

**RELIGIOUS GIVING IN UNCERTAIN TIMES:
INSIGHTS FOR CONGREGATIONS AND FAITH-BASED NONPROFITS**

Prepared by

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During the past month we have had numerous inquiries as to the implications of the current financial crisis on religious giving for congregations and faith-based institutions. While we have no crystal ball with which to provide you with definitive answers, we are pleased to share with you insights from the research available to us via the Center on Philanthropy at Indiana University. We also offer some practical suggestions based on these observations and our conversations with leaders of faith-based institutions.

Patrick Rooney, the interim executive director of the Center on Philanthropy at Indiana University, observes that while historically, the impact of the economy on charitable giving “might not be as dire as popular opinion might indicate” we do appear to be “heading into uncharted waters which may not follow precedent.”¹ Since 1967 there have been twelve periods of recession and seven “slowdown years.” The official definition of a recession is “two successive quarters with a decline in gross domestic product (GDP).” An economic slowdown is defined as “slower-than-average growth in both personal income and gross domestic product” which in turn may affect giving.² A full report on “Giving During Recessions and Economic Slowdowns” written and researched by the Center on Philanthropy is available from the Giving USA Foundation and may be purchased by phoning 1.847.375.4709.

Religious Giving During Recessions

- Recessions have little effect on religious giving.
- Even in times of recession, religious congregations remain the number one recipient of all household dollars given to charity. Over 50% of all household charitable giving goes to religion, mainly congregations.
- In times of recession the decline in giving to religion when adjusted for inflation has been -0.1% compared to an average growth in non-recession years of 2.8%.
- Giving to religion fell in 6 of the 12 recession years and did not fall in any year that was not a recession year.
- In the 4 recessions that lasted 8 months or more giving to religion fell by 1.4% when adjusted for inflation.
- The Center on Philanthropy Panel Study (COPPS) has found that donors with incomes under \$50,000 may stop giving when their personal economic circumstances worsen.
- A 2003 study by the Independent Sector indicates that households worried about money may decrease their overall giving to religion from 20% to 50%.³

¹ “Weathering an Uncertain Economy”, in “Philanthropy Matters,” The Center on Philanthropy at Indiana University, Volume, 16, Issue 2, 2008, p. 5.

² See: “Giving USA Spotlight” , Issue 3, 2008, p. 1. A slowdown is GDP growth below 2.0 percent OR personal income growth below 2.9%. The forty year average GDP growth is 2.5%, and the average forty year personal income growth is 3.3%.

³ Independent Sector, “Giving in Tough Times: The Impact of Personal Economic Concerns on Giving and Volunteering.” 2003.

Suggestions for Religious Congregations and Faith-based Nonprofits

- Prepare a flat budget as you move from calendar year 2008 to 2009. At best do not plan for an increase in giving and/or pledging beyond 2%. It would also be wise to prepare a worst case scenario of a 5% loss in contributions in 2009.
- Carefully analyze the demographics of your organization and your major donors. Congregations with large constituencies of retired people or unemployed people are likely to be more seriously affected by the uncertain economic climate.
- Many congregations conduct their annual fundraising – stewardship – event in the late fall. Carefully analyze the pledging of the first wave of your stewardship program to discern your congregation’s giving trend for 2009 as those who pledge early tend to be the larger and more faithful donors.
- Pay close attention to your fourth quarter receipts – December in particular – as this may be a predictor for the coming year.
- If your congregation is significantly dependent on a church endowment for support serious thought must be given to the percent of draw to be made from the endowment in 2009. Bleeding your endowment to survive next year will not serve you well in subsequent years.
- Monitor carefully your cash flow during the first six months of 2009. Do not allow your expenditures to exceed your income.

Fundraising Wisdom for Times of Economic Uncertainty

- Maximize good fundraising practices.
- Lead and act from your strength; for a majority of your members giving to their church remains the top priority in all charitable giving.
- Be sure to say “thank you” to your donors.
- Remember, your donors are also experiencing tough times.
- Do not go on a rant or use guilt to raise money for your budget.
- Tell stories about the difference your congregation makes in meeting the needs of hurting people.
- Be a “share the vision” congregation – not a “meet the budget” congregation – by emphasizing the needs you meet rather than the need you have to raise money.
- Communicate simply, thoughtfully and candidly your mission and services.
- Remember, people want to give to address human needs; they are not keen on funding a bureaucracy or building.
- This is not a time for religious communities to be selfish and self-centered; this is a time to reach out and address the hurting and needy in your community.

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