

CONVERGENCE

Research Report: How has Covid-19 affected church finances?

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We know from denominational bodies and from research organizations such as Barna, Lifeway, and that giving has declined in a majority of Christian congregations during the first two months of Covid-19 impacting the US and its churches. By late March, churches were reporting decreases in giving when compared to the first two months of 2020. In one study of 434 pastors, 79% said giving was down, with 47% reporting significant decreases.¹ As early as March 31, in one study, 52% saw decreased giving, and 30% declines of over 50%.²

As we moved into April, 66% of churches continued to report decreased giving³ However, we began to see 19% of churches reporting increases in giving, balancing this picture somewhat.⁴ In a late April "State of the Plate" survey, 65% of churches reported declines in giving.⁵ 9% of pastors reported giving decreases of 50-75%.⁶

In research among mainline denominations, A survey by the Presbyterian Church (USA)'s Research Services in March and April found that among 500 respondents, 52% believed that the financial impact of the pandemic would make things tight, but manageable.⁷ The United Methodist Church found on a survey between March 26 and 30, that 76% of respondents report congregational giving is down, and 34% saw giving decreases of 40% or more when compared with before the pandemic. Only

¹ Survey of 434 senior and executive pastors, Barna:

<https://religionnews.com/2020/03/30/higher-attendance-lower-giving-new-survey-shows-how-churches-are-responding-to-covid-19/>

² Survey of 400 Protestant pastors, Lifeway:

<http://lifewayresearch.com/wp-content/uploads/2020/04/Pastors-Views-on-COVID19-Impact.pdf>

³ Survey of 875 Protestant senior pastors, Barna: <https://www.barna.com/research/uncertain-digital-physical-realities/>

⁴ Survey of 246 Protestant senior pastors, Barna: <https://www.barna.com/research/update-current-church-trends/>

⁵ Survey of 1091 churches, National Association of Evangelicals, as reported by Adelle M. Banks, *Church giving down more due to COVID-19 than during recession, survey shows*, April 22, 2020, Religion News Service:

<https://religionnews.com/2020/04/22/church-giving-down-more-than-during-recession-survey-shows/>

⁶ Survey of 1091 churches, National Association of Evangelicals, as reported by Adelle M. Banks, *Church giving down more due to COVID-19 than during recession, survey shows*, April 22, 2020, Religion News Service:

<https://religionnews.com/2020/04/22/church-giving-down-more-than-during-recession-survey-shows/>

⁷ Melody K. Smith, Initial results from Research Services survey highlight areas of great support and areas of great need, April 6, 2020, Presbyterian News Service:

<https://www.presbyterianmission.org/story/congregations-self-rate-fairly-well-after-the-first-few-weeks-of-the-pandemic/>

52% currently offer some form of electronic giving for their congregation,⁸ On a follow up survey between April 16 and 21, a smaller percentage of respondents, 51%, said giving is down.⁹

As we turned the corner into May, 50% of church leaders were reporting lower giving but only 28% significant decreases, and 20% saw increases in their giving (215 pastors, Barna: <https://www.barna.com/research/update-current-church-trends/>). Barna reports the trend shows these declines plateauing but still present. 25% are now reporting an increase in weekly giving.¹⁰

The PPP loans that many churches applied for and some have received may have lessened anxiety around finances, at least in the short term. As of May 6, 40% of churches surveyed by Lifeway research had applied, and over half received the funds Larger churches were more likely to apply.¹¹ 4.1 million PPP loans were approved as of May 9, 2020.¹² While data was not yet collected to examine racial disparities in these loans, reports from predominantly black congregations in late April indicate that these congregations have been less successful in obtaining funding during the first round of loans.¹³

What we can expect going forward:

Many churches will reduce their budgets due to reduced giving. The recession caused by this pandemic will likely extend reductions in giving into 2021. After the Great Recession 29% of churches saw a decline in giving in 2008, and 38% in 2009.¹⁴ Many of the churches we work with are already operating on deficit budgets, so even without increased giving, stability and survival is no guarantee.

⁸ Survey of 958 pastors and lay leaders, United Methodist Communications: <https://faithcommunitiestoday.org/research-resources-religion-during-covid-19/>

⁹ Survey of 970 pastors and lay leaders, United Methodist Communications: <https://myemail.constantcontact.com/New-Study--Impact-of-COVID-19-on-UMC-Churches.html?soid=1102793001755&aid=iqyXWdfbiiM>

¹⁰ Survey of 1575 Protestant senior pastors, Barna: <https://www.barna.com/research/things-we-learned/>

¹¹ Research done by Lifeway, as reported in Tom Gjelten, *Many Houses of Worship Have Sought Government Aid, Surveys Show*, May 6, 2020, National Public Radio: <https://www.npr.org/sections/coronavirus-live-updates/2020/05/06/851666065/many-houses-of-worship-have-sought-gov-ernment-aid-surveys-show>

¹² Small Business Association: https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf

¹³ Tom Gjelten, *Black Pastors Say They Have Trouble Accessing SBA Loan Program*, April 25, 2020, National Public Radio: <https://www.npr.org/2020/04/25/844802957/black-pastors-say-they-have-trouble-accessing-sba-loan-program>

¹⁴ NAE State of the Plate study, 2010, as reported by Adelle M. Banks, *Church giving down more due to COVID-19 than during recession, survey shows*, April 22, 2020, Religion News Service: <https://religionnews.com/2020/04/22/church-giving-down-more-than-during-recession-survey-shows/>

Many churches will close. Bill Wilson of the Center for Healthy Congregations predicts that up to one-third of U.S. churches could be out of business by 2025.¹⁵ Faith Communities Today also found in their research that 39% of congregations didn't have liquid savings for 3 months.¹⁶ LifeWay Research suggests that 5% of U.S. churches will close within the year, a rate of 5x the normal rate of church closure.¹⁷ The most vulnerable churches -- small, rural, and congregations of color -- will likely be the hardest hit. Already, almost 2/3 of Roman Catholic parishes in Boston are being encouraged to consider merger to avoid closure due to financial difficulties.¹⁸ A spokesman for the Baptist State Convention of North Carolina reports that churches are asking about closure or merger, and projects that some churches will close in the short term, and others within the next two years, due to the effects of the pandemic.¹⁹

Even among those churches that survive, many churches will reduce staffing. Barna reports that among a survey of 875 Protestant Senior Pastors from March 20–April 13, 2020, 23 percent of churches in their study are now considering reductions to staff in some way.²⁰

Churches that are not yet fully embracing online giving will have to do so to increase their chances of survival. David King of the Lake Institute on Faith and Giving conducted a National Study of Congregations' Economic Practices in 2019, and found that among 1231 participants, 46% of churches offered online giving, but that 78% of revenue still came in through physical worship gatherings.²¹ The 2015 Faith Communities Today study found that only 31% of congregations were using online giving, but for those using it, giving was increased per person, and increased more dramatically where online giving was emphasized and celebrated.²² According to Scott Thumma of the Hartford Institute, as of 2018, 78% of giving was in-person during worship: 46% of churches in their study had some form of online giving, but

¹⁵ Bill Wilson, *Local churches can lead the way*, April 28, 2020, Faith and Leadership: <https://faithandleadership.com/will-church-financially-survive-covid-19-pandemic>

¹⁶ Scott Thumma, as told to Cameron Trimble, April 2020

¹⁷ Research by Lifeway, as reported by Bill Wilson, *Local churches can lead the way*, April 28, 2020, Faith and Leadership: <https://faithandleadership.com/will-church-financially-survive-covid-19-pandemic>

¹⁸ Marilyn Schairer, *With COVID-19 Hurting Church Finances, Catholic Parishes In Boston May Consider Merging*, May 11, 2020, WGBH:

<https://www.wgbh.org/news/local-news/2020/05/11/with-covid-19-hurting-church-finances-catholic-parishes-in-boston-may-consider-merging>

¹⁹ Martha Quillen, *This pandemic will be fatal for some faith institutions, too. Giving is way down*, May 1, 2020, The News & Observer: <https://amp.newsobserver.com/news/local/article242445376.html>

²⁰ Survey of 875 Protestant Senior Pastors, Barna: <https://www.barna.com/research/uncertain-digital-physical-realities/>

²¹ Study of 1231 churches, Lake Institute, as reported by David P. King, *Making your case*, April 28, 2020, Faith and Leadership: <https://faithandleadership.com/will-church-financially-survive-covid-19-pandemic>

²² Scott Thumma, as told to Cameron Trimble, April 2020

only 31% of congregations of color, only 36% of rural congregations and 31% of congregations under 100 participants had set up online giving before the pandemic.²³ Without increasing options for online giving, events like the recent pandemic will leave these vulnerable congregations with limited funds for survival.

²³ Scott Thumma, as told to Cameron Trimble, April 2020