

## **Discernment Session 2**

### **February 9**

Topic: At-risk Factors in Congregations

#### **Background and Abstract**

Twenty-two people attended this session in the Old Sunday School Room. People sat as one group to view the presentation from PowerPoint slides. This program is a Super Saturday program, which was done originally last October and will be presented again next month in March.

Participants also received a handout with information gleaned from work done at the Conference over the past several years through the “Churches Alive!” program. At the conclusion, participants were asked to name three changes Southampton should consider.

At-risk factors are characteristics or practices in congregations which threaten a congregation’s health and sustainability. Their presence, however, does not necessarily mean a congregation is threatened with imminent closure. Nevertheless, without addressing at-risk factors sooner than later, the cumulative impact of several at-risk factors will jeopardize the congregation’s long-term health and sustainability.

#### **Summary of the Presentation**

Sociological shifts and trends have placed congregations under stress. These include:

- Weakening religious affiliation
- Homogeneous congregations in multi-cultural landscape
- Institutions giving way to missional evangelism
- Lack of diversity in a time of diverse needs
- Younger people are disinclined to join organizations
- Aging membership diminishes capacity

A congregation’s average lifespan is 70-100 years. In the UCC, the average congregation’s lifespan is 93 years.

*(Note: No local church is destined to be around forever. If we consider the most historic churches, the ones founded by Paul, even they are gone. Nevertheless, the Church, as in the universal church, God’s church, will remain.)*

Risks fall into several categories:

- Cultural (embedded in the congregation’s fabric)
- Emotional (resistance from attachments. Can change if it wants to)
- Financial
- Leadership
- Mission
- Participation

Cultural Warning Signs

- Member oriented
- Church mentality is maintenance and survival
- Visitors aren't invited and frequently do not return
- Conflict is present
- Lack of trust in leadership
- Significant building issues
- Congregation's participation doesn't reflect the surrounding community

#### Emotional Warning Signs

- Firm resistance to change
- Excessive emphasis on its past
- Avoiding risk to avoid failure
- People have left due to disillusionment, burn-out, or abandonment
- Wanting to grow because we need more members
- Can't lose any more people

#### Financial Warning Signs

- Cutting pastoral ministry to fund building maintenance
- Delayed maintenance and needing substantial capital improvements
- Current spending patterns will deplete savings in 10 years or less
- Pledges are below 66% of total revenue
- Over-reliance on heroic giving
- Unable to sustain pastoral ministry above half-time
- Building upkeep exceeds 10% of budget

#### Leadership Warning Signs

- Lack of people or energy to maintain ministries
- Committees and leadership operate in silos with no overarching vision
- Poor communication
- People feel they cannot share their perspectives safely
- Unhealthy or poor conflict management styles
- Difficult to fill available leadership slots
- People are over-functioning to keep things going
- One or more church leaders hold multiple positions simultaneously

#### Mission Warning Signs

- Resistance to missions beyond local favorites
- The congregation does not encounter the people it serves
- Unable/unwilling to meet the changing needs of its community
- Lack of a church mission/vision for which people can be proud
- Mission giving is less than 10% of the budget
- Opportunities for mission/outreach are dropped or projects go unfinished

#### Participation Warning Signs

- Average worship attendance under 50 people
- Worship decline has been experienced for five years or more
- Worship isn't nurturing, provoking, joyful, or meaningful
- Age or tenure of church participation is disproportionately high
- Could not meet quorum at the last annual meeting
- Outside of weekly worship, there are no programs for faith development

The presence of warning signs does not mean a church closure is imminent or necessary. There is no combination of warning signs to indicate a church closing is imminent or necessary. However, warning signs left unaddressed can increase the chance of a church closing. Responding early to warning signs allows a church to take steps to address its in order to stop or slow its decline.

There are two types of change:

- Technical – solving the problem with solutions already known. For instance a budget deficit can be closed by increasing revenue or cutting costs.
- Adaptive – solving the problem will take changing hearts. For instance leave a facility if the costs to maintain it are too high

*Actions a congregation can take to address these at-risk factors:*

- *Revitalize the ministry in its current form, such as a new mission strategy*
- *Right-size the ministry by focusing it*
- *Relocate the ministry by getting out your current facility*
- *Relinquish the ministry by closing your life as a congregation*

### **Evaluating Southampton**

The handout is reflected below. The data came from extended work through “Churches Alive!” The percentages indicate the ideal percentage range based upon a church’s budget. In other words, pledges and offerings should be 66-85% of the church’s income; 5-10% of the church’s expenditures should go to building upkeep.

1. Income
  - a. Pledges and offerings (66 - 85%)
  - b. Fundraising (5 - 10%)
  - c. Rentals (5 - 20%)
  - d. Investments (5 - 20%)
2. Expenditures
  - a. Staff (50 – 66%)
  - b. Mission (10 – 20%)
  - c. Faith Formation/Programs (10 – 20%)
  - d. Building Upkeep (5 – 10%)
  - e. Administration and Operations (5 – 15%)
3. Capacity
  - a. Worship – average worship attendance based upon the sanctuary’s seating capacity should not exceed 75% nor drop below 25%
  - b. Governance – number of offices and number of people filling them

c. Pledge income

- i. Current Income (Active households x Avg. Household Income x Percentage of income<sup>1</sup>) or (Avg. worship attendance x 1100) or (Last year's pledge income + Loose plate)
- ii. Projected Income in Five Years<sup>2</sup> (Avg. worship attendance<sup>3</sup> x 1100)

The table below is an age-cohort survival table to indicate the likelihood of dying in the next five years. In other words, a congregation in which the average age is high, it should not count upon all its older members to age into the next cohort. People age 70-74 have a 12% chance of dying before they reach 75.

**Age and Its Impact on Congregations** (based upon 2006 actuarial tables)

Source: Social Security Administration

Age Range	Probability of Dying between X and X+N	Age Range	Probability of Dying between X and X+N
20 – 24	.004998	60 – 64	.054578
25 – 29	.005033	65 – 69	.079166
30 – 34	.005583	70 – 74	.121699
35 – 39	.007389	75 – 79	.195009
40 – 44	.011381	80 – 84	.302509
45 – 49	.017264	85 – 89	.447212
50 – 54	.025576	90 – 94	.617641
55 – 59	.036064	95 – 99	.782678
		100 and over	1.00000

N is the next 5-year cohort

This data allows us to look soberly at our own data in order to get a realistic idea of our health and sustainability.

Based upon our 2020 budget, we compared our percentages to the ideal ranges.

	Ideal	Actual
<b>Income</b>		
Pledges and offerings	66-85%	65%
Fundraising	5-10%	10%
Rental income	5-20%	4%
Investments	5-20%	21%

<sup>1</sup> Tithe – 10%, Mainline average – 2.6%, MACUCC average – 1.8%

<sup>2</sup> This assumes the congregation will not grow with new members nor will members leave other than death. Some rough accounting can compensate, such as the rate of growth over the previous five years, including the average age of new members, against the rate of departures

<sup>3</sup> Calculate the average worship attendance based upon the age of the congregation. A simple model would be to determine (as best possible) the average age of the congregation x probable death rate = expected number of deaths. Then, the current average worship attendance – expected number of deaths = projected average worship attendance in five years

<b>Expenditures</b>		
Staff	50-66%	65%
Mission	10-20%	9%
Faith Formation Programs	10-20%	3%
Building Upkeep	5-10%	18%
Administration and Operations	5-15%	5%

Significant observations:

- The congregation slightly under-pledges.
- Rental income is lower than it could be
- The investment income includes the extra drawdown in 2020 to balance the budget
- Staffing is high, although not unreasonably
- Building upkeep is significantly high

We noted that we should not overlook the average age of the congregation in that as the congregation gets older, we should anticipate a decline in pledge revenue. Furthermore, we should not look solely to get to the next year, but to begin looking beyond a one-year timeframe and consider our condition two to three years out.

### **Discussion**

We did not discuss the \$21,000 deficit budgeted for 2020. Rather, because we have enough money to weather this deficit, we should turn our attention on 2021. As there is time in 2020, we can work to reduce or eliminate the deficit by 2021.

The largest single cost is staffing and the largest single cost in staff is the pastor. As the pastor currently is a three-quarter time pastor until December 1, after December 1 the congregation can reduce his time to half-time. The congregation can also consider reducing administrative staff. However, reducing either staff position has implications, which should be part of a broader discussion during 2020.

We also discussed the building, especially given the building costs far exceed the recommended budget range. Suggestions included:

- Worshipping during the winter in the Old Sunday School Room
- Make the sanctuary a more flexible space to increase potential rental income by removing the pews

### **Polling**

Everyone was asked to write three things which we should develop. These were not shared publicly. They were the following suggestions (some language was modified for consistency):

#### **General Areas**

Budget

Budget

Budget

Budget

Budget

#### **Specific**

Address staffing costs

Address staffing costs

Address tithing

Adjust spending

Address staffing costs

Budget	Increase fundraising and rentals
Budget	Increase fundraising
Budget	Increase rentals
Budget	Address staffing costs
Building	How are we using our building
Building	Make sanctuary more flexible use
Building	Worship downstairs / solar
Building	More control of heat
Building	Other uses for sanctuary
Building	Reduce Heat and maintenance
Building	Remove pews
Building	Remove pews
Building	Sanctuary seating
Building	Worship downstairs
Building	Worship downstairs
Building	Worship downstairs
Community	Canvass community for its needs
Community	Canvass community for its needs
Community	Community involvement
Community	Extend welcome to younger people
Community	Integrate with town needs
Community	Outreach programs
Community	Outreach programs
Community	Outreach to community
Community	Reach out to new residents
Internal	Address administrative operations
Internal	Address governance
Internal	Faith formation programs
Internal	Lay visitation program
Internal	Organizational restructuring
Internal	Revise bylaws
Internal	Revise bylaws
Internal	Revise bylaws
Internal	What is Our Vision?
Internal	What is Our Vision?
Mission	Develop a garden for food ministry
Mission	Leverage food ministry
Self-understanding	Church is changing
Self-understanding	Presence of conflict