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Financial crunch weighing heavily on churches

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By Ann Rodgers, Pittsburgh Post-Gazette

At a meeting last week of the Urban Church Network, leaders of 80 predominantly black churches in Allegheny County discussed how to stem a financial crisis that has forced some pastors to take a second full-time job and a few churches to close.

Their first concern was how to help neighborhoods through times so hard that robbery and high blood pressure have soared, said the  **Jermaine McKinley**, assistant director of the Metro-Urban Institute at **Pittsburgh Theological Seminary**. With little of their own to give, they want to teach others how to tap into the government stimulus package to improve their communities.

"Most churches are not in the business of building houses. We don't build roads. But what we can do is help the community to address the issue," she said.

That is one of many responses congregations have made to the economic crisis. There are no major studies, though anecdotes say income went down while neighborhood needs and utilities shot up. Some wealthy congregations may hurt worse than those accustomed to scraping by.

Bishop Kurt Kusserow, who oversees 201 parishes in the Southwestern Pennsylvania Synod of the Evangelical Lutheran Church in America, tracks the impact through donations to missions. Some parishes cut their gifts; others increased theirs. The difference isn't related to size, he said.

"Whether it's very small or large, if the spirit of the congregation is turned outward in ministry to the community, it seems to be more vital and more able to increase its ministry," he said.

Holy Trinity Lutheran Church in Jeannette is bordered by crack houses that the church has been buying to tear down. Giving is down from the 400 members, and last month's gas bill was nearly \$3,000. But the church hasn't cut outreach.

"We have added ministries because there is more need," said the Rev. Daniel Defassio.

Its meals aren't fundraisers, but are free to the public. There's a pizza party after every home high school football game, children's Halloween and Christmas parties, a fall dinner that served 550 and a Longest Day party for those with the Christmas blues.

This year, the church is adding A Chili Night Out on New Year's Eve. With help from the Community Action Program and Thrivent Financial for Lutherans, it is hosting new classes on budgeting. The youth group made 150 Easter baskets for shut-ins, including low-watt light bulbs donated by Allegheny Power.

That's just some of what's done on a \$183,000 budget that includes about \$24,000 in grant money, with another \$10,000 in grants administered separately.

"But we are finding that grants are being cut back," the Rev. Defassio said.

Rather than do likewise, he seeks new donors, such as Allegheny Power.

In Pittsburgh Presbytery, "a few churches are having to choose between paying for a full-time pastor or paying the utility bill," said the Rev. Doug Portz, acting pastor to the presbytery.

But that's not the whole story.

"Many of the challenges we face are spiritual in nature. Christians have a history of responding generously, even in difficult times," he said.

Past studies have shown that members don't view giving to their congregation as discretionary. They cut other expenses first, said David Roozen, director of the Hartford Institute for Religion Research.

Mid-sized congregations with a tiny staff and huge building are the most squeezed. "They have a lot of fixed costs, and it's not easy to cut them," he said.

The smallest congregations already know how to cope. "In cold climates, they may close the church in the winter and meet in someone's home," he said.

St. Mary's Orthodox Church, South Side, has just 64 members, but it has remained active despite soaring bills for gas and insurance. Job loss hasn't hit yet.

"Most of our people are either retired or are professionals who have been untouched. I suspect that will change, but we have been blessed so far," said the Rev. Patrick Carpenter.

Parishioners increased gifts to the food pantry. "Our people are responding to the needs of their neighbors," he said.

He prays that General Motors won't go bankrupt and gut the pensions of a dozen retirees. The lay leaders took precautions, cutting this year's budget by \$5,000, to \$94,000.

"We decided to tighten our belt so if we start having more serious problems, we can help parishioners," he said.

Congregations of 2,000 and up fare the best. A survey by The Leadership Network of Dallas, a group for mega-church pastors, found that outside of five states, California, Florida, Arizona, Michigan and Nevada, hit hardest by the economic crisis, they are faring well.

They often have more financial savvy than smaller churches, said David Travis, managing director of the Leadership Network. They have full-time financial managers and, with staffs of 50 or more, they can cut a few jobs without affecting ministry. Many have lines of credit to carry them through slumps. But they also teach financial stewardship.

"Many of them saw this coming in late 2007, made adjustments in 2008 and planned for 2009 to be a no-growth year financially," he said.

Those that rely on endowments took big hits, Dr. Roozen said. "It's not a matter of shutting down, but of significantly reduced ministry," he said.

East Liberty Presbyterian Church, a force for revitalization in its impoverished neighborhood, has an eight-figure endowment that subsidizes much of its seven-figure budget.

"We are feeling the budget crunch like everyone else," said the Rev. Randy Bush, the senior pastor.

The good news was that the congregation of 700 increased its giving substantially. But the Rev. Bush is concerned about the next 18 months.

The congregation supports the many social services of **East End Cooperative Ministry**, East Liberty Development Inc., the Hope Academy arts program for more than 300 children, the Open Hands program for first-time homeowners and a host of other groups. If the church must make major cuts, it will start with outside groups before placing its own ministries at risk, the Rev. Bush said.

"We feel optimistic that we, as a church and a nation, can weather this storm. But it will likely mean some additional reductions in staff and program funds."

Rodef Shalom Congregation in Oakland has also benefited from generous endowments, though it is less dependent on them than East Liberty Presbyterian is. Like most synagogues, Rodef relies on a sliding-scale dues system. So far, members aren't coming to Jeffrey Herzog, the executive director, seeking a reduction in dues, though some people who have given above their dues have cut back.

"We're doing OK, considering the circumstances. Nevertheless we are looking at every single expenditure to determine how money can be saved," he said.

St. John of God Catholic parish is in McKees Rocks, a blue-collar community that never recovered from the steel industry collapse 30 years ago. But that's now a strength, said the Rev. Lou Vallone, the pastor.

While giving to collections that go outside the parish is down, regular giving has held steady despite job losses.

"The people in our area have come to grips with these things in the past. They know how to deal with ups and downs," he said.

His biggest worry is the school. Although volunteers are up, "Our high-end givers have almost pulled the rug out from under us," he said.

Dan Hotchkiss, a senior consultant with the Alban Institute of Herndon, Va., which does strategic planning with congregations, said the crisis can be an opportunity for a congregation to re-examine its mission.

Some are ending subsidies to preschools that they founded as an outreach, but which evolved into competitive, expensive toddler Ivies, he said. Others are mulling whether they need a huge sanctuary, but might sell it and share space elsewhere.

"These are hard decisions, but they can push a congregation into asking what its real core purpose is," he said.

He worked with a congregation of 35 that was spending its endowment to pay a 16-voice choir. Members were proud of their commitment to tradition, and had rejected offers to buy the building. That changed when the treasurer confessed that each day the church stayed open, it frittered away "\$1,500 of God's good dollars."

Members began to pray about how God wanted them to use the assets. They dissolved the congregation, sold the property and gave the money to their sister churches and charities.

"They were able to leave a much more substantial legacy to their denomination and community than they would otherwise have been able to do," he said.

Hot Metal Bridge Faith Community on the South Side has benefited from such thinking. Founded as a mission of Pittsburgh Presbytery and the United Methodist Conference of Western Pennsylvania, it has 225 members, though most are students or street people with little income. With help from both denominations, last year Hot Metal bought a restaurant for \$550,000, and is renovating it.

Much of the money came from the sale of a Methodist church that had closed. The recession isn't a problem, said the Rev. Jeff Eddings, the co-pastor.

"God has brought people into play for us at the right time. The architect has donated much of his time," he said.

Although several of the 1,600 members of Southminster Presbyterian Church in Mt. Lebanon have lost jobs, a budget surplus and a jump in donations led to a budget that is 15 percent above last year's. Most of the increase is for missions, said the Rev. Daniel Merry.

He believes a growing emphasis on mission to others helped stir generosity.

"The church continued to survive even during the Great Depression," he said. "The presence of the people of God is more important now than ever."

Ann Rodgers can be reached at arodgers@post-gazette.com or 412-263-1416.

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