

A Pastor’s Perspective on the Financing of American Religion

by **Richard R. Crocker**

The Lilly Endowment’s support of a variety of investigations concerning the financing of American religion has produced a treasure trove of information, and this web site is an excellent resource for accessing the results. Scholars and practitioners can locate data about the general giving habits of American Christians, the differences in giving patterns within and between denominations, the effect of endowments on congregational financing, the results of various techniques and methods of stewardship education, and the historical trends that can be discerned in donations to churches. The sheer accumulation of this data is a great contribution to what we know about this subject, and it is far more than we have ever known before.

My task is not to review all of these findings, however. It is, instead, to provide a pastoral perspective that may speak to the concerns of parish clergy and other religious leaders, and in the process, pique their interest to look more carefully into some of this research.

Those who wish to read a helpful overview of the findings should read the book, [Financing American Religion](#), edited by Mark Chaves and Sharon L. Miller. It is a brief, provocative, and pragmatic review of the major parts of the project. Pastors will appreciate the practical implications enumerated at the end of every chapter. For a more reflective examination of the interplay between attitudes toward wealth and religious commitment, it is worthwhile to spend some time in the large volumes produced by Robert Wuthnow. [God and Mammon in America](#) is a more direct presentation and assessment of the Lilly-sponsored survey of two thousand Americans about the role of religion in their wealth, work, and moral life. [Poor Richard’s Principle](#) is, however, in my judgment an even more useful rumination, based also on the results of the national survey, on the role of materialism in the self-perceptions, values, and ambitions of contemporary American life. It reveals and dramatizes our general inability to articulate the basic connections between our effort, goals, achievements, and ambitions. Wuthnow’s research does document that

religious affiliation appears to have some importance in some economic and moral decisions, but it also documents that this religious influence is not nearly as great as one might imagine.

With great appreciation for the fine work done by Chaves, Miller, Wuthnow, and the other researchers, and with genuine commendation that pastors turn to those resources for fuller explorations of the issues, I am now going to cut to the chase. At the risk of neglecting some important data, insights, and conclusions, I am going to list several broad and general assertions that seem to me most relevant, provocative, challenging, and helpful for those of us who are involved in the daily task of financing American religion. A more nuanced discussion of all of these issues can be found by searching the database of this web site.

1. **Is there a crisis in the financing of American religion?** This is the basic question that the Lilly initiative seeks to address. The answer is: “maybe.” For those of us who work in parishes with aging buildings, deferred maintenance, and declining congregations, there does indeed seem to be a crisis. And there are many such situations. But in the broader context, the amount of money given to religious institutions, expressed as a percentage of the income of members, has declined very slowly over the twentieth century, from just about three per cent to just above two percent. While this is a drop of 50% over the century, contributions in absolute terms (number of constant dollars) actually have increased during the twentieth century, as the real income of members has also increased.

The macro view of these patterns indicates that American Christians support their churches with a consistent one to six percent of their incomes. Although this percentage has fluctuated during times of war and depression, it has remained roughly consistent. The fact, however, that the number of church members as a percentage of America’s population has declined steadily throughout the century, and that the overall percentage of income contributed has also declined slowly but steadily is a cause for concern, if not for immediate alarm.

The micro view tells a more alarming story. There are a disproportionate number of older, under-maintained, demanding church buildings. Americans have tended to build new churches, but also to hold on to the older ones,

many of which are now in declining neighborhoods with diminished congregations and resources. The result is an inequity of resources and income. It is also true that congregations have become much less inclined to support denominational causes with their “benevolence money.” In essence, in terms of mission giving, most churches in America have become congregational. There is a steady decline in money that is made available to larger denominational structures; more money is retained in local congregations either to support local needs or to be dispensed to mission projects that are designated by the congregation. Yet, despite retaining a higher percentage of their contributions, many congregations are struggling to cover their operating expenses. The divide between wealthy congregations and struggling ones is increasing; there are more struggling ones than wealthy ones, yet the majority of members belong to the wealthy ones. All of this comes as little surprise to most pastors. We know this, but it is good to have the confirming data.

2. **Denominational cultures differ in regard to giving patterns.** While congregationalism may have triumphed as the paradigm for giving in almost all American churches, there are nonetheless significant differences between denominations in the patterns of giving. Catholics give less (both absolutely and as a percentage of income) than Presbyterians. Presbyterians give less than Southern Baptists. Southern Baptists give less than members of the Assembly of God or the Mormons. The range is from over seven per cent of income for Mormons to about one percent for Catholics. A great deal of the research in this project has tried to account for these differences in terms of factors like income, education, attitude toward denominational officials, size of parish, perceived democracy within the congregation or church structure, theological orientation, etc. It is true that the groups perceived as more conservative or, perhaps more accurately, more cohesive and demanding in their practices also gave more of their money to the church. In the end, this seems almost tautological; people who are more committed to their faith give more money to it than those who are less committed. Commitments are partially defined and shaped by the practice of giving; people who are more involved in giving time and effort to their churches will also give more of their money.

It is also true that people who have more money to give will give larger amounts of it than people who have less to give. This data explodes the myth

that poorer people give a higher percentage of their income to the church than richer people. This generalization is true only if non-givers (of whom there are many) are excluded from the sample. Otherwise, those who are wealthier tend to be more generous, both relatively and absolutely, with a few exceptions. In churches as in other institutions, 80% of the contributions come from 20% of the contributors. Iannaccone’s interesting work, “[Skewness Explained: A Rational Choice Model of Religious Giving](#),” explains why this pattern is persistent, expected, and not alarming. Much of this, while previously suspected, is now documented. So what are the implications for us pastors?

3. **There are a few transferable practices that do make a difference**, despite differences in denominational cultures that affect attitudes and expectations and practices about giving. Using extensive research that explored the lower giving rate of Catholics, a number of researchers tried to relate this difference to the generally larger size of Catholic parishes, to disillusionment with Catholic hierarchical organization, etc. None of it worked.

Catholics are just as committed to their churches as most Protestants in all ways, but they give less. Why? One answer is that Catholic parishes are less likely to have a stewardship education program, and they are less likely to have a culture that supports the notion of planned proportionate giving. All studies indicate that churches, of whatever denomination, receive more support when they encourage their members to make pledges and to base those pledges on a percentage of their income than they do when they rely upon weekly spontaneous decisions about giving. Although denominational stewardship education programs have varying degrees of success and are never consistently miraculous, the notion of planned proportionate giving does seem to produce results. Catholic parishes that have instituted such practices have seen their giving rise, but the denomination, as a whole, has not made this a part of its culture.

4. **More substantially, these findings suggest a crisis of pastoral leadership**. On one level, pastors do not seem interested or even especially competent in administering the financial affairs of their parishes. One study by Daniel Conway, [The Reluctant Steward: A Report and Commentary on The Stewardship and Development Study](#), documents the fact that pastors say that they are under trained in financial and human resource management, but they

also say that they are uninterested in attending continuing education events in this area. Seminaries have not paid adequate attention to this aspect of preparation for ministry. But even when they attempt to offer courses addressing these financial management issues, they find little interest. This lack of engagement with financial issues is a central part of the crisis of pastoral leadership. It exists both because pastors generally do not like money management and also because they lack the ability, training, or incentive to articulate the ways in which use of money reflects basic commitments and loyalties. It is telling that most pastors think they talk about money too much, while most parishioners state that they rarely hear a sermon that addresses the way in which economic activities shape and reflect basic faith commitments.

Many pastors rightly assert that they do not want to become fund raisers or accountants. But what they also seem unable or unwilling to do is to articulate for their parishioners, a vision of a committed life in which the way that we engage our work, our wealth, and our ambition springs from and expresses Christian commitment. This crisis is reflected in many of the focused studies in this project, and it also is explored more broadly in Wuthnow’s work, [Poor Richard’s Principle](#) and [Rethinking Materialism: Perspectives on the Spiritual Dimension of Economic Behavior](#). The challenge for pastors that these findings pose is central and inescapable: how can we help our parishioners understand how money expresses, informs, and sustains vocation? This is not a defect that can be remedied by instructions in fund raising (even though such instruction may be needed also). Rather, it reflects a troubling fundamental disorientation in the central task of pastoral leadership – a disorientation that all of us individually may feel we do not exemplify, but which comes through very clearly in the significant patterns of this data.

One of the factors that may contribute to this crisis of leadership is the documented decline of the status of Protestant clergy as members of the American middle class. James Hudnut-Beumler’s study of Methodist ministers (“Historical Myths about Financing American Christianity,”¹) indicates that there has been a downward trend in clergy income, in comparison with other professionals, since the early 1960’s. Some have suggested that this

1 James Hudnut-Beumler, “Historical Myths about Financing American Christianity,” [sound recording] in *The Money problem: a conference on the financing of American religion* / sponsored by the Louisville Institute. Louisville, Ky.: The Louisville Institute, 1998.

downward trend is attributable to increasing numbers of women clergy, some of whom have accepted part-time or second income status. But Hudnut-Beumler’s study indicates that the decline began before women entered the profession in significant numbers. Hudnut-Beumler sees the decline as a reflection of the Protestant clergy’s loss of confidence in the validity of their own vocation. This, he suggests, coincided with the fundamentalist-modernist battles of the early twentieth century and what he views as the clergy’s principled abdication of the role of moral arbiter during the especially confusing period of the 1960’s and 1970’s. Hudnut-Beumler states: “Rarely has a professional group conspired so completely in its own demise.”

These findings are disturbing on two levels. First, they attest to the basic disorientation that seems to lie at the heart of this crisis. Second, these financial facts have the concurrent effect of making ministry less practically appealing to capable persons in our society today -- persons who enter other professions instead of the ministry. While we tend to denigrate the role of financial incentives in ministry, the steady decline in the absolute value of clergy compensation clearly contributes to part of the malaise that many pastors feel.

There is a great deal of literature, including some Lilly-financed studies, that documents the crisis in Roman Catholic pastoral leadership. In both Catholic and Protestant churches, the crisis has to do with the notion of vocation, though Protestants in general tend to define Christian vocation more broadly than Catholics. I think that it is fair to say that the crisis of pastoral leadership throughout the Christian church in America is not just a crisis of numbers of personnel or finances, but is, in fact, a crisis of vocation. We are confused about how our work reflects and expresses the purposes of God on earth, and many of us have given up even talking or thinking about it.

A few other observations about this crisis suggest themselves.

5. **A new profession has emerged: that of the professional fundraiser.** In the midst of the crisis of ministerial leadership, the technical success of this new profession has enabled some church-related institutions such as seminaries, colleges, rescue missions, camps, etc. to thrive. Churches also have bought into the concepts of capital campaigns, and most congregations employ professional consultants to conduct or oversee the campaigns. Denominational foundations have been quite successful in using the model of

professional fund-raising to acquire substantial sums of money, some of which is used to underwrite the missions of the church. Individual congregations have also developed endowments, and endowed congregations are becoming more common. While the board of directors model has triumphed as a model of corporate governance, it has not been the official polity of most Christian churches. Nonetheless, many congregations are finding this model more appealing as the techniques of fund raising replace the daily discipline of offering, and as our culture enables many people to amass wealth. Church institutions with independent boards of directors have often been successful in raising money, but the links to congregations have often suffered as a consequence. Seminaries are a good example. Many Protestant seminaries now depend very little on denominations for their finances; they depend upon their endowments and independent fund-raising, including direct relationships with particular congregations. At the same time, many of them are having difficulty attracting students in sufficient numbers to justify their mission. All of this underscores the crisis of vocation to which I have alluded.

6. **A culture of philanthropy has emerged about which pastors know relatively little.** A great deal of money is available; Americans, both living and dead, have wanted to give their wealth away. The culture of philanthropy has coalesced in foundations that are usually separated from the church. (The Lilly Endowment is an example of this, and also an exception, since it is one of the few foundations to give major attention to the support of religious institutions.) Most pastors know little or nothing about applying for grants. Many foundations are reluctant to give grants to religious institutions for mistaken reasons – e.g., not understanding the tax-exempt nature of religious institutions. At the same time that a new demand is arising for faith-based institutions to contribute to the solution of cultural problems, the primary methods of financing – government aid and philanthropic foundations – are inaccessible to many pastors and church leaders because of suspicion, hostility, and ignorance on both sides. Clearly, few pastors are equipped, either technically or spiritually, to manage or direct the challenge which faith-based institutions are being asked to assume in our culture. Even Catholic schools are relying increasingly on tuition payments for their income, and they hold out hope for a voucher system to provide increased support.

Unless pastors are better equipped to engage in the larger culture of giving, the result is likely to be either a failure to capitalize on the opportunities

available to faith-based institutions, or a default of genuine spiritual initiative as so-called faith-based initiatives simply become secular agencies housed in formerly religious buildings.

Religion has been, and still is, important in American culture. But unless we are able to reconceive the vital links between faith and culture and articulate those links in helpful ways, the gradual decline of financial support and of membership is likely to continue. And no one is more likely to lead that effort to reconceive this relationship than pastors.

7. **So what, then, do pastors need to do?** Rather than succumbing to despair or remaining captive to diminishing parochialism, clergy need to regain the confidence to identify, articulate, and answer questions that no purely secular culture can adequately address. They need to assert the particular value of the programs and services that their congregations provide. They need to be advocates for the values of particularism without denigrating the inescapable pluralism of our culture. They need to acquire skills in management that do not undercut or neutralize their pastoral vocation. They need to learn enough about economics to be able to understand the predictable and practically irresistible demands of contemporary American work and wealth. This is a big challenge for pastors, many of whom are under-educated, overwhelmed, demoralized, and in retreat. Yet it is absolutely essential if Christianity is going to regain a vital focus in American culture.

Denominations can help focus the challenge and encourage pastors to respond to it. Institutions of theological education also have an important role to play in reconceiving the major tasks of theological education. But given the purely academic orientation that most seminaries have embraced, theological education institutions are unlikely to take leadership in this area. Thus the resources provided by foundations like Lilly to bring pastors together for discussion of the challenges of pastoral leadership and to provide funding that allows pastors to step back temporarily from their daily responsibility in order to try to reconceive their task is critical for the revitalization of American Christianity. There is, of course, no guarantee that the revitalization will occur. The challenge of financing American religion may be evidence of an important cultural shift that has already happened.