%
Reduce giving to missions, service, or benevolence programs	11%
Create a special fund to support individual members' financial needs	10%
Put a capital campaign or special fundraiser on hold	8%
Apply for a loan/grant	6%
Close a congregation	1%

Based on our NSCEP study, only 34% of congregations have an endowment. Smaller congregations are less likely to have an endowment. Endowments are much more prevalent within Catholic, mainline Protestant, and Jewish congregations, with evangelicals and Black Protestant congregations much less likely to have an endowment or significant reserves. If drawing down endowment and reserve funds remains a significant way in which many congregations deal with ongoing financial losses, particularly as the resources supplied by PPP loans run out, some congregations without such savings may be disproportionately affected.

Reopening for In-Person Services: Politics over Public Health

While many congregations are facing mounting pressure to make changes to address their financial future, the biggest decision most congregations said they are facing is the question of reopening for in-person services. In our sample, as of July, 57% of congregations reported that the majority of their congregational members supported maintaining online-only religious services. Another 24% reported their congregations were “evenly split” on the issue.

Just over half (53%) of congregations reported that they had already resumed in-person services or anticipated doing so by September 1st. Fourteen percent indicated they had a plan for resuming services in-person to be implemented in September or later. Another 33% were not yet sure when they would resume.



When resuming services in person, most congregations (67%) said they planned to use the same gathering space for worship that they used before the pandemic, with modifications such as blocked off seating, additional worship services, or mandated masks. Another 17% have plans to use alternative space such as a parking lot, community hall, gymnasium, or other outdoor space.

Despite their efforts to mitigate risk of increasing infections, further examination of congregations' decisions about resuming in-person services suggests these decisions appear to be more linked to the finances, theology, and political orientation of the congregation than COVID-19-associated public health risk factors. Additionally, congregational size, location of the congregation by city status (urban, suburban, rural), and even the state's COVID mortality rate are not significant in predicting a congregation's reopening plan.

Congregations with an endowment or reserves planned to reopen later than those without these funds to rely on. Forty-three percent of congregations without an endowment had re-opened by June compared to 26% of endowed congregations. Currently, 54% of endowed congregations have yet to reopen, compared to 39% of congregations without access to those additional funds. If congregations anticipate the need to draw down endowment, reserves, and savings in the near future as the pandemic continues, congregations without those additional resources may have resorted to resuming in-person services earlier in order to return to their regular giving practices.

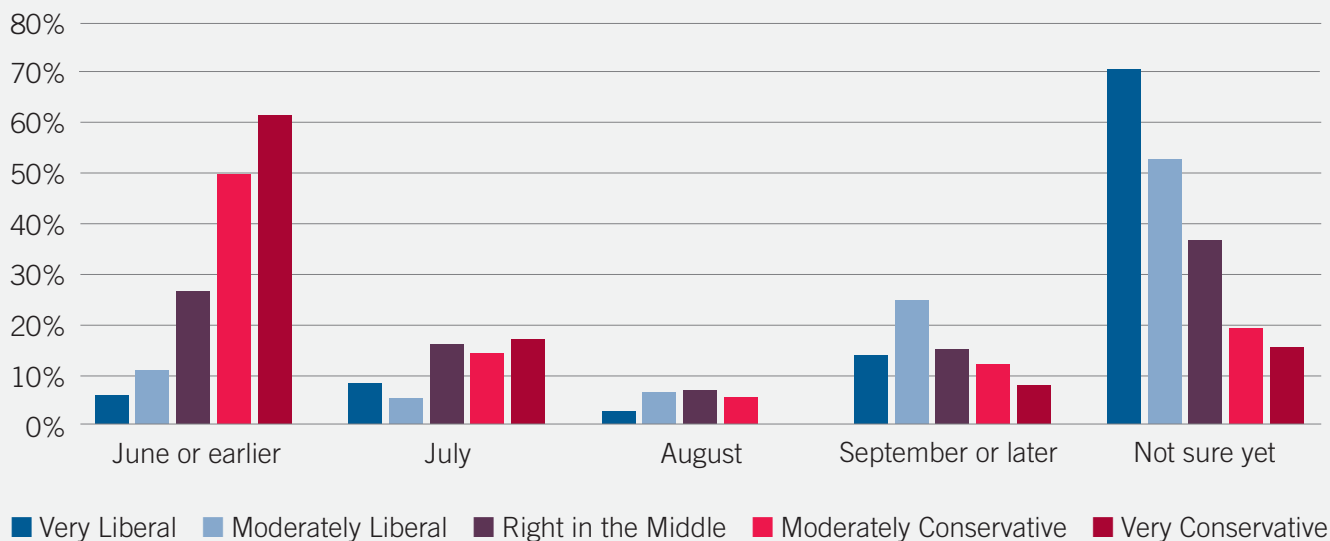
Beyond finances, theology and liturgy may also matter in the decision to resume in-person services. We found that Catholic congregations were often the last to close and the first to reopen in-person. While in-person giving may partly explain this trend, so might the particular nature of Catholic worship. The centrality of the Eucharist to the Catholic mass makes an online service more difficult. The sacrament mediated by a priest can only be celebrated in person. Congregations that focus on the partaking of the Eucharist at the heart of the religious service may find it difficult to adapt to worship virtually. While Protestant congregations with more focus on the spoken word through preaching may be able to transfer their services online, this may be more difficult for Catholic or Orthodox Christian traditions.

Yet, while financial and theological decisions may have impacted congregations' plans to reopen, when controlling for these factors, it appears that a congregation's political orientation may have been most influential. In our nationally representative NSCEP study, in describing the primary political identity of their congregation, 50% of religious leaders describe their congregation as conservative, 30% right in the middle, and 20% liberal.

Among conservative congregations in our current survey, 71% indicated they had reopened or planned to by the end of August with over half (52%) of conservative congregations already reopened by June. Only 20% of liberal congregations had reopened or planned to by the end of August with 58% of those same congregations indicating they were not yet sure when they would reopen. Among moderates, 49% had reopened by August and 37% remained unsure of a reopening timeline.

Reopening by Political Orientation

Percentage of Congregations



At some point in late spring and early summer, the question of reopening may have shifted from a public health issue to a political one. What does that mean for religious leaders and their congregations in making wise decisions for their institutional future? As responses to the pandemic become more polarized in the midst of a presidential election, alongside financial sustainability and organizational values, congregations may likely experience increased pressure to make decisions based on politics rather than public health.

Looking Ahead

As increasing numbers of congregations begin to regather for modified in-person services, it will be important to observe participation and giving to see if past trends continue in a post-pandemic future. In our

survey, Catholics found welcome financial relief through PPP loans but face an ongoing trend of decreased giving. Smaller congregations may also continue to struggle with fewer options for giving outside of in person services and less ability to cut non-essential expenses outside of personnel. At the same time, we saw congregations stepping up to help fellow faith communities and individual members.

For those congregations that continue to meet online, will “Zoom fatigue” affect participation and giving or will it allow for new opportunities to reset the organization’s mission and programs? As all congregations respond to a new normal, how will they meet new financial and institutional challenges in adjusting their economic and organizational models to new contexts? Finally, how do religious leaders continue to mediate the theological, financial, and political pressures that they will continue to face in the days ahead?

***Lake Institute on Faith and Giving would like to thank our network of many partners for their contributions to this survey:**

Faith and Communities Today (FACT), *Christianity Today's* Church Law & Tax, Center for Healthy Churches, The Church Network, Alban and Faith & Leadership at Duke Divinity School, Givelify, Wesley Seminary's Lewis Center for Church Leadership, Luther Seminary's Center for Stewardship Leaders, Discipleship Ministries of The United Methodist Church, Presbyterian Foundation, Ecumenical Stewardship Center, Texas Methodist Foundation, Horizons Stewardship, Christian Stewardship Network, Villanova University's Center for Church Management, Evangelical Council for Financial Accountability (ECFA), The Ministry Collaborative, Association of Theological Schools (ATS), In Trust, Ruderman Family Foundation's Synagogue Inclusion Project, Muslim Philanthropy Initiative, Pneumatrix, Everence, CEEP, Reformed Church in America, as well as multiple partners within the Lilly Endowment's Economic Challenges Facing Pastoral Leaders (ECCFPL) Initiative