



# Church Finances and Personnel Spending

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Religious Workforce Project

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Workforce  
Project**



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## About the Religious Workforce Project

Building on previous research, the Religious Workforce Project is an effort to understand the nation's religious workforce in a comprehensive way. The Project includes a national meta-analysis and a qualitative study in the Washington, DC, metro area. Funding for the project is generously provided by The Lilly Endowment, Inc. This project seeks to answer the following questions: Given today's changing religious landscape, how are leaders of U.S. congregations adapting? How do these changes shape the staffing, financial models, priorities, and the work of U.S. congregations? And what is the state of the religious workforce today?



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## Part 1 – Overview of Changes in Spending Patterns, 2000-2019

The Religious Workforce Project is interested in what portion of congregational spending goes toward personnel and if that percentage has changed since 2000. Churches spend their funds for a variety of purposes to fulfill their missions. The four most common are personnel, facilities, missions, and programs. For this review, the personnel category includes all salary and benefits for all personnel no matter their clergy or lay status or whether they serve in direct ministry roles or in support roles. Provided housing or housing allowances are included. The facilities category includes both operating expenses (utilities, custodial services, etc.) as well as capital expenditures (mortgage and interest, capital improvements, equipment, etc.). The missions category is defined by funds sent outside the congregation to benefit others through denominational, local, or other agencies. Programs include all other expenditures for education, evangelism, communication, and other ministry programs.

Personnel expenses make up the largest percentage of congregational expenditures for almost all congregations. However, the workforce makeup varies considerably among congregations. Some have multiple full-time ordained and lay staff while others have a pastor, often part-time, and little other paid personnel.<sup>1</sup>

There are limitations to this research. We do not have consistent public reports on congregational spending. In addition, the “giving-centric nature of the research on congregations’ finances”<sup>2</sup> has skewed knowledge toward the trends and motivations of

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1 Sean Payne, David P. King, and Susan Barnett, *FACTs on Finance: Trends in Congregational Economics from the Faith Communities Today 2020 Study*, 2022, 9.

2 Peter Munday, David P. King, and Brad R. Fulton, “The Economic Practices of U.S. Congregations: A Review of Current Research and Future Opportunities,” *Social Compass* 66, no. 3 (June 2019): 402, 408. David P. King, “Faith and Money: What We Know about Congregational Finances.” *Theology Today* 78, no. 3 (2021): 299-300.



donors rather than the spending aspects of congregational finances. “We now know much more about how congregations and other religious organizations get their material resources than we know about how they spend them,” says Mark Chaves. He contends that spending issues may have as much or perhaps more of an effect on congregational financing challenges as giving issues.<sup>3</sup> Roman Catholic and Black Protestant traditions pose even greater challenges due to the shortage of studies of congregational expenditures, especially related to personnel. As Sandra L. Barnes put it regarding Black Church finances, as understudied as the subject is among all churches, it is even rarer for the Black Church.<sup>4</sup>

It is important to put recent trends in spending in the longer historical trajectory of money used for local operations and ministry, and funds provided to denominational and other causes beyond the local congregation. Personnel expenditures play an important role in these historical changes in spending patterns. “The twentieth-century high point in benevolent spending by congregations appears to have been in 1920, a short-term effect of the large-scale fund-raising drives immediately following World War I,” according to Chaves. Citing Charles Fahs’s research, congregations spent an average of 35 percent on “benevolences” in 1920, declining to 22 percent in 1927.<sup>5</sup> The economic challenges of the 1930s reduced such spending beyond the congregation to 13.6 percent according to the 1936 census of religious bodies.<sup>6</sup> Benevolent spending increased as the country moved out of the Great Depression and reached its high point in “the 1950s heyday of national denominations.”<sup>7</sup> Based on the work of Dean R. Hoge, et al., by the mid-1990s an average of 10 to 15 percent of congregational income was spent on missions outside the church, roughly half the rate from the 1950s.<sup>8</sup>

As we will see, this 10 to 15 percent range appears to be approximately the range found in recent studies except for Black Protestant churches, which give a higher percentage to mission and service purposes. Chaves notes that among Black churches, there has been more consistency in their financial circumstances across the decades; whereas other

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3 Mark Chaves, “Financing American Religion,” in *Financing American Religion*, eds. Mark Chaves and Sharon L. Miller (Walnut Creek, CA: AltaMira Press, 1999), 184.

4 Sandra L. Barnes, “Black Church Giving: An Analysis of Ideological, Programmatic, and Denominational Effects,” *SAGE Open* 3, no. 2 (April-June 2013): 1.

5 Chaves, “Financing American Religion,” 174-175. Charles Fahs, *Trends in Protestant Giving: A Study: A Study of Church Finance in the United States* (New York: Institute of Social and Religious Research, 1929).

6 Chaves, “Financing American Religion,” 175.

7 *Ibid.*, 174.

8 Dean R. Hoge, Charles Zech, Patrick McNamara, and Michael J. Donahue, *Money Matters: Personal Giving in American Churches* (Louisville, KY: Westminster John Knox, 1996), 15. Cited in Chaves, *Financing American Religion*, 174.



congregations experience more of a “U-shaped” pattern of high points in the 1920s and 1950s with downturns afterward.<sup>9</sup>

While mission giving stability has been the norm for much of the past 50 years, even if at lower than previous percentages of giving, there has been a shifting of expenditures among the remaining funds spent locally. Personnel has been a major reason for those changes. First, personnel appears to be one of the factors leading to the decline in spending beyond the congregation that began in the 1950s. While mortgage payments ballooned from post-World War II church construction and expansion, the need for increased funding for personnel did as well. A study of two denominations by Roger J. Nemeth and Donald A. Luidens noted changes occurring across multiple denominations that made a difference.<sup>10</sup> The cost of clergy was increasing due to heightened education and professionalism as well as increases in the costs of benefits.<sup>11</sup> They note a movement for benefits as a percentage of salary going from 8 percent in the 1950s to 30 percent in the 1990s. In addition, the number of clergy was expanding as memberships grew from the 1950s through the mid-1960s. Even as memberships declined for some denominations after the mid-1960s, the number of clergy often continued to increase. At the same time, there was an expansion of lay church staffs with the influx of baby boom children born in 1946 and after. Nemeth and Luidens also note another factor related to the prominent place personnel expenditures would claim. While the number of clergy grew as memberships grew, once membership numbers began to decline in the mid-1960s in many denominations, the number of clergy continued to rise.<sup>12</sup> One other factor in the 1950s and beyond was the increased presence and enforcement of minimum compensation levels for clergy set by judicatories. All these factors meant that fewer congregational funds were available for other purposes.<sup>13</sup>

We now turn to what has happened in the last twenty years.

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9 Chaves, “Financing American Religion,” 180. For more research on factors in Black Church giving to mission, see Barnes, “Black Church Giving: An Analysis of Ideological, Programmatic, and Denominational Effects,” 1-11.

10 Roger J. Nemeth and Donald A. Luidens, “Congregational vs. Denominational Giving: An Analysis of Giving Patterns in the Presbyterian Church in the United States and the Reformed Church in America,” *Review of Religious Research* 36, no. 3 (1994): 111-122.

11 Mark Chaves points to the 1970s as about the time that increases in the cost of benefits began to outpace salary increases. Mark Chaves, “[All Creatures Great and Small: Megachurches in Context](#),” *Review of Religious Research* 47, no. 4 (June 2006): 343.

12 Nemeth and Luidens, “Congregational vs. Denominational Giving,” 111-122.

13 Donald A. Luidens, “National Engagement with Localism: The Last Gasp of the Corporate Denomination?” in *Church, Identity, And Change: Theology and Denominational Structures in Unsettled Times*, eds. David A. Roozen and James R. Nieman (Grand Rapids, MI: Eerdmans, 2005), 416.



## Comparisons by Religious Traditions

We seek to compare changes in personnel expenditures occurring in four religious traditions: Black Protestant, Evangelical Protestant, Mainline Protestant, and Roman Catholic. We draw from survey data and denominational statistics where available. David King points to the diversity of the “financial footprint” of congregations but maintains that “denominational identity or religious ideology may not be the main predictor of congregational finances.”<sup>14</sup> We will examine such issues.

## Recent Research

### Faith Communities Today (2020)

Faith Communities Today (FACT) is a series of ongoing research surveys and practical reports about congregational life, conducted and published by the Cooperative Congregational Studies Partnership, a multi-faith group of religious researchers and faith leaders working in conjunction with Hartford Institute for Religion Research at Hartford International University. Survey reports have been issued in 2000, 2005, 2008, 2010, and 2015. Their latest research conducted in 2020 received responses from 15,278 congregations representing at least 80 denominations across four faith traditions. Their overall report based on 2020 research is [Twenty Years of Congregational Change: The 2020 Faith Communities Today Overview](#).<sup>15</sup> In addition, there are specialized reports on specific topics including [FACTs on Finance: Trends in Congregational Economics from the Faith Communities Today 2020 Study](#).<sup>16</sup>

Of the four religious traditions we are examining, the FACT report covers three. Black Protestant is not a separate category, with Black congregations captured in the other categories. FACT spending units include the four of personnel, facilities, missions, and program but also includes “other.” For our purposes, we are combining other and programs since other appears to fit our expansive definition of programs. Keep in mind that these consolidations do not impact the figures we are most following, the personnel expenditures. Table 1 shows the FACT figures and Table 2 shows the merged categories.

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14 David P. King, “Faith and Money: What We Know about Congregational Finances.” *Theology Today* 78, no. 3 (2021): 301-302.

15 Scott Thumma, *Twenty Years of Congregational Change: The 2020 Faith Communities Today Overview* (Hartford, CT: Faith Communities Today, 2021).

16 Sean Payne, David P. King, and Susan Barnett, *FACTs on Finance: Trends in Congregational Economics from the Faith Communities Today 2020 Study*, 2022.



**Table 1. FACT 2020: Salaries make up the largest share of congregational spending across Catholic, Evangelical Protestant, and Mainline Protestant religious traditions.<sup>17</sup>**

Categories	All	Catholic	Evangelical Protestant	Mainline Protestant
Salaries	44%	43%	44%	47%
Buildings	26%	28%	26%	27%
Mission & Benevolence	13%	9%	14%	9%
Program	11%	12%	11%	13%
Other	5%	9%	5%	4%

**Table 2. FACT 2020: The largest share of congregational spending is on personnel, even after Programs and Other categories are combined.**

Categories	All	Catholic	Evangelical Protestant	Mainline Protestant
Personnel	44%	43%	44%	47%
Facilities	26%	28%	26%	27%
Missions	13%	9%	14%	9%
Programs	16%	21%	16%	17%

### National Study of Congregations’ Economic Practices (2018)

One of the most recent and comprehensive studies of congregational finances is [The National Study of Congregations’ Economic Practices \(NSCEP\)](#). Conducted by the Lake Institute on Faith and Giving at the Indiana University Lilly Family School of Philanthropy, their report was issued in 2018. David P. King and Brad R. Fulton were co-directors of what the Institute describes as the largest and most comprehensive, nationally representative study of U.S. congregations’ finances in more than a generation. While their research covers a wide range of issues related to how congregations receive, manage, and spend their money, the dimension of what percentage of congregational spending goes for various purposes contributes to our research in providing a relatively recent baseline.

<sup>17</sup> Ibid.



Their spending units include the four of personnel, facilities, missions, and program but also includes “dues” and “other.” For our purposes, we are combining dues with missions since the dues are often payments to denominations for programs or administration and thus fit our definition of funds going outside the congregation for purposes beyond their congregations. We are combining other with programs since it appears to fit our expansive definition of programs. Keep in mind that these consolidations do not impact the figures we are most following, the personnel expenditures. Table 3 shows the Lake Institute figures, and Table 4 shows the merged categories.

**Table 3. NSCEP: The largest share of congregational spending is on personnel for three out of four Christian traditions.<sup>18</sup>**

Categories	All	Black Protestant	Catholic	Evangelical Protestant	Mainline Protestant
Personnel	48%	24%	43%	49%	55%
Facilities	23%	26%	23%	23%	21%
Missions	11%	13%	4%	15%	7%
Programs	10%	17%	10%	10%	8%
Dues	6%	9%	11%	3%	6%
Other	2%	11%	9%	0%	3%

**Table 4. NSCEP: The largest share of congregational spending is on personnel for three out of four Christian traditions even after merging spending categories.**

Categories	All	Black Protestant	Catholic	Evangelical Protestant	Mainline Protestant
Personnel	48%	24%	43%	49%	55%
Facilities	23%	26%	23%	23%	21%
Missions	17%	22%	15%	18%	13%
Programs	12%	28%	19%	10%	11%

<sup>18</sup> Brad R. Fulton and David P. King. 2018. National Study of Congregations' Economic Practices: Survey Datafile. Bloomington: Indiana University, 2018. 10.13140/RG.2.2.14323.25123



## Comparisons by Denominations

Many denominations receive annual reports from their churches detailing a host of statistical indicators. The difficulty in comparing activity across denominations is that the spending components used on the prescribed reporting forms do not match. While giving beyond the congregation to mission and outreach ministries is normally distinguishable from other spending, there is little consistency among the other reporting categories. For our purposes, the drawback is that personnel spending is often bundled with other expenses for annual reporting. In the few cases in which personnel expenses are isolated, we can make our best analysis of trends and comparisons across traditions. We are able to examine more closely two denominations, Church of the Nazarene and United Methodist Church, that track personnel spending separately from other expenses.

### Denominations in which Personnel is a Separate Reporting Category

#### *Church of the Nazarene*

The proportion of total expenditures devoted to the four areas of personnel, missions, program, and facilities changed from 2000 to 2019 in these ways:<sup>19</sup>

- Personnel (a reporting change occurred in 2010)
  - (clergy only, 2000-2009) increased from 27 percent of expenditures to 30 percent.
  - (all personnel, 2010-2019) increased from 38 percent of expenditures to 41 percent.
- Facilities declined from 25 percent of expenditures to 22 percent.
- Mission declined from 18 percent to 16 percent.
- Program (reporting change in 2010)
  - (includes non-clergy personnel, 2000-2009) increased from 31 percent of expenditures to 32 percent.
  - (no personnel included, 2010-2019) decreased from 23 percent of expenditures to 21 percent.

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<sup>19</sup> The figures for the four budget categories come from these Nazarene reporting units. Personnel: Pastor, Associate, and Support Salaries and Pastor, Associate, and Support Benefits. Mission: Given to Global Missions, Given to District Missions, Given to Education, Local Compassionate Ministries. Program: All Other Church Ministries. Facilities: Buildings, Properties, and Capital Improvements, Debt Service.



As noted, a reporting change in 2010 must be considered. Through 2009, some salaries and benefits were reported as part of a congregation’s operating expenses and would appear in our categories under program. It appears that the proportion of expenditures going to personnel did increase between 2000 and 2019. Under the pre-2010 reporting plan, personnel increased from 27 percent of total spending in 2000 to 30 percent in 2009. Then, in the 2010-2019 reporting plan, personnel increased from 38 percent in 2010 to 41 percent in 2019.

**Table 5. The largest share of Nazarene congregations’ spending was on programs (2000-2009 reporting plan)**

Year	Personnel	Mission	Program	Facilities
2000	27%	18%	31%	25%
2001	27%	17%	31%	25%
2002	27%	17%	31%	25%
2003	28%	17%	31%	24%
2004	29%	17%	32%	22%
2005	29%	17%	32%	22%
2006	29%	17%	32%	22%
2007	29%	17%	32%	22%
2008	30%	16%	32%	23%
2009	30%	16%	32%	22%

Source: Research Services, Church of the Nazarene

**Table 6. The largest share of Nazarene congregations’ spending was on personnel (2010-2019 reporting plan)**

Year	Personnel	Mission	Program	Facilities
2010	38%	16%	23%	23%
2011	39%	16%	23%	22%
2012	41%	16%	23%	20%
2013	40%	16%	22%	22%
2014	40%	16%	22%	22%
2015	41%	17%	21%	21%
2016	40%	17%	21%	22%
2017	41%	16%	21%	22%
2018	41%	17%	21%	22%
2019	41%	16%	21%	22%

Source: Research Services, Church of the Nazarene



### United Methodist Church

The proportion of total expenditures devoted to the four areas of personnel, mission, program, and facilities changed from 2000 to 2019 in these ways (table 7):<sup>20</sup>

- Personnel went from 42 percent of expenditures to 46 percent.
- Facilities declined from 35 percent of expenditures to 32 percent.
- Mission declined from 15 percent to 14 percent.
- Programs remained the same at 8 percent.

The trend toward a higher percentage of spending going for personnel is a consistent one since 2000. Keep in mind that personnel expenditures are for clergy and lay staff.

Later we will examine the changes in the makeup of the personnel spending, but for our purposes here, there is a steady increase in overall personnel expenditures.

**Table 7. In the United Methodist Church, the share of expenditures spent on personnel increased slightly between 2000 and 2019.**

Year	Personnel	Facilities	Mission	Program
2000	42%	35%	15%	8%
2019	46%	32%	14%	8%
Change 2000-2019	4%	-3%	-1%	0%

Source: Annual Statistical Reports, GCFA

### Roman Catholic

There is no central source of data for parish spending by categories. Parishes do not submit such figures annually as is the case for some other traditions. Therefore, it is rare to find data on personnel spending as a proportion of all expenditures.

### Wesleyan Church

The Wesleyan Church includes personnel expenses in two of their reporting categories. The “personnel” unit is for expenditures for clergy only. Expenditures for non-clergy personnel are included in the separate reporting unit of operations. Spending on clergy as a percentage of all expenditures increased slightly from 36 percent in 2010 to 37 percent in 2019.<sup>21</sup>

**Table 9. The share of Wesleyan congregations’ expenditures spent on clergy, operating expenses, and mission remained stable from 2010 to 2019.**

Year	Personnel (clergy only)	Operating Expenses and non-clergy personnel	Mission
2010	36%	48%	17%
2015	36%	47%	17%
2019	37%	47%	17%

Source: The Wesleyan Church

20 The figures for the four budget categories come from these UMC reporting units. Personnel: all salaries and benefits. Mission: all funds going outside the congregation. Program: program line plus 15 percent of operations. Facilities: principal, interest, capital expenditures plus 85 percent of operations.

21 The Wesleyan “Mission” category includes a broad range of local and global benevolences through Wesleyan or non-Wesleyan agencies, denominational funds, special mission appeals, and special-purpose mission funds. Capital expenditures are not included in these calculations.



## Findings

### All Congregations

- We know far more about giving to congregations than we do about spending by congregations.
- The last 100 years saw multiple swings in the proportion of spending going beyond congregations, particularly among White congregations.
  - Beginning with the high point for benevolence giving of 25 percent in 1920 following World War I, there was a major drop in such giving during the Depression years of the 1930s.
  - Another high point came in the 1950s following World War II until most churches began giving within a range of 10-15 percent. Some traditions give more today while some are giving less.
  - Black Protestant churches have historically given more beyond their walls and more consistently despite external events.
- From national survey data, there is variation in the percentages of spending going to personnel across recent years but no discernable pattern of overall increases.

### Religious Traditions

- Similarly, there is no pattern of increasing spending on personnel compared to other expenditures across the four religious traditions, although data are limited particularly for Black Protestant and Roman Catholic.
- While denominational identity or religious ideology may not be the main predictor of congregational finances, there may be some characteristics of traditions and their constituencies that lead to distinctive patterns of finances on personnel.
- There is a consistent pattern of differing percentages of spending going for personnel with Mainline Protestant spending the highest percentage, followed by Evangelical Protestant, Roman Catholic, and Black Protestant.



- Some factors contributing to such differences among religious traditions could be:
  - the socio-economic status of their constituencies
  - the typical Mainline Protestant requirement of a seminary degree for ordination
  - the typical Evangelical Protestant and Black Protestant absence of a seminary degree requirement for ordination
  - the Roman Catholic practice of limiting the priesthood to single men, along with an ethos that does not emphasize high salaries with professional status
  - the extensive use of bivocational clergy among Black Protestants and Evangelical Protestants

### **Denominations**

- One set of findings provides some caution in assuming stability in personnel expenditures as a percentage of all spending over the last two decades. There are two denominations for which we have personnel expenditure figures as a distinct reporting category with data from 2000 to 2019, the Church of the Nazarene (Evangelical Protestant) and the United Methodist Church (Mainline Protestant).
- In both cases, there was a consistent increase in proportionate spending for personnel.
  - For Nazarenes, there was a reporting plan change during this period. Under the pre-2010 reporting plan (clergy only), personnel increased from 27 percent of total spending in 2000 to 30 percent in 2009. Then, in the 2010-2019 reporting plan (all clergy and staff), personnel increased from 38 percent in 2010 to 41 percent in 2019.
  - For United Methodists, personnel increased from 42 percent of spending in 2000 to 46 percent in 2019.
- For most other denominations, personnel spending is reported in a category that includes other types of expenses, so it is impossible to isolate personnel expenditures. However, of the denominations for which we have data, there were increases in the categories including personnel except for the Episcopal Church, where it remained the same. No conclusions can be drawn from these figures, of course. However, in each case spending on missions went down so we can say there appears to be a pattern of increased spending on internal needs.



## Part 2 - Trends in Spending on Personnel by Congregational Size

We now examine trends among congregations of different sizes based on their average worship attendance. While the overall religious traditions and denominations may show certain trends, it is possible that groups of churches within those traditions may experience divergent trends based on their size. It might also be the case that the size of congregations may shape financial patterns more so than denominational affinities. Mark Chaves points to the profound impact of size on both secular and religious organizations, including congregations that he studies so closely. Scott Thumma reports that in his *Faith Communities Today* research, congregations of different sizes are different from one another regardless of denomination, location, or other characteristics.

### Recent Survey Research

#### Faith Communities Today Megachurches (2020)

One component of the Faith Communities Today (FACT) project was a specialized report on very large congregations, often referred to as “megachurches.” [Megachurch 2020: The Changing Reality in America’s Largest Churches](#)<sup>22</sup> reports on 582 churches of 1,800 average attenders and larger included in the overall FACT 2020 survey. They found that the median percentage of expenditures for these largest churches disbursed for personnel was 50 percent.<sup>23</sup> This percentage is higher than similar reports from 2011 and 2008 in which personnel spending accounted for 45 percent and 46 percent respectively.

**Table 10. FACT: The share of megachurches’ expenditures spent on personnel has increased.**

Year	Personnel percentage of expenditures
2008	46%
2011	45%
2020	50%

Source: Faith Communities Today

22 Warren Bird and Scott Thumma, *Megachurch 2020: The Changing Reality in America’s Largest Churches* (Hartford, CT: Hartford Institute for Religion Research, 2020). The study was sponsored by the Hartford Institute, the Evangelical Council for Financial Accountability, and the Leadership Network.

23 Ibid., 39. Their question was, “Approximately, what percentage of your congregation’s annual expenditures in your most recent fiscal year were for total staff salaries and benefits (clergy and non-clergy)? (Median percent)”



### National Study of Congregations' Economic Practices (2018)

Drawing from data gathered by The National Study of Congregations' Economic Practices (NSCEP), we find a picture of spending on personnel as a percentage of all expenditures for churches of different sizes based on the number of adult participants.<sup>24</sup>

**Table 11. NSCEP: Congregations with 50 to 999 participating adults spend over half of their expenditures on personnel.**

Year	Personnel percentage of expenditures
1,000 or more adults	46%
250-999 adults	53%
100-249 adults	54%
50-99 adults	52%
10-49 adults	50%

<sup>24</sup> From analysis of data provided by NSCEP project staff.



## Research by denominations in which personnel is a separate reporting category

We examine two denominations for which we have figures for personnel spending as a separate reporting category for 2000-2019 by the individual congregations. This permits examination of personnel spending changes by distinct tiers of church by size based on their average worship attendance (AWA).

### Church of the Nazarene

Under the pre-2010 and the post-2010 reporting plans, personnel increased as a percentage of total spending. Given the two reporting criteria, we show in Table 12 the changes in personnel from 2000-2009 and 2010-2019 by seven attendance size cohorts of churches. When only clergy are included in personnel figures (2000-2009), smaller churches spend a higher percentage of their budgets on personnel since they probably do not have large numbers of non-clergy staff that may be found in larger churches. When all personnel are included in the figures (2010-2019), the differences tend to even out. By 2019, churches of all sizes are spending on personnel close to the

**Table 12. Nazarene: From 2000 to 2009, smaller churches spent more of their budgets on personnel than larger churches. From 2010 to 2019, churches with 1,000 or more worshippers spent the largest share of expenditures on personnel.**

Average Worship Attendance	2000	2009	Change (2009-2000)	2010	2019	Change (2019-2010)
1000+	22%	29%	7%	43%	45%	2%
501-999	24%	28%	4%	38%	40%	2%
251-500	26%	28%	2%	36%	42%	6%
101-250	26%	30%	4%	37%	40%	3%
51-100	30%	33%	3%	38%	40%	2%
26-50	34%	35%	1%	39%	40%	1%
25 or fewer	32%	34%	2%	40%	41%	1%

Source: Research Services, Church of the Nazarene



denominational average of 41 percent of expenditures except for the largest cohort of churches (1,000 more attendance). These largest churches spent 45 percent of their budgets on personnel in 2019. They also showed the greatest percentage increase in spending on personnel during the 2000-2019 years among the size tiers.

In Table 13, we compare the change in percentage points for spending on personnel to the comparable changes for all the churches of the denomination (in each of the two reporting format periods) with the changes occurring in each of seven attendance size tiers. We compare changes from 2000 through 2019. The changes are displayed in two sections, 2000-2009 and 2010-2019, due to the reporting format change that occurred in 2010.<sup>25</sup>

**Table 13. Nazarene: Between 2000 and 2009, congregations with 1,000 or more worshippers experienced the largest increase in percent of budget spent on personnel. Between 2010 and 2019, this was true of congregations with 251 to 500 worshippers.**

Average Change Worship Attendance	2000-2009			2010-2019		
	All Naz Change	Change by Tiers	Difference	All Naz Change	Change by Tiers	Difference
1000+	3%	7%	4%	3%	2%	-1%
501-999	3%	4%	1%	3%	2%	-1%
251-500	3%	2%	-1%	3%	6%	3%
101-250	3%	4%	1%	3%	3%	0%
51-100	3%	3%	0%	3%	2%	-1%
26-50	3%	1%	-2%	3%	1%	-2%
25 or fewer	3%	2%	-1%	3%	1%	-2%

Source: Research Services, Church of the Nazarene

<sup>25</sup> The "All Nazarene Change" column is 3 percent for both time periods. For 2000-2009, the percentage change in personnel as a percentage of all expenditures went from 27 percent in 2000 to 30 percent in 2009. The percentage change in personnel as a percentage of all expenditures went from 38 percent in 2010 to 41 percent in 2019.



We see here that, for the most part, the larger churches increased somewhat the percentage of spending paid for personnel while the smaller churches (100 or fewer worship attendance) spent a lower percentage on personnel. The most pronounced and consistent declines in personnel proportions took place among churches with 50 or fewer attendance.

### United Methodist Church

Table 14 shows the differences in personnel spending among size cohorts of churches based on worship attendance between 2000 and 2019.

**Table 14. United Methodist Church: Between 2000 and 2019, congregations with 1,000 or more worshipers experienced the largest increase in share of expenditures spent on personnel.**

Average Worship Attendance	2000	2019	Change (2019-2000)
1,000+	32%	43%	11%
501-999	38%	44%	6%
251-500	41%	45%	4%
101-250	44%	46%	2%
51-100	48%	49%	1%
26-50	49%	48%	-1%
25 or fewer	47%	45%	-2%

Source: Annual Statistical Reports, GCFA

Table 15 compares the proportion of spending on personnel with the overall denomination average change. We see a pattern of the larger attendance size tiers (churches with 501 or more in attendance) showing higher proportionate spending on personnel in 2019 compared to 2000. They also experienced a greater rate of increased spending on personnel than the denomination average. Churches with attendance



between 251 and 500 had the same rate of change as the denomination average. The smaller churches (averaging 250 or fewer attendance) showed a lower than denominational average change in personnel proportionate spending. The smallest (50 or fewer attendance) showed a decline in their proportionate spending on personnel between 2000 and 2019.

**Table 15. UMC change in personnel spending by congregational size, 2000 and 2019**

<b>Average Worship Attendance</b>	<b>AWA Tier Change</b>	<b>All UMC Change</b>	<b>AWA tier change - All UMC Change</b>
1000+	11%	4%	7%
501-999	6%	4%	2%
251-500	4%	4%	0%
101-250	2%	4%	-2%
51-100	1%	4%	-3%
26-50	-1%	4%	-5%
25 or fewer	-2%	4%	-6%

Source: Annual Statistical Reports, GCFA



### Nazarene and United Methodist

Table 16 puts the Nazarene and United Methodist changes side by side for comparison. Churches in size tiers between the largest (1,000 or more attendance) and smallest churches (50 or fewer attendance) showed more modest changes while following the overall pattern of larger churches spending more and smaller spending less proportionately on personnel in 2019 than in 2000.

**Table 16. Nazarene and United Methodist personnel spending percentages by size tiers compared to total denominational change, 2000-2019**

Average Worship Attendance	Nazarene: AWA tier change - Denomination-wide change	UMC: AWA tier change - Denomination-wide change
1000+	3%	7%
501-999	0%	2%
251-500	2%	0%
101-250	1%	-2%
51-100	-1%	-3%
26-50	-4%	-5%
25 or fewer	-3%	-6%

### Do Large Churches Show “Economies of Scale” Advantages?

Mark Chaves has looked extensively at characteristics of churches of various sizes. He is “inclined to believe that there are not significant economies of scale operating in churches.”<sup>26</sup> However, it appears that there may be factors at play in some traditions, primarily related to their constituencies, that may give churches some limited economies of scale related to personnel not experienced by smaller churches.

It appears, from the limited detailed denominational data that we have, that churches averaging 1,000 or more in worship attendance may often spend less on personnel as a proportion of their total spending. This does not mean that large churches do not have large clergy and lay staffs, but it appears their larger size and budgets make possible spending less proportionately on personnel than the smaller churches.

<sup>26</sup> Mark Chaves, “All Creatures Great and Small: Megachurches in Context,” *Review of Religious Research* 47, no. 4 (June 2006): 344.



However, the Church of the Nazarene does not fit this pattern. When only clergy were included in personnel expenditures (2000-2009), the Nazarene pattern followed others with the largest churches (1,000 or more attendance) spending a smaller proportion of their budget on personnel. However, when all personnel (clergy and lay staff) are included under personnel spending (2010-2019), the opposite pattern emerges, with these largest churches spending a higher proportion of their budgets on personnel than any of the smaller attendance size tiers. This does not mean that the larger Nazarene churches are spending inordinately on personnel, since their proportionate spending matches closely that of similar size churches in other traditions. The difference appears to be that smaller Nazarene churches are spending a smaller proportion of their budgets on personnel than similar size churches in other denominations. The tradition of extensive use of part-time and bivocational clergy may explain some of the difference.

Of course, even for most churches with 1,000 or more in attendance spending a smaller proportion of their budgets on personnel than smaller churches, that will change soon if the trends continue toward increased spending on personnel in recent years by larger churches beyond that of smaller churches that we identify in some of our findings.

The percentage of 43 percent for personnel spending in the largest churches recurs in the FACT Megachurch survey as well as the 2019 figures for the Church of the Nazarene and the United Methodist Church. The Lake Institute's National Study of Congregations' Economic Practices (NSCEP) research shows a slightly higher percentage of 46 percent for personnel.

### **Where is Proportionate Personnel Spending Increasing and Decreasing?**

We have limited data from which to work. However, we do have detailed spending documentation from two denominations, Nazarene and United Methodist. In examining those figures, we see a pattern of greater proportionate spending on personnel among the largest churches (1,000 or more attendance).



## Findings

Our findings come from a limited database, but they include detailed expenditure data from 2000-2019 for the Church of the Nazarene and the United Methodist Church.

- Consistent with the findings of others, size makes a difference in church finances regardless of religious tradition or denomination.
- It appears that in some traditions, larger churches (1,000 or more attendance) gain some “economies of scale” that permit them to spend less proportionately on personnel than smaller size congregations.
- The Church of the Nazarene is an exception to some survey data and United Methodist figures, perhaps meaning that the pattern of larger churches spending less on personnel may not apply to all traditions.
- Patterns of personnel spending by congregational size may be changing. The largest Nazarene and United Methodist churches (1,000 or more attendance) outpaced all other sizes of congregations in increases for proportionate spending on personnel between 2000 and 2019.



## Part 3 - Personnel Spending for Clergy and Lay

We have limited knowledge of the proportions of church budgets spent on paid clergy personnel compared to paid lay personnel. Even extensive surveys that collect data on the numbers of personnel of various types, including clergy and lay, do not provide sufficient data directly linked to the clergy or lay status of the employees. For example, Mark Chaves points out that while the National Congregations Survey (NCS) data tell much about clergy and lay staffing based on the size of congregations and other factors, those figures alone do not address the issue of proportionate spending since compensation rates and details typically vary between clergy and lay staff.<sup>27</sup> Another factor is that denominational reports of congregational expenditures seldom distinguish personnel spending between clergy and non-clergy staff. For both reasons, it is difficult to know the proportional comparisons of spending on clergy and lay personnel. Thus, identifying trends during the twenty-year period under investigation is even more challenging.

However, there is one denomination, the United Methodist Church, that provides sufficient data to track proportional spending by congregations on clergy personnel and lay personnel between 2000 and 2019. United Methodist records provide the clergy and lay staff breakdowns beginning in 1989 so we will add 1989 proportionate spending percentages for a longer historical comparison.

**We have limited knowledge of the proportions of church budgets spent on paid clergy personnel compared to paid lay personnel.**

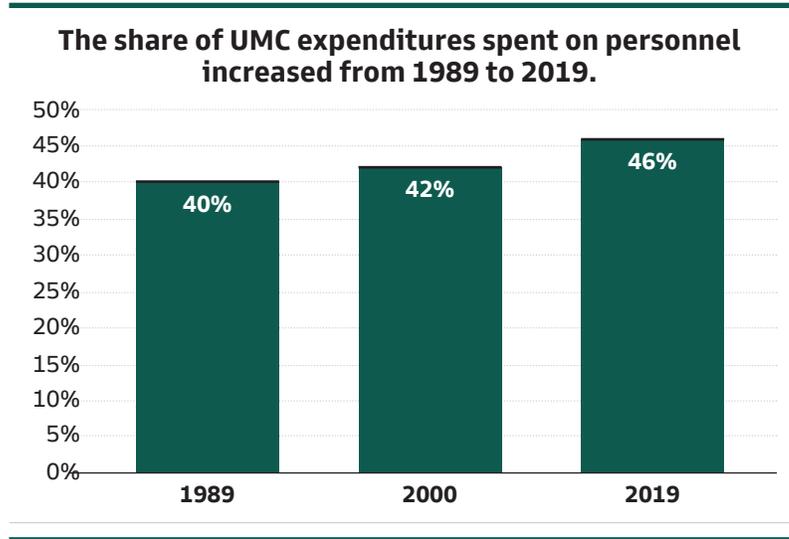
Even extensive surveys that collect data on the numbers of personnel of various types, including clergy and lay, do not provide sufficient data directly linked to the clergy or lay status of the employees.

<sup>27</sup> Mark Chaves, Joseph Roso, Anna Holleman, and Mary Hawkins, *Congregations in 21st Century America* (Durham, NC: National Congregations Study, 2021), 16.



### Changes in Proportionate Spending on Personnel

We begin by examining how much United Methodist churches spent on all personnel, clergy and lay combined, as a percentage of their total expenditures between 2000 and 2019 (figure 1). The proportion of all expenditures going toward personnel increased from 42 percent in 2000 to 46 percent in 2019. The figure in 1989 was 40 percent.



### Changes in Personnel Spending on Clergy and Lay Staff

Total nominal and inflation adjusted spending for clergy grew above the inflation rate from 2000 through 2010. Thereafter, spending for clergy was below the 2000 level, adjusted for inflation, with the negative gaps increasing consistently each year through 2019. Nominal spending for clergy increased and decreased modestly between 2011 and 2019. Total spending for clergy in 2019 was \$256 million less than 2000 after inflation.

Figure 1. UMC changes in spending proportions on personnel, 1989, 2000, and 2019

Total nominal spending for lay staff increased each year between 2000 and 2018. There was a small decrease in 2019. Lay staff spending adjusted for inflation grew consistently above the inflation rate from 2000 through 2019 by almost \$144 million. The rate of

**Table 18: UMC changes in spending for clergy and lay staff adjusted for inflation, 2000-2019**

Year	Clergy Total	Clergy Total 2000\$	Difference	Staff Total	Staff Total 2000\$	Difference
2000	1,209,225,927	1,209,225,927	0	799,752,202	799,752,202	0
2010	1,542,944,734	1,527,252,346	15,692,388	1,246,597,977	1,010,087,031	236,510,946
2015	1,551,083,771	1,663,894,876	-112,811,105	1,339,085,492	1,100,459,030	238,626,462
2019	1,538,929,247	1,795,700,502	-256,771,255	1,364,710,842	1,220,885,717	143,825,125



growth above inflation was strong and consistent between 2000 and 2010. There were multiple years between 2011 and 2019 in which the annual increase did not match or exceed the annual inflation rate.<sup>28</sup>

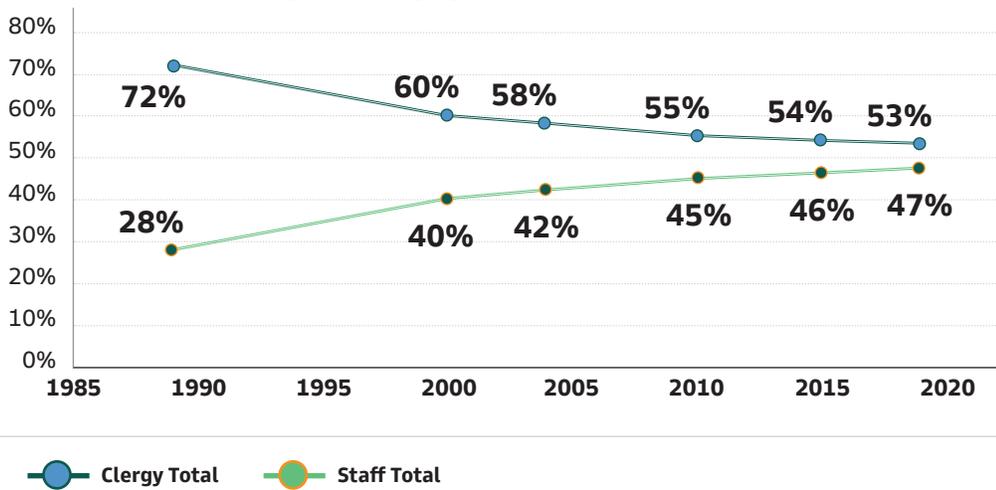
### Changes in Proportionate Personnel Spending on Clergy and Lay Staff

Within personnel spending, spending for clergy went from 60 percent in 2000 to 53 percent by 2019. Spending for lay staff went from 40 percent in 2000 to 47 percent by 2019. Comparable figures for 1989 were 72 percent of personnel spending for clergy, and 28 percent of personnel expenditures for lay staff.

**Table 19. From 1989 to 2019, UMC congregations decreased the percent of personnel budgets spent on clergy and increased the percentage spent on staff.**

Year	Clergy Total	Staff Total
1989	72%	28%
2000	60%	40%
2004	58%	42%
2010	55%	45%
2015	54%	46%
2019	53%	47%

**The share of UMC personnel budgets spent on lay staff increased by almost 20 percentage points between 1989 and 2019.**



**Figure 2. Proportion of Personnel Spending for Clergy and Staff, 1989-2019**

<sup>28</sup> All the compensation figures used show missing data for the four years, 2005-2008. A reporting change in those years inadvertently skewed figures compared to previous and subsequent years. The source for all United Methodist expenditures is the General Council on Finance and Administration of the United Methodist Church.



### Changes in Personnel Spending on Clergy and Staff by Attendance Size Tiers

The growth in spending on staff compared to clergy continues to increase as a percentage of personnel expenditures for every size category. The spending on lay staff in congregations averaging more than 100 in worship ranges from about even with spending on clergy to the majority of personnel expenditures as church size grows larger. While the growth in lay staff spending increased significantly in those churches averaging 100 or just under, the three size cohorts that capture all churches with 100 or fewer worship attendance continues to spend the overwhelming percentage of their personnel expenditures on clergy.

**Table 20. UMC congregations with 251 or more worshipers spent over half of personnel budgets on staff in 2000 and 2019, while smaller congregations spent over half of personnel budgets on clergy.**

Average Worship Attendance	Clergy			Staff		
	2000	2019	Percentage Point Change	2000	2019	Percentage Point Change
1000+	33%	26%	-7%	67%	74%	7%
501-999	40%	32%	-8%	60%	68%	8%
251-500	48%	38%	-10%	52%	62%	10%
101-250	61%	52%	-9%	39%	48%	9%
51-100	81%	70%	-11%	19%	30%	11%
26-50	89%	81%	-8%	11%	19%	8%
25 or fewer	91%	88%	-3%	9%	12%	3%

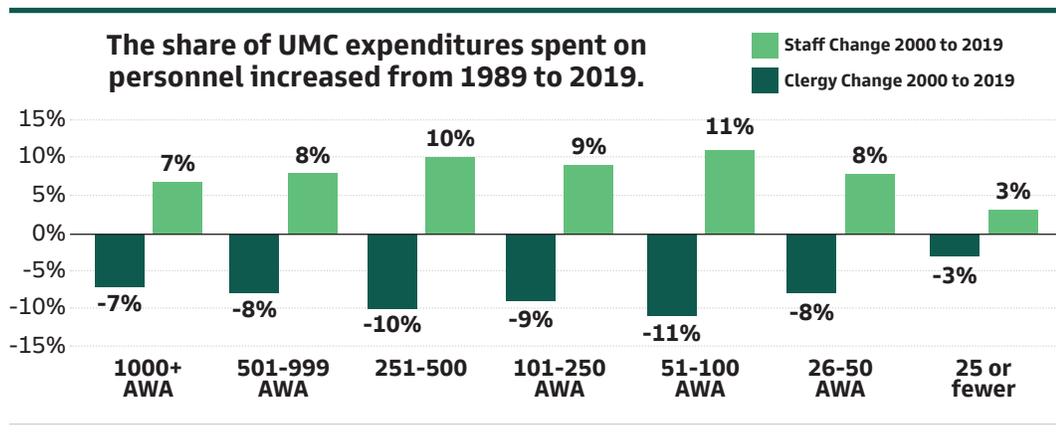


Figure 3. UMC Changes in Clergy/Staff Proportions by AWA Tiers, 2000 to 2019



### Clergy and Lay Staff Expenditures per Average Worship Attendance (AWA)

In 2000, clergy expenditures per AWA were \$347. If personnel spending per worshiper in 2019 had remained at the same level as 2000 adjusted for inflation, the figure for 2019 would have been \$515. The actual 2019 expenditures per AWA were \$650, a 26 percent increase.

In 2000, lay staff expenditures per AWA were \$229. If personnel spending per worshiper in 2019 had remained at the same level as 2000 adjusted for inflation, the figure for 2019 would have been \$341. The actual 2019 expenditures per AWA were \$584, a 71 percent increase.

**Table 21. UMC clergy and lay staff expenditures per AWA adjusted for inflation, 2000 and 2019**

Personnel Type	2000 Actual Dollars	2000 Inflation-Adjusted Dollars	2019 Actual Dollars	Expenditures Change (2000 to 2019)	Percent Change
Clergy	347	515	650	135	26%
Lay Staff	229	341	584	243	71%

### Clergy and Lay Staff Expenditures per AWA by Size Tiers, 2000 and 2019

Churches tend to spend more per worshiper for clergy the smaller they are. The increases in clergy spending between 2000 and 2019 occur in the largest size tier (1,000 or more AWA) and the smallest (25 or fewer AWA) with the other tiers showing spending just below the inflation rate.

**Table 22. UMC clergy expenditures per AWA adjusted for inflation by AWA tiers, 2000 and 2019**

Average Worship Attendance	2000 Actual Dollars	2019 inflation adj from 2000	Actual 2019	Change (2000 to 2019)	Percent Change
1000+	186	276	317	41	13%
501-999	264	404	393	-11	-3%
251-500	298	455	443	-12	-3%
101-250	357	545	530	-15	-3%
51-100	434	663	645	-18	-3%
26-50	413	631	614	-17	-3%
25 or fewer	462	686	771	85	12%



Churches show the reverse pattern for spending on lay staff with expenditures per worshiper, growing with the size of the congregation as one would expect. A distinctive characteristic of church spending on lay staff between 2000 and 2019 is the size of the increases above the rate of inflation. The result is that a greater proportion of spending in 2019 went for lay staff and a smaller percentage for clergy.

**Table 23. UMC lay staff expenditures per AWA adjusted for inflation by AWA tiers, 2000 and 2019**

<b>Average Worship Attendance</b>	<b>2000 Actual Dollars</b>	<b>2019 inflation adj from 2000</b>	<b>Actual 2019</b>	<b>Change (2000 to 2019)</b>	<b>Percent Change</b>
1000+	378	561	922	361	64%
501-999	396	587	925	338	58%
251-500	324	480	846	366	76%
101-250	225	335	628	293	87%
51-100	105	156	368	212	136%
26-50	51	75	192	117	156%
25 or fewer	46	69	109	40	58%

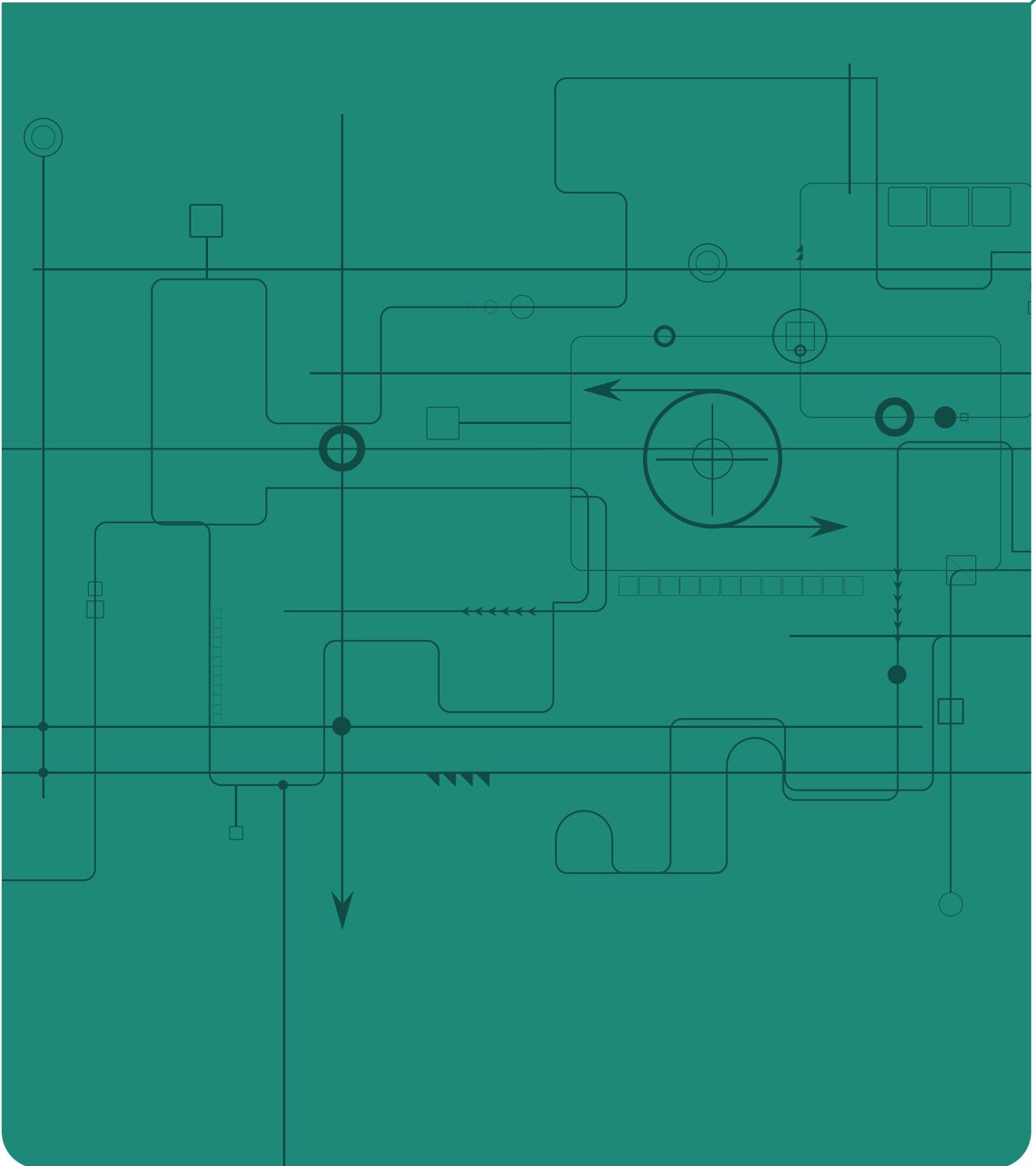


## Findings

- We have limited knowledge of proportionate spending between clergy and lay personnel.
- The United Methodist Church does provide such data beginning in 1989.

### United Methodist Changes

- All personnel spending as a proportion of all expenditures increased from 40 percent in 1989, to 42 percent in 2000, to 46 percent in 2019.
- Within personnel expenditures, spending for clergy went from 72 percent in 1989, to 60 percent in 2000, to 53 percent by 2019. Spending for lay staff went from 28 percent in 1989, to 40 percent in 2000, to 47 percent by 2019.
- Proportionate growth in spending on staff compared to clergy continues to grow for every church size category.
- Churches with 101 or more in attendance spend between half and three-quarters of their personnel expenditures on lay staff. Smaller churches spend most of their personnel spending on clergy.
- Spending per worshiper for clergy increased from \$515 (inflation adjusted) in 2000 to \$650 in 2019, a 26 percent increase. Spending per worshiper for lay staff increased from \$341 (inflation adjusted) in 2000 to \$584 in 2019, a 71 percent increase.
- Churches tend to spend more per worshiper for clergy the smaller they are. Churches show the reverse pattern for spending on lay staff with expenditures per worshiper growing with the size of the congregation, as one would expect. 



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