



Church Funding in the United States: Lessons from the COVID-19 Pandemic

Prof. Matthew F. Manion

The David Grenon Family Faculty Director of the Center for Church Management

May 23, 2024



VILLANOVA UNIVERSITY
VILLANOVA SCHOOL OF BUSINESS

THE CENTER FOR CHURCH MANAGEMENT

Agenda

1. **The Catholic Church in the United States – size and structure**
2. **Primary sources of Diocesan and Parish Funding pre-COVID 19**
3. **COVID 19 Impact on Dollars and Donors**
4. **Insights from the decision-making process**
5. **Areas for future study**

Villanova Center for Church Management

COVID-19 Parish Impact & Strategies

February 1, 2021

Matthew F. Manion, MSCM

Professor of Practice, Management and Operations

Alicia Strandberg, PhD

Assistant Professor, Management and Operations

Charles Zech, PhD

Professor Emeritus, Economics



VILLANOVA
UNIVERSITY

Villanova School of Business



The Catholic Church in the U.S. By the Numbers

- **194 Archdiocese/Dioceses¹**
 - 177 Latin Catholic, 18 Eastern Catholic, 1 Military, 1 Ordinariate of the Chair of St. Peter
 - 6 Cardinals, 28 Archbishops, 162 Diocesan Bishops, 79 Auxiliary Bishops
 - Largest Latin Catholic diocese population is Los Angeles 4,349,267²
 - Smallest Latin Catholic population was Fairbanks 11,570³
- **16,429 Parishes serving 73.5 million Catholics in 2022⁴**
 - 20% (3,215) of parishes do not have a resident pastor⁵
- **4,751 Catholic elementary schools in 2022⁶**

Dramatic shifts in Church Labor Force⁷ *growth in more expensive workers*

Leaders	2000	2010	2022	22 Year Change	22 Year Change
Diocesan Priests	30,607	27,182	24,110	(6,497)	-21%
Religious Priests	15,092	12,811	10,234	(4,858)	-32%
Permanent Deacons	12,378	16,649	18,043	5,665	46%
Religious sisters	79,814	57,544	36,321	(43,493)	-54%
Religious brothers	5,662	4,690	3,516	(2,146)	-38%
Lay Ecclesial Ministers	29,889	37,929	44,556	14,667	49%
Total	173,442	156,805	136,780	(36,682)	-21%

Corporate Structures for U.S. Dioceses

- **Corporation Sole**

- In late 1800's, perhaps in response to fear of Trusteeship model of parishes, bishops lobbied the government to incorporate dioceses⁸
- Legislatures extended special corporate sole charters for religious organizations including Catholic dioceses, which otherwise could not incorporate⁹
 - Placed management control of the organization in a single agent – the bishop
 - Allowed church to own property and survive in perpetuity
- Even after state legislatures changed to accommodate non-profit religious corporations, many dioceses stayed as corporation sole
 - Seen as efficient means for church to use parish property as collateral to get capital for diocesan and parish projects at more favorable rates than parishes could on their own¹⁰



Corporate Structures for U.S. Dioceses

- **Separately Incorporated**
 - Non-profit law later changed to recognize religious organizations
 - Each parish could incorporate as a separate non-profit religious organization
 - Assets and liabilities of the parish go with the parishioners to the new parish in the event of a merger/closure
 - They cannot be sold and taken by the diocese
 - This structure is consistent with Canon Law



Implications of Corporate Structure

Corporation Sole

- Inconsistent with Canon Law
- One Tax ID for the whole diocese
- Parish assets potentially part of pool in bankruptcy and sex abuse lawsuits

Separately Incorporated

- Consistent with Canon Law
- Separate Tax ID's for each parish
- Parish assets not at risk from diocesan decisions in bankruptcy and sex abuse lawsuits

In a 2019 Villanova poll of 73 dioceses:

- **55% (40) were separately incorporated**
- **45% (33) were still corporation sole**

2020 Villanova COVID-19 Survey

- **Completed by CFO or equivalent senior role**
- **52% (92) of U.S. Latin Catholic Dioceses responded**
 - all 14 Episcopal Regions represented
- **19 Questions**
- **Open March 26 – April 1, 2020**
 - 10 days after CDC limited gathering of 10 or more people

Snapshot of Responding Dioceses

- **Average size – 303,287 Catholics**
 - Largest was Archdiocese of Boston
 - Smallest was Diocese of Juneau
- **Average tenure for bishop in that diocese – 7.4 Years**
 - Longest was 24 years in their diocese
 - 5 were newly installed in their diocese this year
- **Average tenure for CFO – 10.2 Years**
 - Longest was 34 years in the diocese
 - 1 was newly hired this year

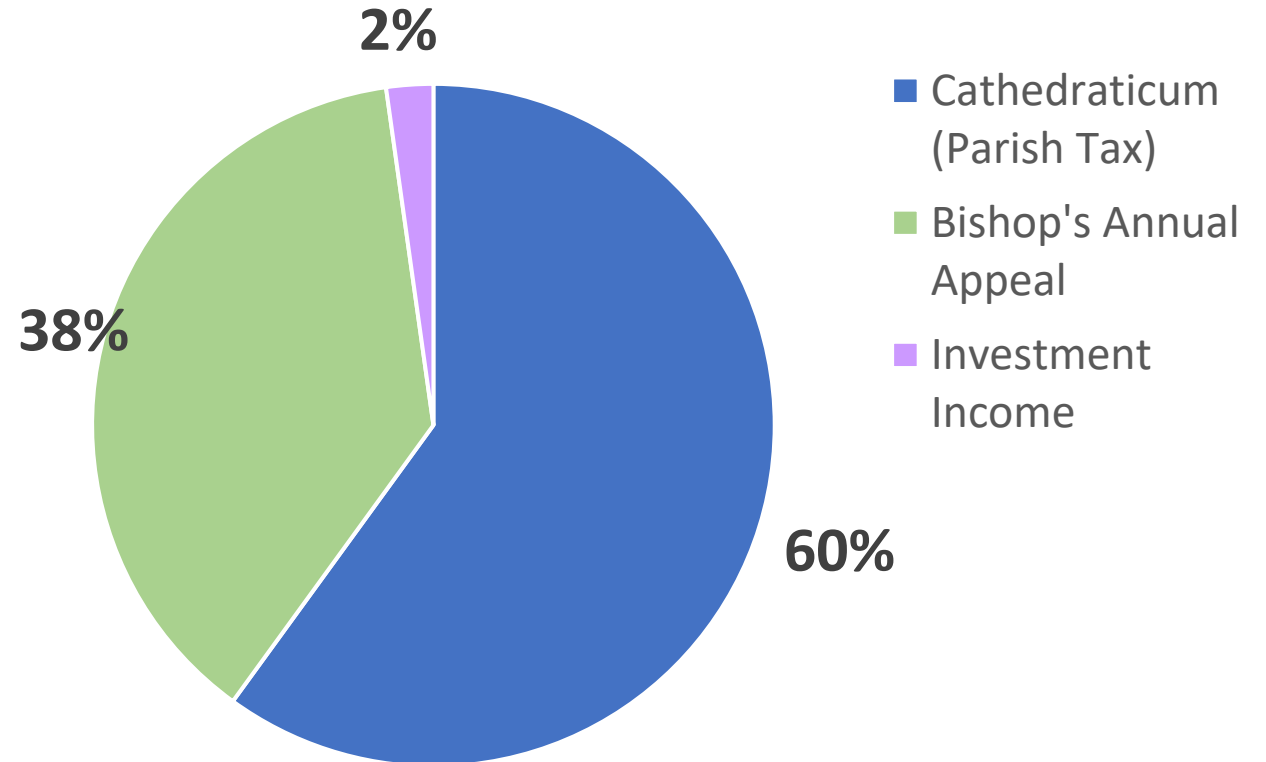
Primary Source of Diocesan Funding

Most diocesan funding in the U.S. comes from the people in the pews.

60% rely on a tax on weekly parish offerings as their primary source of funds. Rates of 1% to 20%.

38% rely on special fundraising appeal from the bishop each year as their primary source of funds.

It is unclear how strategic and intentional this decision is.



Villanova Center for Church Management and
Wheaton College

Study of COVID-19 Impact on U.S. Protestant and Catholic Church Giving

Prepared for ACS Technologies

by

Enoch Hill

Associate Professor of Economics
Wheaton College

&

Matthew F. Manion, MSCM

Professor of Practice, Management and
Operations,

Villanova School of Business

July 21, 2023



VILLANOVA
UNIVERSITY
Villanova School of Business



Mix of Traditions



Tradition	Churches	Pre-Covid Donors	Avg # of Donors
Southern Baptist Convention	1,655	394,761	239
Catholic	989	701,540	709
Non-SBC Baptist	949	216,286	228
Episcopal	890	174,383	196
Non-Denominational	886	213,751	241
Methodist	786	202,900	258
PCUSA	462	106,070	230
Lutheran	387	104,560	270
Assemblies of God	201	55,489	276
AME	42	16,976	404

Hypotheses

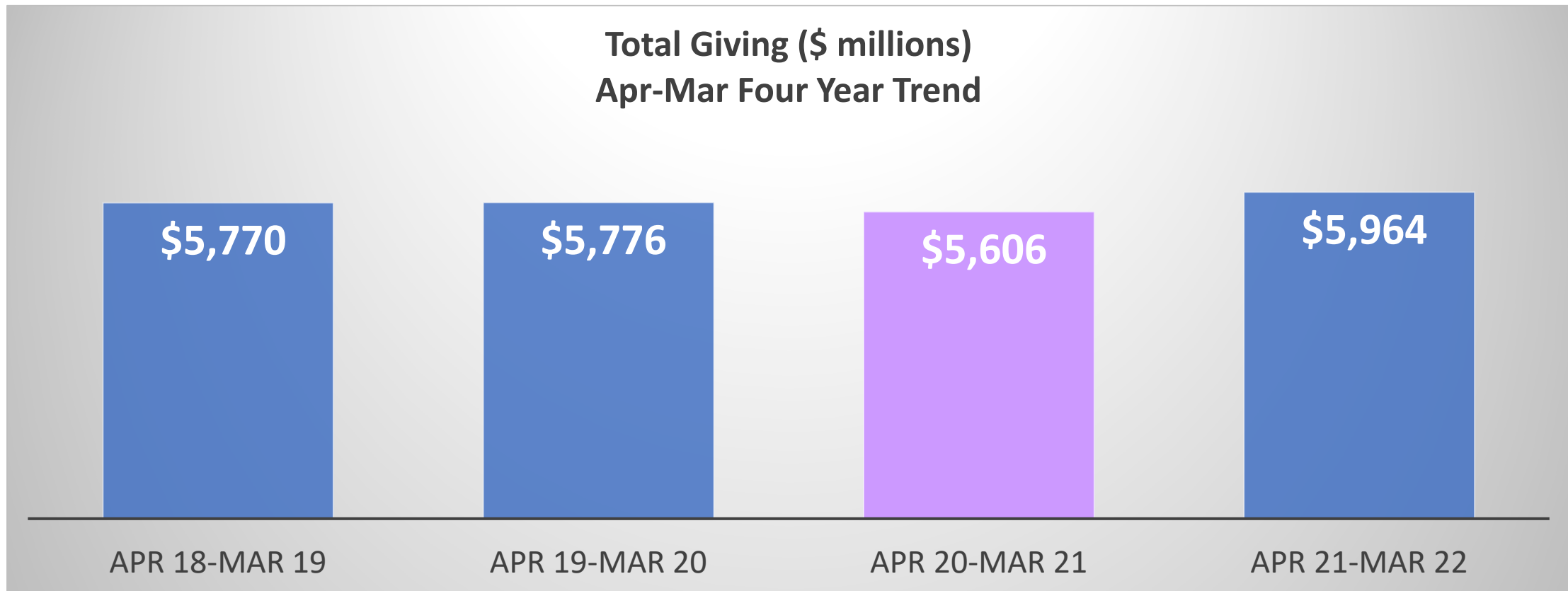
The study was designed to test the following hypotheses:

1. The decrease in church attendance since the pandemic started has led to a decrease in church collections.

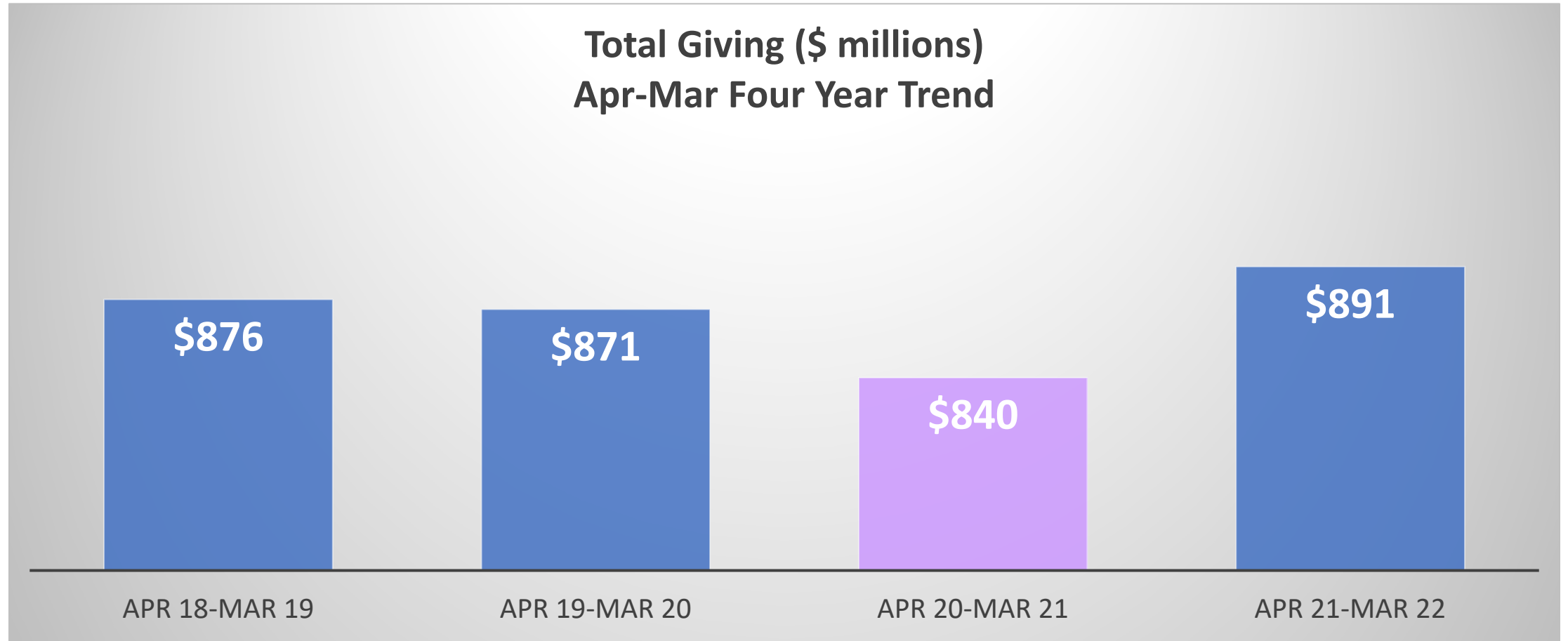
(Dip not a Drop)

2. Larger churches with more financial resources were able to weather the storm of the pandemic better than smaller churches. **(Not supported)**

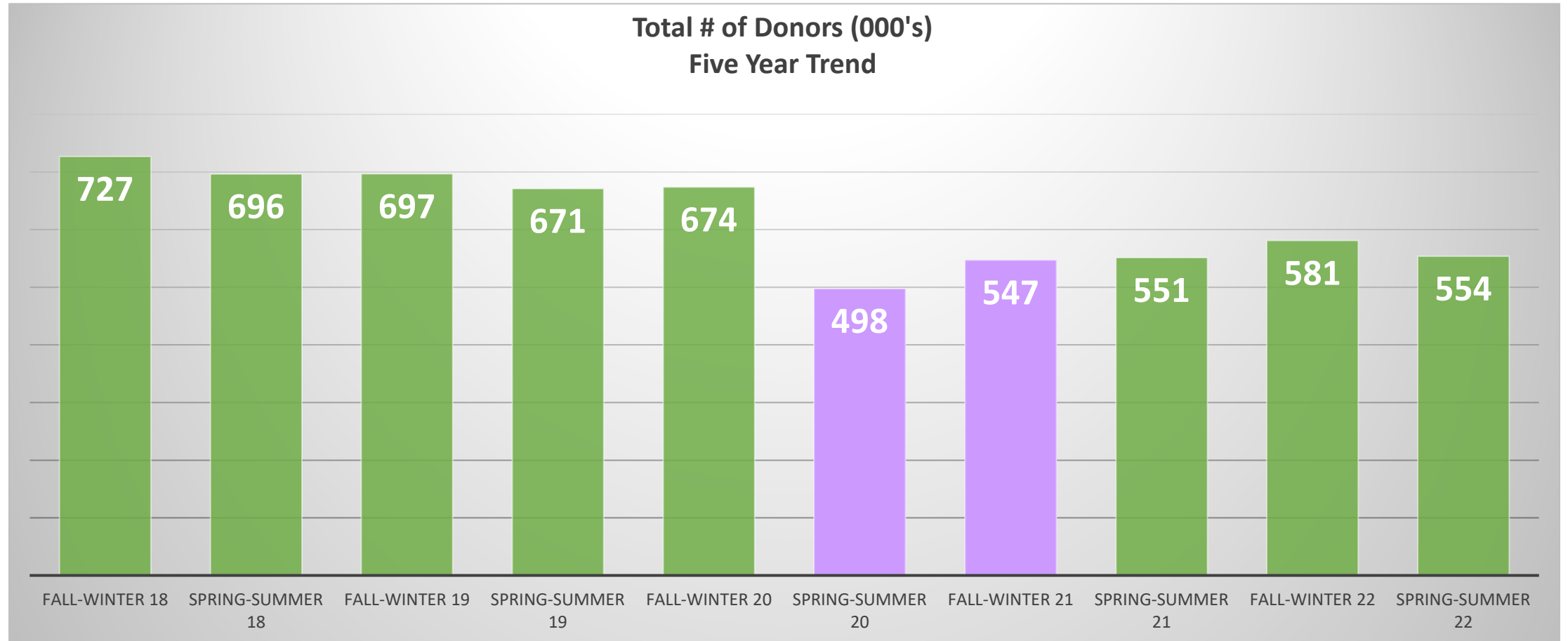
3% Drop in Protestant Collections Limited to 1st 12 months of Covid



3.5% Drop in Catholic Collections Limited to 1st 12 months of Covid

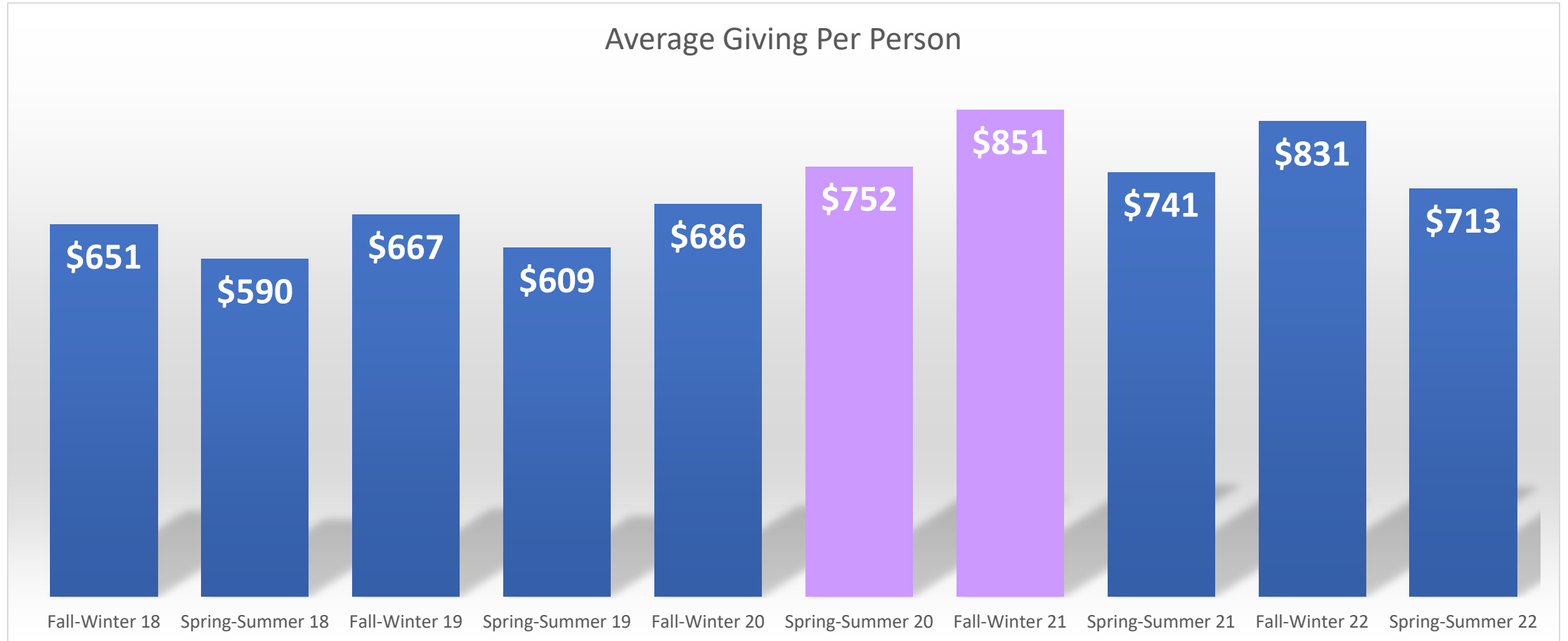


Number of Catholic Donors Dropped 26% and Remains Down 16% vs Pre-Covid Levels

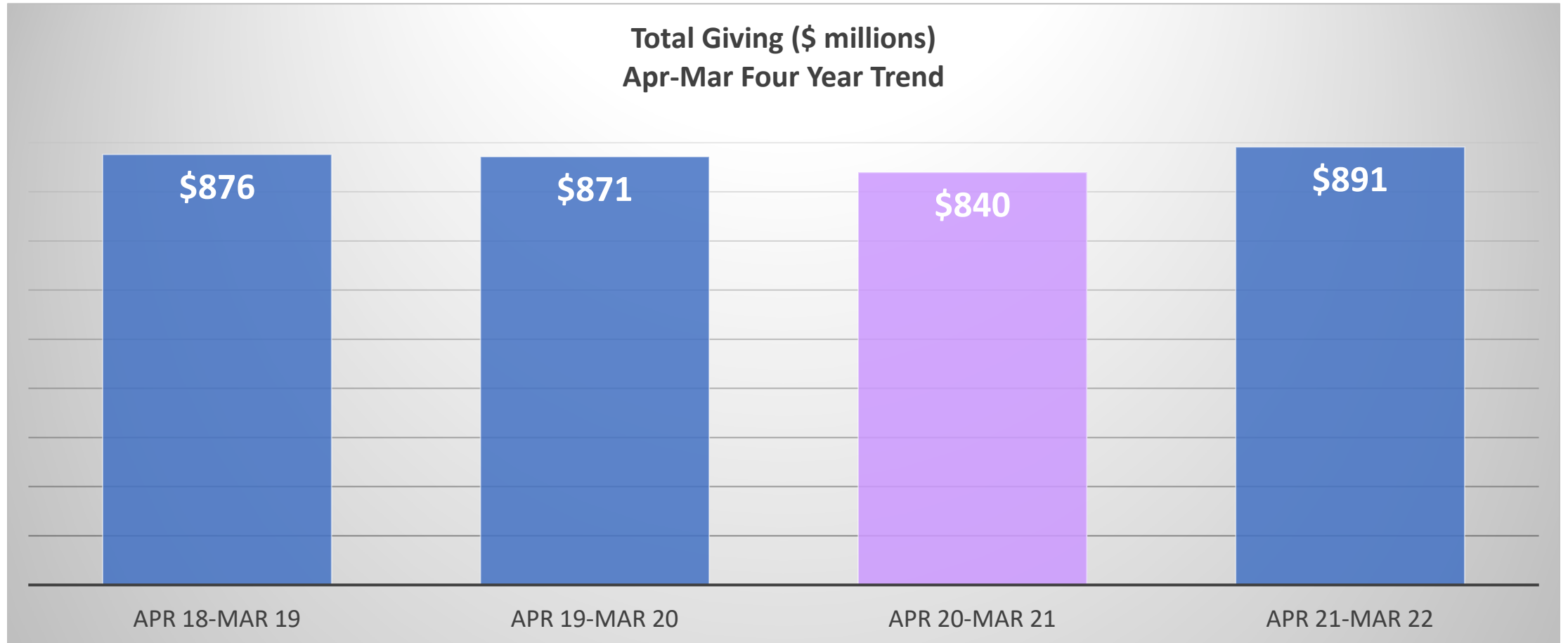


Fewer People are Giving More

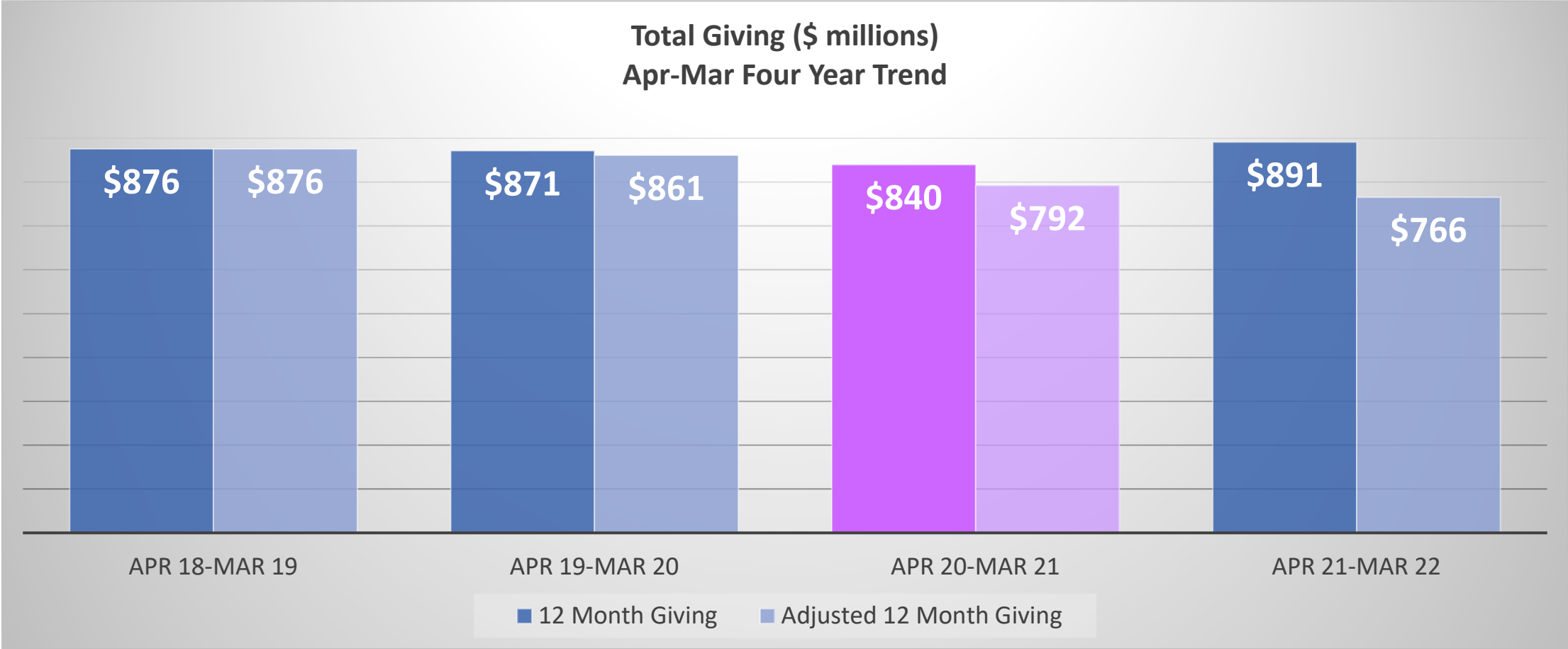
Per Person Giving Increased 24% in 1st 12 Months of Covid



Good News: The Increase in Collections Over Pre-Pandemic Levels

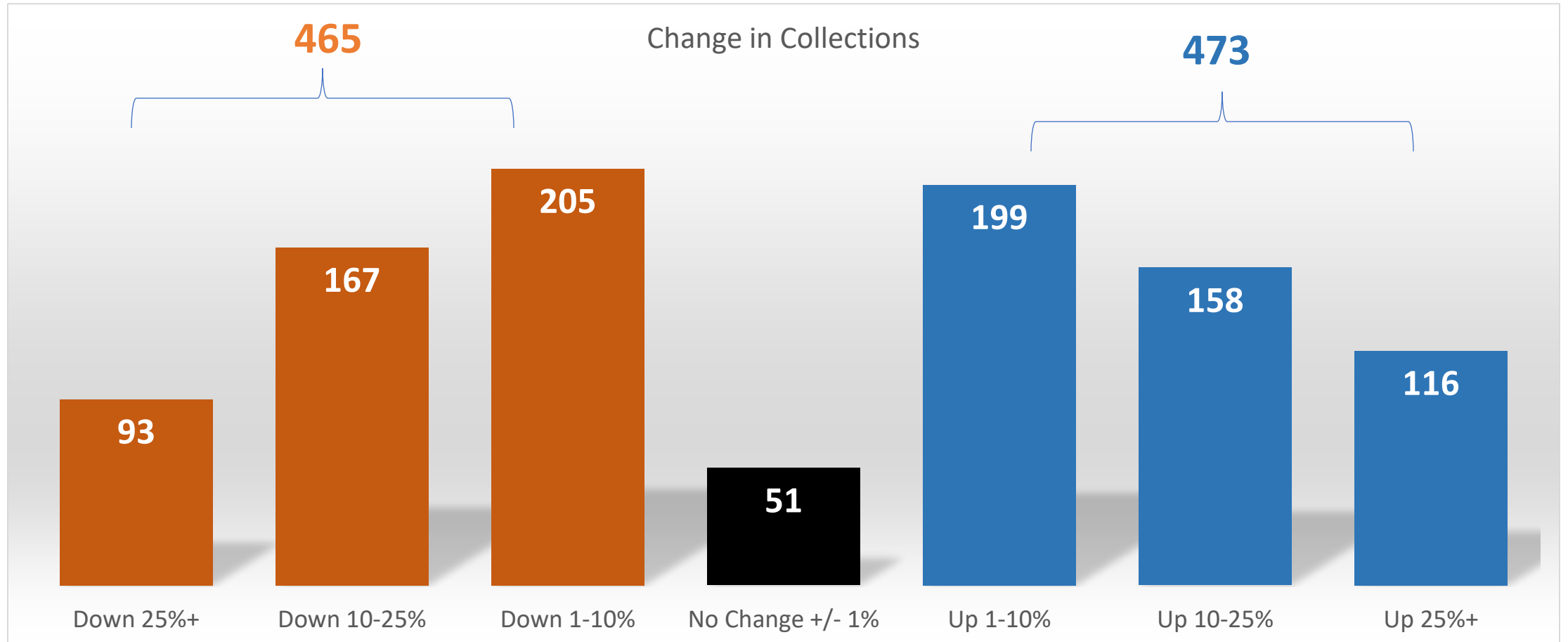


The “Money Illusion” – Adjusted for Inflation Parishes Have 11% Less Spending Power Today



Almost Equal # of Parishes Increased and Declined

Most Recent 12 Months vs 12 Months Pre-Covid





Insights on Financial Decision-Making



VILLANOVA UNIVERSITY
VILLANOVA SCHOOL OF BUSINESS

THE CENTER FOR CHURCH MANAGEMENT

Pastoral and Financial Connection

- **Informational/Decision-Making theory finds that heterogenous groups produce better quality decisions¹²**
- **Pastoral decisions should include financial people**
 - 58% of diocesan CFO's were not involved in the decision to suspend Masses.
 - 7% were asked their opinion and only 35% were in the room when the decision was made.
- **Financial decisions should include pastoral people**
 - While the bishop, CFO, and Vicar General would decide on the type of financial support the diocese would provide, few others were involved
 - 41% included the Diocesan Finance Council
 - 32% included HR, 11% included Vicar for Clergy, and 9% included Communication



Gender and Funding Decisions

- **In a 2015 study of 177 dioceses, 16% (28) of diocesan CFO's were female¹³**
- **In a 2020 survey of 173 dioceses, 21% (37) of diocesan CFO's were female**
 - While more is needed, this is a positive change in just five years
- **There was no correlation between gender and any of the other decisions in this survey**
 - Financial and strategic decisions during the pandemic appear to be gender neutral

Accountability and Transparency

- **Accountability** - an obligation or willingness by an organization to explain its actions to its stakeholders
- **Transparency** - an obligation or a willingness by an organization to make available critical data about the organization



Why is This Important?

- **Guard against embezzlement**

Need (e.g. Addiction)

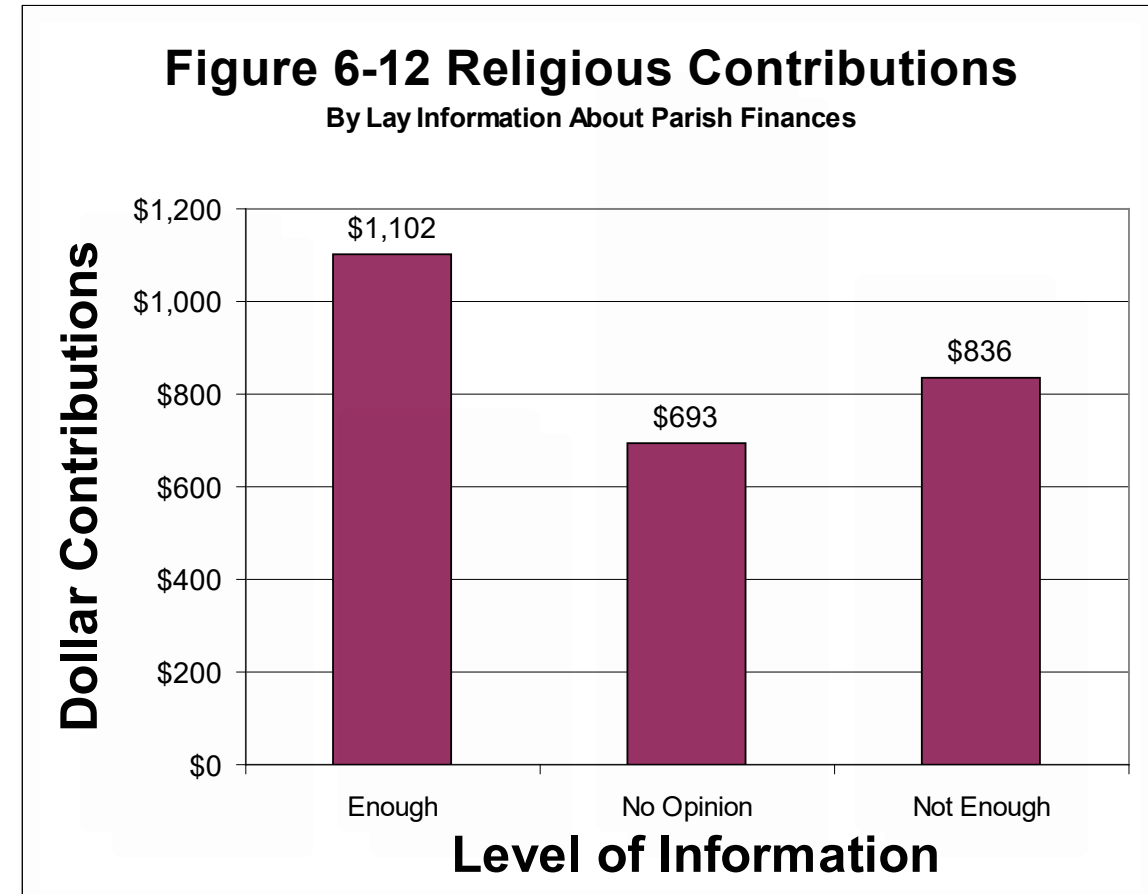
+ Opportunity (lack of transparency & accountability)

Risk of Embezzlement



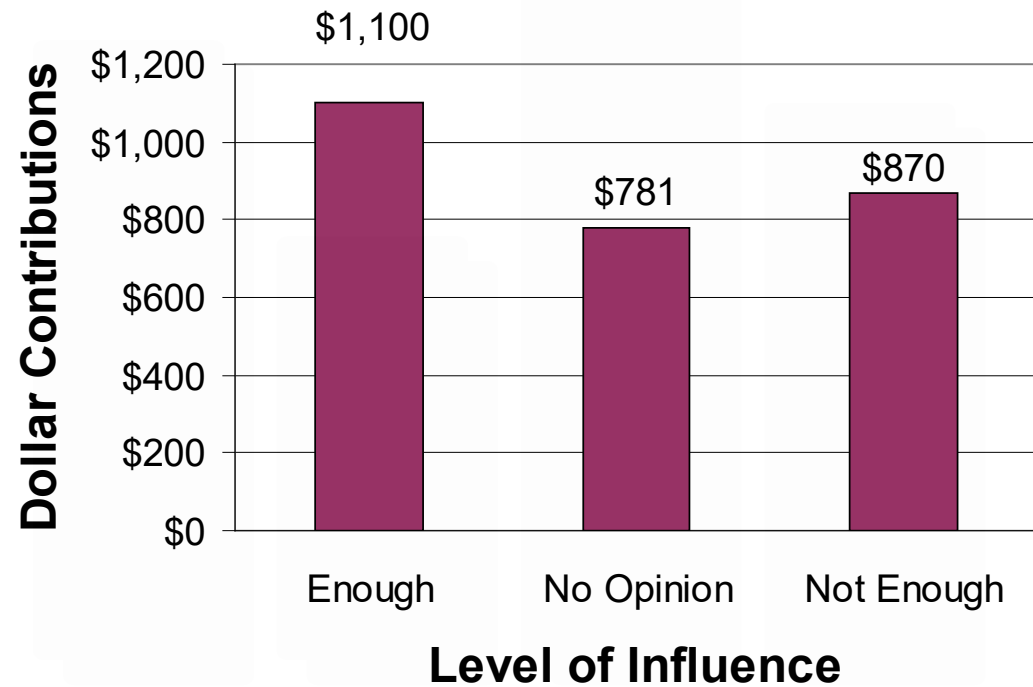
Why Transparency is Important?

- **Co-responsibility**¹¹
 - only **53%** of Catholic parishioners felt they had enough information about parish finances.
 - This compares with about **75%** of Protestant congregation members
 - Catholic parishioners who thought they had enough information **contributed 32% more** than those that didn't



Perceived Influence and Contributions¹¹

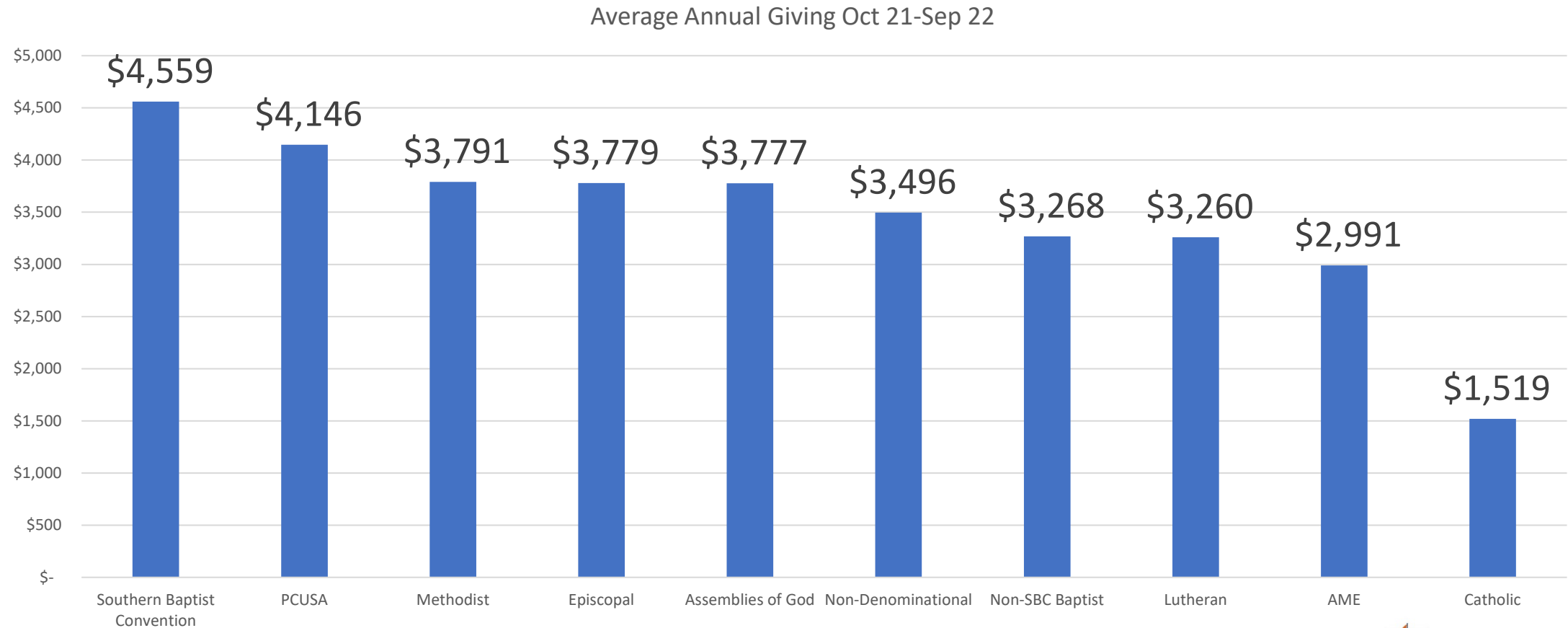
Figure 6-13 Religious Contributions By Lay Influence in Parish Finances



- Only **48%** of **Catholic** parishioners felt they had enough influence on parish finances. This compares with about **two-thirds of Protestant** congregation members
- Catholic parishioners who thought they had enough influence contributed **26% more** than those that didn't

Large Variation in Average Gifts per Donor

Average SBC Contributed 3x's Average Catholic



To Foster Accountability and Transparency

- Share budget at end of fiscal year (Website)
 - show budgeted vs actual expenditures and revenues (context)
- Seek input into decision-making – comment on preliminary budget
- Require supporting documentation from EVERYONE
- Decisions are a chance to teach “Why” we do what we do

Questions For Additional Study

- 1. What is the strategic benefit of organizing a diocese as a Corporation Sole vs Separately Incorporated today?**
- 2. Is there a connection between diocesan corporate structure and the primary source of diocesan funding?**
 - Are corporation sole dioceses more likely to rely on the parish tax?
- 3. Is there a real or perceived disconnect between pastoral and financial decisions?**
- 4. How sustainable is a model that relies on parishioners giving 26% more?**

The Center for Church Management

www.Villanova.edu/ccm



Email me: Matthew.Manion@Villanova.edu

Footnotes

1. United States Conference of Catholic Bishops <http://www.usccb.org/about/bishops-and-dioceses/index.cfm>
2. Archdiocese of Los Angeles, <https://lacatholics.org/who-we-are/>
3. Diocese of Fairbanks, <https://www.catholic-hierarchy.org/diocese/dfair.html>
4. Center for Applied Research in the Apostolate, <https://cara.georgetown.edu/frequently-requested-church-statistics/>
5. Ibid
6. Ibid
7. Ibid
8. Bainbridge, Stephen Mark and Cole, Aaron H., The Bishop's Alter Ego: Enterprise Liability and the Catholic Priest Sex Abuse Scandal. UCLA School of Law Research Paper No. 06-23. Available at SSRN: <https://ssrn.com/abstract=901663>
9. Reilly, Marie T., Catholic Dioceses in Bankruptcy (September 21, 2018). Penn State Law Research Paper No. 10-2018. Available at SSRN: <https://ssrn.com/abstract=3253092>
10. Ibid
11. Zech, Charles, Why Catholics Don't Give and What Can Be Done About It, Our Sunday Visitor, 2nd Edition, Huntington, Our Sunday Visitor, Inc., 2006
12. S Schulz-Hardt, F C Bordbeck, A Mojzisch, R Kershreiter, and D Frey, "Group Decision Making in Hidden Profile Situations: Dissent as a Facilitator for Decision Quality," Journal of Personality and Social Psychology, December 2006, pp 1080-93
13. O'Loughlin, Michael, "Most US dioceses have women in key posts, but some have none," Crux, May 14, 2015