

## The Economic Changes in Support for Churches

From the brief history of the church in America you will see the many changes that have occurred over just a few hundred years. While it is hard to collect the economic data I would have liked, this brief information shows a basic and primary change in church support from earlier days.

After the church became separate from any government or tax support it had to develop ways to continue financially. The basic resource became "tithes and offerings" from the members and friends of the congregation. It becomes clear, that for many congregations, this was not enough to fully support the economic needs. A whole host of variable customs for additional solicitations was implemented to complete their financial need. Most of these were developed to capture income from the wider community who were not members of the congregation.

While these innovations worked rather well they too faced the competition for funds from other charitable organizations. The rise in the cost of living for most families also limited the amount of money available for donations. This trend only gets worse as we move into the 21<sup>st</sup> century.

Toward the end of this paper I have tried to suggest some more positive and creative ways that churches may continue and flourish. As churches begin to expand their mission, or service to others, in their communities they will be more likely to find the support they need. Jesus, as we are told, came to serve humankind and his life demonstrated that he was not interested in being served himself. Self preservation is surely not a good reputation for any church and serving others is clearly the way to serve in the name of Jesus the Christ.

### In the Past:

- The State Church – primarily supported by the government
- In the colonies:
  - The Church of England – supported by the Crown
  - Early Episcopal Church:
    - Legally establishing the church in a colony, which meant that tax money was paid to the local parish by the local government, and the parish handled both some civic and social functions.
    - The church was disestablished in all the states during the American Revolution.
    - The parish was a local unit concerned with such matters as the conduct and support of the parish church, the supervision of morals, and the care of the poor. Its officers, who made up the vestry, were ordinarily influential and wealthy property holder's chosen by a majority of the parishioners.
    - Pew rentals
  - Various congregational churches were established that were governed and supported by local people in a community.
- In the new America:
  - Various Denominations came and flourished
    - The Roman Catholic Church - entered the American colonies settled in Maryland in 1634. Its first American bishop, John Carroll, hailed from a prominent Maryland family. Carroll endorsed the separation of church and state, emphasized more private than public devotion, and exemplified an uncommon level of religious

toleration. Catholics comprised less than one percent of the population during the American Revolution. They had the financial backing of Rome.

- The Methodists came as men experienced in the evangelistic movement of the Great Awakening in England; they helped found what is now called United Methodism. Arriving around 1730-40, missionaries like John Wesley and Francis Asbury and others traveled all over the colonies on horseback covering many thousands of miles. They were supported by many who believed in their work to the rural poor who were encouraged to receive the sacraments from Anglican clergy. Because Wesley denounced slavery many blacks became actively involved.
- The Baptists: Roger Williams in Providence, Rhode Island founded the oldest Baptist church congregation in the United States in 1638. They met in homes and outdoors in nice weather for years because they felt erected buildings were an expression of vanity. As time went on they became more organized and were supported by donations from members.
- Support of Clergy
  - Traditional sources of support: modest salaries, holiday collections, and cultivation of parish-church land for food and supporting family as all did.
  - Hard to summarize because it has always been a complicated and changing issue.
- In the 19<sup>th</sup> Century:
  - Expansionism and Propagation
    - The Enlightenment movement in Europe with increase in secularism and science, the American protestant churches sought a more liberal Christianity along with new critical approaches to the Bible.
    - In the early 1800's there was a Second Great Awakening in America that focused on the un-churched with an emphasis on personal salvation in revival meetings. It expanded across the country with a new variety of groups and beliefs.
    - In the latter half of the 19<sup>th</sup> Century a Restoration Movement focused on a return toward early Apostolic Christianity emphasizing Jesus as the Christ, the Lord's Supper on the first day of the week for worship, and baptism as a condition for salvation.
    - Adventism brought a focus on the Second Advent of Christ returning to earth. Holiness movements among the Methodists, Salvation Army, and Camp Meetings emphasized The Higher Life. In addition the Latter Day Saints, the Bible Student movement, including Jehovah's Witnesses, Christian Science, Pentecostalism, Society of Ethical Culture, and the Social Gospel Movement, and many more bring ever broader and varied points of view.
    - The Anglican Communion fostered the Oxford Movement (Anglo-Catholicism) advocating the catholic restoration in the church. It espoused monastic communities of both men and women in the UK and US.
    - In the Roman Catholic Church the First Vatican Council established papal infallibility, prescription of solemn vows for religious orders, the Immaculate Conception of Mary and also the Assumption of Mary. The centrality of Rome was clearly established as the authority for all Roman Catholics.
  - During this time the support of religious groups became more structured and clarified, especially for those who were members of these various denominations and groups.

- [http://en.wikipedia.org/wiki/Christianity\\_in\\_the\\_19th\\_century](http://en.wikipedia.org/wiki/Christianity_in_the_19th_century)
- In the 20<sup>th</sup> Century:
  - Churches decline in attendance and traditional financial support
    - Accelerating secularization of Western society.
    - Christian ecumenism grew in importance.
    - The Liturgical Movement became significant in both Catholic and Protestant Christianity, especially in Anglicanism.
    - So many things happened and changed during the 1900's regarding religious health and well being. I would urge you to see the history for yourself. One site that provides a good summary:
      - [http://en.wikipedia.org/wiki/Christianity\\_in\\_the\\_20th\\_century](http://en.wikipedia.org/wiki/Christianity_in_the_20th_century)
  - Notable financial difficulties and new sources of revenue
    - Separation of Church and State – no money from tax or government support
    - Decline in attendance brought loss in pledge and offering income
    - Many parents have full time jobs with less time for family activities
      - Single parent families have even greater strains on their time
      - Social groups in the church for men, women, youth have lessened or ended
      - Debt, especially credit card debt, prevents extra money for donations
      - Family income has not kept up with the cost of living increases
    - The increase of many new religious groups and “store-front” churches
    - Sundays have become like every other day for recreation, shopping, team sports for children and youth so church is no longer primary
    - Television and Radio supply the religious needs for many
      - They strongly appeal for offerings and donations and give choice to what people wish to hear and see for their fulfillment in the comfort of their home
      - Going to a traditional church has become unnecessary for many
    - The development of many secular charities that competed for pledges and offerings
    - Churches are no longer the center of community functions and gatherings in their community halls, gyms and multiple classrooms
      - Replaced by public school programs and after school activities (team sports, music, etc.)
      - Growth in community non-profits for Boys & Girls clubs, PAL, Little League, YMCA, YWCA, etc.
    - A plethora of fundraising ideas flourished in many of the established churches
      - These enabled a flow of financial support from non-church members in the local community and larger area
    - Renting church facilities to outside groups to offset loss of donation from members
      - Caution – if you rent to profit organizations and charge rent you could lose your tax exempt status in some states

- Increased competition for donations for work the church may have done
  - The establishment of groups like The Salvation Army (began in England in 1856) and became world wide after 1900 - [http://www.salvationarmy.org/ihq/www\\_sa.nsf](http://www.salvationarmy.org/ihq/www_sa.nsf)
  - Major Service organizations like The American Red Cross (1881) - <http://www.redcross.org/>, and the many National and International organizations for research and care, including Medical Centers, Hospitals and Clinics
- Bingo – beginning in 1934 - [http://en.wikipedia.org/wiki/Bingo\\_\(U.S.\)](http://en.wikipedia.org/wiki/Bingo_(U.S.))
- Endowment Funds - [http://en.wikipedia.org/wiki/Financial\\_endowment](http://en.wikipedia.org/wiki/Financial_endowment)
  - Wealthy people comprise only 3% of our population
    - Few churches receive money because of competition with celebrated charities that supplement a growing lack of government funding
    - Mainly go for education, health, cures for major diseases, etc
  - Loss of the middle class and rise in marginal families prohibits such funding
    - Tend to leave any money they have left to children and grandchildren
- Cemeteries can be a service to the community and raise additional funds for the church and its work
- Capital Fund Drives to build new buildings or repair existing structures
- Establishing a Community Development Corporation – adding additional 501(c) 3 under church polity for charitable work
  - Enables funds from Foundations, Business, Industry for tax credit support of the charitable mission of the church
  - Re-establishes the church’s mission to serve people with needs in their community and take ownership of their charity at no cost to the church
  - Creating dual responsibilities for staff personnel reduces church staffing expense and reduces administrative costs for staffing the charity – also increasing salary levels without straining either budget

In the 21<sup>st</sup> Century:

Noting so many changes in the 20<sup>th</sup> century and seeing it continues to advance more rapidly as time moves forward, why would we think that the church would remain untouched? Even when times were better the church could not rely on tithes and offerings alone to totally support the church. This is why so many extra methods of gathering financial support were devised and should be utilized. Larger churches began renting out the space to at least maintain the buildings. As cost of maintenance and use continued to rise (heat, air, electric, insurance, repairs, etc.) the rental fees were no longer enough either. Many religious groups added financial resource like games of chance such as bingo, raffles, gaming and others.

When things are going well churches are no different than people in general. There is a tendency to spend more and build larger facilities. Because this was true for the latter part of the 19<sup>th</sup> century and the beginning to middle part of the 20<sup>th</sup> century we have an overabundance of rather large churches in areas where the size of the congregation has diminished significantly. Many congregations therefore are faced with two costs that are expensive today and only continue to rise, real estate and salaries. Small congregations find it hard to pay for a full time clergy person besides finding money for space they no longer need.

There is another confusing fact about churches and taxation. While most churches since 1954 have filed IRS form 1023 to obtain 501(c)(3) tax status, churches do not technically need to file this form since they are automatically considered tax-exempt under separation of church and state. The IRS tax codes clearly states: "There are some classes of organizations that automatically are treated as tax exempt under 501(c)(3), without the need to file Form 1023: -- Churches, their integrated auxiliaries, and conventions or associations of churches -- Organizations that are not private foundations and that have gross receipts that normally are not more than \$5,000".<sup>1</sup>

Those churches that apply and receive their 501(c)(3) tax status come under many limitations to speak out and be involved in politics. Churches under this status have clear guidelines about Elections and Lobbying. While the Supreme Court has recently given Corporations these rights, those who are under 501(c)(3) tax status do not have those same rights. Churches today need to be "wise as serpents and harmless as doves" under their IRS status. Churches who are not willing to act in a non-sectarian way in their service to others may have a problem with the tax laws regarding tax deductible donations to their work. There are a number of categories under the IRS 501(c) status that are necessary for churches that wish to go beyond the norm is establishing newer means of service to others.

Tax laws inhibit donations from larger corporations, businesses, foundations, and government agencies unless they are contributing to a properly identified non-sectarian organization. This is why churches that develop ministries to serve the larger community need a separate 501(c) corporation that enables them to definitively be non-sectarian and be open to serve everyone. This corporation can, and should be according to my way of thinking, be a sole membership corporation so that it becomes a clear and distinct ministry of the sponsoring church. The charity, or charities, managed by this corporation now can obtain larger gifts for their ministries to a broader community.

What are the basic elements for a church and its people in the 21<sup>st</sup> century?

- Worship – gratitude for the gift of life and to offer our lives in service to others
- Education – understanding the Scriptures and how they relate to the 21<sup>st</sup> century
- Mission – to serve others with faithful commitment as followers of Jesus Christ
  - Perhaps we should think of creative ways for each parish to participate locally in the MDC (Millennium Development Goals) in addition to cooperation with our national church and the rest of the world. More specifically the 192 countries of the United Nations committed themselves by 2015 to:
    - 1) eradicate extreme poverty and hunger;
    - 2) achieve universal primary education;
    - 3) promote gender equality and empower women;
    - 4) reduce child mortality;
    - 5) improve maternal health;
    - 6) reverse the spread of HIV/AIDS, malaria and other diseases;
    - 7) ensure environmental sustainability;
    - 8) and develop a global partnership for development.

These mission opportunities and more will need a new creativity of organization and function in our world as it grows in complexity of structure. It will take a team of savvy and knowledgeable people to navigate safely toward a new future. When you examine the IRS tax code for a 501(c) status you will see that there are 28 categories or levels from which to choose. The right code(s) will need to be selected

---

<sup>1</sup> [http://en.wikipedia.org/wiki/Section\\_501\(c\)\(3\)\\_-cite\\_note-13](http://en.wikipedia.org/wiki/Section_501(c)(3)_-cite_note-13)

to enable and encourage the proper financial support from a variety of the many possible sources to assure IRS compliance for them and charity.

What is your church all about and how ready is it to begin its true ministry?

- Sizing up your church - [http://library.episcopalchurch.org/sites/default/files/CDR\\_series1%281%29.pdf](http://library.episcopalchurch.org/sites/default/files/CDR_series1%281%29.pdf)
- Congregational Life Cycle – where is your church in this cycle? Look here for the PPT file on Congregational Life Cycle: - [http://library.episcopalchurch.org/sites/default/files/Life\\_Cycle%281%29.pdf](http://library.episcopalchurch.org/sites/default/files/Life_Cycle%281%29.pdf)
- The need for true and open welcome: [ <http://janddhealth.intuitwebsites.com/ArtAllAreWelcome.pdf> ]
- There are many more resources to help you determine how ready you are and how far you wish to go in being church and serving in our world

What are the basic needs in your community and choosing how will you respond?

- Studying Your Congregation and Community: - <http://library.episcopalchurch.org/article/clergy-dreamers-and-community-leaders-time-citizenship-now>
- Have meetings with community leaders to surface the greater needs and
- Work with church leaders to determine what would best fit the parish's calling to serve
- Determine what will be necessary to start and continue the work(s) you have chosen

How will the church obtain support for its work in the 21<sup>st</sup> century?

Just like the majority of families in this country whose parents both work to earn more income, so the church, by establishing an additional not for profit corporation, assumes additional responsibilities to work in their communities to rightfully and legally earn additional funding resources. One of the most important aspects of work, for an individual or a church, is that the choice of job or program is fulfilling and beneficial and profitable. It is a combination of the “calling” and the “need” – not just to obtain an income. God desires that we find our purpose in life and the same goes for a church to properly serve. This discernment will bring the most benefit and fulfillment to all.

Any income for the parish, beyond the normal offerings and special funds to sponsor the expenses of the church from members and friends, should be honest income. Remember that Jesus came to serve and not to be served. The parable of the dividing sheep and goats in Matthew 25:31-46 makes it very clear that our primary work is to serve others if we want to serve God. Too many churches today are almost completely self-serving especially in their concentration in maintaining the buildings and grounds. Our tax laws provide ways to creatively serve others while receiving funds from various outside sources to sponsor our charity for the community at large. This money must be designated for the non-profit charity organized by the church in a separate not-for-profit corporation.

“In serving others you serve yourself” is a phrase that is used by many and this is the key to understanding growth and development in the church. When someone is a servant first, he or she makes the conscious decision to lead in order to better serve others, not to increase their own power. Jesus was a servant first and became a leader in his time serving others, preaching God’s Kingdom or Realm of justice and love - a Realm ending the oppression of the powerless while giving them more control to the live fully. This is the core of what the Christian Church needs to be in the 21<sup>st</sup> century.

SEE EXAMPLE - 501(c)(3) Flow Chart on last page

Consider the way the Gospel according to St. John presents Jesus the Christ to us:

- Jesus came from God as a human full of grace and truth. His earthly origins were not important.
- The prophet John introduced him at a baptism as one who came from God.
- As a leader he called disciples and followers to learn God's ways and they quickly began to call others.
- Jesus attends a wedding in Cana with his mother and disciples. Having run out of wine, Jesus enhances the celebration with better wine symbolizing God's realm of grace and truth.
- Jesus goes to the Temple in Jerusalem and speaks about a greater temple where God would be present in our lives as God was in Jesus
- While there he speaks to a Jewish leader named Nicodemus. Jesus invites him to be spiritually born from above to experience the fullness of God's love in his earthly temple.
- Jesus met with the Samaritan woman at the well, she is a woman and her people are enemies, and demonstrate the extreme open love of God for all people regardless of conditions.
- Jesus heals the official's son and the man at the pool to demonstrate his relationship to "Source of all Life" who has concern for everyone's well being.
- Jesus feeds the five thousand and speaks about life in God's realm. "The words I have spoken to you bring God's life-giving Spirit"<sup>1</sup>
- Throughout John's Gospel he images Jesus as: "I am the bread"<sup>2</sup>, "I am the light"<sup>3</sup>, "I am the gate"<sup>4</sup>, "I am the Good Shepherd"<sup>5</sup>, "I am God's Son"<sup>6</sup>, "I am the resurrection and the life"<sup>7</sup>, "I am the way"<sup>8</sup>, "I am in the Father and the Father is in me"<sup>9</sup>, "I am in my Father, and you are in me, and I am in you"<sup>10</sup>, "I am the true vine and you are the branches"<sup>11</sup>, "As the Father has sent me, I am sending you"<sup>12</sup>, "I tell you the truth, anyone who has faith in me will do what I have been doing. He will do even greater things than these, because I am going to the Father."<sup>13</sup>

I believe that those who claim to be followers of Jesus have the challenge to "do even greater things" in this 21<sup>st</sup> century. These images of Jesus must become our images. We are challenged to be bread, light, and a gateway to a new life. We too are called to be God's sons and daughters who are the branches to the resurrection and the life that is available to all people, in all times, and in all places. In these times of opportunity and discovery we must become "shrewd as snakes and as innocent as doves"<sup>14</sup> to acquire full advantage to announce and realize the realm of God of which Jesus spoke.

Let us then become workers together to extend this good news of God in Jesus the Christ.

---

<sup>1</sup> John 6:63 (GNB)

<sup>2</sup> John 6:40-42, 47-49, 51

<sup>3</sup> John 8:11-13; 9:5

<sup>4</sup> John 10:7, 9

<sup>5</sup> John 10:11, 14

<sup>6</sup> John 10:36

<sup>7</sup> John 11:25

<sup>8</sup> John 14:6

<sup>9</sup> John 14:10

<sup>10</sup> John 14:20

<sup>11</sup> John 15:5

<sup>12</sup> John 20:21

<sup>13</sup> John 14:12

<sup>14</sup> Matthew 10:16 (NIV)

# Organization Chart for Additional 501

