

RESPONSIVE Congregations

Case Studies from Religion & Urban Culture 2.0

PASSING THE (VIRTUAL) PLATE:

Congregational finance in the era of COVID and digital disruption

When New Era Church in Indianapolis analyzed its first-quarter finances for the spring of 2021, something curious stood out: Total giving was similar to the first quarter of 2020, but about 10 percent of the church's roughly 250 "giving units" had no affiliation with the church. They were not members, and they had only recently started donating. "And these are people who are giving regularly," says Crystal Hart, the church's finance manager. "Some are in different states. So, we're reaching out to them, to find out who they are."

New Era—a predominantly African American congregation that averaged about 600 people in its Sunday services before the pandemic—held services exclusively online for most of 2020 and the first half of 2021. So, like many churches, it depended heavily on digital giving to sustain itself. New Era uses PushPay, one of the popular digital giving tools, to accept gifts through its website. In normal times, only 2 to 3 percent of donations came from people with no known connection to the church.



As in many congregations, the pandemic has driven a shift toward more digital giving since early 2020.

The new, unaffiliated donors found New Era through its digital presence. That much seems certain. But there is a big mystery at the heart of New Era's first quarter giving results. Or, more accurately, there are a few intertwined mysteries. The answers will unfold over decades and could have profound consequences for congregations of all sizes, denominations, and faith traditions.



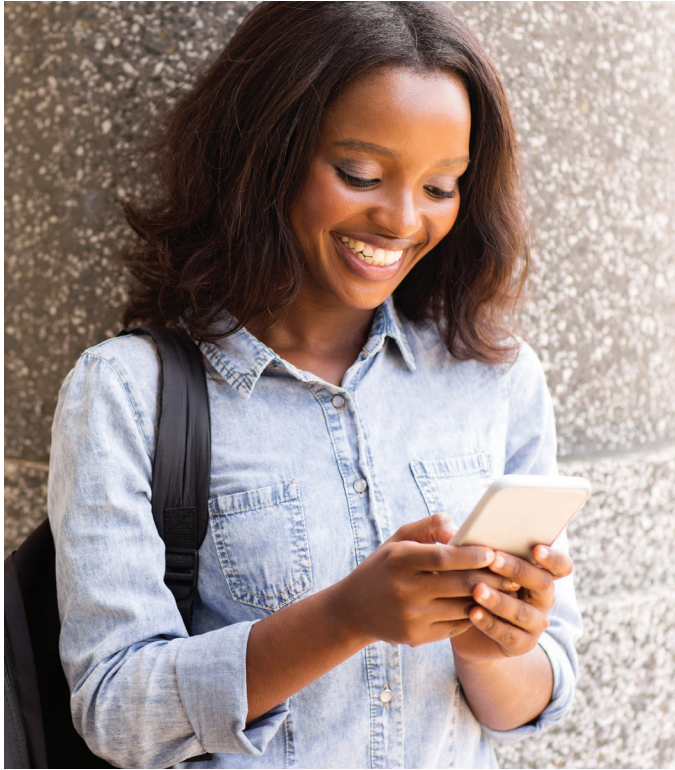
One of those mysteries is what will happen to the new, unaffiliated givers. Will they continue to give over the long run? Will their commitment fade—or increase?

Another mystery is how the shift toward online giving will affect the giving of "normal" members, people who attend the church at least occasionally. Will they give less (or more) through digital channels? And if donations from those people declines, will income from unaffiliated people cover the deficit?

But the biggest mystery is this: If supporting a congregation is becoming less about being physically present for services, what are the implications for the ways congregations raise money and relate to members?

Digital's promise

A 2019 [survey](#) of congregations by the Lake Institute on Faith and Giving at IUPUI found that 83 percent of congregations with more than 250 participating adults



offered a digital giving option. Roughly one-fourth of regularly participating adults gave at least once via a digital tool in the previous year.

The pandemic's long-run impact on giving remains to be seen. But Givelify, an Indianapolis-based tech company that offers digital giving tools for congregations, attempted to quantify the effects in the spring of 2020. Its [survey](#) found that overall donations had held steady or increased for 55 percent of congregations. They were "down significantly" for 21 percent of congregations.

Digital giving accounted for 70 percent of donations during the pandemic, versus 45 percent before COVID-19. And this shift—from cash and checks to digital—played a major role in the stability donations among many congregations, for two reasons.

First, a significant minority of people give more when they give digitally. About 80 percent donated roughly the same, according to Givelify's data, but nearly 20 percent gave more. As a result, the average donation increased by about 10 percent, from \$102 to \$112.50.

Second, a significant minority of people give to multiple congregations. About three-fourths of respondents in Givelify's survey had donated to one congregation (at most). But 20 percent had given to two or three congregations. And the people who donated to multiple

places of worship did so almost exclusively through digital tools.

"The level of comfort people have with technology took a decade-leap forward" during the pandemic, says Eric Burton-Krieger, executive pastor of St. Luke's United Methodist Church, which now receives about half of all donations digitally, versus about 40 percent prior to the pandemic times. "What is possible online has changed." Like New Era, St. Luke's receives a small yet significant amount of money from unaffiliated givers.

Digging deep

Although COVID-19 hindered congregations' ability to bring people together in a sacred space, it simultaneously increased their ability to reach new audiences and thus sustain themselves.

Whether that will translate into a long-term paradigm shift is an open question. What is certain is that the trend toward virtual services and digital giving requires some experimentation and adjustments.

Large congregations often have the staff and resources to respond to new technologies quickly and effectively. But most congregations are neither large nor well-resourced. The median congregation took in just \$169,000 from all sources, according to the Lake Institute's 2019 survey. The median size was 65 adults. And the pandemic may be accelerating a "rich get richer" effect, with the resources and digital savvy of large churches widening the gap between the haves and have-nots.

Even so, congregations of all sizes, resources, and faith traditions can benefit from a few core principles and best practices as they navigate the terrain of digital giving and, more broadly, the challenge of asking for donations.

The stakes are about money, of course. Fundamentally, it is not only a question of "how do we bring in donations?" It is a question of "what kind of congregation do we want to be?"

Say please

One great advantage of digital tools is the way they simplify giving and make it routine. Donors can set up a recurring donation and give without effort until they suspend or cancel the account.

But the tools work only if people feel motivated to use them, and congregations lag many other nonprofits in creating a culture where giving is freely discussed. More than 40 percent talk about giving in worship services just once a year (or never), according to the Lake Institute's survey.

This reluctance has roots, partly, in the notion of separating the secular from the sacred. "In most churches there is an offertory prayer, and there's a plate passed, but there's not much else," says David King, director of the Lake Institute and associate professor in the Indiana University Lilly School of Philanthropy. "Many individuals who become clergy don't want to be thinking about what might feel like the secular, the dirty, the daily work of money. They're about something else."

The shyness is also a legacy of past eras, when donating to religious organizations could be taken for granted. A recent [Gallup poll](#) showed that 47 percent of respondents belonged to a congregation in 2020—the first time the number had fallen below 50 percent. It held steady, at around 70 percent, from the 1930s to 2000, then began falling sharply. Much of the decline is rooted in weakening religious affiliation among young people.

"Church was such an institution in U.S. life that keeping the doors open and attending church were seen as social goods that were more or less automatic for large parts of the U.S. population," says Robert Saler, research professor of religion and culture at Christian Theological Seminary in Indianapolis. "As that has shifted in the last several decades, the church has not made the shifts toward: Now we have to ask more intentionally, because this is no longer automatically on people's radar."

At New Era, where donations have increased slightly throughout the pandemic, Dr. Clarence Moore devotes a six-to-eight week sermon series to the theme of giving at the start of each new year. After that, he typically does not talk about it again in his sermons the rest of the year.

Many congregations set aside time to talk about giving in the fall, and there is always a glut of giving request

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— DAVID KING

around the holidays. But introducing the subject at times when people are not conditioned to expect it—as Moore does, in the first months of the year—can have greater impact.

"Some of our research has shown that people don't hear you talk about money when they expect you to be talking about money," King says. "They tune you out. But if you have a little series on it in February, instead of when they expect it, then they are more open to hearing about these things."

Say thank you—with specifics

As with saying please, congregations are less adept than many nonprofits in the practice of saying thank you and letting donors know how their dollars make a difference.

Acknowledging gifts within three days is a standard best practice in the nonprofit sector. Among the



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congregations in the Lake Institute survey, 63 percent acknowledged donations annually through end-of-year statements, and 28 percent acknowledged them with quarterly statements.

That data does not account for the times when leaders say thank you in informal situations, of course. On the whole, though, “congregations do an incredibly bad job of thanking and acknowledging donors,” says King of the Lake Institute. “They may write an end-of-the-year letter. But most non-profits, if I gave a gift to on my phone right now, I would get a thank you email within five minutes.”

Limited resources are a big challenge. But a little bit of storytelling can go a long way. It helps people see that their donations are well-invested. It costs nothing and is strong statement of the congregation's values. And it can combine a “please” with a “thank you.”

When Rev. Burton-Krieger led the offering call at a recent St. Luke's service, for example, he talked briefly about how donations supported the church's special needs ministry and the roughly 30 people who take part in it. That is typical at St. Luke's, which regularly highlights the concrete ways that donations make the church's ministries possible. “We try to connect what people's giving really does,” Burton-Krieger says, “and how the spirit of generosity can be cultivated.” The church also posts detailed annual budgets online,

along with a summary of how the money in each year's proposed budget will be spent.

St. Luke's is the largest Methodist church in Indiana, with about 6,000 members, so it is extraordinary in many ways. But congregations of almost any size can replicate its culture of saying thank you for donations, telling brief stories about their impact, and being transparent about how money has been (and will be) spent.



Photo credit: nne.org

Digital tools can be especially useful for routinizing this practice. At New Era, for example, gifts are automatically acknowledged with an email generated through PushPay. (It could be customized, though the church has not yet chosen to do so.)

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The core of the church's thank you efforts, though, are quarterly letters that New Era sends to donors, giving specifics about what ministries their money supported over the previous quarter. A recent letter, for example, discussed the work of the (virtual) children's ministry and the men's and women's groups.

"We put a lot of time into those," Hart says, "and we make it as informative and appreciative as we possibly can. We had one staff member who said she believes that's the secret sauce as to why we've been so successful in keeping people engaged in the generosity. She said, 'Those letters we get—they're awesome.'"

Focus on fundamentals

Dr. Moore says a recent change in his approach to asking for donations at New Era is that he does not focus as much on the importance of tithing—i.e., asking people to give 10 percent of their income. This is especially true when he talks to people under 40—Millennials and Gen Z—who tend to "see giving to United Way or Goodwill as just as important as giving to the church," according to Moore. "So, we affirm that and then try to get them to understand that the most important giving is that which has an eternal effect."

Digital and physical mailboxes have been stuffed with fundraising appeals for decades, so this is hardly a new challenge. But the ease of giving to good causes with a button click makes the competition more fierce. It also makes it imperative for congregations to have a strong sense of what distinguishes them as mission-driven institutions.

For example, LifeJourney Church—a congregation of about 300 people on the near-northeast side of Indianapolis—lives out its faith and mission by very intentionally reaching out to a diverse membership. This is true in many senses—racial, economic, and in terms of sexual orientation and gender identity.

The church's commitment goes well beyond just an "everyone is welcome here" sign. It is at the core of how and where LifeJourney does outreach and marketing. And it is reflected in the pews. In the 1990s, LifeJourney was an almost all-white church. Now, people of color make up about one-fourth of the congregation, and LGBTQ people are a significant share of the membership. "Come as you are," the church's website says. "You will be welcomed with open arms. And the Bible won't be weaponized against you."

LifeJourney was an early adopter of digital giving, offering the option through Vanco (the digital giving tool that it still uses) about 12 years ago. Pastor Jeff Miner said that donations went up modestly—roughly 10 percent—after the church implemented the option. As in many congregations, the pandemic has driven a shift toward more digital giving since early 2020.

And donations have held steady despite the loss of the traditional mechanism for giving, passing the plate, which Rev. Miner says might never return. Instead, people can deposit cash and checks at an offering box at the back of the sanctuary. Other people use the postal service.

As with New Era and many other congregations, digital tools have made giving a less central part of LifeJourney's services. Since it is something people



can now do in the privacy of their own homes, it becomes “invisible” in a way that dropping an envelope in a plate could never be.

And that sums up both the challenge and the promise of digital. It can diminish the importance of public rituals and practices that have long been at the core of congregational identities. At the same time, it magnifies the importance of congregations’ core sense of mission.

Successful congregations have learned “to really embody the case that there has to be a spiritual dimension—a deeply spiritual dimension—to this work,” Saler says. “It has to be about: What is the deep spiritual grounding? I think religious communities do things that even very good nonprofits just don’t have it in their mission to do. Churches are starting to make that case. But I think the curve is steeper than what many churches could have predicted even 10 or 20 years ago.”

Stay grounded—and branch out

At PushPay’s “Church Disrupt” virtual conference in May 2021, CEO [Molly Matthews](#) noted the recent Gallup polling about falling religious affiliation and called it a “crisis.”

“Are you making yourselves culturally available to Millennials?” Matthews said. “Are you highlighting the social good that you’re already doing in your community?” She noted that many “brands and organizations get left behind,” citing companies like Blockbuster, Borders Books, and Kodak that once flourished but eventually failed “when they stopped innovating.”

For-profit companies like PushPay and Givelify seem destined to make digital giving an increasingly vital tool in the life of congregations. Givelify, for example, processed about \$100,000 in donations in 2014, its first year. It processed \$2 billion from March 2020 to March 2021, and it expects to process about \$5 billion by 2023.

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Innovation will be a major theme of this story as it unfolds over the coming decades. As congregations try to meet their people’s spiritual needs while reaching out to new audiences—and tech companies give them powerful new tools to do so—there will be much talk of disrupting the status quo.

Technology, though, cannot create a congregation’s mission and values. That has to come from within. Which means that the most important survival tool for congregations probably will not be digital innovation.

It will be adapting that innovation to what congregations, at their best, have done all along: Rooting people in a spiritual tradition; adding value to their communities; creating and sustaining connections between people; and, perhaps, learning to do more with less.

“For all sorts of reasons, congregations are going to be much leaner [and] more nimble and partnering kinds of organizations,” Saler says. “I think more and more congregations will come alongside organizations” that are mission-aligned “and maybe bridge conversations among people that don’t often converse with each other. There are all sorts of things a congregation can do that don’t require a lot of resources.”

Responsive Congregations is a publication of the Project on Religion and Urban Culture 2.0, a joint initiative of the Polis Center and IU School of Liberal Arts, both at IUPUI. RUC 2.0 examines how Indianapolis-area congregations have adapted to rapid social and technological changes since 2000, using findings from an earlier project (RUC 1.0) as a baseline. Both projects have been supported by a grant from Lilly Endowment, Inc. Subscribe to future research highlights [here](#). Read past issues [here](#). For more information, contact polis@iupui.edu.