Q1 2024

THE UNSTUCK CHURCH REPORT

BENCHMARKS + TRENDS IN U.S. CHURCHES

Sponsored by:



THE UNSTUCK GROUP

— WE HELP CHURCHES GET UNSTUCK —

Introduction

FEBRUARY 2024

Every quarter, The Unstuck Group compiles all the data we've collected to monitor trends in churches in the United States. For this quarter's report, we only included churches that provided data between January 8 and February 3, 2024. This provides a very current snapshot of ministries of all shapes and sizes.

We received survey responses from 355 churches, ranging from under 100 to over 10,000 in physical attendance for worship gatherings. The average in-person attendance of churches that participated was 870 people.

Thanks to the number of church leaders responding to the survey, we can continue to include a summary by church size in this quarter's report.

Read on for critical takeaways in reach, connection, staffing and leadership, finances and overall health to gain some best-practice wisdom from other church leaders.



Key Findings

	This Year	Last Year	Difference
In-Person Average Weekly Attendance	870	735	+18%
Online Service Views	601	660	-9%
Decisions to Follow Jesus per 100 Attendees	13.6	11.7	16%
Percentage of Adults & Students in Groups	53%	54%	
Percentage of Adults & Students Serving	35%	33%	
Per Capita Giving (Not Including Kids)	\$53	\$60	-12%



First, let's talk about "Jesus-centric" churches...

You're probably asking, "Aren't all churches Jesus-centric?" I hope so. I want that to be the case. But, sadly, I know that's not always true. Unfortunately, many churches focus more on "doing church" than "being the church." As a result, ten percent of the churches that responded to this quarter's survey had no decisions to follow Jesus in the last 12 months. No salvations. No baptisms. No one saying "yes" to Jesus.

When I saw that number, it made me want to do a deeper dive into the data. I was curious to learn about some of the critical differences between churches where many people are crossing the line of faith and churches where there is little indication that people are making decisions to follow Jesus.

I decided to compare the churches that see a higher percentage of people making decisions to follow Jesus with those that see a smaller percentage. In the first group, I included churches that saw more than 10% of their average weekly attendance cross the line of faith in the last 12 months. In the second group, I included the churches that had 5% or less of their average weekly attendance make decisions to follow Jesus in the last year.

Though the churches were, on average, similar in size and both groups included churches ranging from less than 100 people in attendance to more than 10,000, there were also some significant differences. Here are some of the key questions this analysis raised for me:

- Are denominational ties creating barriers to health? The churches with more decisions to follow Jesus were 40% more likely to be nondenominational.
- Does church governance complexity create unnecessary constraints? Churches with fewer faith decisions had more complex governance structures, including bigger boards and more committees. Giving more people a vote in ministry decisions does not help the church experience more health and growth.
- Can we encourage more churches to leverage a multisite strategy? The churches seeing more people say "yes" to Jesus were almost twice as likely to be multisite churches. That indicates their commitment to multiplication, including reaching more people for Jesus.
- Are churches focused enough on reaching younger families? The churches with more people making faith decisions were reaching younger families with a higher percentage of kids and students. Very likely, the kids and students made many of those faith decisions.
- Can we increase online engagement? The churches with more people crossing the line of faith had more than four times as many people watching services online. This certainly helps confirm that online is a front door for people connecting with faith and the church for the first time.



- Is overstaffing impacting more than financial health? The churches with fewer faith decisions had 40% more staff and spent more of their budget on paid employees. You read that right: Having more paid staff correlates with seeing fewer people meet and follow Jesus.
- Do all those new believers give less? The answer is yes. Per capita giving was 30% higher in the churches where fewer people are making decisions to follow Jesus. However, overall, giving in those same churches had declined year over year. On the other hand, the churches seeing more people say "yes" to Jesus experienced a 10% increase in year-over-year giving. How can that be? That leads to my next question.
- Does this focus on helping people say "yes" to Jesus impact attendance? I can't prove it. But there's certainly a correlation. The churches experiencing more people crossing the line of faith were growing twice as fast as those with fewer faith decisions.

When I see these contrasts, it makes me thankful for our mission at The Unstuck Group. We aren't satisfied with helping churches grow. In fact, there are some churches that we don't want to help get bigger. We also don't want to help churches improve at "doing church." Instead, we want to help churches make disciples, baptize them and teach these new disciples to engage in this mission in their daily lives.

So, there's no doubt about it: Whether you want to call these churches more Jesus-centric or not, they're certainly more externally focused. In a previous era, we may have said they're more "evangelical," not in the political sense but rather in the "compelled to share the Good News with people who are spiritually lost" sense. It's my mission to help pastors and church leaders with a commitment to leading that kind of church—a church that focuses on helping more and more people meet and follow Jesus.

Everything that follows in this report measures the results of the strategies churches are currently engaging. But they're just strategies. Strategies come and go. Discussing the strategies that churches are using isn't helpful if those strategies are not helping more people make decisions to follow Jesus. In other words, it doesn't matter how many churches use those strategies if they don't ultimately lead to more Jesus followers.

This quarter's data has helped reset my real purpose for offering these quarterly reports: I want to increase the number of lives impacted by Jesus-centric churches. With that, let's dig into the numbers.

Tony Morgan

Founder & Lead Strategist of The Unstuck Group



Ministry Reach

Churches are connecting with new people.

Specifically, there was an 8% increase in the number of new people that churches started tracking in their database over the last year compared to the year before. Additionally, a church averaging 1,000 attendees added the names and contact information of 300 new people the previous year.

The average in-person attendance over the previous 12 months increased by 18%.

The average weekly attendance for the last 12 months increased from 735 people to 870. This is the total of all people, including children.



"I know this data probably indicates something distinctive about churches that engage with our Unstuck content and respond to our surveys. I trust that the more than 300.000 Christian churches in the United States are not experiencing this same attendance increase. However, it's encouraging to see that many churches that engage with our content are experiencing health and growth in this season."

Tony Morgan

The percentage of people making decisions to follow Jesus over the last 12 months increased by 16%.

The number of people who made decisions to follow Jesus by indicating salvation, baptism, etc., equaled 14% of this year's average in-person attendance.

Engagement with online services continues to decline.

The average number of online service views (one minute or more) per week has decreased by 9% from the year before. Churches reported an average of 601 service views per week compared to 660 service views per week the year before.

The majority of large churches are now multisite.

57% of churches that average 1,000 or more people in attendance are now multisite. On average, those large churches have four locations, including the original location. This, of course, is one area where there is a disparity between large and small churches, as should be expected.



Fewer churches offer traditional worship, with more than 70% of churches only offering "modern/contemporary" styles of worship services.

We know from current research that declining churches are more likely to provide multiple worship service styles—think combinations of traditional, contemporary, blended, modern, etc. In other words, the more worship styles a church offers, the more likely the church is experiencing a decline in attendance.

Children's ministry in-person attendance is at 17% of overall attendance.

This includes all children from newborn through fifth grade. The year-over-year increase in children's ministry attendance was 18%, matching the increase in total attendance.

The average church has eight students for every 100 people attending weekly gatherings.

The good news is that student ministry attendance for in-person gatherings increased by 23% last year, outpacing the attendance increase for kids and adults. This includes all students in sixth through twelfth grades.



Ministry Connection

Home groups are the primary option churches offer to connect people into smaller gatherings beyond the weekend services.

59% of churches surveyed only offer home groups rather than providing an option for Sunday school or other midweek group gatherings.

The percentage of group engagement has declined over the last year.

Churches now see 53% of their adults and students participate in a group, down slightly from 54% a year ago. So even though the number of people participating in groups is increasing, it's not keeping up with the pace of attendance growth.

Volunteer engagement is slowly recovering.

Before the pandemic, The Unstuck Group typically saw 45% to 50% of all adults and students serving on a volunteer team at least monthly. Currently, churches are reporting only 35% are serving, up slightly from 33% a year ago.

Churches have a span of care of one volunteer leader for every 18 people in attendance.

Leaders include adults and students responsible for leading a team or a group of others (i.e., team leaders or group leaders). Best-practice churches often have about one volunteer leader for every five people in attendance.



"Of all the data points reflected in this report, this is the one I trust the least. And I say that because many churches I engage with do a poor job tracking the people leading teams and groups in their churches. I know from my experience, though, that this is one of the strongest health indicators in a church. The more people you have leading, mentoring, discipling and modeling what it is to follow Jesus, the healthier the church becomes. Because of that, I hope churches start to get much more intentional about not only knowing who connects to a group or team but also knowing how many people are leading others."

Tony Morgan



Ministry Staffing & Structure

Staffing levels remain high compared to attendance.

The average church employs one full-time equivalent (FTE) staff person for every 54 attendees. This number includes all ministry and support staff. By comparison, The Unstuck Group recommends one FTE for every 75 people in attendance.



"As I mentioned above, having more paid staff correlates with seeing fewer people meet and follow Jesus. Let me get more practical for a moment: More paid staff also reduces a church's financial margin, so they have fewer Kingdom resources to invest in their mission. Having more paid staff also makes it very challenging to appropriately compensate the key staff leaders you need to retain in a competitive hiring marketplace. It's for all these reasons that I love serving the churches that reach out to us for help right-sizing their staff teams to help them get back to health."

Tony Morgan

The median church board or elder team has seven members.

The average is higher at eight, with a few very large boards impacting that average. For example, the largest board identified in the current reporting cycle had 35 members.

Churches generally have two additional boards or committees.

Large churches have fewer boards and committees. One church in this reporting cycle reported having one board and 25 other committees.



Staffing Insights from Jeff Hightower, **CEO of Church Central Office**

The biggest concern I see with this trend in church staffing levels is that as the number of employees go up, the average compensation per employee is pushed downward. As a result, churches are experiencing some consequences including a decline in employee morale and an increase in turnover...



Here's why. For example, if you have a \$2m budget and you're trying to stay around 50% of budget to go towards staffing, here's what that looks like if you have 18 people on staff:

Avg Compensation at 50% of Budget with 18 Staff	
Budget	\$2,000,000
Staffing Budget	\$1,000,000
Total Staff	18
Avg Comp/Staff	\$55,556

With this above example, let's assume the senior pastor makes \$100,000 annually and an executive pastor/administrator earns \$85,000. This drives your average compensation for the remaining staff down near \$51,000. Once you factor in payroll taxes, the average salary is now around \$47,000...and we're not factoring in any benefits.

Now let's assume that your church has a full-time employee to attendee ratio and only has 12 people on staff. Here's the difference in compensation:

Avg Compensation at 50% of Budget with 12 Staff	
Budget	\$2,000,000
Staffing Budget	\$1,000,000
Total Staff	12
Avg Comp/Staff	\$83,333

With the same senior pastor salary (\$100k) and the executive pastor salary (\$85k), your average compensation would then become \$81,500. After payroll taxes you're close to \$75,000 per employee. With this average, you're now seeing some margin where you can compensate higher-level staff more competitively and you may have room for some benefits for the team.

Use our Staffing Budget Calculator to assess your own church staff budget.



Ministry Finances

Giving to churches has increased in the last 12 months.

Churches reported, on average, that their total general fund giving was up 4.9% from the previous year.



"Attendance growth is outpacing the growth in giving. That's also reflected in the average per capita giving for churches. Currently, per capita giving is \$53 per person per week (not including children's attendance), which is down from \$60 per person per week last year."

Tony Morgan

Churches are investing more than half of their ministry budget into ministry staff.

The average staff budget is 52% of the overall ministry budget. This includes the cost of all salaries and benefits. We recommend that churches try to keep staffing budgets between 45% and 55% of the overall budget. The Unstuck Group does not collect salary information for individual employees. (For individualized compensation studies, we recommend The Church Lawyers.)

Churches, on average, have the equivalent of almost four months in cash reserves.

This number is beyond the two to three months that The Unstuck Group recommends. The amount of cash reserves seems to be declining from the pandemic era when churches had built up cash reserves well beyond this benchmark.



Finance Insights from Jeff Hightower, Church Central Office

We're seeing that more and more churches, especially "legacy churches" (churches that have been around for more than 50 years), are tending to hang on to more and more cash for those "what if" scenarios. For those that own and maintain significant real estate as a part of their campus(es), the increase in additional cash is a smart move for capital improvements; However, churches that hold excess cash beyond their capital improvement needs and the suggested 2-3 months of operational reserves, really constrain their ability to leverage their resources to do ministry. Be wise and create adequate reserves, but don't let your concern for tomorrow prevent you from using resources to do ministry today. Check out our Operational <u>Reserves Calculator</u> to see how much reserves your church should have.



Churches have very little debt.

On average, the current debt load is 0.7 times the church's annual giving. The Unstuck Group encourages churches to keep total debt below 2.0 times yearly giving. Ironically, we've learned from previous research that plateaued and declining churches are more likely to be debt-free than churches experiencing growth.



Debt Insights from Jeff Hightower, Church Central Office

We're seeing fewer churches take on more debt in the past year because of the increase in financing costs. Unless they have access to creative financing options such as denominational partners that loan funds at a reduced rate, many are choosing to be patient to see if rates make a shift in the coming year.

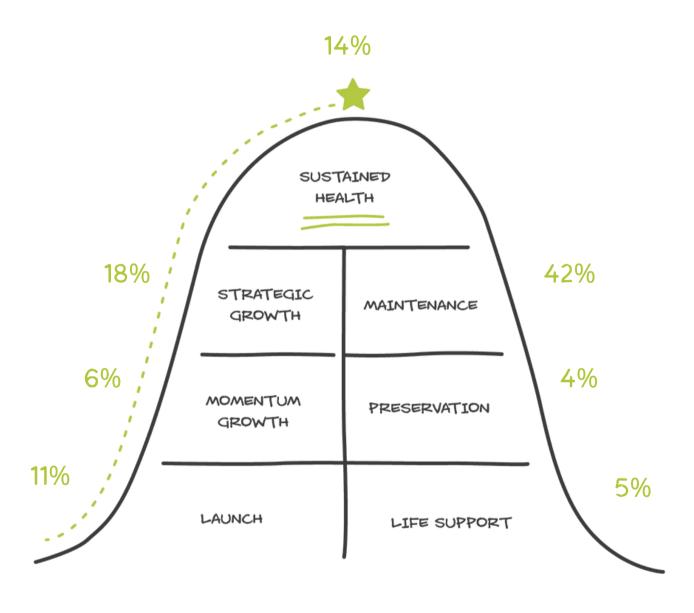
PRO TIP: For churches waiting to start any campaigns with their congregation until the interest rates shift, we suggest starting those campaigns now and invest them immediately in high yield money market or savings accounts with your local bank. Many are currently offering around a 5% return. Even if those rates don't stick around for another 6 months, the return during those 6 months could make a great down payment on the loan you're hoping to make once interest rates shift.

We've created a simple <u>Church Financial Health Assessment</u> for you to easily identify areas of health and potential risks for your church.



Church Life Cycle

(Last 12 Months)





Summary by Church Size

	<200	200- 499	500-999	1000+	All Churches
Church Demographics					
Non-Denominational	30%	35%	41%	55%	41%
Year Started	1952	1967	1968	1975	1966
Board Members	8	8	9	8	8
Committees	3	3	2	1	2
Offering Only Modern/Contemporary Worship	55%	66%	74%	88%	71%
Offering Online Services	89%	95%	97%	99%	95%
Multisite Churches	5%	7%	19%	57%	22%
Reach					
Decisions to Follow Jesus as a Percentage of Attendance	9%	10%	15%	15%	14%
Change in Total Contacts Compared to Last Year	7%	11%	10%	6%	8%
Total Contacts to Attendance	3.4	4.4	5.4	4.3	4.3
Attendance Increase from Last Year	14%	18%	19%	20%	18%
Kids as a Percentage of Attendance	18%	17%	17%	17%	17%
Students as a Percentage of Attendance	9%	10%	8%	8%	8%
Online Views Change from Last Year	-2%	9%	14%	-15%	-9%
Online Views as a Percentage of Attendance	59%	42%	40%	81%	69%



Summary by Church Size, cont.

	<200	200- 499	500-999	1000+	All Churches
Staffing and Finances					
Attendees Per Full-Time Equivalent Staff Person	31	43	49	62	54
Staff Budget Percentage	59%	57%	54%	49%	52%
Weekly Per Capita Giving (Not Including Kids)	\$65	\$60	\$53	\$52	\$53
Giving Increase from Last Year	4.6%	5.1%	8.1%	5.4%	4.9%
Debt to Annual Giving Ratio	0.6	0.5	0.7	0.8	0.7
Months of Cash Reserves	8.2	5.0	4.9	3.6	4.3
Next Steps					
Volunteers as a Percentage of Attendance	46%	46%	41%	32%	35%
Attendees Per Volunteer Leader	10	13	16	16	14
Group Participants as a Percentage of Attendance	50%	57%	51%	57%	53%
Offering Only Home Groups (No Sunday School)	41%	59%	66%	67%	59%





ABOUT THE UNSTUCK GROUP

Most organizations start, grow, thrive, lose momentum, decline, and eventually end. That doesn't have to be your church's story.

The Unstuck Group helps pastors grow healthy churches by guiding them through experiences to align vision, strategy, team and action. Our core services include ministry health assessments, strategic planning, staffing and structure reviews and multisite and merger planning. Learn more by visiting theunstuckgroup.com.

Want to join the <u>600+ churches</u> that have engaged our Unstuck Process to make a greater Kingdom impact? Our goal is to help you lead a thriving church that continually reaches new people and helps them take next steps towards Christ.

Interested in learning more? Let's talk.

This report was also made possible by the generous support of Church Central Office:



ABOUT CHURCH CENTRAL OFFICE

Church Central Office focuses on your finances so you can focus on ministry. The only outsourced and remote church accounting department and CFO team that is founded by a former Executive Pastor, Church Central Office knows what it's like to juggle the complexities of church budgeting, finance, and operations.

With Church Central Office, you'll receive dedicated finance management and reporting, advice on budgeting and forecasting, and trusted council for all your accounting needs.

Interested in learning more? Click here.

For more information related to this survey and the summary of the learnings, contact:



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