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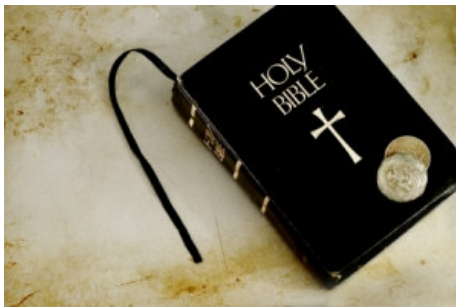
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The Economy's Impact on Churches: Congregational Budgets (Part 1 of 3)



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[January 11, 2010] The economic crisis of the last year foiled the plans of many businesses and hit millions of consumers hard. How has

the downturn affected churches and congregations? A new Barna Group study, conducted in the fourth quarter of 2009 among a nationwide sample of 1,114 Protestant leaders, explores how the nation's faith-driven organizations are faring in the new economy.

The multi-part series on the economy and the church begins below. Watch for updates over the next month on additional topics.

Part 1 | [Churches are Down 7% in 2009](#) (appears below)

Part 2 | [How Churches Have Adapted](#) (January 25, 2010)

Part 3 | [Donors Reduce Giving](#) (February 8, 2010)

Financial Impact

Like many other sectors, pastors and church executives admit that churches are feeling the results of the economic pinch, though for most congregations it has not been severe so far. Overall, 57% of pastors said the economy has negatively impacted their church over the last year. Still, only 8% of leaders said the effect was "very negative." About one-third of leaders (35%) describe their churches as unaffected by the economy, while one of 11 churches (9%) defied the odds and described the last year as financially positive.

Across all Protestant churches, budgets are down about 7% from a year ago, though that indicator masks extremes. The typical "down" church has lost, on average, 14% of its budget. Among those churches with contracting income, smaller churches were the hardest hit: churches of 100 or fewer adults who had shrinking revenue had lost 16%; those with 100 to 250 adults were off by 13%; churches with 251-999 adults were down 11%; and churches of 1,000 or more adults were down 9%.

Some churches have been even more significantly hurt by the economy than others: one out of every 11 churches (9%) has lost 20% or more of their budget from 12 months ago. Within that proportion are 2% of churches with incomes off by 35% or more. Among the rare churches that have grown financially, the average annual budget increase was 10%.

Subgroup Patterns

Interestingly, large churches were more likely to report being under financial duress than were small churches, even though their budgets were not down as much percentage-wise. Among churches of 250-plus adult attenders, 71% of these leaders said the economy had affected them negatively, compared to 55% of smaller bodies. Perhaps clergy who work at larger churches feel the tightening more painfully because, in aggregate terms, their larger budgets

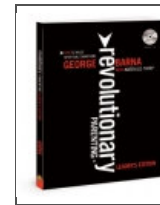
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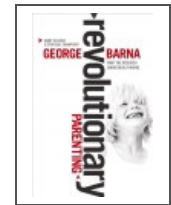
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account for a decrease in a greater number of total dollars.

The types of churches most likely to say their budget was down included charismatic denominations, black churches, Southern Baptists, congregations located in the Northeast, and those whose pastors earn less than \$40,000. Among the most likely groups to report a "very negative" impact of the economy were multisite congregations (i.e., churches that meet in more than one location). Overall, 16% of these churches said the economy had been particularly harsh, compared with 6% of other large churches.

The churches that held their ground in the last year were most likely to be mainline congregations, those located in the Midwest, and those led by pastors earning between \$40,000 and \$60,000. Seminary graduates, younger pastors, and those in full-time ministry 10-19 years were among the church leaders most likely to experience favorable budget growth in the last year – though even among these groups financial improvement was not the norm.

Recent Stability

Perhaps the economic outlook for the nation's congregations is stabilizing. When asked to describe the church's finances over the last two months, nearly two out of three pastors (62%) said their organization's financial picture had stayed about the same. Those who disagreed were split: 21% of pastors said it was getting better and 17% described it as worsening.

The executive pastors interviewed for the research were more likely to paint a pessimistic view of recent finances than were senior pastors. Just 5% of executive leaders, who often serve in an administrative rather than teaching role, described the last two months as getting better – barely one-fifth the proportion of senior pastors who held that view. Perhaps the executives, typically serving in larger churches, have to worry about budgets and staff sizes of greater magnitude.

**Want more info about the profile of today's churches?
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About the Research

This report is based upon annual tracking surveys conducted via telephone by the Barna Group among representative random sample of Protestant churches (known as the PastorPollSM and ChurchPollSM). At each of the churches contacted, the senior pastor or executive pastor was interviewed. The interviews were conducted in October through December, 2009. The sample was balanced according to the denominational distribution of Protestant churches in the 48 continental states. The sample size for the survey was 1,114 pastors and church leaders, using a mixed mode data collection of telephone and online interviews. The range of sampling error associated with the sample of pastors is between ±1.4 and ±3.2 percentage points at the 95% confidence level. These allowances do not include other types of error (known as non-sampling error) that can occur in surveys, such as errors arising from question wording, question sequencing, and the inaccurate recording of responses.

The Barna Group (which includes its research division, The Barna Research Group) is a private, non-partisan, for-profit organization that conducts primary research on a wide range of issues and products, produces resources pertaining to cultural change, leadership and spiritual development, and facilitates the healthy spiritual growth of leaders, children, families and Christian ministries. Located in Ventura, California, Barna has been conducting and analyzing primary research to understand cultural trends related to values, beliefs, attitudes and behaviors since 1984. If you would like to receive free e-mail notification of the release of each new, bi-monthly update on the latest research findings from The Barna Group, you may subscribe to this free service at the Barna website (www.barna.org). Additional research-based resources, both free and at discounted prices, are also available through that website.

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