

**LAKE FAMILY INSTITUTE ON FAITH & GIVING**  
*at the*  
**CENTER ON PHILANTHROPY**  
**AT INDIANA UNIVERSITY**

*in collaboration with*  
**THE INDIANAPOLIS CENTER FOR**  
**CONGREGATIONS**

**LFI 2006** **GREATER**  
**INDIANAPOLIS**  
**CONGREGATIONAL**  
**GIVING SURVEY**

**EXECUTIVE SUMMARY**

The Lake Family Institute on Faith & Giving (LFI) at the Center on Philanthropy at Indiana University honors the legacy of Thomas and Marjorie Lake and encourages and performs work that examines the links between faith and giving in diverse religious traditions. One way the Lake Family Institute examines connections between faith and giving is by pursuing research into important philanthropic issues relevant to congregations, communities and nonprofit organizations. Congregational giving is perhaps one of the least understood 'philanthropic issues,' and LFI is committed to building a lasting scholarly foundation for the exploration of the vital role religion plays in philanthropy. This research will be useful to both the academic and faith communities in the United States and abroad.

This report marks a milestone for the Lake Family Institute as we present the results of the first LFI Greater Indianapolis Congregational Giving Survey. With the generous collaboration of the Indianapolis Center for Congregations 1,492 surveys were mailed with questions about congregational giving patterns in 2005.<sup>1</sup> Data were collected and processed confidentially by the Indiana University Center for Survey Research. The analysis was completed by the Center on Philanthropy's highly skilled research department. Today we have the privilege of reporting some of the findings from the survey to you. However, before we do that it is important to understand religious giving in general. While research into faith and giving is still in its infancy, we do have some data collected over the past 20 years, which not only provide an initial window into this fascinating field of research, but also serves as a backdrop for the findings from our survey.

The Lake Family Institute on Faith & Giving thanks participants for the part they played in helping us further our mission of trying to understand the multi-faceted relationships that shape the relationship between faith and giving.

LFI would also like to thank the Lilly Endowment which has provided the generous support that allows many of the various organizations mentioned in this report make the contributions they do to research into faith and giving.

The full report will be available for purchase on our web site at [www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu) or by calling LFI at 317 – 278 – 8955.

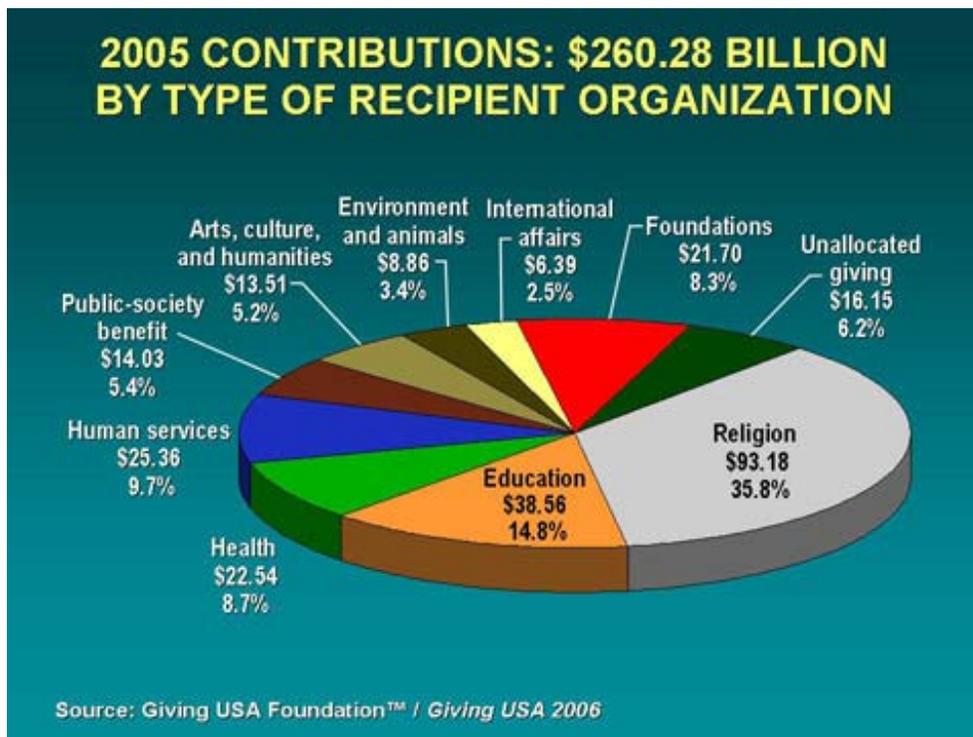
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## National Background Data

It is estimated that 35.8 percent of the total charitable contributions in the United States, \$93.18 billion dollars in 2005, goes to religious organizations (see figure 1).<sup>2</sup> The importance of this statistic is highlighted by the fact that the second largest slice of the American charitable pie is giving for education at 14.8 percent, or \$38.56 billion, not even half of what Americans give to religion.<sup>3</sup> In 2002 religious organizations received on the average \$1,703 from households that gave to them.<sup>4</sup> Sixty percent of all American household giving goes to religion, and congregations are the major recipients.<sup>5</sup>

**Figure 1.**

**2005 contributions: \$260.28 billion, by type of recipient organization.**



## State Level Background Data

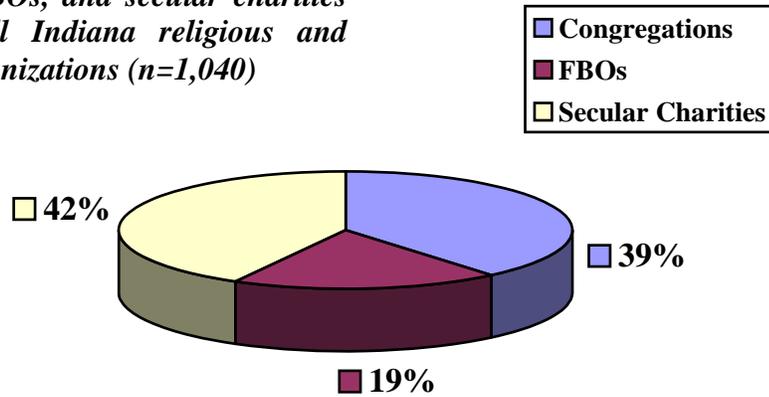
Religious organizations play a big role in Indiana. At the state level Hoosiers give generously to religion. The *Indiana Gives 2004* project estimated that of the \$4.86 billion Hoosiers gave to charity in 2003, donors gave primarily to religious organizations, which received 39.5 percent of the total, or \$1.919 billion.<sup>6</sup>

A recent study of Indiana nonprofits found that over 1,000 Indiana nonprofits are part of the religious and charitable sector. Of these, 42 percent are secular charities, 39 percent are congregations, and the remaining 19 percent are other faith-based organizations (FBOs).<sup>7</sup> This same study reported that 60 percent of Hoosier congregations are evangelical Protestant, 31 percent are mainline Protestant, 7 percent are Catholic, and 2 percent have some other religious affiliation.

Figures 2 and 3 show the breakdowns.

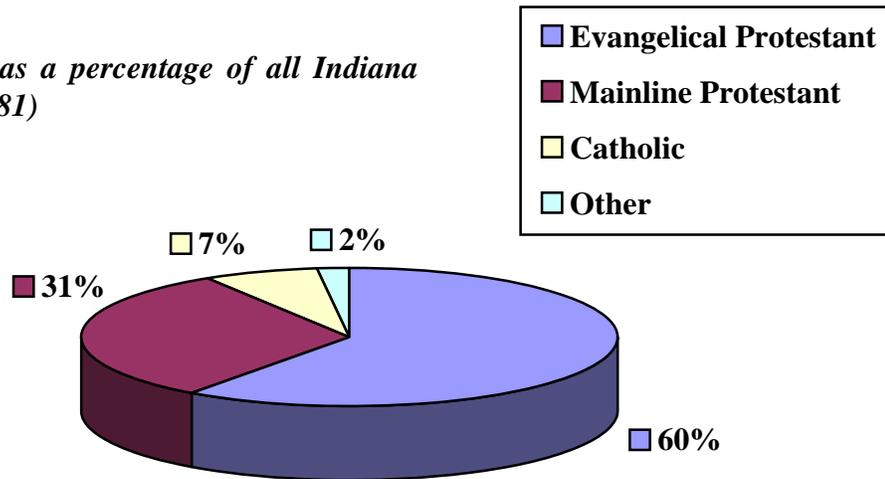
**Figure 2.**

*Congregations, other FBOs, and secular charities as a percentage of all Indiana religious and charitable nonprofit organizations (n=1,040)*



**Figure 3.**

*Congregation type as a percentage of all Indiana congregations (n=481)*



### Religious Participation and Giving

Along with the sheer amount of money given to religion in this country, scholars have also noted the effects of religious participation on philanthropic giving in general. Religion appears to be a significant motivational factor in philanthropic behavior.<sup>8</sup> Americans who give or volunteer with religious congregations give more time and money than those Americans who only involve themselves with secular charitable activities.<sup>9</sup> About 60 percent of America's religious givers support not only their congregation, but also give to secular causes.<sup>10</sup>

### 2006 LFI Congregational Giving Survey

The 2006 LFI Greater Indianapolis Congregational Giving Survey grew out of our desire to understand religious giving, especially at the congregational level. Among other items, we wanted to find out how Indianapolis area congregations perceived their financial health, what factors they felt influenced their 2005 budgets, and if they thought that the generous outpouring of giving for disaster relief efforts in 2005 came at the expense of regular congregational financial

participation. This overview will share with you some basic information about our survey as well as what the results tell us.

### Methodology

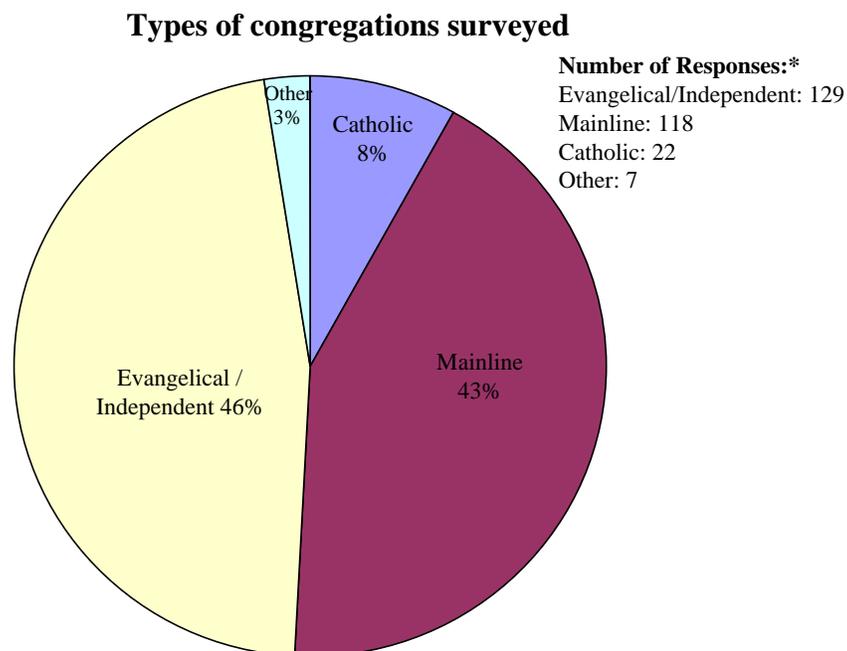
- Surveys mailed: 1,492
- Surveys returned: 281
- Response rate: 20 percent
- Survey instrument: Mailed questionnaire to 1,492 Indianapolis area congregations. For more information on our instrument and analysis please contact the Lake Family Institute at the Center on Philanthropy at Indiana University.
- Denominational groupings (for survey purposes only):<sup>11</sup>
  - **Catholic** = Roman Catholic, Anglican Catholic, and Orthodox Church in America
  - **Mainline Protestant** = American Baptists, Disciples of Christ, Episcopal Church, Evangelical Lutheran Church, Friends (Quakers), Free Methodist, Lutheran, Presbyterian Church (USA), Reformed Church of America, United Church of Christ, United Methodist Church
  - **Evangelical/Independent** = All other Protestant congregations
  - **Other** = Jewish and Unitarian congregations

### Survey Findings

#### Demographics of Responding Congregations

The area of the survey was greater Indianapolis, which includes Marion and surrounding counties.<sup>12</sup> We were pleased to have a representative group of respondent congregations with our largest group of respondents being Evangelical/Independent, followed by mainline Protestant, followed by Catholic, and finally the category into which Jewish Temples/Synagogues and Unitarian congregations fall (see figure 4).

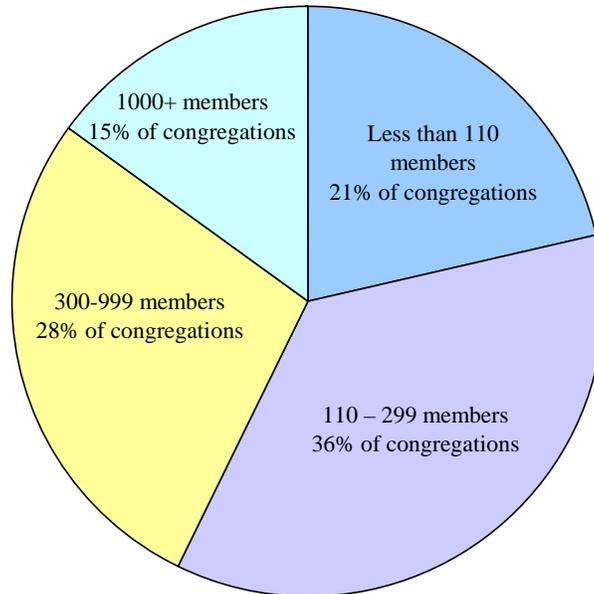
Figure 4.



\* We are missing congregational type for 5 congregations

We were also pleased by the representative nature of the range of congregational memberships among respondents, from 15 percent from congregations with memberships of more than 1,000 to 21 percent from congregations with memberships of less than 110. The largest segment of respondents (36%) was congregations with memberships between 110 and 299, which is consistent with national averages.<sup>13</sup> Mark Chaves, in *Congregations in America*, reports that the median American congregation has 75 regular participants with a congregational budget of \$56,000. The median person is in a congregation of 400 regular participants with a congregational budget of \$250,000.<sup>14</sup>

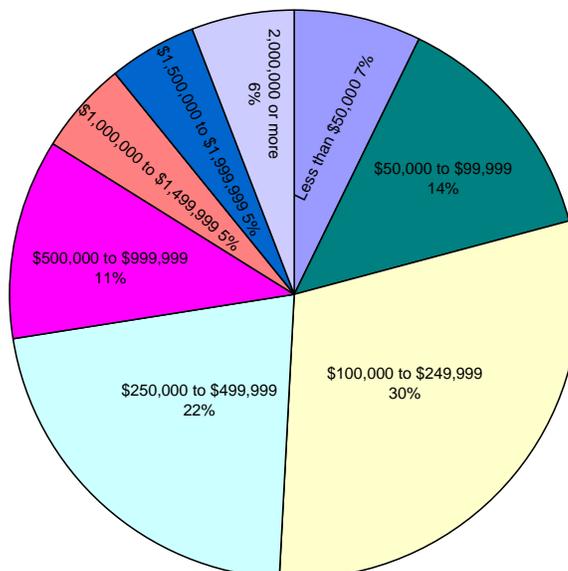
**Membership of surveyed congregations**



The largest segment (30%) of respondents was congregations with 2005 budgets of \$100,000 to \$249,000. Over half of the respondent congregations had 2005 budgets that ranged from \$100,000 to \$500,000. Twenty-one percent had 2005 budgets less than \$100,000. Only 6 percent of respondents had 2005 congregational budgets of \$2 million or more.

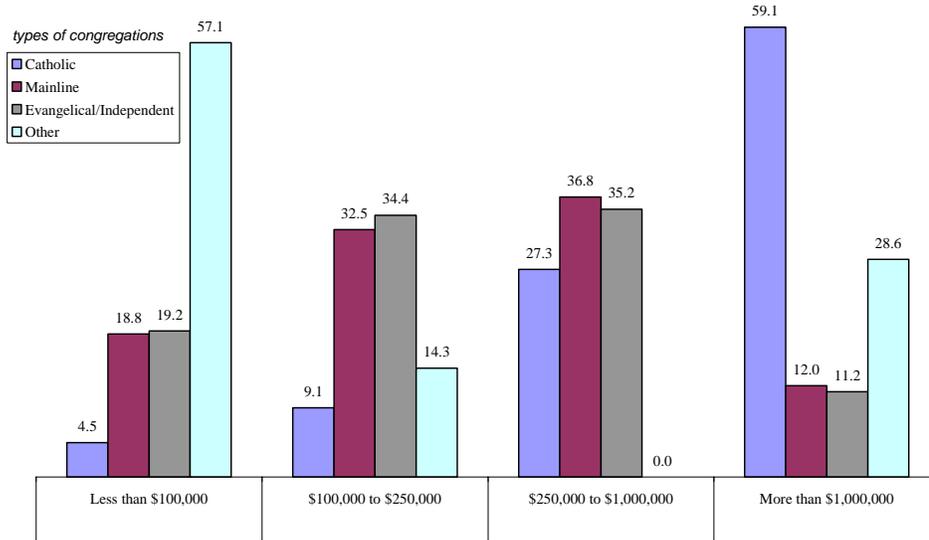
**Figure 5**

**2005 congregational budgets of those surveyed**



When we looked at the budget levels of congregations, we found that Catholic congregations (parishes) had the largest budgets while mainline Protestants and evangelical/independents were more evenly dispersed among the various budgetary levels.

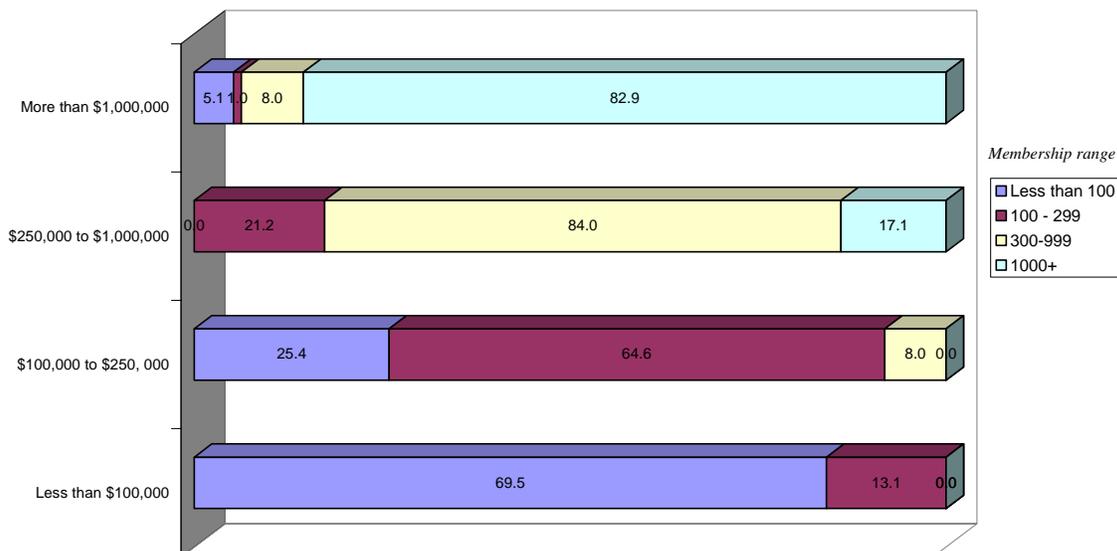
**Figure 6.** Percentage of types of congregations by budget levels



### Congregational Finances and Membership

The relationship between the size of a congregation’s membership and its budget is commonplace: budgets tend to grow along with the size of the congregation. In our survey we found that close to 70 percent of congregations with budgets less than \$100,000 had less than 110 members, while almost 65 percent of congregations with budgets of \$100,000 to \$250,000 had between 110 and 299 members. Eighty-four percent of the congregations with budgets in the \$250,000 to \$1 million range had between 300 and 999 members, and 82.9 percent of the congregations with budgets in excess of \$1 million had over 1000 members.

**Figure 7.** Percentage of congregations in each membership range by 2005 budget level



## Congregational Finances and Age of Congregation

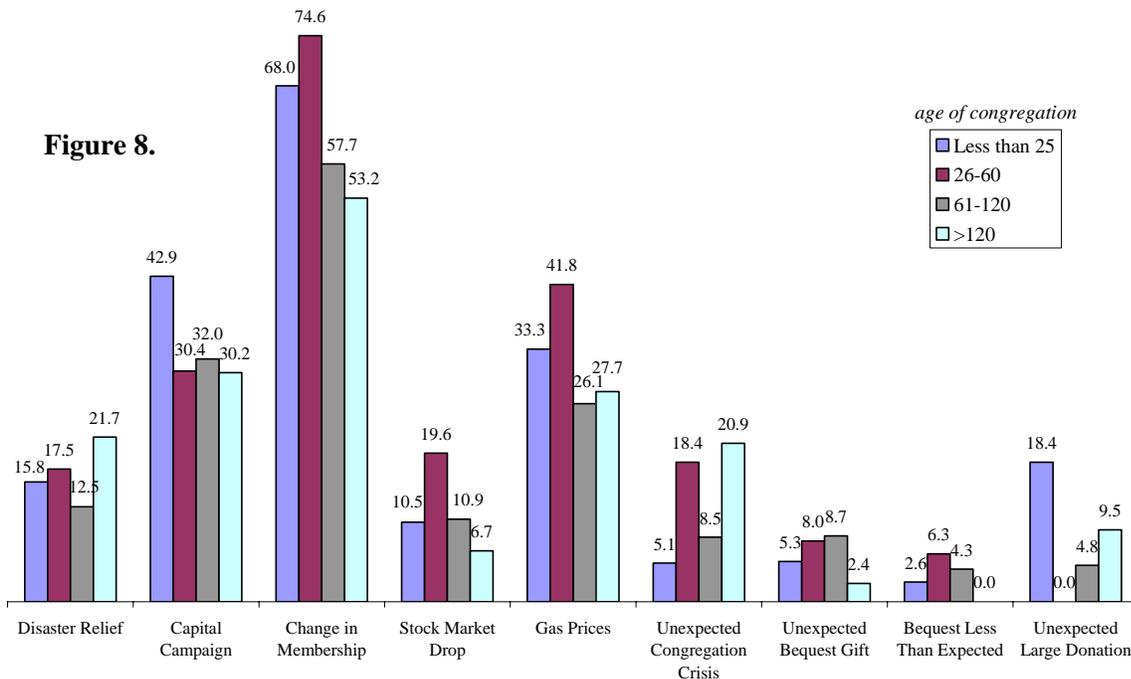
We also wondered about the relationship between the age of a congregation (the amount of time in existence) and budget changes in 2005. Congregations founded after 1975 are statistically significantly more likely to report an increase in the total amount given over the past three years than congregations founded before 1976. Fifteen percent of congregations over 125 years old have seen a decreased total amount of giving over the past 3 years. Congregations founded after 1975 are statistically significantly more likely to report an increase in the total number of donors over the past three years than congregations founded before 1976. Congregations founded prior to 1886 are statistically significantly less likely to report an increase in the total number of donors over the past three year. Almost 73 percent of congregations 25 years old or younger have seen the number of donors increase over the past 3 years. Some other findings of note were:

- Young congregations appear to be more financially fragile. Their giving is more likely to be affected by a capital campaign and the most likely to be impacted by an “unexpected large donation”.
- Older congregations (over 120 years) have larger budgets than younger congregations. Almost 64 percent have budgets in excess of \$250,000.

When asked about changes in their 2005 to 2006 budgets, respondent congregations reported an overall budgetary increase. However, a high percentage of congregations of all ages reported that their income increases did not keep pace with the Consumer Price Index of Inflation from 2005 to 2006 (3.89%). This means that congregations that do not expect a budgetary increase of roughly 4 percent are not keeping pace with inflation. Sixty-one percent of all congregations fell into this category.

We also inquired into the perceived factors at the root of congregation’s 2005 – 2006 budgetary differences. As might be expected, changes in membership were by far the largest category mentioned. Capital campaigns and gas prices seemed to be important factors as well. These factors were the same across congregational size, age, and income levels. Congregations with income below budget thought that gas prices were a significant factor in their budgetary difference.

**Percentage of congregations reporting factors that created differences in 2005 budget & 2005 receipts by congregation age**



## Congregational Finances: Giving Patterns and Budget

We also asked questions of the data concerning the relationship between budget size and giving patterns. Some of our findings on this issue were:

- Congregations with budgets in excess of \$250,000 were more likely to have experienced an increase in giving in the last three years together with an expanded donor pool than congregations with budgets less than \$250,000.
- 39% to 43% of all congregations with budgets under \$250,000 experienced a decrease or no increase in giving in the last three years. 23% to 27% of all congregations with budgets in excess of \$250,000 experienced a decrease or no increase in giving in the last three years.
- 55% of all congregations with budgets from \$250,000 to \$1 million experienced an increase in the number of donors over the same period of time. 69.2% of all congregations with budgets exceeding \$1 million experienced an increase in the number of donors.
- 65.1% of all congregations report that they have special budgets separate from their general congregational budget.
- There is a positive relationship between budget size and 2006 budget increase:

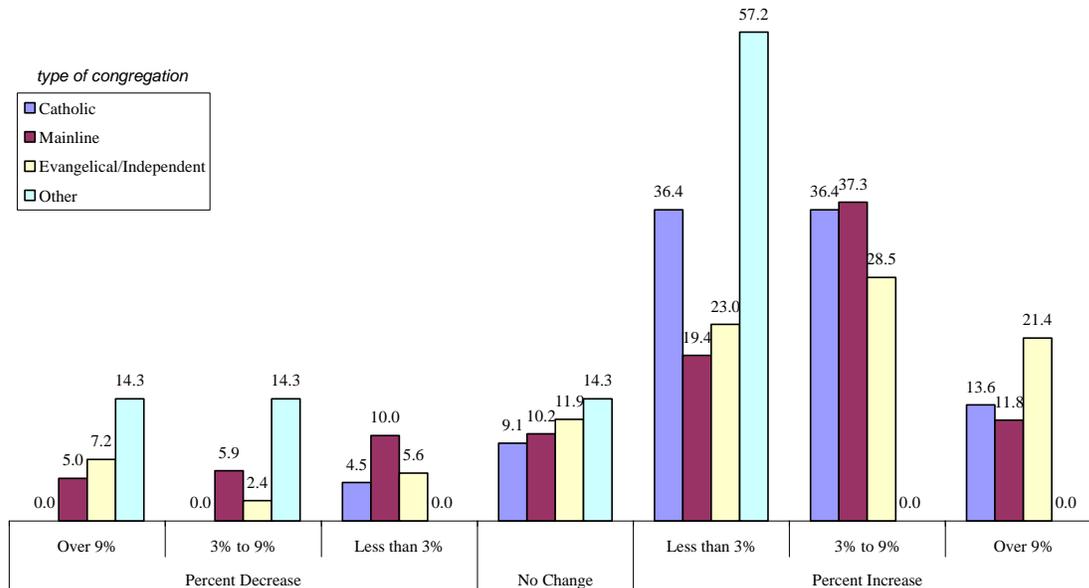
### Percent Change 2005 to 2006 Budgets

<i>Congregational Budgets</i>	<i>Percentage Reporting Increase</i>
Under \$100,000	61.5%
\$100,000 - \$250,000	65.5%
\$250,000 - \$1 million	75.1%
Over \$1 million	86.4%

## Congregational Type and Budget

We also wanted to know what differences might exist between the various types of congregations represented in our survey. In the following graph one can see the percentage of budgetary increase or decrease by congregational type.

**Figure 9.** Percentage of congregations reporting 2005-2006 budget changes, based on congregation type



Some of our other findings by congregational type were:

- Other types of congregations were the most likely to report both a decrease in giving as well as a decrease in the number of people giving in the last three years.
- 34% of the evangelical/independent congregations reported that their 2005 income exceeded their 2005 budget, compared to 29% of Other congregations, 16% mainline Protestant, and 14% Catholics.
- Catholics report the most dissatisfaction with the level of church giving (and fundraising effectiveness) while evangelical/independent congregations were the most satisfied with their giving.
- 61% of evangelical/independent congregations reported an increase in their donor base in the last three years while 43% of Other congregations and 27% of mainline Protestant congregations reported a decrease.
- 73% of all Catholic congregations have more than one thousand members and 59% have budgets in excess of \$1 million.

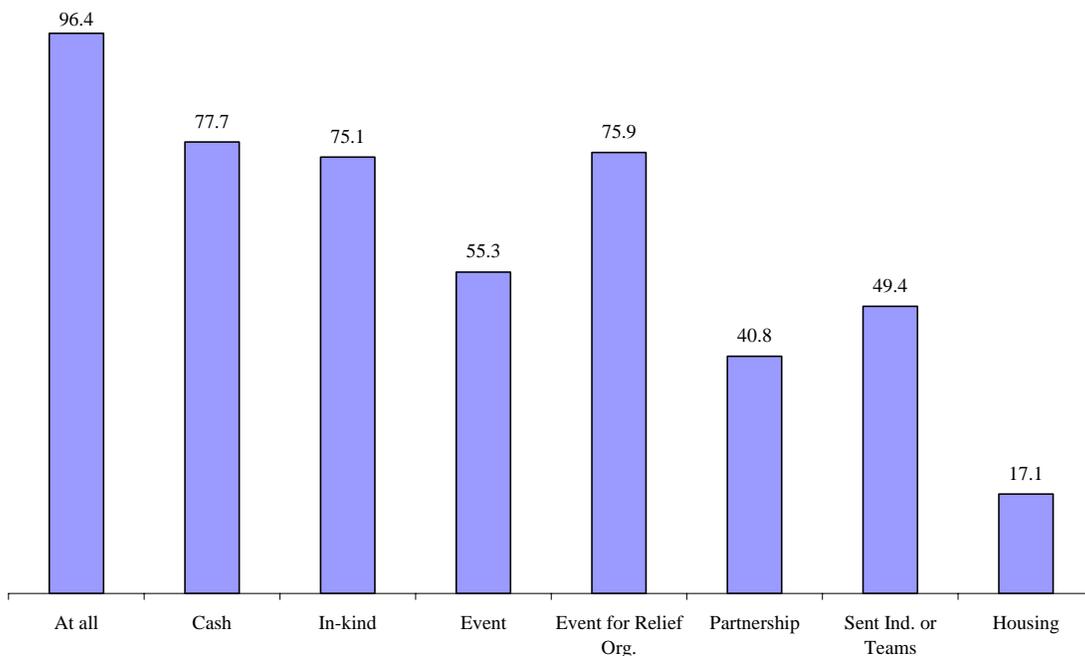
### Disaster Relief Giving in 2005

In the year 2005 congregational generosity was called upon in an unprecedented manner. Who can forget the calls to give that emanated from the human and ecological tragedies brought about by the Asian tsunami, the Pakistani earthquake, and the U.S. Gulf Coast hurricanes?<sup>15</sup> The large scale of the fundraising for the needs created by these natural disasters left many wondering what effect such situational giving might have on American’s regular charitable giving. We included questions on congregational giving to disaster relief in 2005 for this purpose.

An incredible number (96.4%) of congregations reported involvement with the disaster relief efforts. The various ways Greater Indianapolis area congregations were involved demonstrates the diversity of responses congregations display in times of need.

**Figure 10.**

Ways Central Indiana Congregations were involved with Disaster Relief Effors in 2005 (percentage)

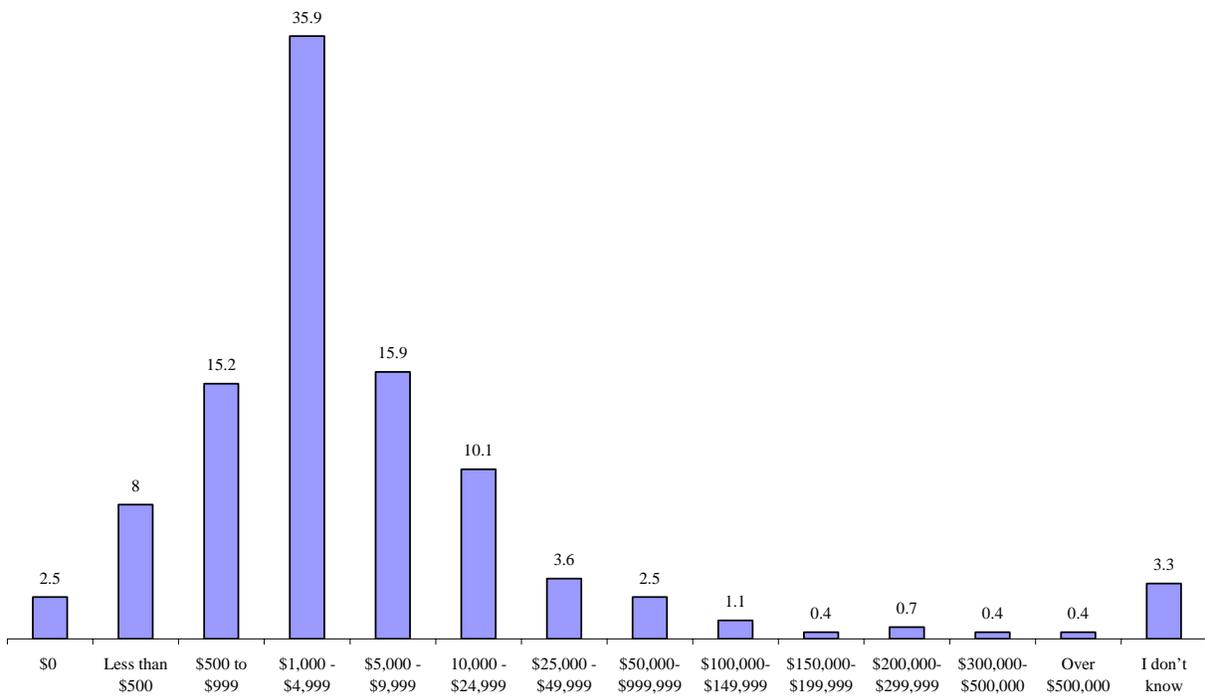


One area congregation collected \$29,000 in one special Sunday offering. Another reported donating through the Jewish Federation as well as contributing directly to social welfare agencies located in the affected areas.<sup>16</sup> One church hired a woman displaced by a disaster as secretary.

Almost 36 percent of Greater Indianapolis area congregations reported giving cash contributions between \$1,000 and \$4,999, with just over 10 percent giving between \$10,000 and \$24,999.

**Figure 11.**

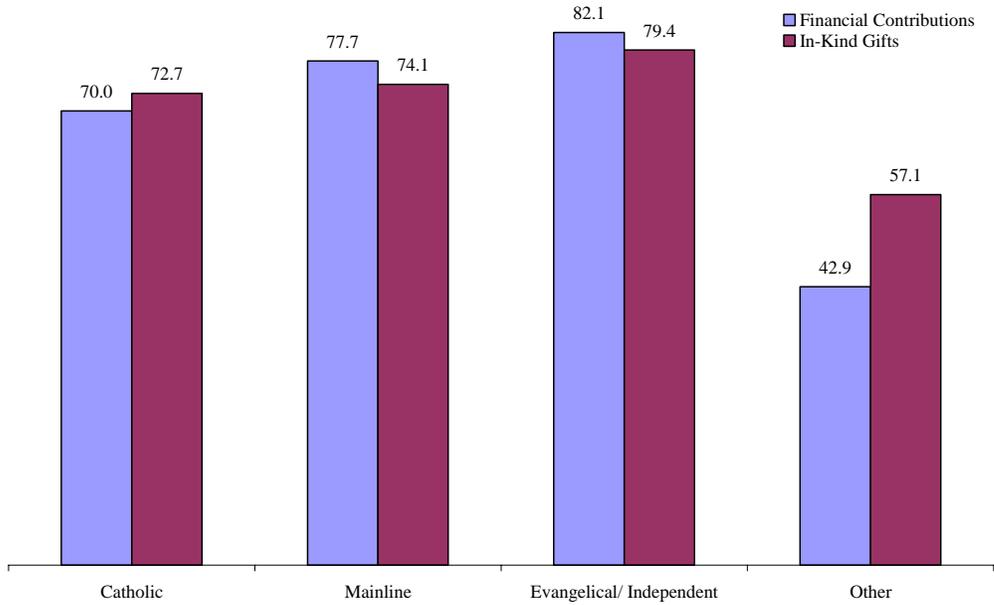
**Percentage of Central Indiana Congregations Reporting Cash Contributions for Disaster Relief in 2005 by Amount Given**



We found that participation in relief efforts was not the purview of any one type of congregation, and both financial and in-kind gifts were fairly evenly distributed across congregational type.

**Figure 12.**

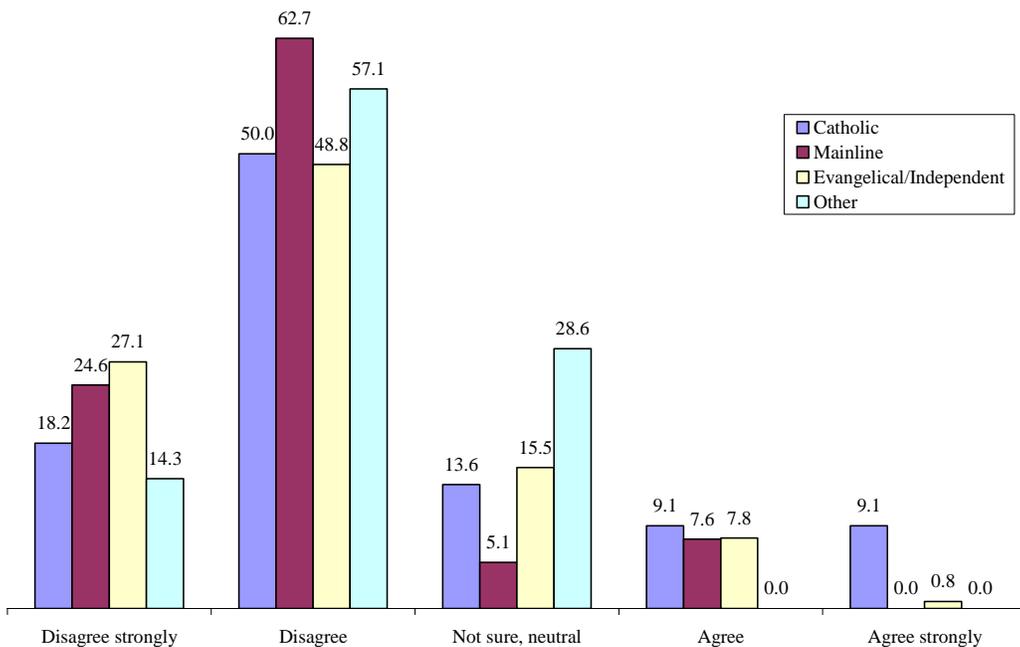
**Percentage of Central Indiana Congregations that Made Financial Contributions or In-Kind Gifts for Disaster Relief in 2005 by Type of Congregation**



And finally, it was abundantly clear that respondent congregations did not think that 2005 giving for disaster relief came at the expense of regular congregational giving. This is a particularly strong finding since our surveys were addressed to and, for the most part, filled out by clergy who would have an understanding of their congregation’s disaster relief involvement and its effect on their congregation’s overall budget. This was true across the congregational types that participated in our survey.

**Figure 13.**

**Percentage of Central Indiana Congregations Reporting Agreement/Disagreement that Disaster Giving Came at Expense of Congregational Giving by Type of Congregation**



## Concluding Observations

Congregations continue to be of critical importance to a healthy civil society in America. Through surveys like this one we are trying to increase our knowledge of congregational finances in America. In closing we would like to bring together what we interpret to be a few issues of importance to the life of Greater Indianapolis area congregations.

1. Since our sample is representative of Greater Indianapolis area congregations, and by using other available congregational giving research, we can say that there appears to be a brewing financial crisis in American congregations. Our survey shows that in comparing congregational budgets for 2005 and 2006, 61 percent of all congregations are failing to budget to keep pace with inflation. This is true whether the congregation is measured by size of budget, number of members, age of congregation or type of congregation. According to the *Indiana Nonprofits* study, almost half of Indiana congregations either lost revenue or broke even in the past three years.<sup>17</sup> Nationally, according to *Giving USA 2005*, religious giving is one of the slowest growing charitable giving sub-sectors. Since 2001 giving to religion has shown a growth rate of 3.6 percent while disposable personal income has increased more than 8 percent when adjusted for inflation.<sup>18</sup>

2. In our work at the Lake Family Institute we have found that clergy appear to be unaware of or ambivalent about this brewing budgetary crisis. Ironically, when asked about the effectiveness of their fundraising methods, 50 percent of Catholic congregations, 49 percent of mainline Protestant congregations, 65 percent of evangelical/independent congregations, and 43 percent of Other congregations reported them to be effective. In addition, a high percentage of congregations said that they were satisfied with the level of giving in their respective congregations: 62 percent for evangelical/independent, 44 percent for mainline Protestant, and 36 percent for Catholic.

3. Mainline Protestant congregations appear to be the most vulnerable to financial stress. Mainline congregations were more likely than either Catholic or evangelical/independent congregations to have experienced a loss in revenue over the last three years and a loss in donor base. The *Indiana Nonprofit* study found similar results: 48 percent of mainline Protestant congregations reported a loss in revenue compared to 29 percent for evangelical/independents and 30 percent for Catholics.<sup>19</sup> It should be noted that 72 percent of the congregations under twenty-five years of age are evangelical/independent compared to 21 percent that are mainline Protestant.

4. Catholic congregations appear to be financially stagnant. While large in size (73 percent have more than 1,000 members) these congregations appear to have smaller per capita giving with 41 percent of these congregations having budgets less than 1 million dollars. While Catholic congregations are reporting growth as to the number of adherents, 63.1 percent say they have not had an increase in the number of donors in the last three years.

5. While our survey found reasons to be concerned about long-term trends in congregational giving, perhaps one of the most important stories to be told is the fact that when confronted with catastrophic human need Indianapolis congregations rose generously to the occasion. According to 81 percent of congregations in our survey this outpouring of giving to disaster relief in 2005 had no adverse affect on their congregational income and/or budget. We think that when interpreted in the context of available research on faith and giving, the generous response to disaster points to a wealth of untapped resources in American congregations.

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## ENDNOTES

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<sup>1</sup> With 281 surveys returned, the response rate is 20 percent.

<sup>2</sup> *Giving USA 2006: The Annual Report on Philanthropy for the Year 2005* (New York: Giving USA Foundation, AAFRC Trust for Philanthropy, 2006), p. 16.

<sup>3</sup> Ibid.

<sup>4</sup> Center on Philanthropy Panel Study. <http://www.philanthropy.iupui.edu/research/COPPS/COPPS.aspx>

<sup>5</sup> *Giving USA 2006: The Annual Report on Philanthropy for the Year 2005* (New York: Giving USA Foundation, AAFRC Trust for Philanthropy, 2006)

<sup>6</sup> *Indiana Gives 2004. Summary of Findings.* Center on Philanthropy at Indiana University: online at [www.philanthropy.iupui.edu](http://www.philanthropy.iupui.edu).

<sup>7</sup> *Indiana Nonprofits: A Portrait of Religious Nonprofits and Secular Charities*, Nonprofit Survey Series, Report #7, by Kirsten A. Grønbjerg, Patricia Borntrager Tennen, Curtis Child, and Richard Clerkin (Bloomington, IN: Indiana University School of Public and Environmental Affairs, June, 2006). Copies of this report are available on the Indiana Nonprofit Sector Web site ([www.indiana.edu/~nonprof](http://www.indiana.edu/~nonprof)).

<sup>8</sup> *From belief to commitment: the activities and finances of religious congregations in the United States: findings from a national survey.* Hodgkinson, V. A., M. S. Weitzman, et al. (1988). Washington, D.C. (1828 L. St., N.W. Washington 20036), Independent Sector. 90, 92, 94, 96.

<sup>9</sup> *Faith & philanthropy: the connection between charitable behavior and giving to religion.* Independent Sector (2002). Washington, DC, Independent Sector., 10

<sup>10</sup> Ibid, 11

<sup>11</sup> While labels such as Evangelical and Mainline are problematic, they do denote a long-standing divide within American religion. We followed parameters set out by the 2006 Indiana Nonprofit Sector Study in our choice of denominational grouping. It should be noted that our use of “other” to describe Jewish and Unitarian survey participants is in keeping with standard survey designation and should in no way be interpreted by the common exclusionary meaning of the term. Additionally it should be noted that there were not enough Jewish or Unitarian survey responses for statistically significant findings.

<sup>12</sup> Boone, Hamilton, Hancock, Hendricks, Johnson, Morgan, and Shelby counties.

<sup>13</sup> Membership was self-defined by survey respondents.

<sup>14</sup> Mark Chaves, *Congregations in America*, Cambridge, MA: Harvard University Press, 2004.

<sup>15</sup> Though the Asian tsunami struck in December 2004, the bulk of the giving in response to this natural disaster was recorded in 2005.

<sup>16</sup> This report does not fully account for Jewish giving due to organizational differences in giving patterns.

<sup>17</sup> *Indiana Nonprofits: A Portrait of Religious Nonprofits and Secular Charities*, Nonprofit Survey Series, Report #7, by Kirsten A. Grønbjerg, Patricia Borntrager Tennen, Curtis Child, and Richard Clerkin (Bloomington, IN: Indiana University School of Public and Environmental Affairs, June, 2006). Copies of this report are available on the Indiana Nonprofit Sector Web site ([www.indiana.edu/~nonprof](http://www.indiana.edu/~nonprof)).

<sup>18</sup> *Giving USA 2005: The Annual Report on Philanthropy for the Year 2004 (50<sup>th</sup>)* (New York: Giving USA Foundation, AAFRC Trust for Philanthropy, 2005).

<sup>19</sup> *Indiana Nonprofits: A Portrait of Religious Nonprofits and Secular Charities*, Nonprofit Survey Series, Report #7, by Kirsten A. Grønbjerg, Patricia Borntrager Tennen, Curtis Child, and Richard Clerkin (Bloomington, IN: Indiana University School of Public and Environmental Affairs, June, 2006). Copies of this report are available on the Indiana Nonprofit Sector Web site ([www.indiana.edu/~nonprof](http://www.indiana.edu/~nonprof)).