

faith+lead
STEWARDSHIP

Funding Forward Research Project

Faith+Lead, Luther Seminary

10/19/2023



The Rev. John Stroeh
Peace Lutheran Church (Tacoma, WA)

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A Message from the Author

Congregations across the country are realizing that the “Sunday morning offering” may not be enough to sustain their mission. They have responded in a variety of ways: from cutting their budget to increasing their fundraising efforts to looking for streams of income outside of the offering plate. Funding Forward is the process of finding more economically sustainable models for ministry that emerge organically from the congregation’s mission. It’s not about “saving the church” or just bringing in more money for money’s sake to line the church’s pockets. **This process is a lot more about mission than it is about money.**

I first started exploring Funding Forward when I started as the Director of the Stewardship Leaders Program at Luther Seminary in March 2020. At this point, I knew more about the problem than I did about the solution. As my students and I began talking to congregations who had experimented with more sustainable models for ministry, we began to see a few glimmers of hope on the horizon. We heard about congregations who had repurposed land for affordable housing, helping them meet a need in their community and generate additional income. We met a pastor who was using a “fee-for-service” model to minister to multiple congregations part-time, finding a more sustainable model for her ministry.

We talked to a few congregations who had started social enterprises as a way to reach people who wouldn’t come to their church otherwise while also generating income to keep this ministry funded into the future.

My students and I were on the lookout for a few cookie cutter models that churches could follow. We quickly realized these did not exist. Each congregation and its journey to sustainability was unique. Each congregation’s mission, assets, and community gave particular shape to the process. While these stories gave me glimmers of hope for the church of today and tomorrow, I wondered what we could learn from these ministries that we might be able to translate to other congregations who were struggling financially in this season of decline. **Were these more sustainable ministries outliers or trailblazers paving the way to a more sustainable model of ministry for the church of today and tomorrow?**

In 2021, my colleagues in the Stewardship Leaders Program and I decided to bring together a group of nine congregations who were ready to make a change in their church’s funding model. These congregations learned, experimented, and held each other accountable over the course of a year.

A Message from the Author

We learned so much through this process, but one of the key findings we walked away with was that while congregation leaders had an abundance of creative ideas, they struggled to get their congregation on board with this process. What could we learn from congregations already engaged in this work about the practices they used to facilitate this process? It was this key question that launched this two-phase research project.

I never could have imagined in the summer of 2022, when I embarked on this project, that it would have such a profound impact on me both professionally and spiritually. While I trusted that God was present in this work, I never expected that God's action, God's mission, and God's hope would take center stage in our findings.

I hope these findings leave you brimming with ideas, but also filled afresh with hope. God is active in the church today - even in the midst of our funding challenges.



Grace Duddy Pomroy
Director, Stewardship
Leaders Program
gpomroy001@luthersem.edu

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"When I read scripture and church history, I see God working through adversity so often and calling people to abide in faith when outcomes are not certain and when the winds of the world feel like there's no way forward ... I believe that God is using constraint in churches all over. That financial constraint is compelling congregations to pick up their feet and do more of what they've been called to do all along ... Could God not use financial constraint to generate creativity? When you have a power outage and everything in the refrigerator goes bad, you start getting creative about what's in the pantry and discover you can make some pretty great things. That's when the creativity happens, not when you can just go to the refrigerator anytime you want and pull out something that's ready to eat ... And that's where I feel like there's really God's genius at work in this because it's not even just creativity for its own sake or meeting the needs of the world, it's also compelling a greater fidelity to the New Testament vision of the spirit working through many members. You can't be dependent on one professional Christian to do it all for the people anymore. There has to be more collective effort. There has to be more trust in this. There has to be more relevance. You have to have missional impact. You can't be an island. And the economic constraints are forcing all of this to be born. And it's good for the churches to have these constraints because ... when you start talking about money, people do notice. People take their budget seriously. So if that's what the people need to get them going in a path of faith, let it be so. To God be the glory."

Rev. G. Jeffrey Macdonald
First Congregational Church of
Kensington United Church of Christ

Key Findings



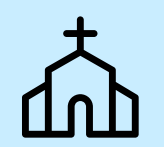
God is at work in these shifts in church funding.

From the 90+ survey responses to where congregation leaders are seeing God in the Funding Forward process to the stories we heard in the interviews of big and small miracles on the journey to a more sustainable model for ministry, we know that God is present in this process from start to finish. There is no business and church divide - this is deeply spiritual, not secular, work.



Finding the sweet spot

The congregations we interviewed decided to find a more sustainable model for ministry for a variety of reasons. However, there seemed to be a sweet spot financially and missionally when they landed on an idea that was guided by God's mission for their congregation, met a tangible need in their community, and used an underutilized congregational asset like property or skills/gifts of staff. While finances and congregational need may have been catalysts to get the conversation started they were rarely the sole motivator.



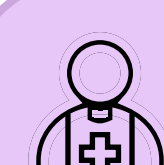
Property rental, self-sustaining ministries, and grants

The three most popular funding strategies the surveyed congregations used were: renting church property, creating self-sustaining ministries, and securing grants from organizations outside of judicatory/denominational church bodies. I wasn't surprised to see renting property at the top of the list, but I was surprised to see that self-sustaining ministries and securing grants ranked so high. Many congregations I have interacted with didn't even know their congregation could qualify for grants outside of their judicatory/denominational body.



Finding funding & creating relationships

Generating income outside of the offering plate wasn't just important to the congregation's bottom line, it also helped to create meaningful relationships with people outside of the congregation and even unexpected opportunities for evangelism. For all of the income sources except one (repurposing money from an endowment fund), more than 50% of congregations said they had evidence that the income source helped to create relationships with people outside the church.



It's not all on the pastor's shoulders

Often, people assume that pastors are the singular driving force in these funding shifts and that's just not the case. While pastoral leadership matters, it's just one piece of the puzzle. Lay leadership matters just as much. Pastoral and lay leadership came up the same amount of times in the interviews. While the pastors often had a role in the Funding Forward projects, the most important role they played in the process was identifying, empowering, and encouraging the lay leaders. The pastor functioned more as coach, than solo artist.



Community partnerships were key

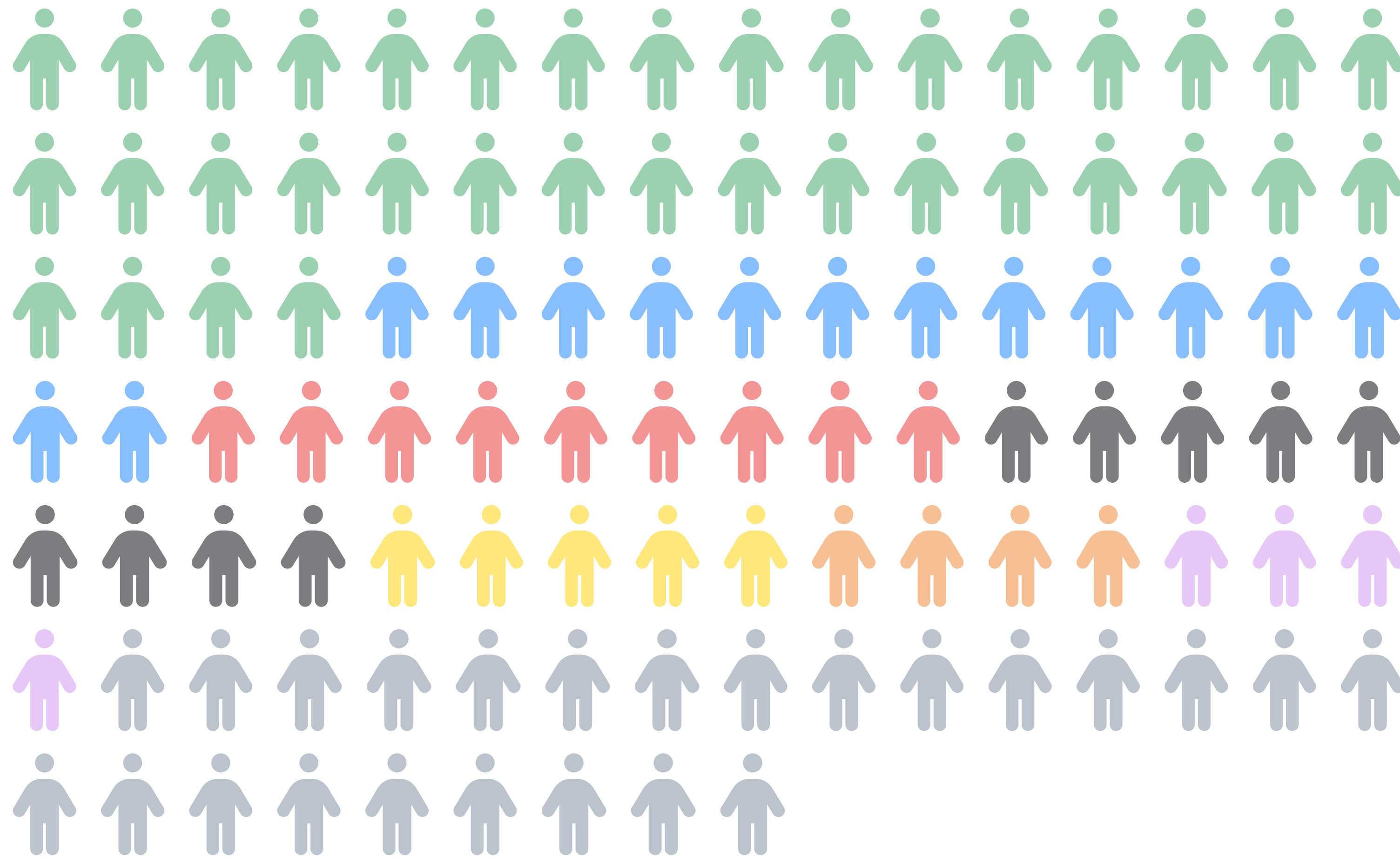
Ministries are unlikely to become self-sustaining solely based on internal assets and connections. Congregations have to reach outside themselves. Looking at the survey data, for a ministry to become self-sustaining, they often had to reach outside of the congregation to create community partnerships, fundraise with people outside the congregation, and/or secure grants. They had to bring together inside and outside funding. None of the interview sites walked through this process alone - they each had to create new relationships.

Survey Methodology & Respondent Profile

The research team identified 200 congregations in the U.S. and Canada who were experimenting with a more sustainable financial model (generating income outside of the offering plate, reducing their budget and/or creating self-sustaining ministries) in a way that was connected to the congregation's mission. This list of congregations included traditional congregations, new faith communities, campus ministries, and more. We were curious to know: What has worked? What hasn't? What would they like to try? How much income are they generating? How is this model connected to the congregation's mission? The survey had an over 50% response rate with 101 responses between November 8-December 9, 2022.

The findings include input from 101 congregations across denominations in the U.S. and Canada.

Denomination

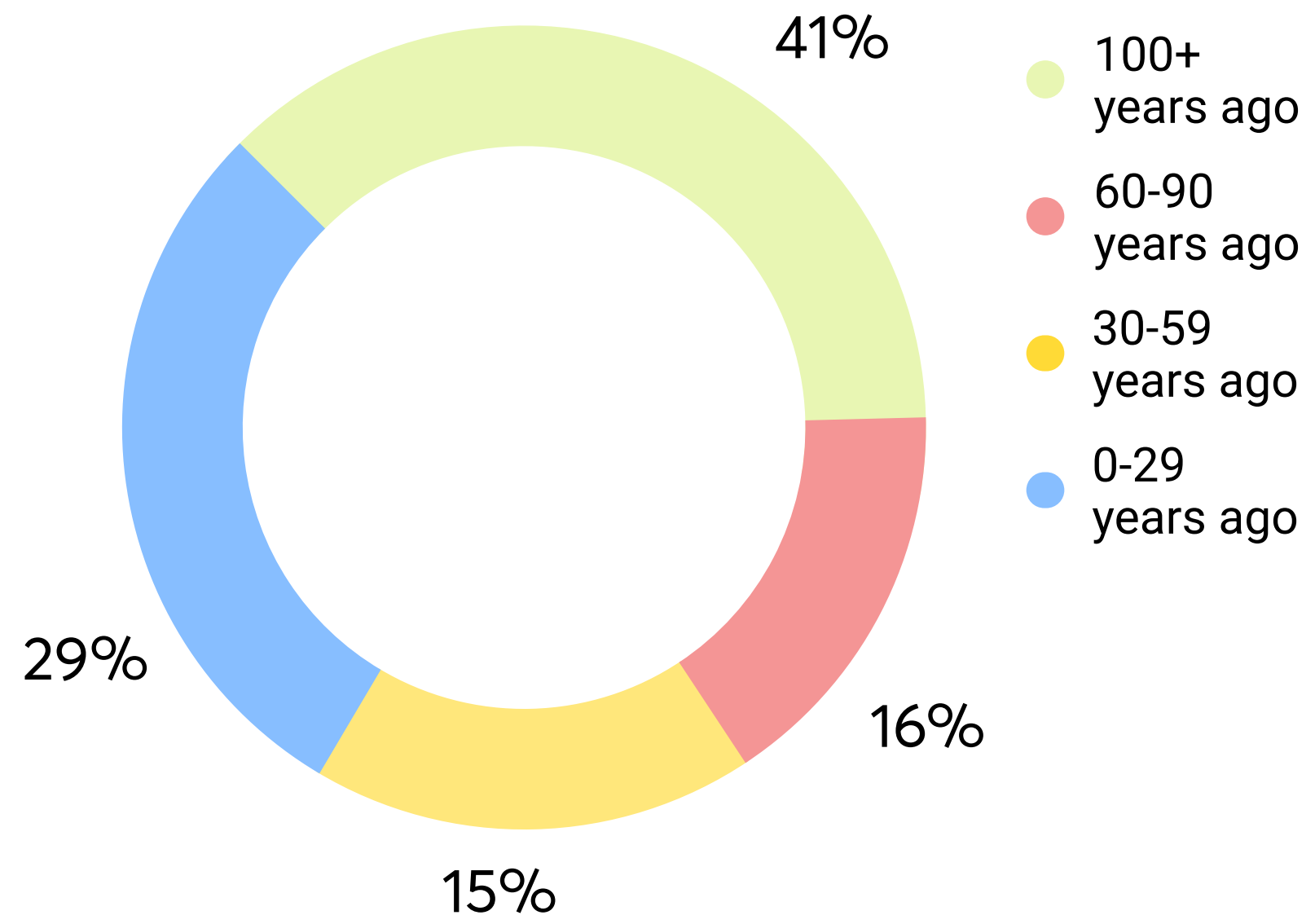


● ELCA
 ● PCUSA
 ● The Episcopal Church
 ● UMC
● Non-Denominational
 ● Vineyard USA
 ● UCC
 ● Other

Other Included:

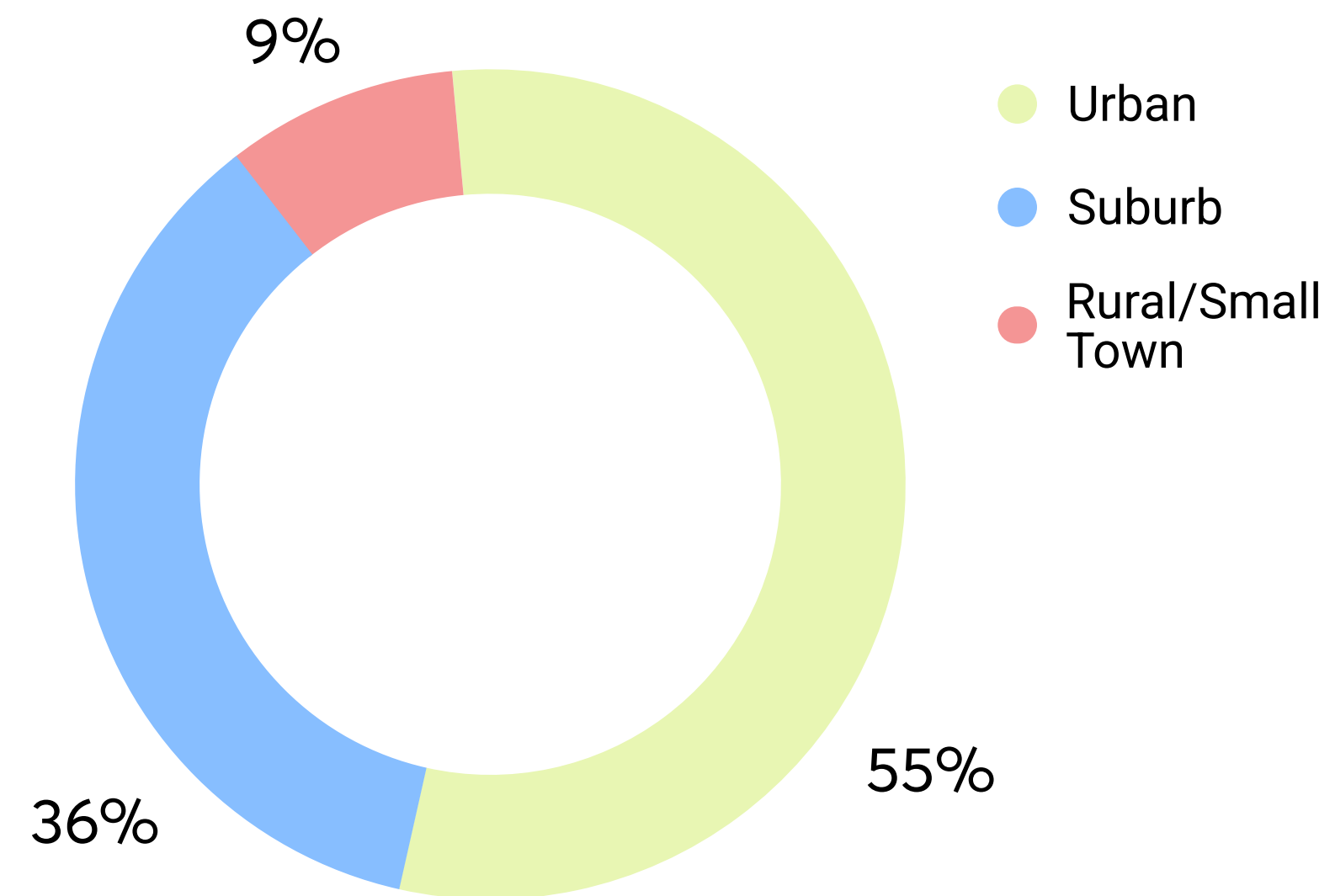
- Cooperative Baptist Fellowship (3)
- No denominational affiliation (3)
- Disciples of Christ (2)
- The United Church of Canada (2)
- The Evangelical Covenant Church (2)
- African Methodist Episcopal (1)
- Anglican Church in North America (1)
- Assemblies of God (1)
- Baptist World Alliance (1)
- Church of the Nazarene (1)
- Southern Baptist Convention (1)
- Reformed Church in America and UCC (1)
- Moravian Church & ELCA (1)

Congregation Start Date

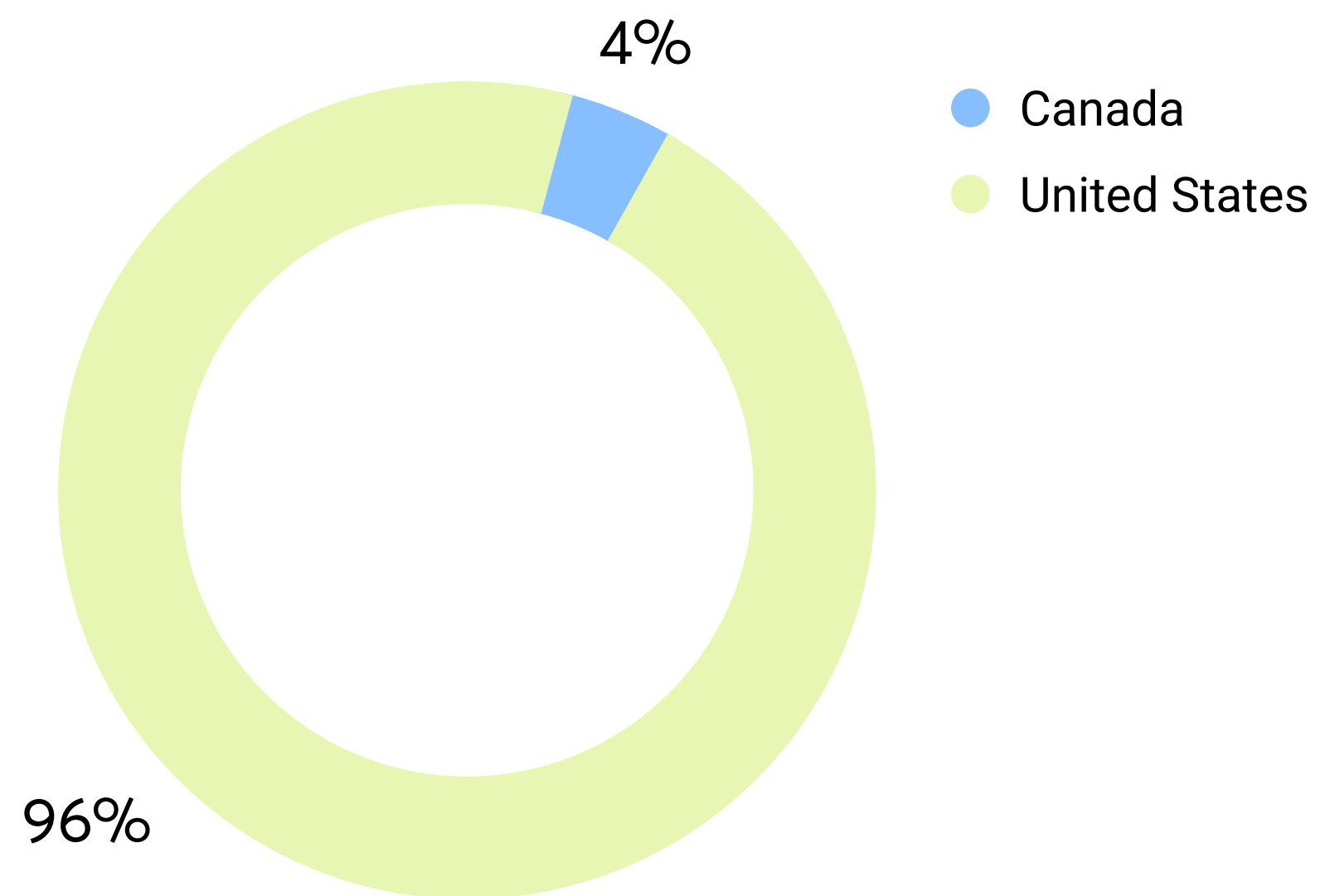


*values don't add up to 100% due to rounding

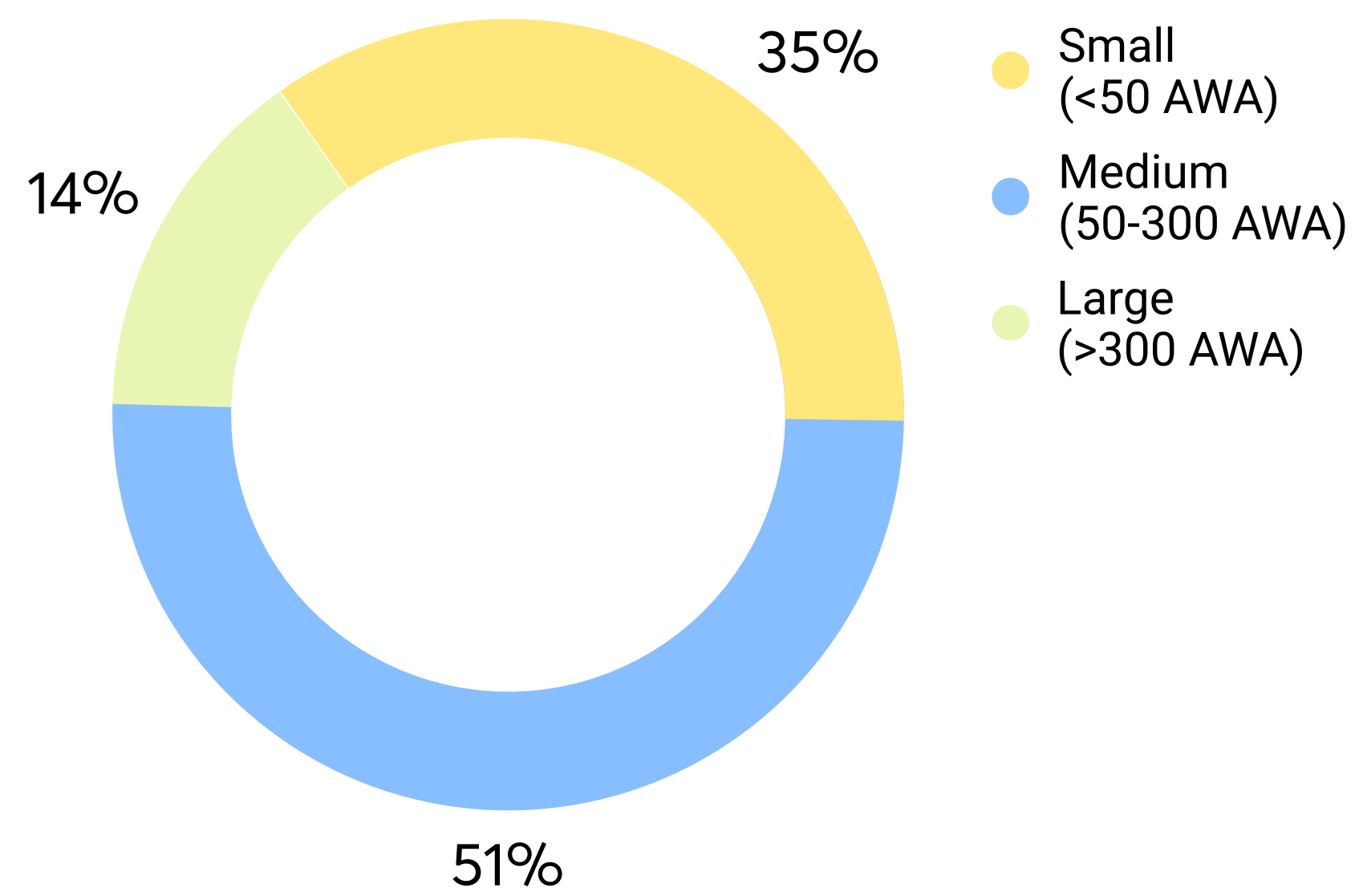
Context



Country

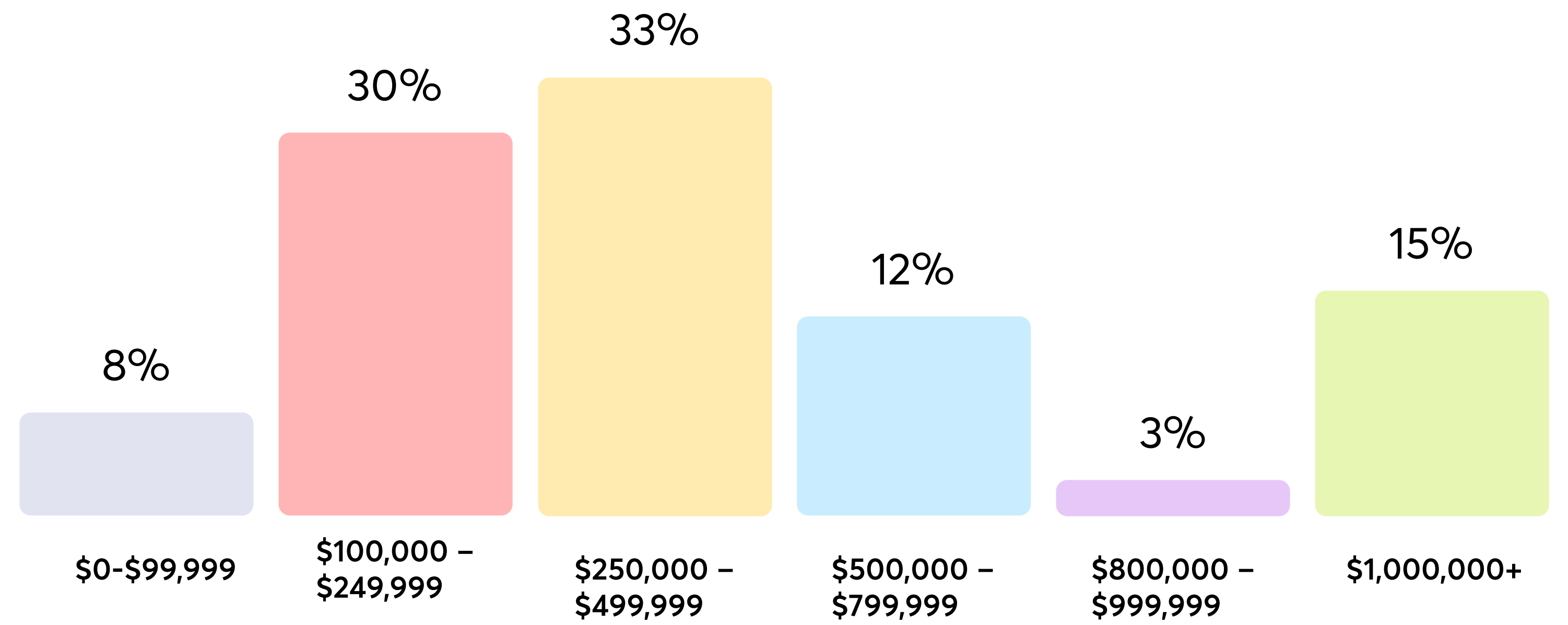


Average Worship Attendance (AWA)



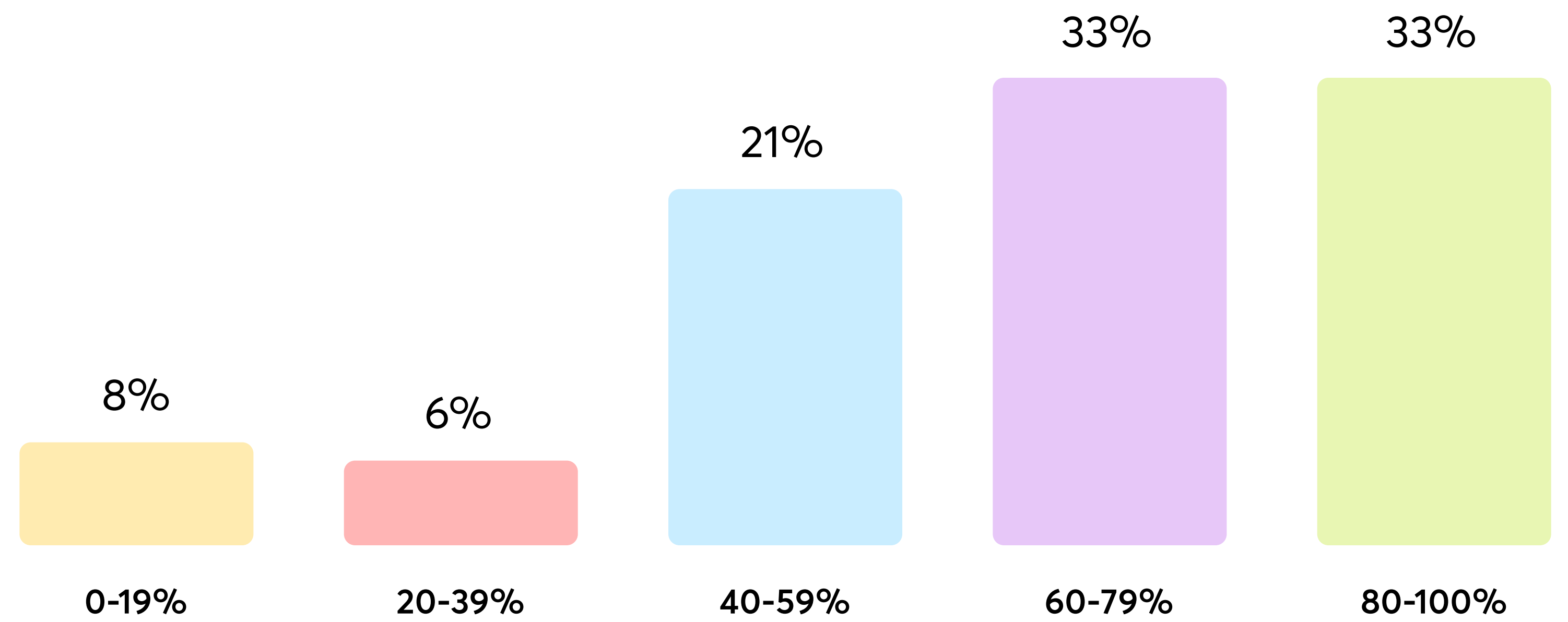


Budget Size*



*values don't add up to 100% due to rounding

Percentage of Income Coming From Donations*



*values don't add up to 100% due to rounding

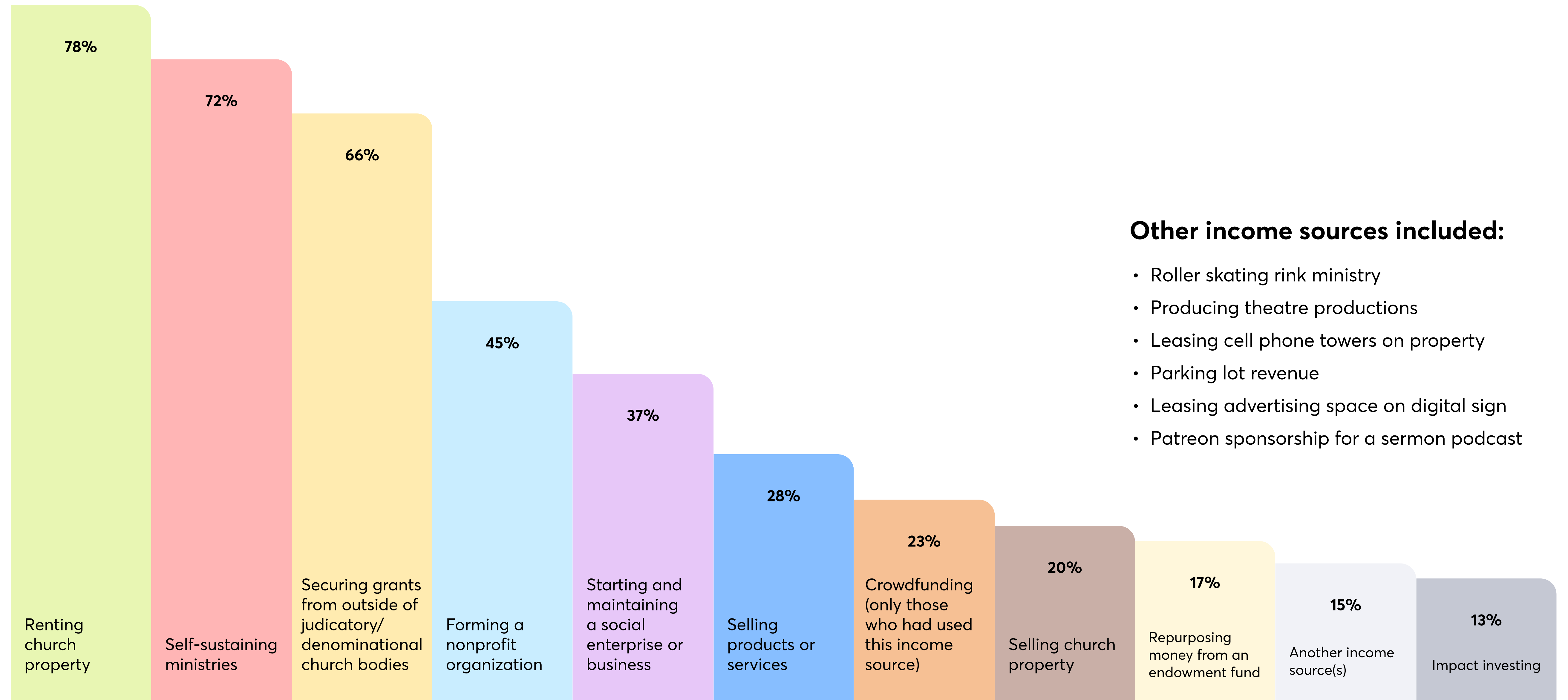
First Presbyterian Church of
Gulf Shores Gulf Shores, AL

Income Sources

Congregations were doing a variety of things to live out God's mission and find a more sustainable path forward. While the offering plate was still the central income source for the majority of congregations we heard from, their creativity knew no bounds when it came to the different income sources they were experimenting with.

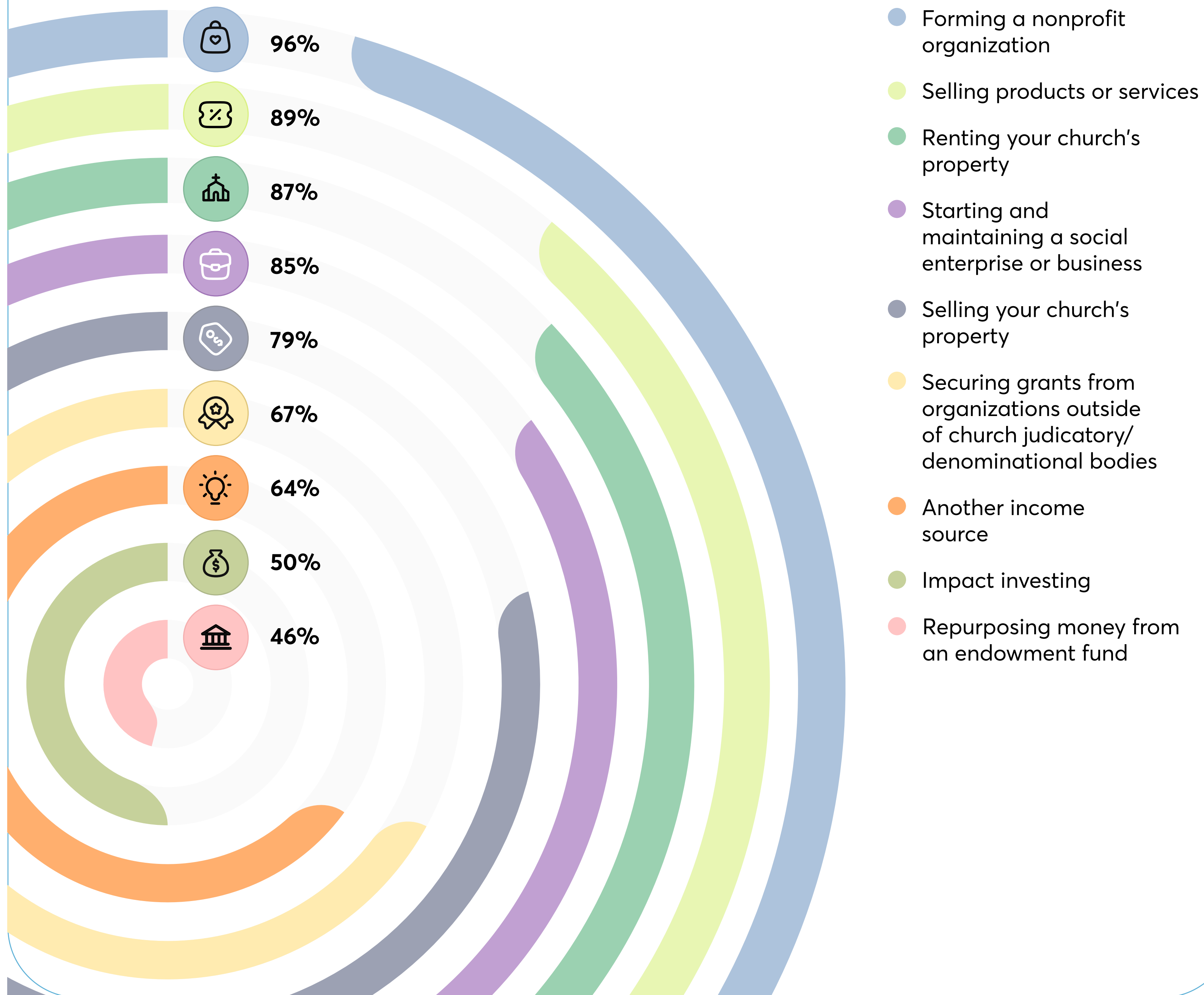
92% of the congregations had used (or considering using) at least one income source outside the offering plate

Of the congregations who had used (or considering using) income sources outside of the offering plate, these were the income sources they were experimenting with:



Generating income outside of the offering plate wasn't just important to the congregation's bottom line, it also helped to create meaningful relationships with people outside of the congregation and even unexpected opportunities for evangelism.

The graph below shows the percentage of congregations who used the income source who said they had evidence it created relationships with people outside the church.



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“We used to be a black box in the middle of our neighborhood. Nobody inside knew what was going on outside, nobody outside knew what was going on inside. Today we're a focal point of our neighborhood, everyone knows us, everyone comes to activities that we host, some of our services are considered essential.”

“

“Soup Church makes and sells soup at our local farmers market. We always say it's not about selling soup at the market as much as it is about meeting our neighbors. We have built a loyal customer base. These customers talk at length at our booth every Sunday; we hear stories of their and their family's health, their job transitions, what's going on in their kids lives...we really know our customers and our customers know us. We regularly hear that while our soup is delish it's how we show up in public that grabs people's attention and loyalty. Furthermore we locally source our soup's vegetables. This ethical business choice that helped us gain credibility among the local farming community. They know they can count on us to help them move their product and introduce our followers to their craft as well as their passion in sustainable agriculture and eating locally. Our soup is designed to share as a way to make friends and fight off loneliness so, additionally, our customers are also taking the soup to nurture relationships beyond the farmers market.”

We learned a lot about why congregations are using certain income sources. We hope this data helps congregations looking to expand their income sources see the source that might be the best fit for their situation.



The Emory Fellowship Washington, DC

Living Out Mission: Social Enterprise

Congregations looking to live out their mission in a new way were most likely to sell products/services or start a social enterprise/business.



The Table UMC Sacramento, CA

Using Gifts: Sell Products/Service

Congregations looking to tap the unique gifts of church staff or members were most likely to sell products or services.



First Presbyterian Church of Gulf Shores Gulf Shores, AL

Raising Funds: Property Rental

Congregations looking to raise additional funds were most likely to turn to renting their property.



Peace Lutheran Church Tacoma, WA

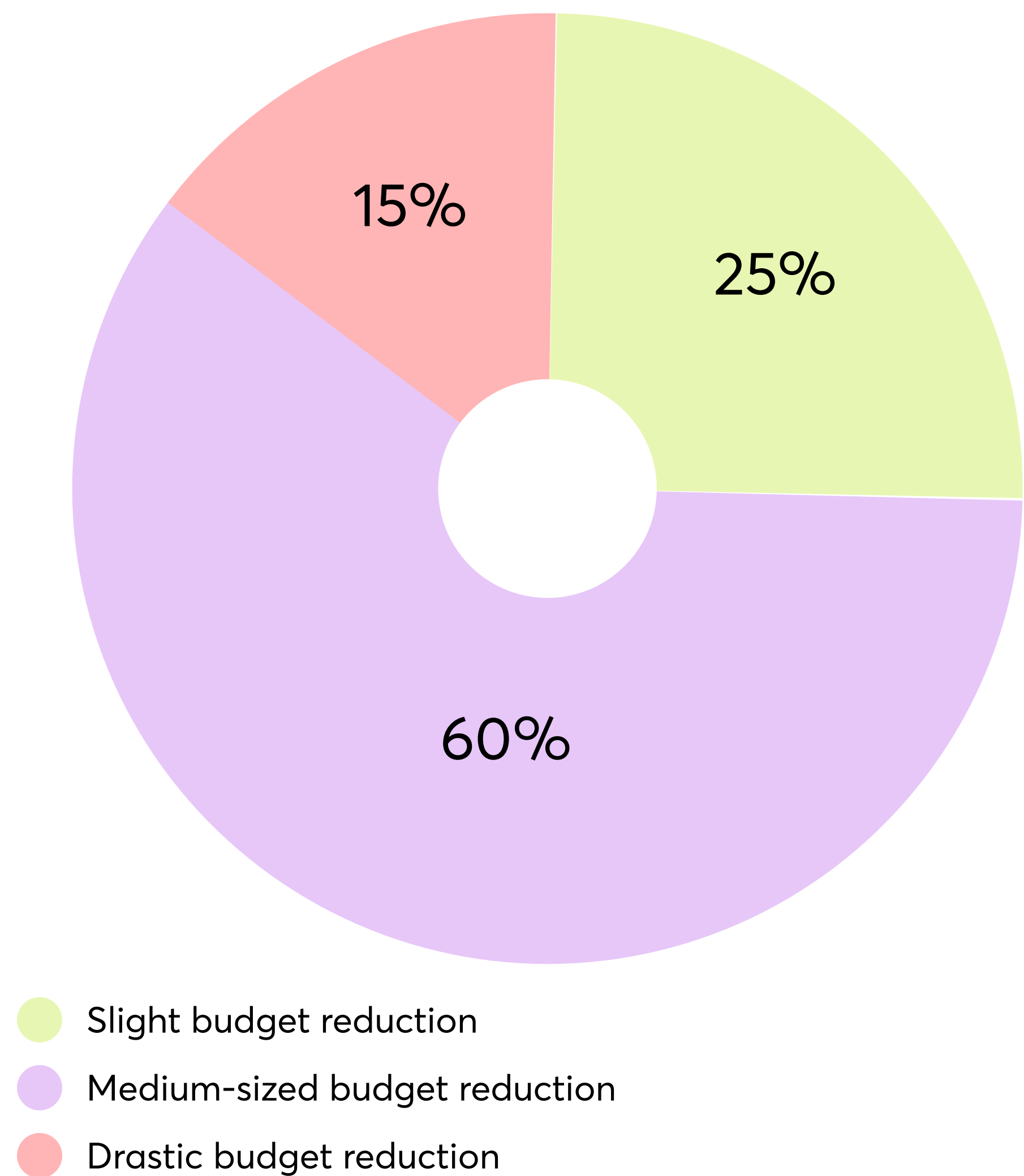
Meeting Community Need: Non Profit

Congregations looking to meet a need in the community were most likely to start a nonprofit.

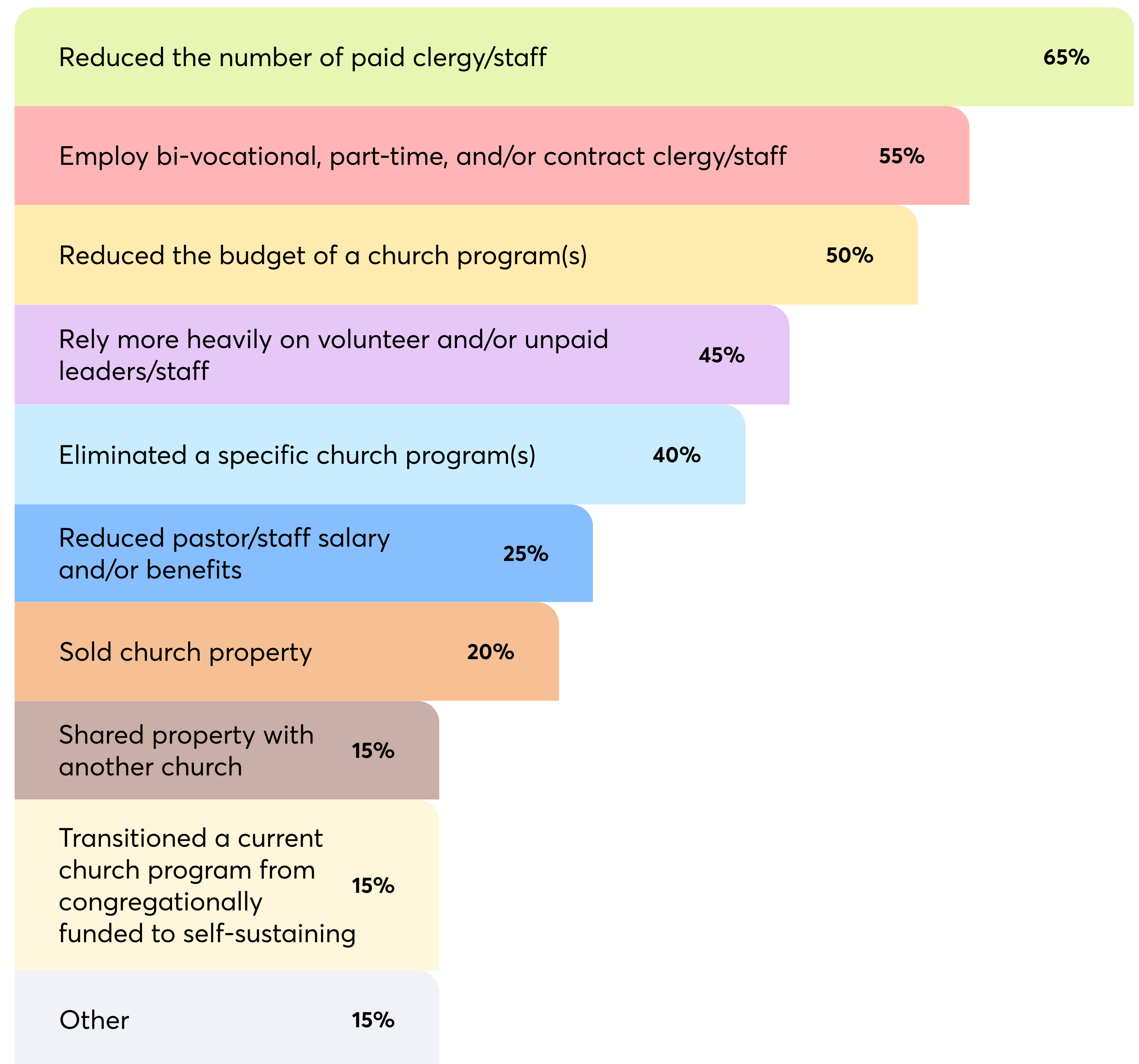
Budget Reduction

20% of the congregations had reduced their budget by 5%+ in the last 10 years.

Approximately how much of the church's budget has been reduced over the last ten years?



How did they reduce their budget?



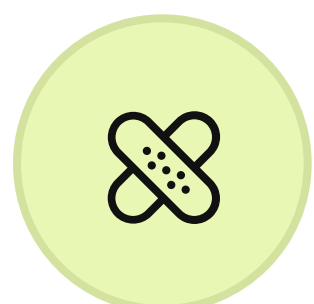
Where is God in the Process?

Without question, the most impactful learning was that God is present through the whole funding process. We asked, "As you think back on the work your church has done to add income sources, reduce the budget, and/or rethink staffing, where have you seen God at work?" We received over 90 responses to this question. We heard stories of big and small miracles, God's guidance, finding partners in unexpected places, and seeing God's love come alive in ways they never would have imagined.



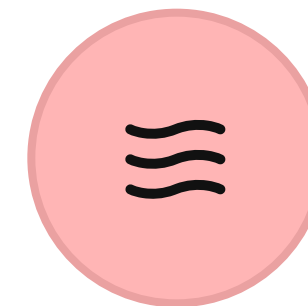
God winks

"There have been so many 'God winks' in this process - everything from unexpected financial gifts just when they are needed most, to doors being opened to find the perfect renters for the business center, to relationships being built with various people and organizations in the community, to a sense of purpose and anticipation about how God is leading and providing for the church. Last year at this time, I wasn't sure we would even be here, and the ways God is providing [are] amazing."



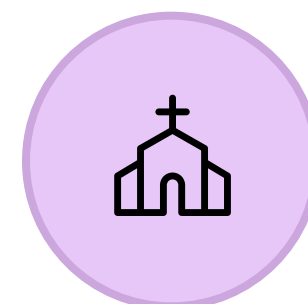
Easing conflict

"Grants have been a life-giving source of inspiration and experimentation for our congregation. **Since this is a new way of being church that I introduced, I give God 100% of the credit for easing the conflict that this paradigm shift would have caused.** Grants take up a lot of my time. The congregation just seemed to accept that there would be fewer staff working here due to budgetary constraints, and the rector would be less available to do other church duties."



Riding the spirit's wave

"In our newest venture that serves Christian leaders, God has been present blazing a trail of relationship and community ... And has even blazed a trail for our congregation to support and celebrate this vibrant ministry, whose impact goes far beyond the walls of our congregation to every continent on the globe and countless expressions of Christian witness. **It has felt more like following and riding the Spirit's wave than leading it at times.** God continues to show up now as we reach toward financial sustainability in connecting us with the right partners and organizations who are providing capacity building support and catching the vision for our mission."



It's God's ministry, not ours

"From the beginning we have recognized that this ministry belongs primarily to God, and we are invited into it (rather than us owning it and bearing the full burden of responsibility). This has freed us to take courageous moves in adding serving days, hiring staff, etc. God is present every time someone comes to volunteer or share lunch. The relationships we have in the kitchen and at the serving window are God's presence among us."



God brings energy and peace

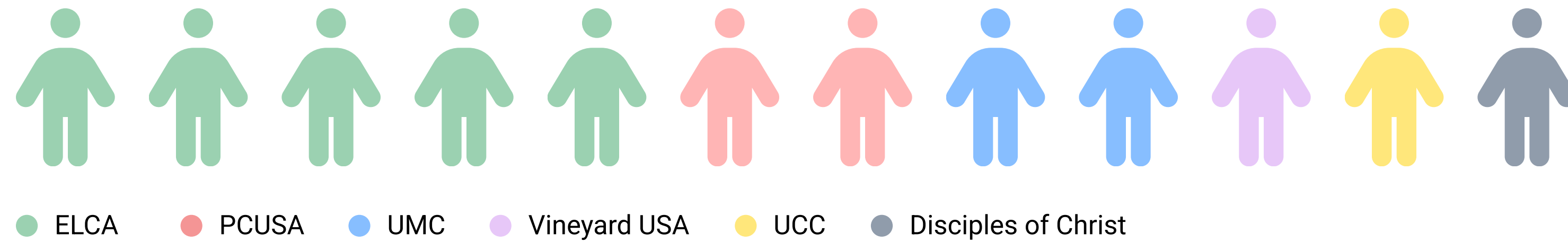
"This has all been A LOT of work for us. The leadership of our church is burned out. And yet, God still finds a way to energize us with curiosity at what is next. We also continue to experience a sense of peace. Though it surpasses all our understanding at times, peace at the edge of a financial and ecclesial cliff is like feeling calm and content on hospice care. **We don't yet know if death is the next journey for our church, but in that uncertainty, God's peace abounds.**"

Interview Methodology & Respondent Profile

Over 80 of the survey congregations expressed interest in participating in the interview phase of the project. We chose 12 congregations based on their responses to the question of where they saw God at work and the variety of income sources they used. We intentionally selected more rural and small congregations to participate in the interview process since these congregations were under-represented in the survey and focused primarily on mainline congregations since there are other quality resources available for evangelical congregations that reflect their theological tradition and practices. We also decided to include only U.S.-based congregations since the Canadian presence in the survey was so small.

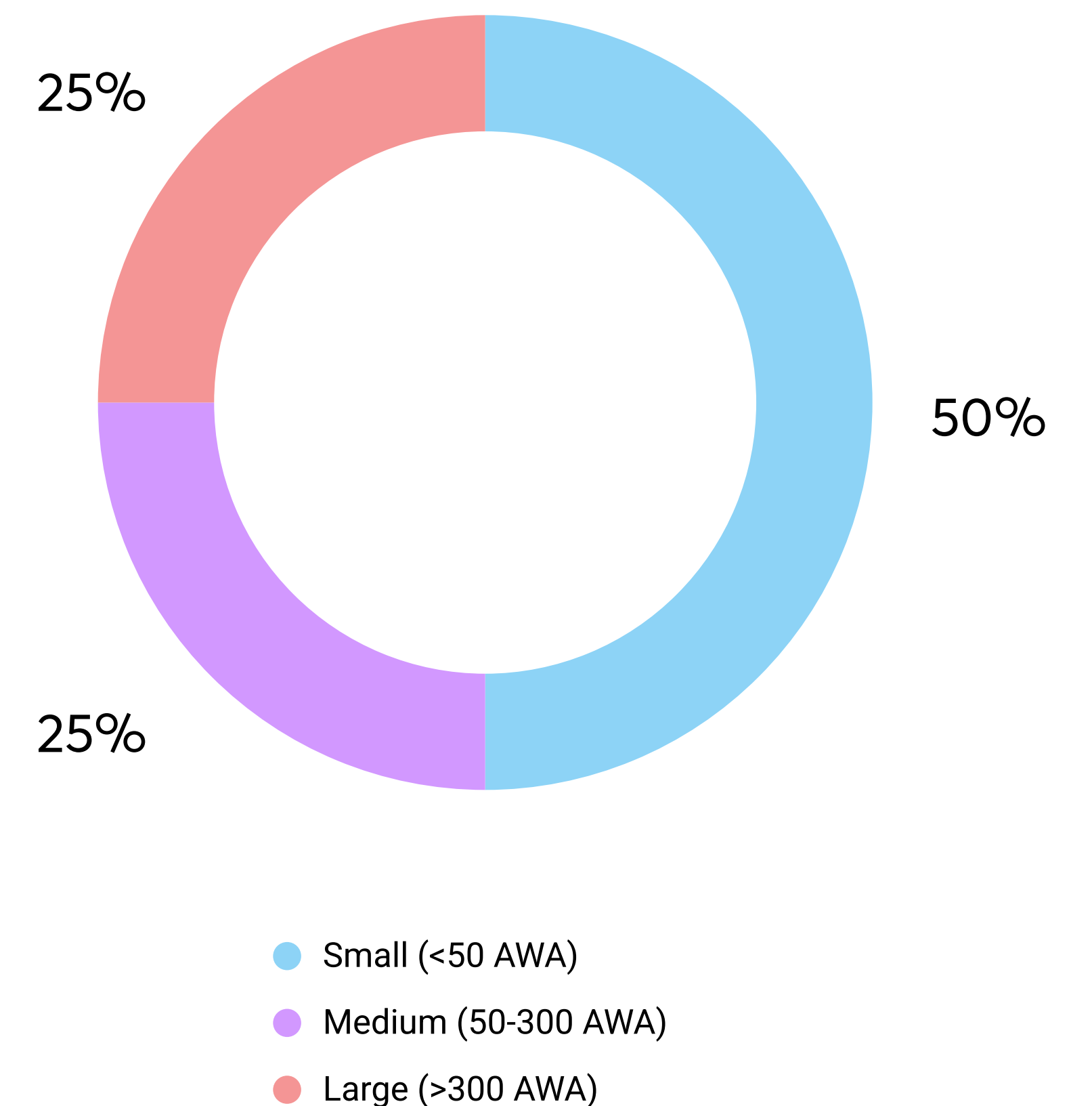
We interviewed at least one ministry leader and a group of lay congregation members and/or community partners from the 12 congregations. These interviews took place via Zoom from February 10 to May 11, 2023.

Denomination

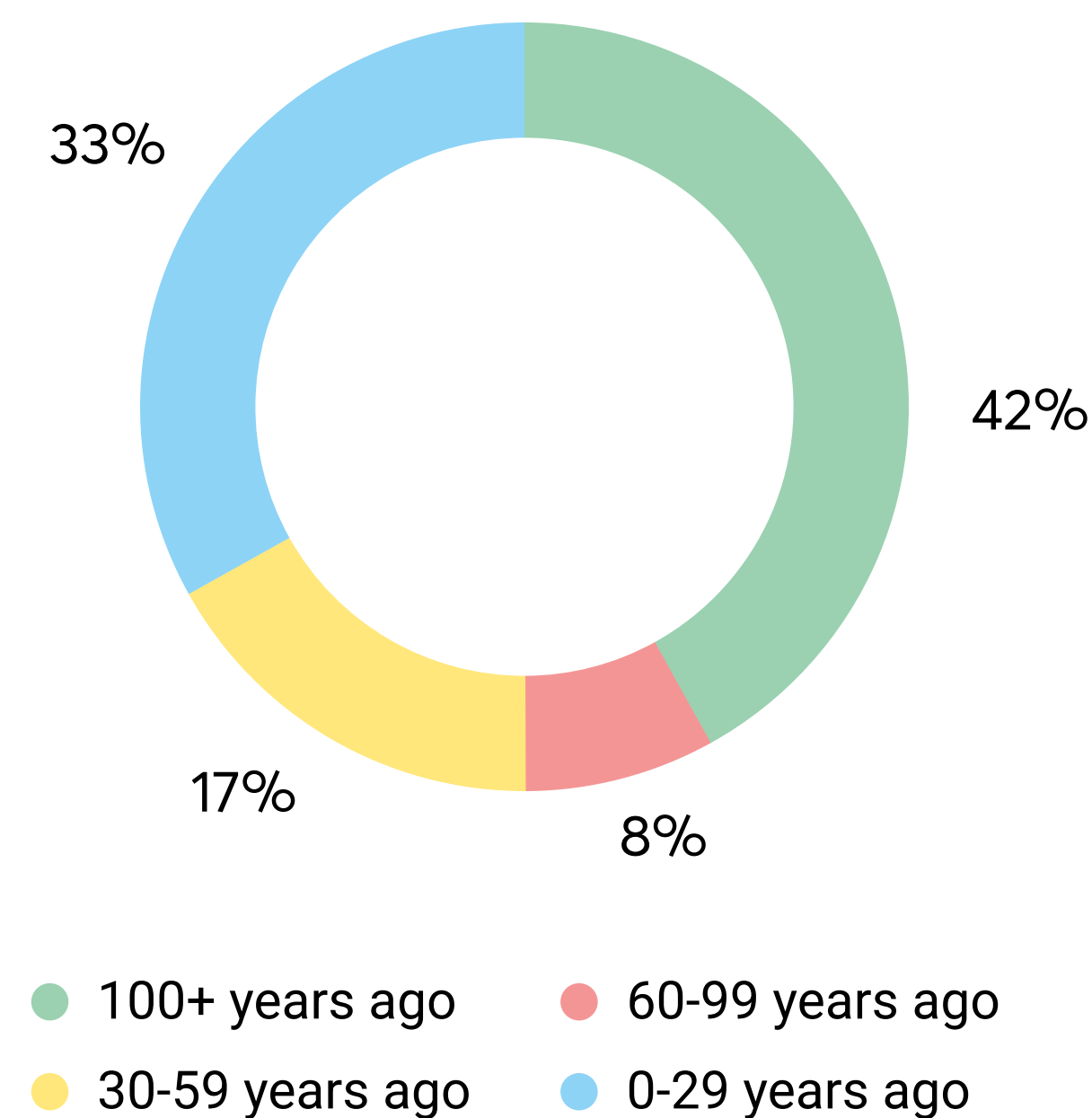


The findings include input from conversations with ministry leaders, lay congregation members, and/or community partners from 12 congregations.

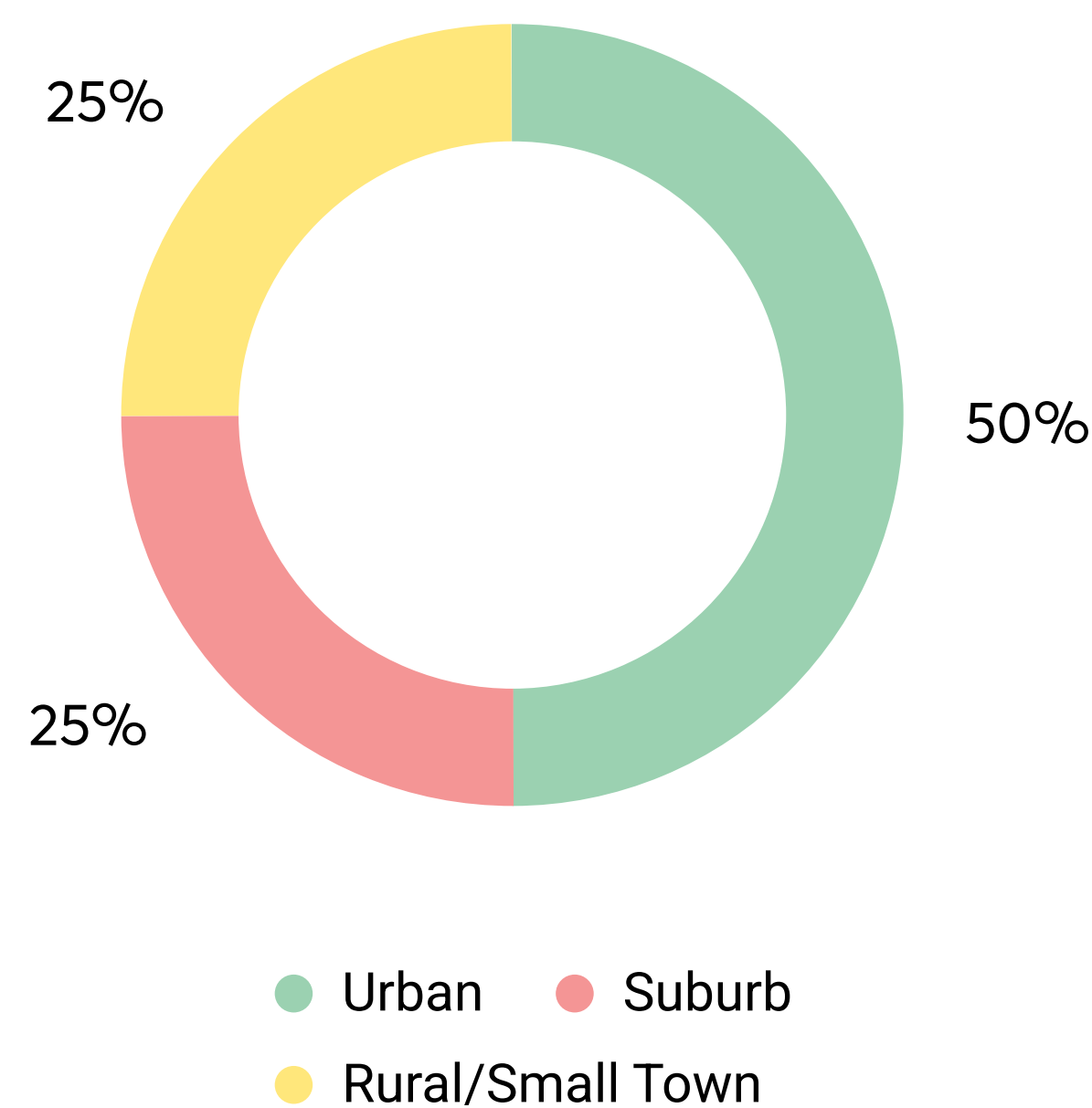
Average Worship Attendance (AWA)



Congregation Start Date



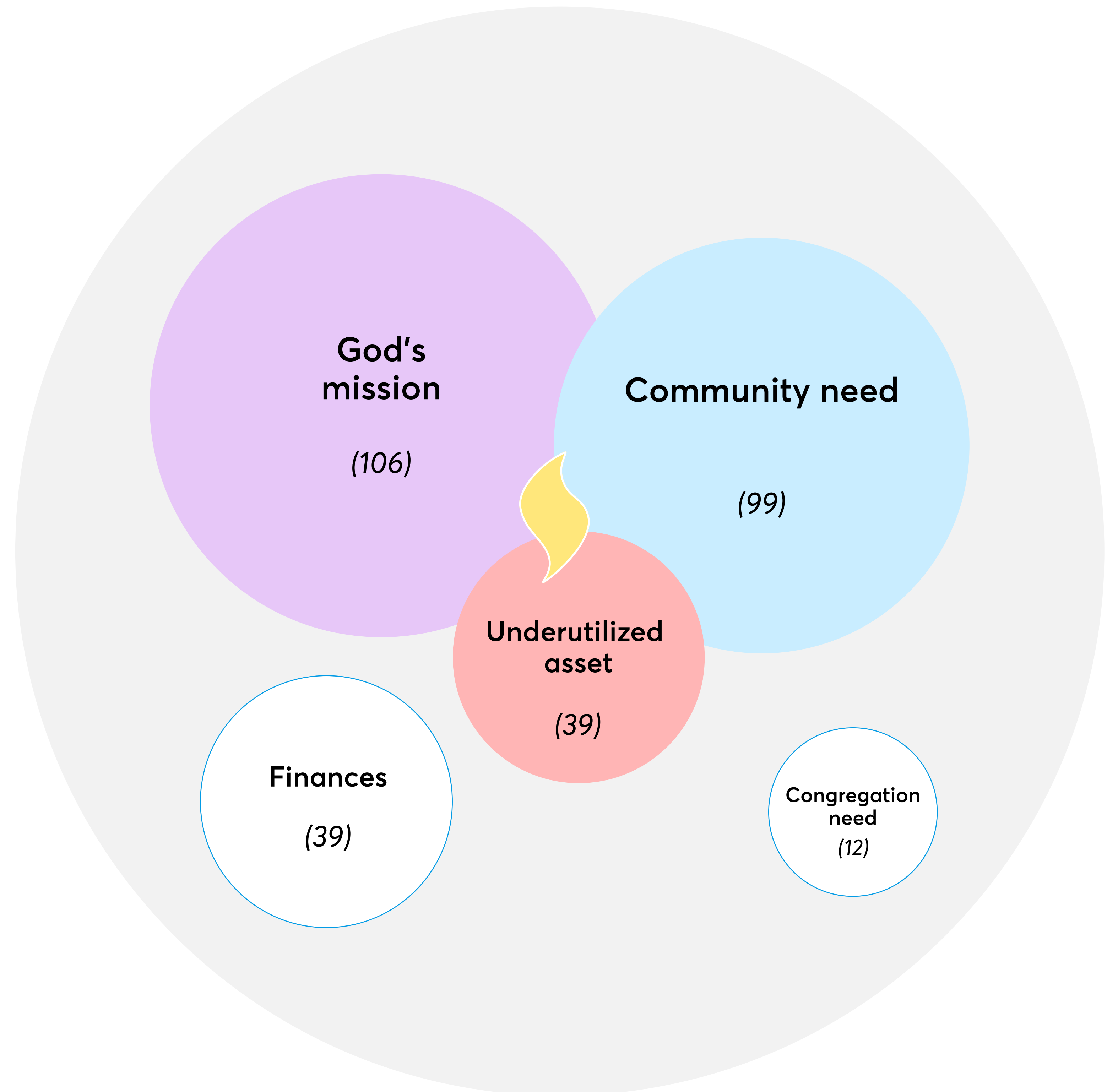
Context



Why

We came into this segment of the research project with two key questions: Why did these congregations decide to shift their financial model? What practices did they use to facilitate this shift? We interviewed a few newer congregations who started with a more sustainable financial model. In this case, we tweaked these two key questions a bit: Why did this ministry decide to use this financial model for ministry? What practices did they use to implement this model? To measure the responses to these questions, we coded the data to count the number of times these themes emerged in the interview transcripts. You'll see those counts listed in the data.

We found five key reasons why these congregations created and/or moved toward a more sustainable model: God's mission, community need, underutilized asset, finances, and congregational need (ie: building accessibility). There seemed to be a sweet spot when the congregation found alignment between God's mission, community need, and an underutilized asset. While finances and congregational need may have been catalysts to get the conversation started they were rarely the sole motivator.

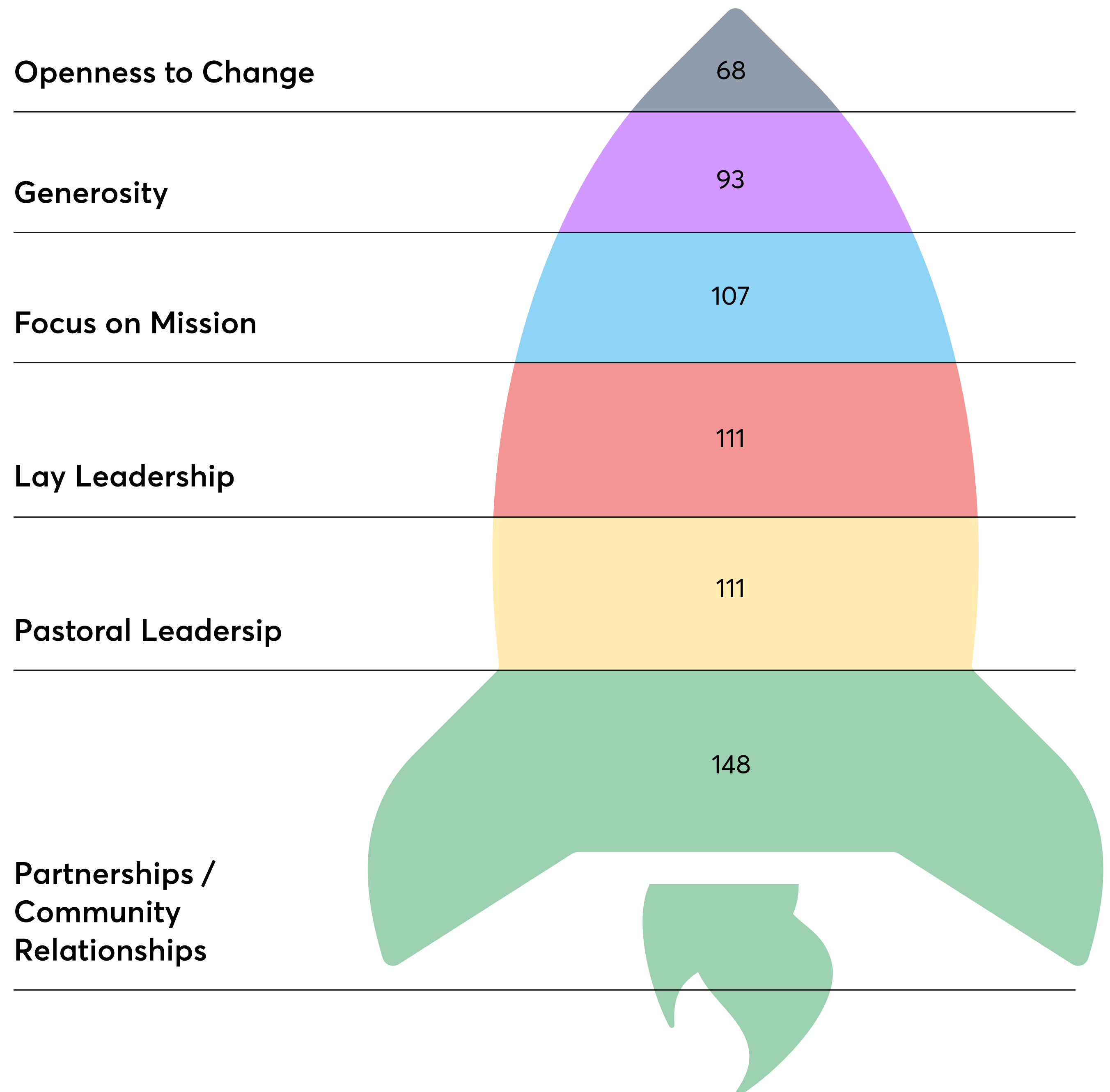


Key Practices

We gathered a robust list of over 40 practices organized around these key themes: change, connection, focus (mission/finances), leadership, learning, spiritual practices, and support. Of the 40+ practices, there were six that came up consistently: partnerships/community relationships (148), pastoral leadership (111), lay leadership (111), focus on mission (107), generosity (93), and openness to change (68). These six practices appeared in the conversations with all 12 of the congregations, except for "generosity" which only appeared in 11 of the 12 sites. These six practices were the "rocket fuel" that the congregations needed to get this process off the ground and to endure as they created cultural change.

Often, congregations assume that pastoral leadership is the singular driving force behind these changes. While it is certainly a key element, it's just one piece of the puzzle. Partnerships and community relationships were the foundation for this work - no one was able to accomplish this alone. Similarly, lay and pastoral leadership came up the same amount of times. Decisive and active lay leadership was essential to getting these models off the ground. In addition to partnerships and leadership, a single-minded focus on the congregation's mission, financial generosity, and openness to change made all of the difference.

Partnerships and community relationships were the foundation for this work - no one was able to accomplish this alone.



What's Next?

This research project was just the first step in a larger process to bring Funding Forward to congregations who need it. Now that we have a clearer sense of the congregations participating in Funding Forward, the income sources they are using, as well as why and how they are making these shifts, we will be crafting more content centered around these stories to help your congregation put these ideas into action. Over the next year, we will be sharing articles, webinars, an online course, a book, and more! Sign up for the Stewardship Leaders Newsletter at faithlead.org/stewardship to stay up to date on all of our new offerings!



Acknowledgements

Thank you to the nine congregations who participated in our first Funding Forward learning community who inspired this research, the 101 congregations who took part in the survey, the lay and ministry leaders from the 12 sites we interviewed, all of the people who suggested possible congregations for this project, and the students in my courses at Luther Seminary whose questions, ideas, and experiences have shaped this work.

Special thanks to the Villanova Center for Church Management, the Lilly Endowment's National Initiative to Address Economic Challenges Facing Pastoral Leaders, and Luther Seminary's generous donors who supported and funded this research project.

Interview Sites:

- **7400 Woodlawn** (Seattle, WA)
- **Clarendon Presbyterian Church** (Arlington, VA)
- **Common Ground Church** (Lodi, WI)
- **Concordia Lutheran Church** (Chicago, IL)
- **The Emory Fellowship** (Washington, DC)
- **First Congregational Church of Kensington United Church of Christ** (Kensington, NH)
- **First Presbyterian Church of Gulf Shores** (Gulf Shores, AL)
- **Galileo Church** (Fort Worth, TX)
- **Peace Lutheran Church** (Tacoma, WA)
- **River Heights Vineyard Church & La Viña Inver** (Inver Grove Heights, MN)
- **St. Andrew Lutheran Church** (Eden Prairie, WI)
- **The Table UMC** (Sacramento, CA)



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