

THE UNSTUCK CHURCH REPORT

CHURCH FINANCES & STAFFING TRENDS

Sponsored by:

CHURCH
CENTRAL
OFFICE

THE UNSTUCK GROUP[®]

— WE HELP CHURCHES GET UNSTUCK. —

Q4 2022

Introduction

NOVEMBER 2022

Every quarter, The Unstuck Group compiles all the data we've collected to monitor trends in churches in the United States and around the world. Given current economic conditions, we decided to focus this quarter's report on financial and staffing trends. We hope this special edition of The Unstuck Church Report will give you better information to help you make better decisions as you shape ministry and budget plans going into the new year.

For this quarter's report, we only included churches that provided data between October 30 and November 15, 2022. This provides a very current snapshot of ministries of all shapes and sizes.

We received survey responses from over 400 churches that ranged in size from under 100 to more than 20,000 in physical attendance for worship gatherings. The average in-person attendance of churches that participated was 682 people.

An additional feature this quarter is the summary by church size included at the end of the report. As you'll see in that table, the data points to several areas where there's little to no difference between small churches and large churches. Examples include the difficulty churches are having as they try to fill staff positions, the projected wage adjustment for 2023, and the forecasted impact that economic conditions will have on the church's financial health. On the other hand, there are some areas where there seems to be a disparity between small and large churches including connection to a denomination, staff turnover rate, and the use of multisite strategy.

Read on for some key takeaways from the most recent assessment results in finances and staffing to gain best practice wisdom from other church leaders.

KEY FINDINGS

CATEGORY	THIS YEAR
In-Person Attendance Increase from Last Year	24%
Giving Increase from Last Year	3.6%
Per Capita Weekly Giving (Adults & Students)	\$65
Staff Turnover Rate	14%
Projected Wage Adjustment for 2023	4%
"We are expecting current economic conditions to impact the financial health of the ministry."	58% Agreed

First, let's set aside the data. Here's what I'm hearing.

I count it a privilege to engage conversations with pastors and church leaders on almost a daily basis. First of all, let me encourage you. If the stories I'm hearing are a reflection of what you are experiencing, you are in the middle of a season of ministry with many challenges, yet, it also brings with it many opportunities to help people begin to follow Jesus and take their next steps toward Christ.

Somewhere in the early stages of these conversations that I'm having, though, pastors will often say something along these lines, "Tony, I know you work with many churches, but our situation is unique." I agree. Every church is unique because every person and every leader who God created is also unique. However, when you have as many conversations with ministry leaders as I have, and you work with as many churches as our team serves, you soon learn there are some very common themes.

Let's go back in time. Not too far back though. Let's just go back to this time last year. When I talked with pastors at the end of 2021, there was often a sense of relief in the tone of their voices. Pastors felt like they had navigated the worst of the convergence of the pandemic, social justice crises and political division that had so impacted their churches over the previous 24 months.

On top of that, many churches were in a strong financial position. Expenses were down through the heart of the pandemic, some churches had taken advantage of the government loan/grant programs, and giving remained strong. In many instances, giving actually increased. Because of all of this, senior pastors were generally optimistic about what was coming next for their ministries.

These were the common themes I was hearing through Easter of 2022. And then the conversations began to change. I started to hear from pastors that giving was slowing down. Many began to acknowledge that the offerings hadn't matched the forecasting that was used to prepare their 2022 budget plan. Then inflation reports started to trickle in. First, it started to impact the cost of living for people in our congregations. Then it started to be reflected in the giving patterns churches started to experience.

Which brings us to today. The genesis of this special edition of The Unstuck Church Report came from a string of conversations I had with pastors throughout this fall. In these more recent conversations, pastors seemed to be more concerned about giving declines. They started talking about the challenge of retaining key staff while knowing wage adjustments needed to take place to help families facing higher living expenses. Many churches never adjusted spending during the pandemic, and now they're dealing with the combination of rising costs AND declines in giving.

As I reflect back on the most recent conversations I've had with pastors in the last couple of weeks, almost all of them were hinting at the need to reduce staff to overcome giving declines while trying to appropriately increase the wages of staff they're hoping to retain. Needless to say, these are still challenging times.

That's what I'm hearing. And that's why we've invested the time we have over the last several weeks to do this research. I hope this report helps prepare you for the conversations you are having with your staff and lay leaders. I also hope this helps you make better decisions to set up your churches for health and greater Kingdom impact in the new year.

I'm praying for you and your ministry. And, by the way, I know the God who "owns cattle on a thousand hills." Since we are on that God's mission, I'm also confident he will provide all the resources we need. I'm praying this resource will help you steward that mission well.



A handwritten signature in black ink, appearing to read "Tony Morgan". The signature is fluid and cursive, written over a white background.

Tony Morgan
Founder & Lead Strategist of The Unstuck Group

About the Churches

Most large churches are not connected to a denomination.

Of all the churches that were surveyed, 61% are connected to a denomination. However, churches with attendance higher than 500 people are more than twice as likely to be non-denominational when compared to small churches with less than 200 people.

Smaller churches are about 20 years older than larger churches.

We asked churches to indicate when they launched, and the median was 1977. The oldest church that participated in the survey started in 1720.

More than one in five churches surveyed is multisite.

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

Multisite expansion isn't slowing down.

One-third of churches with 1,000 or more in attendance are planning to launch a new multisite campus in 2023. As a side note, The Unstuck Group recommends that churches reach at least 1,000 in attendance before they launch a multisite campus.

Larger churches are growing at a faster pace than small churches.

On average, attendance at the more than 400 churches surveyed has increased 24% from last year. The fastest growing segment was the portion of churches between 500 and 1,000 in attendance. Those churches increased by 29% over the last 12 months. The slowest pace of growth was in churches smaller than 200. Those churches had attendance growth of 18% since last year.

“It’s certainly encouraging to see the number of people coming back to services in the last year. Even more encouraging is the number of new people who are attending churches for the very first time. It’s a good reminder that on any given Sunday we need to be prepared for guests... especially in this season.”

-- Tony

Finances

Giving increases are not keeping pace with the rate of inflation.

Churches reported that giving increased by 3.6% since last year. However, that's well below the U.S. inflation rate of 7.7% as reported in October 2022.

Per capita giving is essentially flat over the last five years.

The per capita giving reported by churches is currently \$65 per adult or student per week. As we mentioned in last quarter's Unstuck Church Report, that matches the inflation-adjusted giving from the data we collected five years ago. In today's dollars, the per capita giving amount in 2017 was also \$65 per person per week.



A giving insight from Jeff Hightower, Church Central Office:

Eliminate restricted giving. Your budget is how you fund your vision. The more designated giving options you provide, the less investment your vision will receive. If your vision includes a wider reach, such as drilling clean water wells or building churches in other countries, put them inside your budget.

PRO TIP: Want to see an immediate increase in giving? Eliminate all drop-downs for donors to select where their funds go on your primary giving page. Need to allow parents to give towards their high schooler's upcoming trip or something similar? Add a link on the student ministry page. Keep your primary giving page reserved for your primary focus of giving to your general fund.

Churches are projecting a 5% increase in giving for 2023.

Here, smaller churches are more optimistic than the largest churches. Churches with fewer than 200 in attendance are projecting a 5% increase in giving. On the other hand, churches with 1,000 or more in attendance are expecting that giving will only increase by 2%.

Churches are spending the biggest portions of their budgets on staff and facilities.

On average, churches are spending 52% of their budget on staff expenditures including salaries, benefits and payroll taxes. Additionally, churches on average spend 17% of their budget on buildings and facility expenses including debt service, rent, utilities and maintenance.



"If you are planning your ministry budget for 2023, I recommend you skip the forecasts for 2023. Instead, plan to spend 90% of what you actually received over the last 12 months. That's a practice that the healthiest churches we serve use every year—not just in times of economic uncertainty.

Then, if giving exceeds your budgeted expenditures, you have the enviable problem of having to decide how to invest the extra money either now or in the future."

-- Tony



Finances, cont.

More than half of churches are planning expenditures for building improvements and expansions in 2023.

This includes both facility expansions and building renovations. In fact, almost seven out of 10 churches with attendance of 1,000 people or more are budgeting for building projects in the new year.

Churches expect that economic conditions will impact financial health.

In total, 58% of survey respondents indicated that it's likely that economic conditions will impact 2023 financial health for the church. That's about five times more respondents than those who indicated it is unlikely that current economic conditions would have an impact (12%).

Large churches are more likely to have cash reserve funds set aside.

While nearly all churches with more than 1,000 people have cash reserves (98%), only 82% of small churches under 200 people have money set aside. The median number of months that churches have in reserves to cover ministry expenses is four months.

Staffing

Smaller churches have more staff than larger churches when compared to attendance.

Small churches with less than 200 people have one full-time equivalent staff person for every 34 people in attendance. Large churches with more than 500 people, on the other hand, have one full-time equivalent staff person for every 46 people in attendance.

Many churches are still planning to add staff in 2023.

About 2 out of 5 churches (42%) indicate they are planning to add staff in the new year. That compares to only 10% of churches that are anticipating staffing reductions in 2023.

Churches are experiencing less staff turnover when compared to other organizations.

The current reported staff turnover rate is 14%. Prior to the pandemic, the Society for Human Resource Management indicated that companies will experience an 18% turnover in its workforce every year. Experts expect the turnover rate to have increased another 20% higher after the pandemic. That means the overall rate is likely closer to 22% now.

Small churches are experiencing more turnover than large churches.

Small churches under 200 people indicated they've experienced a 22% staff turnover rate over the last 12 months. On the other hand, large churches with more than 1,000 people only had a staff turnover rate of 13%.

Churches are anticipating a 4% increase in wages for 2023.

That's on par with the projected wage increases for U.S. companies as reported by the Society for Human Resource Management. This projected wage increase still lags the U.S. inflation rate of 7.7% as reported in October 2022.

“

Given the forecasts for how economic conditions will likely impact financial health and the fact that giving is expected to lag inflation, I caution churches to pause any hiring plans they have for the new year where possible. At least hold 'non-essential' positions open until we get a clear sense of how economic conditions will impact both giving and expenses. Many marketplace organizations are implementing or considering staffing reductions. This may be an opportune time for churches to consider similar staff right-sizing strategies. That will prioritize volunteer engagement which is always a positive strategy for improving overall church health.”

-- Tony

”

Cost of living adjustment insights from Jeff Hightower, Church Central Office:

Give cost of living adjustments as a one-time bonus around the December/January timeframe.

- It puts employees in the driver's seat of how/when to best use the funds.
- One-time bonuses are usually “felt” more than a few extra dollars a day in increased wages spread over the course of the year.
- Paying bonuses in December/January helps churches keep adequate cash flow throughout the year by doing a one-time expense when they possess the most cash-on-hand.
- Always be clear when communicating a change in compensation from the direct report. Staff should always know whether their increase/bonus is due to performance, cost-of-living, or an organization-wide bonus. The last thing you need is for an employee to assume it's a staff bonus and expect a cost-of-living adjustment in the months to come.

PRO TIP: Need to include compensation increases in a tight budget? Don't stack compensation changes together. Instead, do your COLA at the December/January timeframe and your performance based changes mid-year. This allows you to only budget 50% of the performance-based increases within your annual budget this year.

Staffing, cont.

More than half of churches have staff openings they are currently trying to fill.

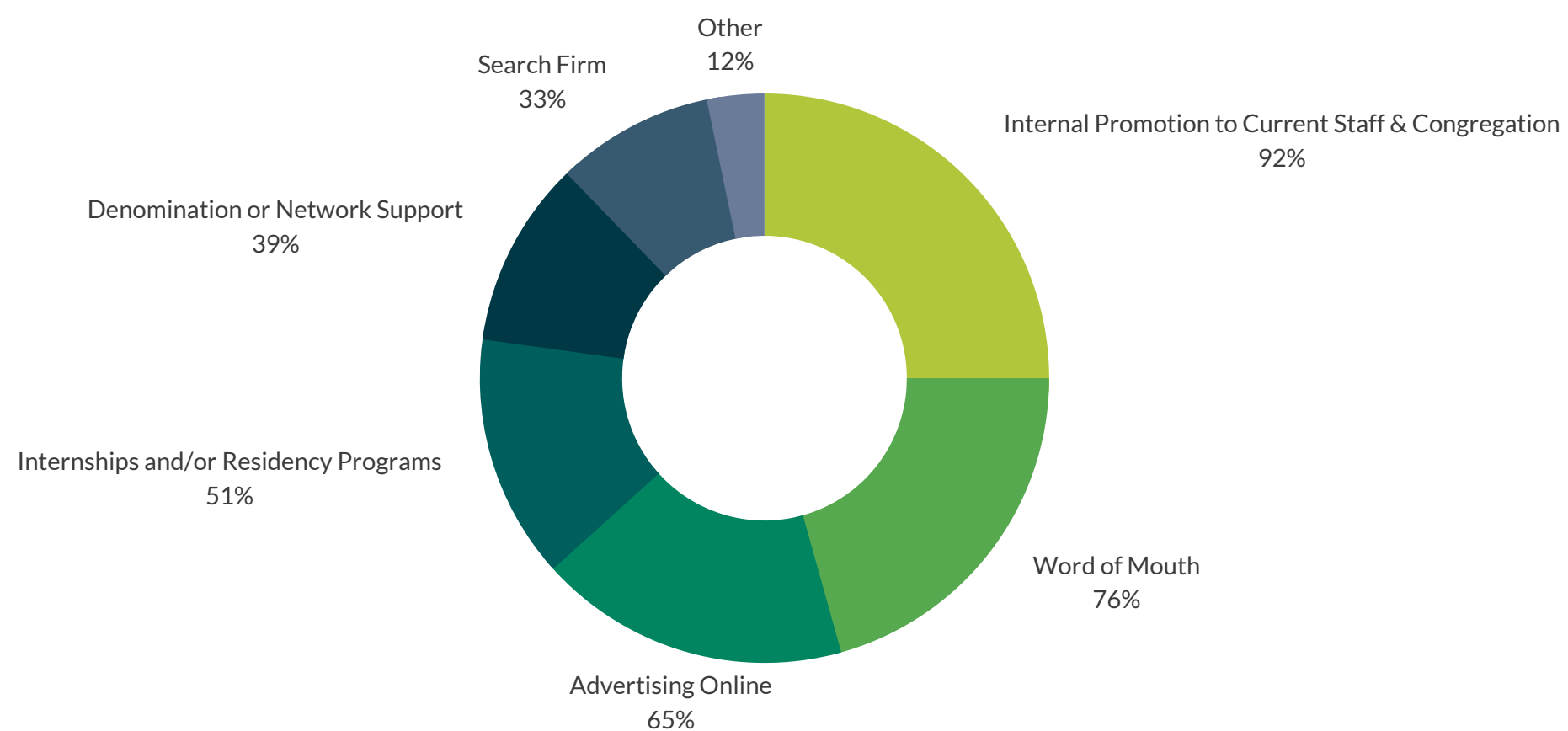
Though 52% of churches have current job openings, the need is twice as high in large churches. Of all the churches surveyed, 76% of large churches with more than 1,000 people indicated they have current job openings while 38% of small churches under 200 people have positions to be filled.

Churches are also having difficulty filling those positions.

In this case, the concern was about the same across churches of all sizes with 54% of ministries indicating they are having difficulty filling current staff openings.

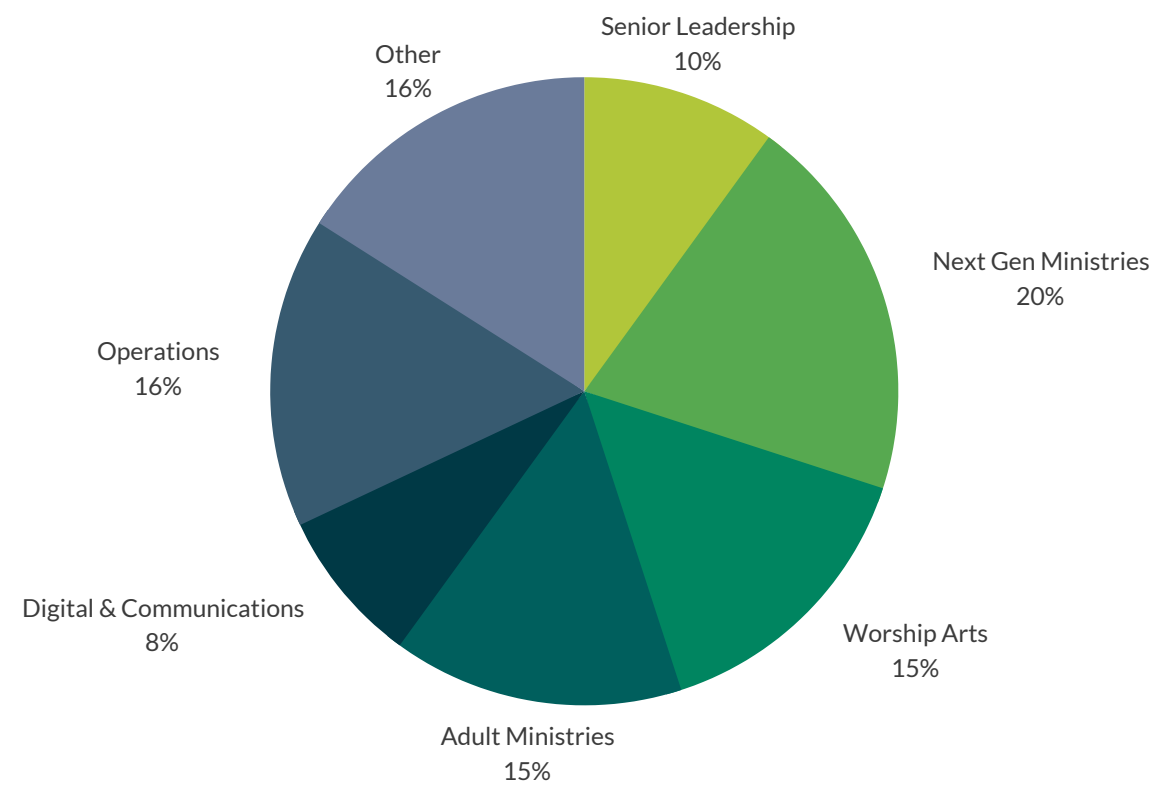
Churches indicated they primarily promote open positions to current staff and within their congregation.

For large churches with more than 1,000 people, these are the strategies being used from highest to lowest:



Staffing by Ministry

In the survey data we recently collected, we asked respondents to tell us how many staff positions they currently allocate to different ministries and roles. For churches larger than 1,000 people, as an example, this is the breakout by ministry or role:



“There are a couple of reactions I had when I saw this data: First, I wish there was a bigger gap between Next Gen ministries and several of the other ministry areas. Healthy, growing churches, if they’re going to over-invest in one of these ministries, tend to do that with Next Gen ministries. The one area I expected, or hoped, would be lower is Adult Ministries. I say that because it may be the easiest area of ministry to engage lay leaders. The more we leverage volunteer leaders with adult ministries, the more investment in staff we can make with Next Gen and other specialized functions that are more difficult to support with volunteers.”

-- Tony



Based on the survey responses, this is how churches of different sizes are generally staffed in various ministries and roles:

Average Church Attendance	200	500	2,000
Senior Leadership (Senior Pastors, Executive Pastors, etc.)	1	2	4
Next Gen Ministries (Children’s Ministry, Students, College, etc.)	1	2	9
Worship Arts (Music, Tech Arts, Media, etc.)	1	2	6.5
Adult Ministries (Groups, Connections, Care & Counseling, Missions, etc.)	0.5	1	6.5
Digital & Communications (Web, Social Media, Communications, Database, etc.)	0.5	1	3.5
Operations (Finance, Facilities, HR, IT, etc.)	1	2	7
Other	0.5	1	6.5

Staffing by Ministry, cont.

Personnel insights from Jeff Hightower, Church Central Office:

It's no surprise that personnel budgets make up a significant portion of our total budget—and we think they should.

Want to know what your church should be spending on staffing? [Access our free tool.](#)

After all, people do ministry, not programs. And while most churches are staying within a healthy range of staff budget to total budget, we're finding many of these churches are overstaffed with a high number of staff to attendees, leaving most staff underpaid because of the total amount available for compensation.

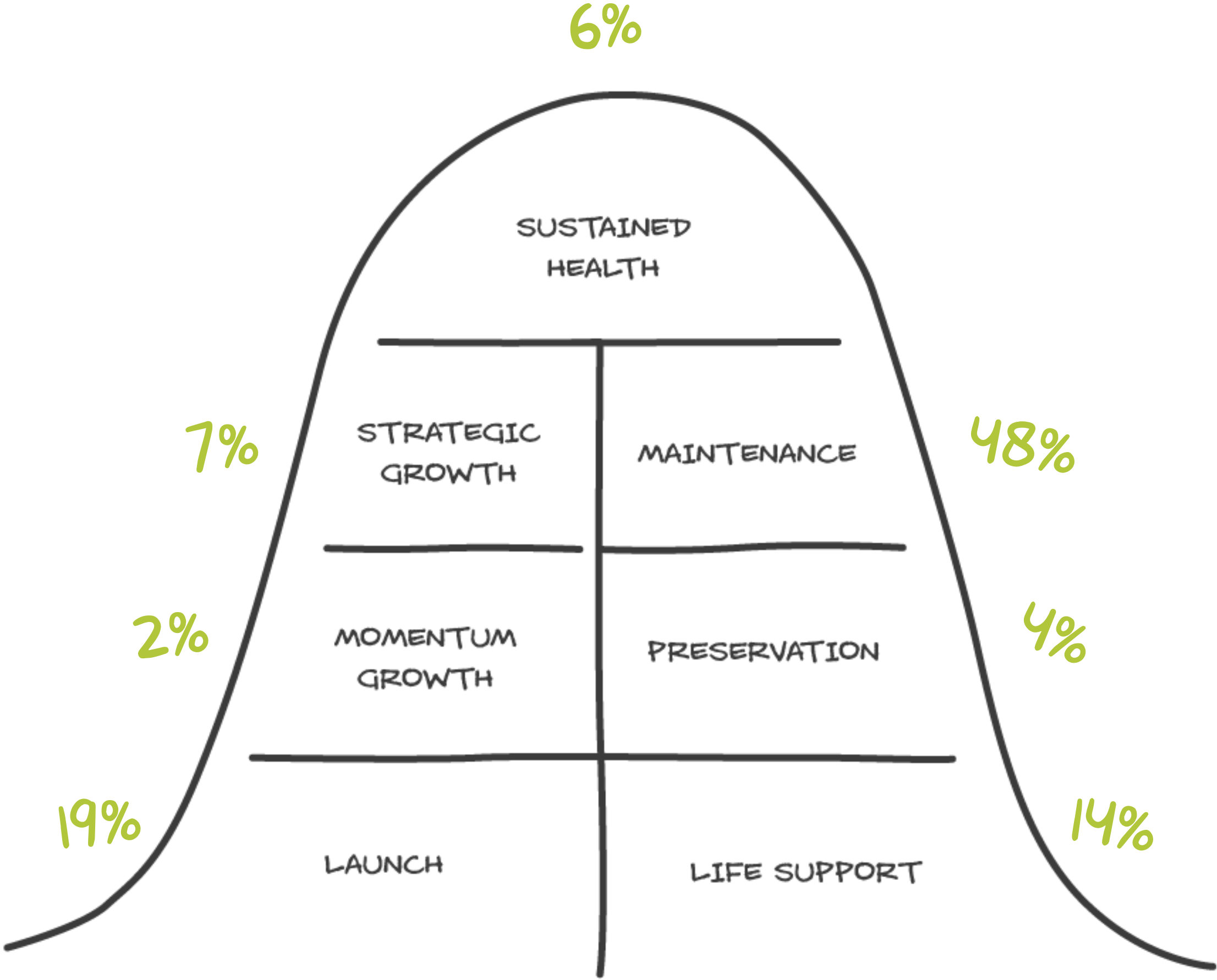
(Need to calculate yours to see what range your church should have? [Access the free calculator.](#))

I'm convinced that this has further contributed to the loss of staff over the past two years. When you have these openings arise, here are a few suggestions we're seeing as best practices:

- When your church creeps below 75:1 attendees, don't just staff replace staff. Get creative. Consider remote workers or outsourcing as you have openings for administration, IT, HR, and accounting for significant cost savings. What positions can be part-time or contracted? **PRO TIP:** For churches with \$1m+ annual budgets, we recommend spending no more than 3% on all accounting and finance staff.
- If you want to keep your best staff long-term, consider investing/compensating your best staff beyond what church surveys suggest. It's not just other churches that we're losing our staff to but roles in the general marketplace that often pay higher salaries.
- Reevaluate your benefits and give staff options. Many churches are spending tens of thousands annually for benefits that younger staff don't use and don't see much value in. They'd rather receive an extra \$1,500 annually than you pay for short-term disability or a small life-insurance policy.

Church Lifecycle Data

(Last 12 Months)



Summary by Church Size

CATEGORY	<200	200-499	500-999	1000+	ALL CHURCHES
Church Demographics					
Non-Denominational	23%	31%	51%	57%	39%
Average Year Started	1966	1963	1985	1984	1977
Attendance Increase from Last Year	18%	21%	29%	22%	24%
Multisite Churches	1%	12%	20%	67%	21%
Planning to Launch New Multisite Campuses in 2023	8%	10%	12%	33%	14%
Finances					
Giving Increase from Last Year	5.4%	5.0%	2.7%	4.5%	3.6%
Giving Increase Projected for 2023	5.0%	5.0%	3.5%	2.0%	5.0%
Per Capita Weekly Giving (Adults & Students Only)	\$68	\$78	\$67	\$61	\$65
Facilities Budget Percentage	20%	19%	19%	16%	17%
Planning Facility Renovation or Expansion Expenses in 2023	42%	42%	61%	69%	52%
"Our expenses are exceeding giving."	19%	22%	16%	20%	19%
"Our church has a reserve fund."	82%	94%	95%	98%	92%
Months of Cash Reserves	4	5	4	3	4
"Likely that economic conditions will impact 2023 financial health."	55%	61%	58%	57%	58%
Staffing					
Attendees Per Full-Time Equivalent Staff Person	34	37	46	46	44
Planning to Add Staff in 2023	38%	43%	43%	47%	42%
Current Staff Turnover Rate	22%	16%	15%	13%	14%
Staff Budget Percentage	57%	50%	52%	52%	52%
Projected Wage Adjustment for 2023	3%	3%	4%	4%	4%
"We currently have staff openings."	38%	45%	59%	76%	52%
"We are having difficulty filling staff positions."	58%	53%	48%	57%	54%
Percentage of Staff Positions by Role					
Senior Leadership	18%	17%	16%	10%	14%
Next Gen Ministries	20%	21%	21%	20%	21%
Worship Arts	19%	16%	16%	15%	16%
Adult Ministries	6%	10%	12%	15%	12%
Digital & Communications	9%	8%	8%	8%	8%
Operations	13%	16%	16%	16%	16%
Others	13%	11%	11%	15%	13%
Next Steps					
Volunteers as a Percentage of Attendance	41%	44%	34%	37%	37%
Group Participants as a Percentage of Attendance	47%	56%	47%	72%	62%
Attendees Per Volunteer Leader	13	11	15	13	14

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.](#)

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.

Over the last 11 years, we've worked alongside and built relationships with the leadership teams at 500+ churches. 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.](#)

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

 theunstuckgroup.com

 844-486-7882

 help@theunstuckgroup.com