

A National Projection Model for the Denomination in the US

The United Methodist Church in the US has been in decline since the 1960s. Today, there is a sense of urgency throughout its leadership that significant changes must be adopted in order to improve its future prospects.¹ To fully consider proposals for change, it is useful to develop a portrait of the future. Exactly what will our denomination look like in the future if no changes are implemented?

Toward that end, a projection model for the denomination has been constructed. This model provides portraits of what the United Methodist Church in the US might look like as time passes until the year 2030. The model does not cover everything. However, it does project several meaningful metrics, among others: worship attendance, total expenditures, elders appointed to the local church, and elders seeking appointments in the local church. The most significant question it answers is that of worship attendance. Most understand that a declining worship attendance hinders our ability to make disciples of Christ—our declared mission. The size of the recent decline is alarming. Will it continue its present path or will there be a better day ahead? Are there changes that can be implemented that will improve our plight? Are such changes within our reach?

There are many other parts of the church literature that provide insights and recommendations for church growth.² This projection model is based upon economic research of historical patterns of changes in worship attendance at the local church level. An examination of projections supports recommendations for reversing the downward trend in worship attendance in the US.

I. A Simple (Hopefully Unreliable) Projection

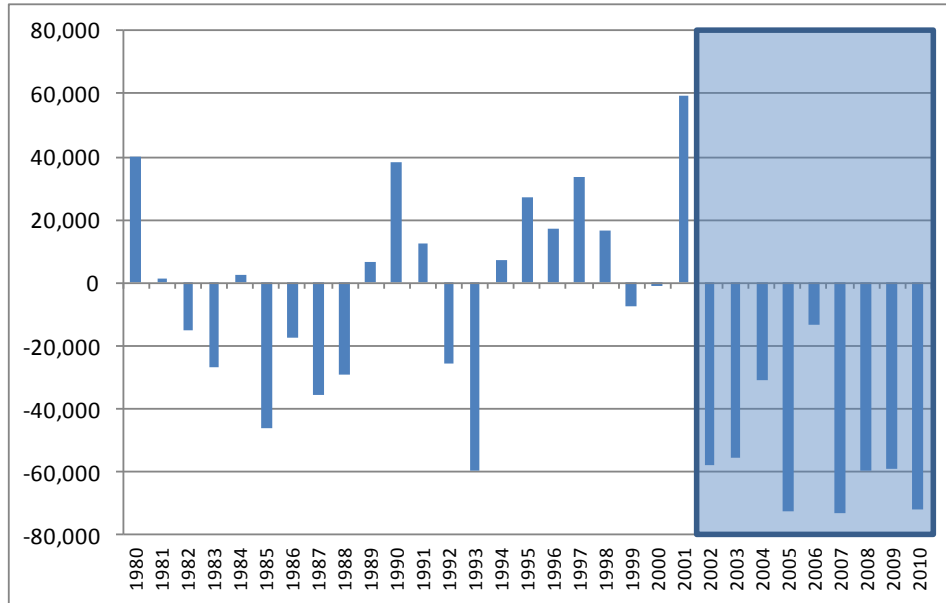
Our ability to continue mission and ministry at current levels requires large numbers of vital congregations, and worship attendance is a principle measure of church vitality. We have suffered through decades of declining worship attendance. But recently, the decline has become steeper. Figure 1 presents the annual change in worship attendance in our denomination in the US since 1980.

¹ The Council of Bishops, in its November 2011 meeting, voted overwhelmingly to endorse the recommendations of the Interim Operations Team. The report from this team seeks to "... redirect the flow of attention, energy, and resources to an intense concentration on fostering and sustaining an increase in the number of vital congregations effective in making disciples of Jesus Christ for the transformation of the world."

² See, for example, David A. Roozen and C. Kirk Hadaway, *Church Denominational Growth: What Does and Does Not Cause Growth and Decline*, Abingdon Press, Nashville, Tennessee, 1993 and Roger Finke and Rodney Stark, *The Churching of America, 1776-2005*, Rutgers University Press, New Brunswick, NJ, 2006.

Figure 1

Annual Changes in Worship Attendance



The shaded area highlights the rapid decline. Since records have been kept, we have never seen nine consecutive years of decline in worship attendance. The accumulated loss over these nine years reaches almost 0.5 million attendees--a 13.9% decrease in worship attendance. The annual average loss in attendance over these nine years equals 54,774. If this annual loss in worship attendance continues into the future, we will have to close all of our churches. The last worship service, according to this simple projection, will be held in the year 2065. The infants we baptized in 2010 will no longer attend a United Methodist worship service by the time they reach the age of 55.

The last United Methodist church in the US would likely close sooner than 2065 because of the earlier loss of the infrastructure required to support the denomination. With this annual decline, the closure of the last United Methodist church would more likely occur fifteen years earlier--by 2050--less than forty years away. Our predecessor denomination was established in 1784 at the historic Christmas Conference. None of our members were there. Yet, if this simple projection were accurate (which is unlikely), many of our current members will be around to see its demise. The method used in this projection is far too simplistic to be useful. But it does demonstrate the urgency of the day.

II. A More Sophisticated and (Hopefully) More Accurate Projection

A more sophisticated projection model has been constructed for the purpose of painting a more accurate portrait of our future. It is sophisticated in that it makes use of extensive data collections and appropriate statistical tools of analysis. It required the use of data from end-of-year local church reports, clergy pension records, demographic information about the US population, physical addresses

of our churches, measures of inflation, records of mergers of annual conferences, life expectancy tables, and attendance patterns among other mainline denominations. It required the use of completed studies of new church starts, the impact of debt upon the local church, drivers of church growth, and local church spending patterns.

The projection model includes several working components. A worship attendance component incorporates the known drivers of worship attendance. This component incorporates new church starts and predicts church closures. The clergy component identifies every elder and provisional elder in the denomination. The component “ages” each elder and predicts the time of retirement and death. It incorporates new elders into the denomination, each having his or her own assigned age and gender. It separates elders into two groups: those seeking appointments in the local church and those seeking employment beyond the local church. A local church component identifies local churches seeking elders as appointed clergy.

Spending Components³

The spending component projects several key spending variables: program expenditures, compensation for non-clergy staff, facility expenditures from both savings and loans, and total debt. Churches are separated into three groups: churches with complete histories (1990-2009)—Group 1, churches with incomplete histories (new churches with less than 15 years operating history by 2009)—Group 2, and new churches yet to be established (new churches established 2010 to 2030)—Group 3.

Each local church is assigned spending levels among components based upon changes observed over the 1990 to 2009 time period. Annual changes (not percentages) are calculated for each component and added annually to the 2009 starting year. All figures are adjusted for inflation. Limits are placed upon each projection based upon a maximum percentage—the maximum percentage being a percentage of total net spending. Total net spending projections are based upon historic changes in net spending per attendee times projected attendance.

Worship Attendance

Worship attendance projections come from several regression equations.⁴ Each equation lags explanatory variables one year. This means that program expenditures are expected to have their impact on worship attendance the following year. The explanatory variables include each of the spending components, age and gender of the senior pastor, years the senior pastor has been in the appointment, affinity population, and a “decay” variable. The decay variable is a time trend that decreases worship attendance as time passes. The magnitude of the decay variable is based upon

³ The spending components are identified in a series of studies. For example, see Donald R. House and Lovett H. Weems, Jr., “Local Church Indebtedness and Local Church Vitality: Will the Increase in Local Church Indebtedness Over Past Decades Pay Dividends?”, Texas Methodist Foundation, September 2011.

⁴ Regression equations are part of a statistical analysis used by economists and others to identify relationships among variables and measure their magnitudes. With regression analysis it is possible to separate multiple forces at work and examine each individually. See, for example, Hans Levenback and James P. Cleary, *The Beginning Forecaster: The Forecasting Process Through Data Analysis*, Lifetime Learnings Publications, Belmont, CA, 1981.

historical trends, measured over the 1990 to 2009 period. The magnitude of the decay variable differs across church size. For our purposes, the decay variable measures a growing anti-church theme in society.

Table 1 presents the grouping of local churches among assigned tiers. The structures used for projections differ by tier.

Table 1

Tier Assignments

Tier 1	Worship Attendance Less Than 60
Tier 2	Worship Attendance 60 to 124
Tier 3	Worship Attendance 125 to 349
Tier 4	Worship Attendance 350 to 499
Tier 5	Worship Attendance 500 to 999
Tier 6	Worship Attendance 1,000 and Above

Local Church Positions for Elders

Projections for elder positions in the local church are based upon several sets of regression equations. For churches with single pastors, the projection equation includes, as explanatory variables, worship attendance and the minimum compensation for elders set by the annual conference. For each local church, the equations calculate a probability that the local church will seek an elder as senior pastor. A random number is generated to determine which of the local churches will seek an elder.

For multiple pastor churches, projection equations first project the number of pastors to be appointed. The projection equations include, as explanatory variables, worship attendance, net spending per attendee, affinity population, minimum salary for elders, and the ethnic/racial composition of the congregation. Once the number of clergy appointed is established, another projection equation projects the percentage of these clergy that will be elders. The elder percentage equation contains the same explanatory variables.

Elders Seeking Positions in the Local Church

The projection of the number of elders seeking positions in the local church begins with a census of elders for each year between 1982 and 2010. Elders serving the local church as pastors are identified. Projection equations are used to predict retirements, transitions to an inactive status, and death. These equations are used for predictions for every individual elder.

For each annual conference, new elders are introduced in each year of the projection, based upon historical patterns for each annual conference. Age and gender compositions of new elders are

based upon historical patterns. Projection equations are used to predict retirements, transitions to an inactive status, and death.

Once the pool of active elders is completed, elders are separated into two groups: those seeking positions beyond the local church (missionaries, staff of seminaries, district superintendents, etc.) and those seeking appointments in the local church. Historical trends separating the two groups are constructed and used to project the number of elders with positions beyond the local church. All remaining elders are assumed to seek appointments in the local church.

Surplus (Shortage) of Elders

Each year of the projection, the number of elders seeking appointments in the local church is compared to the number of elder positions in the local church. For each year, there can be a surplus or a shortage. The condition of surplus/shortage can differ between and among each annual conference. Annual conference projections are not included in the national projections.

Net Spending

Net spending, for the purposes of the projections, is defined as total local church expenditures minus payments on principle and interest on loans and facilities expenditures from savings. Other measures of net spending may be defined differently. The total net spending projection is simply the product of net spending per attendee and worship attendance. These figures are expressed in nominal and real (adjusted for inflation) terms.

Church Closures

Church closures are projected on the basis of worship attendance and net spending per attendee. Closures are assumed to occur if worship attendance reaches a minimum. The minimum is increased if the congregation is financially strong. Table 2 presents the closure conditions.

Table 2
Conditions of Church Closure

	Net	
	Expenditures	
Worship	Per Attend	Church
Attendance	Limit	Condition
15 or greater	None	Open
10 to 14	50th Percentile	Open
5 to 9	75th Percentile	Open
0 to 4	None	Closed

A local church with worship attendance greater than 14 is assumed to remain open. One with worship attendance between 10 and 14 is assumed to remain open only if net expenditures per attendee exceed the 50th percentile (median) of net expenditures per attendee in the previous year. If not, the church is

assumed closed. One with worship attendance of 5 to 9 is assumed to remain open if the net expenditures per attendee exceed the 75th percentile of net expenditures per attendee in the previous year. If not, the church is assumed closed. A local church with average worship attendance less than 5 under any condition is assumed to remain closed. This screen is applied every year to every church between 2010 and 2030.

This closure rule does not match those currently used by annual conferences and their districts. Some are more severe and some are less severe. In the future, budget pressures will reduce the financial subsidies required to keep the very small local churches operating.⁵

Number of Local Churches

The projected number of local churches for each year represents the number of local church existing the previous year, minus new closures, plus new church starts. As explained, church closures occur when worship attendance falls below a minimum threshold. Minimum thresholds can differ depending upon the financial strength of the congregation. New church starts are introduced by historic patterns within each annual conference.

New Church Starts

Projections of new church starts are based upon historical patterns observed within each annual conference. These patterns take into account the number of new church starts, the first-year average worship attendance, and the ethnic/racial composition of the congregation. Each new church start, beginning after 2009, follows the growth pattern of an actual new church start observed during the 1990 to 1995 period. Once the new church has completed 15 years of operation, the assignment of spending patterns and senior pastors follow methods used for existing churches.

Spending Limits

Using historical spending patterns, it is usual to find annual increases in spending that are unsustainable. In such instances, limits are placed upon components. The limits are tailored to the specific variable. Table 3 presents the spending limits imposed upon the projections.

⁵ Gil Rendle recognizes the need to increase the minimums required of small churches. The subsidies expended to maintain operations among very small churches are significant. Many annual conferences find it increasingly difficult to fund these subsidies.

Table 3
Spending Limits

Spending Component	Limit	Applies
Program Expenses	25% of total net spending	All Churches
Non-Clergy Staff Compensation	40% of total net spending	All Churches
Facilities Spending from Savings	100% of total net spending	All Churches
Total Debt	125% of total net spending	Tier 2 Churches Only
Facilities Spending from Loans	200% of total net spending	Tiers 3 and Above

Worship Attendance Growth Limits

Given the projections of spending, it is possible to project a growth of worship attendance that is unreasonable. To limit the growth in projected worship attendance, the increase in worship attendance cannot exceed an increase of 0.5% of the existing affinity population. The application of the worship attendance growth limit is relatively rare—less than 4% of the time for Tier 1 churches and less than 1% of the time for Tier 6 churches.

Net Spending per Attendee Limits

Using historical growth patterns, it is possible to project unreasonable levels of net spending per attendee (adjusted for inflation). The projections include limits established for each tier during each year of the projection to mitigate the likelihood that unreasonable or unsustainable spending is included in the projections. The limit represents the 90th percentile in each tier-year distribution.

A Growing Anti-Church Theme

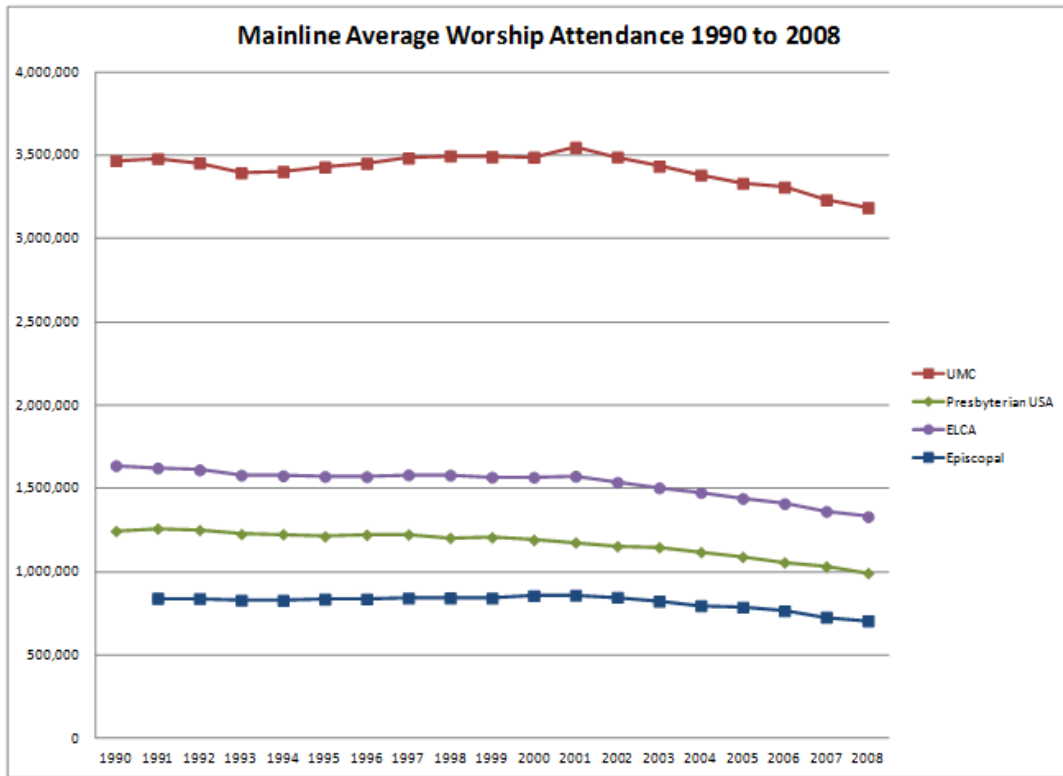
Lovett Weems has recently identified a marked increase in the decline in worship attendance among mainline denominations beginning in 2002. Figure 2 presents worship attendance records among four mainline denominations.⁶

⁶ These data were graciously provided by Lovett Weems.

Figure 2

Worship Attendance

Four Mainline Denominations



It is important to note that the marked increase in the rate of decline is shared among all our denominations. It is most pronounced among the United Methodists and the ELCA. Studies of the rate of decline in the United Methodist church clearly record the marked downturn and the fact that it does not seem to be related to any observed factors that would explain it. For our purposes, we are referring to this trend as the product of an anti-church theme that negatively affects worship attendance. It may reflect the growing secularization of modern society in the US. It may reflect the growing reports of lawsuits seeking to rid our communities of Christian symbols. It may reflect the efforts to eliminate references to Christmas and Easter in schools. It may reflect the growth of sports clubs that require our children’s Sunday attendance at sporting events. This listing could be expanded.⁷

⁷ The secularization of society in the US has been a subject in the literature for some time. See, for example, Jonathan Gruber and Daniel M. Hungerman, “The Church vs. the Mall: What Happens When Religion Faces Increased Secular Competition?,” National Bureau of Economic Research, Working Paper 12410, July 2006.

For our projections to be useful and reasonably accurate, one must take this recent trend into account. The projections do so and permit the strength of the anti-church theme to increase with time. In none of the projections do we assume that it will cease to exist but will remain as a barrier to overcome.

III. Projections of Worship Attendance

No one knows with certainty what the future holds for our local churches. There are some drivers that affect worship attendance that are well-identified and how some of these drivers will affect worship attendance is well-understood. For instance, we know how a church is affected by changing demographics of the population surrounding the local church, and we have good projections of these demographic changes. However, there are other drivers. Church leaders will help determine the extent to which some of these drivers will enhance worship attendance. However, we do not know the path church leaders will take. Nor do we know the future strength of the anti-church theme in the US.

Because of these uncertainties, it is best to construct several projections, each with differing assumptions concerning the known drivers. Multiple projections provide useful information. They can help determine the range of possible outcomes and the sensitivity of the outcome to differing assumptions. They enable the reader to make his or her own selection of assumptions to establish a preferred projection.

Based upon recent research, there are three drivers that require special attention. Some are under the control of church leaders. One is not.

1. Local Church Spending Patterns
2. New Church Starts
3. Anti-church Theme

Research shows that a local church is more likely to grow if it spends its funds for the purpose of growth. Spending patterns matter. Each projection must specify how local churches will spend their funds.

Research also shows that new church starts promote growth in worship attendance—much more than existing churches. All new church starts are not the same. One must establish the essential characteristics of each new church start.

The recent decline in worship attendance presented in the shaded area of Figure 1 can be identified and measured. It is related to the growing anti-church theme, and one must consider its future strength. Can local churches effectively overcome this barrier and return to a path of growth?

IV. Projections of Elder Positions in the Local Church

The local church is the single largest employer of elders in the United Methodist church. In 2009, 77 percent of active elders were serving the local church. As one might expect, the positions available for elders in the local church has decreased with the decline in worship attendance and the decline in the number of churches. Table 1 presents the counts of elders serving the local church, comprised of elders in churches with single pastoral appointments and elders in churches with multiple pastoral appointments.

Table 4

Number of Elders Serving the Local Church

Year	Single	Multiple	Total	Mult Pct
1990	20,124	4,632	24,756	18.71%
1991	20,098	4,542	24,640	18.43%
1992	20,128	4,430	24,558	18.04%
1993	20,005	4,421	24,426	18.10%
1994	19,874	4,447	24,321	18.28%
1995	19,753	4,458	24,211	18.41%
1996	19,690	4,500	24,190	18.60%
1997	19,537	4,779	24,316	19.65%
1998	19,428	4,784	24,212	19.76%
1999	19,302	4,914	24,216	20.29%
2000	19,096	5,021	24,117	20.82%
2001	19,022	5,123	24,145	21.22%
2002	18,934	5,088	24,022	21.18%
2003	18,883	5,072	23,955	21.17%
2004	18,780	5,136	23,916	21.48%
2005	18,602	5,239	23,841	21.97%
2006	18,223	5,367	23,590	22.75%
2007	17,930	5,815	23,745	24.49%
2008	17,652	5,707	23,359	24.43%
2009	17,623	5,597	23,220	24.10%
Rates	-12.4%	20.8%	-0.34%	

Over this period, the total number of elders appointed to the local church decreased at an annual rate of 0.34%. Notice that the number of elders in churches with multiple pastoral appointments actually increased from 4,632 in 1990 to 5,597 in 2009. Today, about one fourth of our elders serve local churches with multiple pastoral appointments.

Records indicate that elders are rarely appointed to our smaller churches (Tier 1), and our largest churches (Tier 6) are always led by elders. Part of the reason for this pattern is the annual

conference requirement that elders must be compensated at or above an established minimum salary. Many smaller churches find it difficult to establish its pastor compensation at or above this minimum.

Research indicates that the likelihood that a local church will establish a salary at or above this minimum depends upon its worship attendance and the minimum established by the annual conference. Projections must take into account changes in these minimum salaries. Many are concerned about the levels of educational debt new seminary graduates have to carry. Some argue for increases in these minimums to ensure a compensation package that would allow new clergy to handle educational debt and all other financial obligations.

V. A Series of Projections

The following pages present seven projections based upon differing assumptions. Comparisons between and among these projections help tell a story. It helps focus upon the central forces at work that will determine our future as a denomination.

To place things in historical perspective, keep in mind the following facts:

Table 5
Annual Rates of Change

	1990-2000	2000-2010	2005-2010	1990-2010
Worship attendance	0.06%	-1.32%	-1.72%	-0.54%
Elder Appointments	-0.26%	-0.42%	-0.66%	-0.34%
<i>Expenditures</i>				
Programs	2.61%	-0.89%	-2.80%	0.94%
Non-clergy staff	4.71%	2.27%	1.15%	3.55%
Facilities from savings	4.37%	-2.25%	-0.26%	1.18%
Facilities from loan	5.16%	-1.01%	-10.30%	2.03%
Total	4.94%	0.00%	-2.32%	2.44%

The rate of decline in worship attendance became steeper in the second half of this decade. The loss of elder positions in the local church likewise declined at a faster pace in the second half. Spending patterns changed partly due to the recession. Expenditures on facilities from loans took the largest hit (-10.30%). Due to the downward spending trend among these four spending components, total spending was flat during the past decade (0.00%), compared to significant growth the previous decade (4.94%). It is notable, but not surprising, that between 2000 and 2009 local churches protected non-clergy staff positions (1.15%) but cut programs (-2.80%) and expenditures on facilities from savings (-0.26%). An important questions remains—what will local churches do after the recession?

Some of the tables are separated into groups. Group 1 represents local churches that were consistently in operation between 1990 and 2009. Group 2 are churches that started after 1990 and were in operation in 2009. Group 3 are projected new church starts—starting between 2010 and 2030.

Projection I

The first projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches (32,684 in total) mirrors the 1990-2009 growth patterns. Average annual growth rates in among key spending components, adjusted for inflation, are as follows:⁸

Program Expenditures:	1.28%
Non-clergy Staff Compensation:	1.47%
Facilities Expenditures: Savings:	0.46%
Facilities Expenditures: Loans	5.55%

The expenditures for each of these categories vary by local church, based upon its own spending histories. The projected spending levels for each local church are multiplied by the probabilities of positive spending in each category.⁹ These growth rates were influenced by the 2007 and 2008 recession.

2. New church starts reflect the historical frequencies and sizes as recorded within each annual conference over the 1990 to 2009 period. New church starts are separated into categories based upon 1st-year worship attendance. Category 1 includes churches with worship attendance equal to or less than 50. Category 2 includes churches with 1st-year worship attendance greater than 50.

3. The anti-church theme over the 2002 to 2009 period reduced worship attendance. The effect varied by church size (192.5 attendees among churches with worship attendance greater than 1,000 and 7.1 attendees among churches with worship attendance less than 60). The projection assumes that the effect upon local churches grows with time. The average reduction increases in size by 0.1 attendees per year in the smaller churches and by 0.05 per year among the larger churches. The anti-church theme is not assumed to subside but to gradually increase in magnitude. By 2030, the loss of attendees from the anti-church theme is projected to be 200% of the level observed between 2002 and 2009.

⁸ These growth rates are derived from calculations that take into account church closures and historical patterns spending.

⁹ For example, if a church employs non-clergy staff fifteen out of the twenty years between 1990 and 2009, each year in the future is assigned a probability of non-clergy staff spending of 0.75.

Table 6
Projected Spending Patterns
Adjusted for Inflation
Projection I

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,791,584	533,031,712	227,383,328	154,276,928	1,053,483,552
2011	139,421,632	536,775,136	225,173,680	168,529,008	1,069,899,456
2012	140,677,200	544,945,792	225,102,784	184,073,984	1,094,799,760
2013	142,176,592	554,378,368	225,502,752	199,639,056	1,121,696,768
2014	143,826,240	564,342,272	226,147,344	214,767,408	1,149,083,264
2015	145,744,976	574,577,536	227,095,584	230,185,584	1,177,603,680
2016	147,748,800	584,780,544	228,294,288	245,407,584	1,206,231,216
2017	149,822,576	594,501,376	229,492,496	260,578,208	1,234,394,656
2018	151,912,368	603,968,640	230,874,912	275,590,912	1,262,346,832
2019	154,056,400	613,295,680	232,389,568	290,569,248	1,290,310,896
2020	156,243,984	622,613,760	233,542,160	305,370,912	1,317,770,816
2021	158,472,672	631,852,096	234,707,216	319,868,640	1,344,900,624
2022	160,740,704	641,070,912	235,992,528	334,626,592	1,372,430,736
2023	163,049,600	650,444,672	237,662,848	349,864,288	1,401,021,408
2024	165,388,800	659,841,216	239,380,144	365,027,680	1,429,637,840
2025	167,722,784	668,909,760	241,043,552	380,026,208	1,457,702,304
2026	170,028,656	677,854,656	242,747,712	394,988,448	1,485,619,472
2027	172,289,408	686,719,232	244,473,584	409,866,016	1,513,348,240
2028	174,552,832	695,724,992	246,063,088	424,718,912	1,541,059,824
2029	176,864,976	704,832,896	247,748,752	439,546,464	1,568,993,088
2030	179,105,376	713,680,896	249,245,488	454,159,328	1,596,191,088
Rates	1.28%	1.47%	0.46%	5.55%	2.10%

This projection assumes that between 2010 and 2030, spending (adjusted for inflation) for programs will increase at an annual rate of 1.28%. This is slightly above the annual rate registered for the 1990-2010 period. The annual rate for non-clergy staff compensation is 1.47%--slightly greater than that of programs. Spending on facilities from savings is expected to increase modestly (0.46% per year). The most significant growth is in spending on facilities from loans (5.55%). This is slightly larger than the annual rate for the 1990 to 2000 period. These figures represent what was derived from the actual spending patterns of local churches between 1990 and 2009. These rates all reflect the impact of the recession.

Table 7
Worship Attendance
Projection I

	Group 1	Group 2	Group 3	Total
2010	2,986,538	85,039	2,908	3,074,485
2011	2,935,833	86,284	5,198	3,027,315
2012	2,913,732	87,869	9,716	3,011,317
2013	2,894,791	87,934	14,489	2,997,214
2014	2,874,560	89,964	18,802	2,983,326
2015	2,852,811	91,298	22,996	2,967,105
2016	2,828,535	92,220	27,836	2,948,591
2017	2,802,337	93,483	32,032	2,927,852
2018	2,775,204	93,759	37,496	2,906,459
2019	2,748,076	94,894	43,904	2,886,874
2020	2,722,009	98,140	47,344	2,867,493
2021	2,697,151	99,889	53,371	2,850,411
2022	2,673,349	101,406	60,562	2,835,317
2023	2,650,950	103,183	67,608	2,821,741
2024	2,629,150	104,287	75,030	2,808,467
2025	2,607,427	103,434	80,403	2,791,264
2026	2,584,468	105,300	87,480	2,777,248
2027	2,562,678	106,519	92,108	2,761,305
2028	2,540,284	109,187	95,770	2,745,241
2029	2,519,247	112,238	100,294	2,731,779
2030	2,498,352	114,658	106,556	2,719,566
Rates	-0.89%	1.51%	19.73%	-0.61%

Worship attendance among long-established churches (Group1) is projected to decline at an annual rate of 0.89%. This rate is less than the rate of decline over the 2000 to 2010 period (1.32%). This figure reflects the spending patterns presented above and a continuation of the anti-church theme. Growth among new churches is expected to partially offset this rate of decline—reducing its rate from 0.89% to 0.61%. The anti-church theme is expected to grow in strength. Local churches, through spending, are expected to partially offset the downward pressures from the theme.

Table 8
Church Closures
Projection I

	Group 1	Group 2	Group 3	Total
2010	269	7	0	276
2011	352	12	0	364
2012	233	13	0	246
2013	251	5	2	258
2014	344	7	1	352
2015	307	9	4	320
2016	353	7	3	363
2017	382	11	8	401
2018	348	8	2	358
2019	384	8	2	394
2020	376	6	5	387
2021	386	5	4	395
2022	391	6	3	400
2023	444	8	4	456
2024	439	7	8	454
2025	455	5	5	465
2026	362	4	7	373
2027	346	6	8	360
2028	333	2	9	344
2029	355	2	5	362
2030	319	4	5	328
Total	7,429	142	85	7,656

Due to the decline in worship attendance, we expect in this projection to close 7,656 local churches. A total of 85 of the 665 new churches in Group 3 (or 12.8%) are expected to close before the end of 2030. By new church start standards, this is a relatively small percentage. Some of the new churches, by 2030, would have very few years of operation and less opportunity to fail. A total of 142 of the new churches established after 1990 and before 2010 (out of 632) are expected to close. This represents 22.5% of these churches.

Table 9
Number of Elder Appointments
Projection I

	Group1	Group 2	Group 3	Total
2010	11,329	301	17	11,647
2011	11,248	300	29	11,577
2012	10,964	286	54	11,304
2013	10,926	285	77	11,288
2014	10,748	287	83	11,118
2015	10,554	270	101	10,925
2016	10,489	265	120	10,874
2017	10,266	260	139	10,665
2018	10,102	248	141	10,491
2019	10,030	245	178	10,453
2020	9,987	242	191	10,420
2021	9,850	252	195	10,297
2022	9,667	233	204	10,104
2023	9,463	238	219	9,920
2024	9,343	245	241	9,829
2025	9,307	242	262	9,811
2026	9,287	249	278	9,814
2027	9,045	246	278	9,569
2028	9,053	239	287	9,579
2029	8,889	245	312	9,446
2030	8,684	244	317	9,245
Rate	-1.32%	-1.04%	15.75%	-1.15%
Net Loss	2,645			2,402

Due to both worship attendance decline and spending pressures, there will be a loss of 2,402 elder appointments between 2010 and 2030, according to Projection I. Annual rates of decline are expected among long-established churches (Group1), followed by churches established sometime between 1990 and 2009. New churches are expected to create 317 new elder appointments by 2030. Growth among new churches significantly reduces the rate of decline in elder appointments—from -1.32% to -1.15%.

One might note that the annual rate of decrease in worship attendance in this projection is 0.61% compared to the annual rate of decrease in elder appointments—1.15%. We are expected to lose elder appointments faster than worship attendees. This fact is driven by the pattern of changes in worship attendance. The largest churches (Tier 5 and Tier 6) are expected to gain attendees membership, and the smaller churches are expected to lose attendees. The loss of attendees in Tier 2 significantly affects the number of elder appointments while the gains in attendees in the larger churches have much smaller, positive effects on elder appointments.

Projection II

The second projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches mirrors the 1990-2009 growth patterns (same as Projection I). The annual spending growth rates in this scenario are slightly less than those in Projection 1 because, as will be explained below, there are more church closures. Average annual growth rates are as follows:

Program Expenditures:	1.19%
Non-clergy Staff Compensation:	1.37%
Facilities Expenditures: Savings:	0.31%
Facilities Expenditures: Loans	5.51%

2. New church starts are significantly increased—doubled the frequencies included in Projection 1. The mix of new church starts is similar to those in Projection I. There are no efforts to increase the percentage of new churches in Category I at the expense of new churches in Category II. This assumption may best reflect in the intent behind the Path I program.

3. The anti-church theme is assumed to become significantly stronger as time passes. The loss of attendees caused by the theme is 50% greater than losses attributed to the anti-church theme in Projection I. The increased numbers of new church starts in this projection might be viewed as an effort to mitigate the effects of a stronger anti-church theme.

Table 10**Projected Spending Patterns****Adjusted for Inflation****Projection II**

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,774,864	532,894,976	227,256,352	154,188,416	1,053,114,608
2011	139,375,536	536,427,008	224,895,312	168,336,496	1,069,034,352
2012	140,590,816	544,330,560	224,645,584	183,771,680	1,093,338,640
2013	142,032,624	553,445,696	224,848,624	199,198,288	1,119,525,232
2014	143,613,584	563,051,008	225,269,536	214,189,008	1,146,123,136
2015	145,446,768	572,906,560	225,975,712	229,457,504	1,173,786,544
2016	147,355,168	582,655,424	226,901,456	244,527,632	1,201,439,680
2017	149,325,808	591,877,248	227,814,096	259,532,688	1,228,549,840
2018	151,285,296	600,795,840	228,897,280	274,337,600	1,255,316,016
2019	153,291,296	609,489,408	230,016,928	289,077,664	1,281,875,296
2020	155,308,976	618,106,496	230,633,456	303,619,168	1,307,668,096
2021	157,359,856	626,596,096	231,435,584	317,851,936	1,333,243,472
2022	159,475,952	635,045,376	232,472,112	332,855,424	1,359,848,864
2023	161,575,216	643,544,640	233,734,752	347,976,256	1,386,830,864
2024	163,673,440	652,004,608	234,986,256	362,920,320	1,413,584,624
2025	165,749,440	660,068,736	236,184,048	377,630,656	1,439,632,880
2026	167,827,552	668,011,776	237,407,552	392,349,440	1,465,596,320
2027	169,895,408	675,783,872	238,631,040	407,037,472	1,491,347,792
2028	171,922,160	683,549,824	239,610,928	421,617,248	1,516,700,160
2029	173,954,928	691,407,808	240,645,296	436,157,504	1,542,165,536
2030	175,887,376	698,939,520	241,546,176	450,398,912	1,566,771,984
Rates	1.19%	1.37%	0.31%	5.51%	2.01%

As explained, projected spending patterns are slightly reduced compared to those in Projection I. This is due to the projected increase in the number of church closers.

Table 11
Worship Attendance
Projection II

	Group 1	Group 2	Group 3	Total	Total adjusted
2010	2,975,328	85,039	5,816	3,066,183	3,063,275
2011	2,913,259	86,274	10,396	3,009,929	3,004,731
2012	2,879,653	87,840	19,432	2,986,925	2,977,209
2013	2,849,150	87,869	28,978	2,965,997	2,951,508
2014	2,817,437	89,856	37,604	2,944,897	2,926,095
2015	2,784,161	91,139	45,992	2,921,292	2,898,296
2016	2,749,020	91,976	55,672	2,896,668	2,868,832
2017	2,711,619	93,160	64,064	2,868,843	2,836,811
2018	2,673,596	93,360	74,992	2,841,948	2,804,452
2019	2,636,335	94,402	87,808	2,818,545	2,774,641
2020	2,599,942	97,559	94,688	2,792,189	2,744,845
2021	2,565,139	99,197	106,742	2,771,078	2,717,707
2022	2,531,525	100,627	121,124	2,753,276	2,692,714
2023	2,499,724	102,259	135,216	2,737,199	2,669,591
2024	2,468,802	103,231	150,060	2,722,093	2,647,063
2025	2,438,054	102,251	160,786	2,701,091	2,620,698
2026	2,406,344	103,975	174,906	2,685,225	2,597,772
2027	2,376,049	105,087	184,104	2,665,240	2,573,188
2028	2,345,125	107,583	191,344	2,644,052	2,548,380
2029	2,316,271	110,503	200,292	2,627,066	2,526,920
2030	2,287,612	112,814	212,692	2,613,118	2,506,772
Rates	-1.31%	1.42%	19.72%	-0.80%	-1.00%

The resulting decline in worship attendance is even steeper in spite of doubling the number of new church starts. As a comparison, a new column labeled “Total adjusted” is included to reflect the result as if the pattern of new church starts mirrors that of Projection I. With fewer new church starts, the rate of decline in worship attendance reaches 1.00% compared to 0.80%. Notice that the stronger anti-church theme alone increases the rate of decline from 0.61% to 1.00%--all else being equal. The stronger anti-church theme in this projection clearly made its mark. The increase in new church starts partially mitigated its impact.

Table 12
Church Closures
Projection II

	Group 1	Group 2	Group 3	Total
2010	391	7	0	398
2011	397	12	0	409
2012	345	13	0	358
2013	398	5	4	405
2014	449	8	2	458
2015	504	9	8	517
2016	463	9	6	475
2017	559	12	16	579
2018	496	7	4	505
2019	519	7	4	528
2020	547	5	10	557
2021	537	5	8	546
2022	582	6	6	591
2023	593	10	8	607
2024	561	8	16	577
2025	578	4	10	587
2026	509	8	14	524
2027	468	6	16	482
2028	494	7	18	510
2029	434	3	10	442
2030	440	4	10	449
Total	10,264	155	170	10,504

Church closures increased from 7,656 to 10,504 in response to a stronger anti-church theme and twice the number of new church starts. The increase in new church starts had little effect since there are relatively few church closures among new church starts. The projected closures represent 30.2% of all churches—old and new.

Table 13

Number of Elder Appointments

Projection II

	Group1	Group 2	Group 3	Total
2010	11,269	310	40	11,619
2011	11,146	305	54	11,505
2012	10,891	292	112	11,295
2013	10,757	280	138	11,175
2014	10,562	277	184	11,023
2015	10,403	258	196	10,857
2016	10,240	270	244	10,754
2017	10,023	253	264	10,540
2018	9,966	252	300	10,518
2019	9,714	239	330	10,283
2020	9,543	237	362	10,142
2021	9,482	239	394	10,115
2022	9,276	238	430	9,944
2023	9,061	237	464	9,762
2024	8,969	245	506	9,720
2025	8,841	241	522	9,604
2026	8,741	249	564	9,554
2027	8,659	244	586	9,489
2028	8556	248	590	9,394
2029	8385	248	602	9,235
2030	8218	244	620	9,082
	-1.57%	-1.19%	14.69%	-1.22%
Net Loss	3,051			2,537

The number of elder appointments in the local church decreases at a faster pace than in Projection I (1.15%). The additional new church starts add only another 310 elder appointments by 2030. The total loss of elder appointments by 2030 equals 2,537. This represents the loss of an additional 135 elder appointments.

Projection III

The third projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches reflects an increased spending level among all components. These rates are not unreasonable in that they are quite similar to the rates recorded over the 1990-2005 period which excludes the recent recession. Average annual growth rates are as follows:

Program Expenditures:	2.21%
Non-clergy Staff Compensation:	2.80%
Facilities Expenditures: Savings:	1.87%
Facilities Expenditures: Loans	5.55%

2. New church starts are based upon historical patterns—similar to those in Projection I.
3. The anti-church theme is assumed to be significantly stronger as time passes—the same as in Projection II.

Table 14
Projected Spending Patterns
Adjusted for Inflation
Projection III

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,774,864	532,894,976	227,256,352	154,188,416	1,053,114,608
2011	140,616,352	558,096,128	225,228,688	168,336,496	1,092,277,664
2012	143,404,976	584,438,080	228,337,936	184,218,240	1,140,399,232
2013	146,700,880	609,122,880	232,928,816	200,079,584	1,188,832,160
2014	150,285,072	632,366,336	238,136,544	215,460,272	1,236,248,224
2015	154,203,056	654,357,760	243,928,352	231,053,824	1,283,542,992
2016	158,259,232	675,142,464	250,047,248	246,446,016	1,329,894,960
2017	162,412,432	694,616,768	256,071,232	261,740,736	1,374,841,168
2018	166,575,968	713,062,912	262,317,648	276,805,952	1,418,762,480
2019	170,707,264	730,880,512	268,493,056	291,748,032	1,461,828,864
2020	174,823,968	748,459,648	274,097,472	306,442,976	1,503,824,064
2021	178,978,000	765,672,384	279,938,496	320,818,528	1,545,407,408
2022	183,177,776	783,073,152	285,826,560	335,877,472	1,587,954,960
2023	187,300,448	800,741,312	291,779,168	351,095,008	1,630,915,936
2024	191,388,928	818,804,736	297,629,152	366,194,048	1,674,016,864
2025	195,460,944	836,544,000	303,339,744	381,084,800	1,716,429,488
2026	199,494,784	854,327,360	308,897,888	395,955,424	1,758,675,456
2027	203,469,376	872,340,352	314,301,856	410,744,544	1,800,856,128
2028	207,386,064	890,168,320	319,483,040	425,477,536	1,842,514,960
2029	211,280,816	908,457,216	324,532,992	440,210,304	1,884,481,328
2030	215,047,328	926,568,576	329,447,808	454,543,840	1,925,607,552
Rates	2.21%	2.80%	1.87%	5.55%	3.06%

The increased levels of spending among the listed components are quite evident. Total spending among these components average an annual rate of increase of 3.06% (adjusted for inflation).

Table 15

Worship Attendance

Projection III

	Group 1	Group 2	Group 3	Total
2010	2,975,328	85,039	2,908	3,063,275
2011	2,913,259	86,274	5,198	3,004,731
2012	2,899,509	87,875	9,716	2,997,100
2013	2,886,374	88,152	14,489	2,989,015
2014	2,869,811	90,415	18,802	2,979,028
2015	2,850,244	92,066	22,996	2,965,306
2016	2,827,591	93,234	27,836	2,948,661
2017	2,801,613	94,893	32,032	2,928,538
2018	2,774,406	95,808	37,496	2,907,710
2019	2,747,548	97,828	43,904	2,889,280
2020	2,721,066	101,733	47,344	2,870,143
2021	2,695,814	104,454	53,371	2,853,639
2022	2,671,652	107,147	60,562	2,839,361
2023	2,649,735	109,873	67,608	2,827,216
2024	2,628,719	111,859	75,030	2,815,608
2025	2,608,223	112,576	80,393	2,801,192
2026	2,586,594	115,648	87,588	2,789,830
2027	2,566,806	118,201	92,283	2,777,290
2028	2,546,762	122,231	96,230	2,765,223
2029	2,528,342	126,744	101,096	2,756,182
2030	2,510,510	129,401	107,654	2,747,565
Rates	-0.85%	2.12%	19.79%	-0.54%

Worship attendance is projected to decrease at an annual rate of 0.54%. This is the slowest rate projected thus far. This projection indicates that enhanced local church spending among the listed components can significantly reduce the rate of decline in the church. The increased spending among local churches would have a greater effect in mitigating the effects of the anti-church theme than would doubling the number of new church starts.

Table 16
Church Closures
Projection III

	Group 1	Group 2	Group 3	Total
2010	390	7	0	397
2011	397	12	0	409
2012	348	13	0	361
2013	399	5	2	406
2014	456	8	1	465
2015	495	9	4	508
2016	452	9	3	464
2017	565	12	8	585
2018	498	7	2	507
2019	507	7	2	516
2020	539	5	5	549
2021	545	5	4	554
2022	586	6	3	595
2023	573	10	4	587
2024	553	9	8	570
2025	571	3	5	579
2026	520	8	7	535
2027	461	5	8	474
2028	478	8	9	495
2029	438	3	5	446
2030	440	4	5	449
Total	10,212	155	85	10,452

With the increased local church spending, church closures are only slightly reduced—from 10,504 to 10,452. This conforms to the results from previous studies that closures occur among Tier 1 churches and that increased spending among Tier 1 churches have smaller effects on worship attendance.

Table 17

Number of Elder Appointments

Projection III

	Group1	Group 2	Group 3	Total
2010	11,357	302	16	11,675
2011	11,152	291	28	11,471
2012	10,937	292	48	11,277
2013	10,864	286	75	11,225
2014	10,544	283	86	10,913
2015	10,431	265	97	10,793
2016	10,371	260	126	10,757
2017	9,986	245	132	10,363
2018	10,084	258	152	10,494
2019	9,879	256	168	10,303
2020	9,783	250	189	10,222
2021	9,687	246	203	10,136
2022	9,576	233	220	10,029
2023	9,395	243	224	9,862
2024	9,250	243	238	9,731
2025	9,155	250	250	9,655
2026	9,066	251	285	9,602
2027	8,959	252	293	9,504
2028	8,889	270	299	9,458
2029	8,795	265	312	9,372
2030	8,531	259	306	9,096
	-1.42%	-0.77%	15.90%	-1.24%
Net Loss	2,826			2,579

The number of elder appointments changes little from Projection II (2,579 versus 2,537). The loss of elder appointments in Group 1 is reduced, but the smaller number of new church starts virtually offsets the smaller reduction. In total, there is a 2,579 predicted loss of elder appointments—an annual rate of decrease of 1.24%.

Projection IV

The fourth projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches is assumed to slow considerably. This might occur if either the economy never returns to normal growth rates or other financial demands upon the local church limit growth in spending among these listed components. This might occur if local churches face substantial increases in costs of pastor compensation (health benefits and pensions) and/or substantial increases in apportionments. Average annual growth rates are as follows:

Program Expenditures:	0.81%
Non-clergy Staff Compensation:	0.95%
Facilities Expenditures: Savings:	-0.12%
Facilities Expenditures: Loans	3.39%

2. New church starts are based upon historical patterns—similar to those in Projection I.
3. The anti-church theme is assumed to be significantly stronger as time passes—the same as in Projection II and Projection III.

Table 18
Projected Spending Patterns
Adjusted for Inflation
Projection IV

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,774,864	532,894,976	227,256,352	154,188,416	1,053,114,608
2011	138,972,896	533,468,928	225,140,768	160,704,032	1,058,286,624
2012	139,723,040	538,432,832	224,626,624	168,463,520	1,071,246,016
2013	140,646,992	544,608,576	224,302,240	176,227,216	1,085,785,024
2014	141,656,960	551,278,464	223,977,008	183,599,648	1,100,512,080
2015	142,861,616	558,299,648	223,780,432	191,261,200	1,116,202,896
2016	144,122,736	565,095,552	223,714,320	198,740,672	1,131,673,280
2017	145,418,352	571,477,120	223,565,072	206,152,800	1,146,613,344
2018	146,701,488	577,644,416	223,530,352	213,434,288	1,161,310,544
2019	148,014,192	583,624,256	223,527,888	220,622,032	1,175,788,368
2020	149,337,472	589,514,304	223,026,768	227,599,840	1,189,478,384
2021	150,676,912	595,237,504	222,634,352	234,349,696	1,202,898,464
2022	152,090,656	601,011,328	222,427,712	241,827,856	1,217,357,552
2023	153,500,496	606,835,584	222,446,656	249,466,416	1,232,249,152
2024	154,909,808	612,638,144	222,498,224	257,007,168	1,247,053,344
2025	156,329,728	618,091,584	222,482,480	264,356,960	1,261,260,752
2026	157,756,640	623,431,936	222,446,144	271,701,056	1,275,335,776
2027	159,160,944	628,672,960	222,408,848	278,970,080	1,289,212,832
2028	160,516,400	633,891,904	222,190,144	286,264,160	1,302,862,608
2029	161,905,216	639,110,400	222,036,928	293,499,872	1,316,552,416
2030	163,214,016	644,005,440	221,712,432	300,624,352	1,329,556,240
	0.81%	0.95%	-0.12%	3.39%	1.17%

The reduced levels of spending among the listed components are apparent when comparing the 2030 total level of \$1.3 billion versus the \$1.9 billion in Projection III. Notice that spending on facilities from savings actually decreases over the period.

Table 19

Worship Attendance

Projection IV

	Group 1	Group 2	Group 3	Total
2010	2,975,328	85,039	2,908	3,063,275
2011	2,913,259	86,274	5,198	3,004,731
2012	2,876,659	87,839	9,716	2,974,214
2013	2,843,095	87,793	14,489	2,945,377
2014	2,808,324	89,661	18,802	2,916,787
2015	2,771,866	90,749	22,996	2,885,611
2016	2,733,623	91,506	27,836	2,852,965
2017	2,692,922	92,476	32,032	2,817,430
2018	2,651,801	92,410	37,496	2,781,707
2019	2,611,420	93,120	43,904	2,748,444
2020	2,572,003	95,962	47,344	2,715,309
2021	2,534,010	97,268	53,371	2,684,649
2022	2,497,258	98,222	60,562	2,656,042
2023	2,462,444	99,526	67,608	2,629,578
2024	2,428,651	99,943	75,030	2,603,624
2025	2,394,919	98,414	80,393	2,573,726
2026	2,360,219	99,721	87,437	2,547,377
2027	2,327,044	100,323	92,008	2,519,375
2028	2,293,245	102,249	95,567	2,491,061
2029	2,261,513	104,336	99,969	2,465,818
2030	2,229,841	105,930	106,068	2,441,839
Rates	-1.43%	1.10%	19.70%	-1.13%

Worship attendance is projected to decrease at an annual rate of 1.13%. This is the fastest rate projected thus far. The more rapid rate of decrease is caused by a strong anti-church theme, a reduced growth in local church spending among the listed components, and a duplication of historical patterns of new church starts. This is a rate of decline that cannot persist for long.

Table 20
Church Closures
Projection IV

	Group 1	Group 2	Group 3	Total
2010	391	7	0	398
2011	397	12	0	409
2012	343	13	0	356
2013	401	5	2	408
2014	445	8	1	454
2015	506	9	4	519
2016	462	9	3	474
2017	561	12	8	581
2018	491	7	2	500
2019	518	7	2	527
2020	549	5	5	559
2021	544	5	4	553
2022	582	6	3	591
2023	594	10	4	608
2024	550	9	8	567
2025	581	3	5	589
2026	513	8	7	528
2027	466	6	8	480
2028	499	7	9	515
2029	436	3	5	444
2030	444	4	5	453
Total	10,273	155	85	10,513

Church closures reach its peak with 10, 513 closures by 2030. Notice that there is a projected 155 closures in Group 2 churches. There were only 632 churches in this group in 2009 which means of loss of 24.5% of these churches. Recall these churches were new church starts between 1990 and 2009.

Table 21

Number of Elder Appointments

Projection IV

	Group 1	Group 2	Group 3	Total
2010	11,289	299	15	11,603
2011	11,212	293	27	11,532
2012	10,845	293	52	11,190
2013	10,741	289	69	11,099
2014	10,526	290	90	10,906
2015	10,360	270	101	10,731
2016	10,157	261	131	10,549
2017	10,046	252	137	10,435
2018	9,880	256	137	10,273
2019	9,754	236	158	10,148
2020	9,540	247	182	9,969
2021	9,460	246	200	9,906
2022	9,265	233	216	9,714
2023	9,084	237	231	9,552
2024	8,845	241	244	9,330
2025	8,788	229	269	9,286
2026	8,724	233	283	9,240
2027	8,491	237	282	9,010
2028	8,425	243	306	8,974
2029	8,308	238	313	8,859
2030	8,108	236	316	8,660
	-1.64%	-1.18%	16.46%	-1.45%
Net Loss	3,181			2,943

The number of elder appointments decreases to new low of 8,660. The annual rate of decline in elder appointments is 1.45%. The loss of 2,943 elders represents a 25.4% decrease in elder appointments between 2010 and 2030. This loss would have substantial consequences, particularly in clergy recruitment as will be discussed later in this report.

Projection V

The fifth projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches is assumed to increase significantly. This would occur if there were significant encouragements for growth among churches among Tiers 3 through 6 and an easing of the financial pressures on the local church from costs of clergy benefits

(health and pensions) and from apportionments. This pattern of spending is also consistent with strong, sustained economic growth. Average annual growth rates are as follows:

Program Expenditures:	3.47%
Non-clergy Staff Compensation:	3.17%
Facilities Expenditures: Savings:	2.75%
Facilities Expenditures: Loans	8.20%

2. New church starts are based upon historical patterns—similar to those in Projection I.
3. The anti-church theme is assumed to be significantly stronger as time passes—the same as in Projection II, Projection III, and Projection IV.

Table 22
Projected Spending Patterns
Adjusted for Inflation
Projection V

		Programs	Staff	Savings	Loans	Total
1990	2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
1991	2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
1992	2010	138,774,864	532,894,976	227,256,352	154,188,416	1,053,114,608
1993	2011	142,808,832	563,967,488	226,424,704	183,589,856	1,116,790,880
1994	2012	148,532,992	594,754,240	232,888,960	214,840,928	1,191,017,120
1995	2013	155,127,744	623,147,200	241,339,776	245,943,152	1,265,557,872
1996	2014	162,202,080	649,410,688	250,553,840	276,506,944	1,338,673,552
1997	2015	169,671,392	674,197,504	260,224,848	307,295,424	1,411,389,168
1998	2016	177,244,752	697,638,208	270,161,312	337,894,464	1,482,938,736
1999	2017	184,849,008	719,722,112	280,039,808	368,264,160	1,552,875,088
2000	2018	192,362,224	740,821,632	289,973,184	398,335,488	1,621,492,528
2001	2019	199,767,488	761,397,504	299,613,152	428,340,384	1,689,118,528
2002	2020	207,083,936	781,802,368	308,542,464	457,922,272	1,755,351,040
2003	2021	214,271,056	801,969,728	317,521,248	487,177,440	1,820,939,472
2004	2022	221,435,168	822,415,552	326,456,800	516,774,496	1,887,082,016
2005	2023	228,500,320	843,226,816	335,385,184	546,330,816	1,953,443,136
2006	2024	235,485,088	864,583,040	344,160,032	575,687,552	2,019,915,712
2007	2025	242,348,928	885,693,632	352,678,016	604,638,464	2,085,359,040
2008	2026	249,086,688	906,999,296	360,834,912	633,324,672	2,150,245,568
2009	2027	255,689,936	928,588,736	368,822,720	661,808,896	2,214,910,288
2010	2028	262,167,504	950,134,720	376,450,176	689,909,888	2,278,662,288
2011	2029	268,570,560	972,531,328	383,940,960	717,881,984	2,342,924,832
2012	2030	274,781,568	995,128,320	391,166,688	745,222,080	2,406,298,656
	Rates	3.47%	3.17%	2.75%	8.20%	4.22%

The increased spending levels are significant. Spending on facilities from loans reach \$745.2 million by 2030. This would require considerable confidence on the part of church leaders in assuming these levels of church debt. This is not unprecedented in our church history. Between 1998 and 2008, local church debt related to facilities increased 60%—a period of ten years. The 2030 level in this projection is only 130% of the level recorded in 2008—a period of twenty-two years. These spending levels, however, would require extra-ordinary courage and foresight.

Table 23
Worship Attendance
Projection V

	Group 1	Group 2	Group 3	Total
2010	2,975,328	85,039	2,908	3,063,275
2011	2,913,259	86,274	5,198	3,004,731
2012	2,906,505	87,888	9,716	3,004,109
2013	2,900,050	88,409	14,489	3,002,948
2014	2,889,927	90,980	18,802	2,999,709
2015	2,876,469	92,715	22,996	2,992,180
2016	2,859,658	94,072	27,836	2,981,566
2017	2,839,602	96,001	32,032	2,967,635
2018	2,818,019	97,124	37,496	2,952,639
2019	2,796,803	99,313	43,904	2,940,020
2020	2,775,979	103,404	47,344	2,926,727
2021	2,756,150	106,202	53,371	2,915,723
2022	2,737,726	109,040	60,562	2,907,328
2023	2,721,203	111,789	67,608	2,900,600
2024	2,705,706	114,132	75,030	2,894,868
2025	2,690,962	115,254	80,393	2,886,609
2026	2,674,969	118,627	87,645	2,881,241
2027	2,660,654	121,470	92,407	2,874,531
2028	2,646,062	125,761	96,489	2,868,312
2029	2,633,501	130,577	101,517	2,865,595
2030	2,621,348	133,497	108,264	2,863,109
Rates	-0.63%	2.28%	19.82%	-0.34%

Worship attendance is projected to decrease at its smallest annual rate thus far—0.34%. Recall that this is accomplished with historical patterns of new church starts. The significant improvements come from existing churches through increased spending.

Table 24
Church Closures
Projection V

	Group 1	Group 2	Group 3	Total
2010	390	7	0	397
2011	397	12	0	409
2012	354	13	0	367
2013	398	5	2	405
2014	454	8	1	463
2015	490	9	4	503
2016	453	9	3	465
2017	553	12	8	573
2018	500	7	2	509
2019	502	7	2	511
2020	540	5	5	550
2021	556	5	4	565
2022	566	6	3	575
2023	580	11	4	595
2024	561	9	8	578
2025	561	3	5	569
2026	512	8	7	527
2027	470	5	8	483
2028	486	8	9	503
2029	420	3	5	428
2030	447	4	5	456
Total	10,190	156	85	10,431

Church closures in this projection are not that different than that of Projection IV (10,431 versus 10,513). This is explained by the fact that increased spending among Tier 1 churches has a smaller impact upon worship attendance, and Tier 1 churches suffer greatly from the anti-church theme.

Table 25
Number of Elder Appointments
Projection V

	Group1	Group 2	Group 3	Total
2010	11,280	302	15	11,597
2011	11,179	311	30	11,520
2012	10,874	291	56	11,221
2013	10,859	283	71	11,213
2014	10,572	268	91	10,931
2015	10,513	269	105	10,887
2016	10,367	250	126	10,743
2017	10,233	260	133	10,626
2018	10,109	247	148	10,504
2019	9,990	244	163	10,397
2020	9,878	255	186	10,319
2021	9,774	249	198	10,221
2022	9,693	248	224	10,165
2023	9,524	254	223	10,001
2024	9,476	244	242	9,962
2025	9,347	250	266	9,863
2026	9,269	249	282	9,800
2027	9,137	260	297	9,694
2028	9,038	261	289	9,588
2029	8,935	267	311	9,513
2030	8,840	251	322	9,413
	-1.21%	-0.92%	16.57%	-1.04%
Loss	2,440			2,184

The decrease in the number of elder appointments is much less than that of Projection IV (2,184 versus 2,943). This does, however, represent a decrease in the number of elder appointments of 18.8% between 2010 and 2030.

Projection VI

The sixth projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches is assumed to increase significantly—similar to the spending patterns of Projection V. Again, this would occur if there were significant

encouragements for growth among churches among Tiers 3 through 6 and an easing of the financial pressures on the local church from costs of clergy benefits (health and pensions) and from apportionments. Average annual growth rates are as follows:

Program Expenditures:	3.59%
Non-clergy Staff Compensation:	3.37%
Facilities Expenditures: Savings:	2.93%
Facilities Expenditures: Loans	8.23%

2. New church starts are based upon historical patterns—similar to those in Projection I.
3. The anti-church theme is assumed to be only 50% stronger than that observed between 2002 and 2009. This is similar to Projection I—a much weaker theme than that assumed in Projections II, III, IV, and V.

Table 26
Projected Spending Patterns
Adjusted for Inflation
Projection VI

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,791,584	533,031,712	227,383,328	154,276,928	1,053,483,552
2011	142,861,504	564,488,896	226,707,712	183,782,640	1,117,840,752
2012	148,642,128	595,859,520	233,364,096	215,148,208	1,193,013,952
2013	155,319,280	625,034,944	242,040,592	246,388,336	1,268,783,152
2014	162,495,776	652,288,000	251,538,304	277,089,536	1,343,411,616
2015	170,101,616	678,244,992	261,526,752	308,067,488	1,417,940,848
2016	177,845,648	703,032,896	271,838,048	338,824,896	1,491,541,488
2017	185,650,944	726,673,600	282,138,208	369,411,520	1,563,874,272
2018	193,412,656	749,478,272	292,552,544	399,687,552	1,635,131,024
2019	201,119,984	771,965,760	302,911,232	429,980,800	1,705,977,776
2020	208,765,136	794,437,184	312,551,232	459,909,504	1,775,663,056
2021	216,343,952	816,806,400	322,211,232	489,497,376	1,844,858,960
2022	223,850,752	839,557,312	331,674,400	518,904,096	1,913,986,560
2023	231,329,456	862,840,640	341,429,216	548,728,704	1,984,328,016
2024	238,756,416	886,772,544	351,105,376	578,387,264	2,055,021,600
2025	246,099,456	910,669,696	360,578,784	607,842,816	2,125,190,752
2026	253,312,336	934,875,136	369,792,384	636,955,392	2,194,935,248
2027	260,427,792	959,598,976	378,794,624	665,828,160	2,264,649,552
2028	267,476,624	984,490,624	387,578,848	694,399,936	2,333,946,032
2029	274,452,384	1,010,320,576	396,299,872	722,880,704	2,403,953,536
2030	281,241,248	1,036,371,264	404,795,936	750,919,104	2,473,327,552
Rates	3.59%	3.38%	2.93%	8.23%	4.36%

The increased spending levels are significant--slightly greater than spending growth in Projection V due to the smaller number of church closures as discussed below.

Table 27
Worship Attendance
Projection VI

	Group 1	Group 2	Group 3	Total
2010	2,986,538	85,039	2,908	3,074,485
2011	2,935,833	86,284	5,198	3,027,315
2012	2,940,634	87,917	9,716	3,038,267
2013	2,946,055	88,474	14,489	3,049,018
2014	2,947,635	91,090	18,802	3,057,527
2015	2,946,076	92,871	22,996	3,061,943
2016	2,940,765	94,314	27,836	3,062,915
2017	2,932,688	96,321	32,032	3,061,041
2018	2,923,139	97,516	37,496	3,058,151
2019	2,913,109	99,803	43,904	3,056,816
2020	2,903,742	103,987	47,344	3,055,073
2021	2,895,519	106,897	53,371	3,055,787
2022	2,888,131	109,831	60,562	3,058,524
2023	2,882,647	112,737	67,608	3,062,992
2024	2,877,573	115,204	75,030	3,067,807
2025	2,873,348	116,473	80,403	3,070,224
2026	2,867,778	120,013	87,671	3,075,462
2027	2,863,523	122,990	92,462	3,078,975
2028	2,859,424	127,481	96,585	3,083,490
2029	2,856,623	132,441	101,664	3,090,728
2030	2,854,355	135,491	108,469	3,098,315
Rates	-0.23%	2.36%	19.84%	0.04%

Worship attendance is projected to increase between 2010 and 2030. This represents a turnaround in the denomination in the US. The decrease in worship attendance among Group 1 churches is fully compensated by growth in Groups 2 and 3. Recall that the new church starts are similar in number as those observed historically. The key to this projection of growth is strong increases in spending and only a 50% increase in the anti-church theme by 2030. Had the projection included a doubling of new church starts, worship attendance would have increased at an annual rate of 0.21%.

Table 28
Church Closures
Projection VI

	Group 1	Group 2	Group 3	Total
2010	271	7	0	278
2011	352	12	0	364
2012	243	13	0	256
2013	245	5	2	252
2014	357	7	1	365
2015	306	9	4	319
2016	351	7	3	361
2017	372	11	8	391
2018	337	8	2	347
2019	375	8	2	385
2020	374	6	5	385
2021	369	5	4	378
2022	378	5	3	386
2023	423	9	4	436
2024	447	8	8	463
2025	438	4	5	447
2026	371	4	7	382
2027	356	5	8	369
2028	331	2	9	342
2029	336	2	5	343
2030	328	4	5	337
Total	7,360	141	85	7,586

Church closures in this projection represent the smallest among all the projections thus far—7,586. Note that even with increases in worship attendance there will be significant numbers of church closures. This is true because the increase in worship attendance occurs mostly among Tier 5 and Tier 6 churches. Decreases are projected for Tiers 1 (-3.13%) and Tier 2 (-0.92%). Tier 6 churches are projected to grow at an average annual rate of 1.72%.

Table 29

Number of Elder Appointments

Projection VI

	Group 1	Group 2	Group 3	Total
2010	11,338	300	17	11,655
2011	11,181	298	28	11,507
2012	11,011	293	50	11,354
2013	10,918	285	79	11,282
2014	10,781	284	92	11,157
2015	10,613	257	103	10,973
2016	10,585	264	123	10,972
2017	10,460	252	138	10,850
2018	10,422	257	148	10,827
2019	10,350	250	167	10,767
2020	10,184	257	182	10,623
2021	10,195	234	203	10,632
2022	10,150	256	217	10,623
2023	9,950	254	229	10,433
2024	9,888	251	246	10,385
2025	9,850	252	262	10,364
2026	9,691	256	282	10,229
2027	9,761	266	291	10,318
2028	9,593	273	291	10,157
2029	9,488	269	313	10,070
2030	9,391	267	317	9,975
	-0.94%	-0.58%	15.75%	-0.78%
Loss	1,947			1,680

The decrease in the number of elder appointments is considerably less than those among all other projections with strong anti-church theme. The increased spending in this projection leads to a smaller loss of elder appointments than in Projection I (1,680 versus 2,402). The loss of elder positions represents a decrease of only 14.4% by 2030. Note that there is a projected loss of elder appointments in spite of growth in worship attendance. This fact follows from decreases in worship attendance among Tier 2 churches.

Projection VII

The seventh projection is based upon the following assumptions:

1. Growth in local church spending among Group 1 churches is assumed to increase significantly—similar to the spending patterns of Projection III but less than that in Projections V and VI. These increases are quite reasonable, absent another severe recession between 2012 and 2030. The

additional spending would require encouragement or reduced financial pressures on the local church. Average annual growth rates are as follows:

Program Expenditures:	2.32%
Non-clergy Staff Compensation:	3.01%
Facilities Expenditures: Savings:	2.04%
Facilities Expenditures: Loans	5.59%

2. New church starts are based upon historical patterns—similar to those in Projection I.
3. The anti-church theme is assumed to reach twice the strength observed between 2002 and 2009 by 2030. This is similar to Projections I and VI but not as strong as assumed in the other projections.

Table 30
Projected Spending Patterns
Adjusted for Inflation
Projection VII

	Programs	Staff	Savings	Loans	Total
2008	148,340,080	545,263,808	294,675,232	328,180,064	1,316,459,184
2009	140,864,896	542,239,808	293,074,208	214,375,408	1,190,554,320
2010	138,791,584	533,031,712	227,383,328	154,276,928	1,053,483,552
2011	140,665,600	558,577,216	225,509,184	168,529,008	1,093,281,008
2012	143,500,336	585,423,360	228,806,304	184,518,720	1,142,248,720
2013	146,862,736	610,796,032	233,605,808	200,515,824	1,191,780,400
2014	150,526,016	634,872,384	239,067,232	216,033,936	1,240,499,568
2015	154,540,336	657,884,032	245,139,392	231,780,272	1,289,344,032
2016	158,716,880	679,890,048	251,576,912	247,330,704	1,337,514,544
2017	163,004,960	700,746,304	257,954,144	262,807,776	1,384,513,184
2018	167,334,384	720,748,160	264,603,824	278,046,400	1,430,732,768
2019	171,671,760	740,259,008	271,325,248	293,230,464	1,476,486,480
2020	176,007,376	759,666,752	277,545,568	308,191,264	1,521,410,960
2021	180,396,240	778,871,680	283,906,304	322,888,736	1,566,062,960
2022	184,802,944	798,343,104	290,207,040	337,647,008	1,611,000,096
2023	189,219,360	818,278,784	296,818,816	352,987,936	1,657,304,896
2024	193,625,424	838,707,072	303,393,600	368,292,096	1,704,018,192
2025	198,026,992	859,017,728	309,837,024	383,495,520	1,750,377,264
2026	202,381,216	879,456,384	316,186,624	398,646,272	1,796,670,496
2027	206,684,256	900,275,840	322,423,840	413,674,848	1,843,058,784
2028	210,945,840	921,174,784	328,512,768	428,702,368	1,889,335,760
2029	215,206,816	942,583,360	334,590,176	443,645,728	1,936,026,080
2030	219,372,016	963,950,208	340,457,632	458,305,056	1,982,084,912
Rates	2.32%	3.01%	2.04%	5.59%	3.21%

Increased spending levels on facilities from debt are about 40% greater than levels observed in 2008. The growth rates in all other spending components are quite reasonable.

Table 31
Worship Attendance
Projection VII

	Group 1	Group 2	Group 3	Total
2010	2,986,538	85,039	2,908	3,074,485
2011	2,935,833	86,284	5,198	3,027,315
2012	2,940,634	87,904	9,716	3,038,254
2013	2,946,055	88,217	14,489	3,048,761
2014	2,947,635	90,524	18,802	3,056,961
2015	2,946,076	92,224	22,996	3,061,296
2016	2,940,765	93,478	27,836	3,062,079
2017	2,932,688	95,214	32,032	3,059,934
2018	2,923,139	96,203	37,496	3,056,838
2019	2,913,109	98,320	43,904	3,055,333
2020	2,903,742	102,320	47,344	3,053,406
2021	2,895,519	105,154	53,371	3,054,044
2022	2,888,131	107,942	60,562	3,056,635
2023	2,882,647	110,817	67,608	3,061,072
2024	2,877,573	112,962	75,030	3,065,565
2025	2,873,348	113,810	80,403	3,067,561
2026	2,867,778	117,051	87,614	3,072,443
2027	2,863,523	119,755	92,338	3,075,616
2028	2,859,424	123,966	96,328	3,079,718
2029	2,856,623	128,621	101,247	3,086,491
2030	2,854,355	131,408	107,866	3,093,629
Rates	-0.23%	2.20%	19.80%	0.03%

Worship attendance is projected to increase between 2010 and 2030. This also represents a turnaround in the denomination in the US—in addition to Projection VI. The key to this projection is a not-so-aggressive growth in the anti-church theme and a steady growth in spending among key components. In this projection, there are to be only 665 new church starts between 2010 and 2030—similar to historic patterns.

Table 32
Church Closures
Projection VII

	Group 1	Group 2	Group 3	Total
2010	271	7	0	278
2011	352	12	0	364
2012	237	13	0	250
2013	248	5	2	255
2014	355	7	1	363
2015	304	9	4	317
2016	358	7	3	368
2017	368	11	8	387
2018	348	8	2	358
2019	378	8	2	388
2020	382	6	5	393
2021	366	5	4	375
2022	381	5	3	389
2023	446	9	4	459
2024	426	6	8	440
2025	437	5	5	447
2026	367	4	7	378
2027	357	5	8	370
2028	337	3	9	349
2029	346	2	5	353
2030	330	4	5	339
Total	7,394	141	85	7,620

Church closures in this projection represent one of the smallest among all the projections—7,620.

Table 33
Number of Elder Appointments
Projection VII

	Group 1	Group 2	Group 3	Total
2010	11,413	314	16	11,743
2011	11,198	299	30	11,527
2012	10,940	293	49	11,282
2013	10,893	288	64	11,245
2014	10,728	276	83	11,087
2015	10,611	262	105	10,978
2016	10,546	261	118	10,925
2017	10,367	263	135	10,765
2018	10,291	250	145	10,686
2019	10,254	255	167	10,676
2020	10,140	255	180	10,575
2021	10,081	250	196	10,527
2022	9,929	241	227	10,397
2023	9,778	251	229	10,258
2024	9,728	253	242	10,223
2025	9,668	244	264	10,176
2026	9,584	250	275	10,109
2027	9,464	263	297	10,024
2028	9,455	255	307	10,017
2029	9,321	272	302	9,895
2030	9,194	256	314	9,764
	-1.08%	-1.02%	16.05%	-0.92%
Loss	2,219			1,979

The decrease in the number of elder appointments is greater than those in Projection VI--1,979 versus 1,680. The additional spending levels in Projection VII (as in others) significantly affect the number of elder positions.

Overview

There have been seven projections based upon differing sets of assumptions. Table 34 below summarizes these assumptions and results.

Table 34

Summary of Results

	Anti-Church		New Church	Worship	Loss of	
	Theme	Spending	Starts	Attendance	Elder	Church
					Appointments	Closures
Projection I	200%	2.10%	665	-0.61%	2,402	7,656
Projection II	300%	2.01%	1,330	-0.80%	2,537	10,504
Projection III	300%	3.06%	665	-0.54%	2,579	10,452
Projection IV	300%	1.17%	665	-1.13%	2,943	10,513
Projection V	300%	4.22%	665	-0.34%	2,184	10,431
Projection VI	200%	4.36%	665	0.04%	1,680	7,586
Projection VII	200%	3.21%	665	0.03%	1,979	7,620

The results are revealing. Recall that the projections are partly based upon projections of changes in affinity populations (from Claritas), the historic responses in worship attendance to changes in key spending components, the historical composition of Category I and Category II new church starts, the age and gender composition of the existing pool of elders, and the historic proportions of elders serving the local church under appointment and elders serving beyond the local church. Seven projections have been constructed, based upon a variety of assumptions, all of which consider the strength of the anti-church theme, growth in local church expenditures among key components, the number and composition of new church starts, and the number of age/gender composition of new elders.

From these seven projections, it appears that arresting the decline in worship attendance in the US will be difficult. A turnaround appears to depend upon three factors: the strength of the anti-church theme, spending patterns among local churches, and new church starts. The anti-church theme is a beyond the direct control of our church leadership. It serves as a barrier to growth that can be circumvented.

Local church spending among key components depends upon growth in the US economy, and budget alignments among our local churches. Budget alignments will be affected by financial pressures from rising costs of health and pension benefits and apportionments assigned to the local church. Spending is particularly important among churches in Tiers 3 through 6.

New church starts are typically sponsored by annual conferences and districts. Some new church starts are sponsored by local churches. Path One has set goals for additional new church starts. Church leaders largely determine the composition of new church starts between Category I and Category II churches. Improved prospects for growth depend upon larger proportions of Category II churches, but higher proportions require greater investments in the new church starts. The anti-church theme, as projected, can be circumvented and the decline in worship attendance can be arrested.

VI. Elders Seeking Appointments

All seven projections indicate that the number of elders to be sought among our local churches is destined to decline. At the maximum, our denomination will lose 2,943 elder positions by 2030. At the minimum, we will lose 1,680 positions. Given these losses, it is important to know if we should expect a surplus of elders seeking appointments in the local church. With the current obligation that cabinets must find positions for elders seeking appointments, a surplus of elders would impose a considerable financial burden upon annual conferences and local churches.

The clergy component of the projection model provides projections that offer some level of comfort. The projections do not indicate that we will face significant surpluses of elders seeking appointments in spite of the decline in local church positions for elders. However, projections introduce new concerns—projections of significant shortages of elders.

The previous sets of projections focus upon the number of positions in the local church for elders. The following describes the clergy component of the model that projects the number of elders seeking those local church positions.

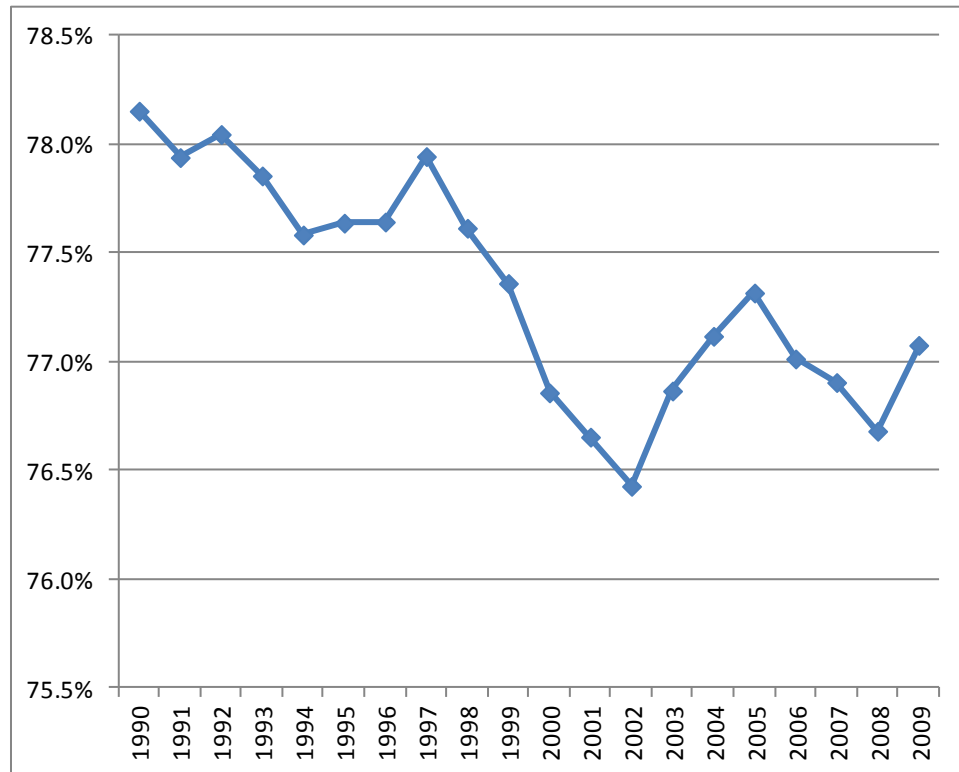
Pension files and local church end-of-year reports provide a basis for projecting the number of elders seeking appointments in the local church. Pension files contain necessary information about existing elders so that retirements can be predicted (age and gender). Local church end-of-year reports provide a basis for identifying elders serving the local church, either as senior pastors or associate pastors.

Not all active elders serve the local church as appointed clergy. Many serve as district superintendents, conference staff, and directors of annual conference institutions (such as retirement communities, area foundations, hospital chaplains, etc.). Others serve as general agency staff, including missionaries throughout the world. Some serve as staff members of other institutions.

To project the number of elders seeking appointments in the local church, it is necessary to consider what percentage of total active elders will be seeking such appointments. Figure 3 presents the historic percentage of active elders serving as appointed clergy in the local church.

Figure 3

Percentage of Active Elders in Local Church Appointments



There is a distinct downward trend but it is a slow transition—about one percentage point over twenty years of time. Over recent years, a slowly decreasing percentage of active elders are serving the local church as pastors. This suggests that employment conditions outside the local church have improved relative to appointments within the local church.

Our own projections of elders seeking appointments in the local church follow this downward trend. There are numbers of reports from seminaries that relatively few graduates plan to seek local church appointments. This is consistent with the recent trend. The clergy component of the model assumes a continuing but slow downward trend in the percentage of elders serving the local church. By 2030, the projected percentage of elders seeking appointments in the local church reaches 75.2%—representing a quite modest change.

The next step is to project the number of active clergy. For our purposes, active clergy are not retired, deceased, or in any of the inactive statuses.

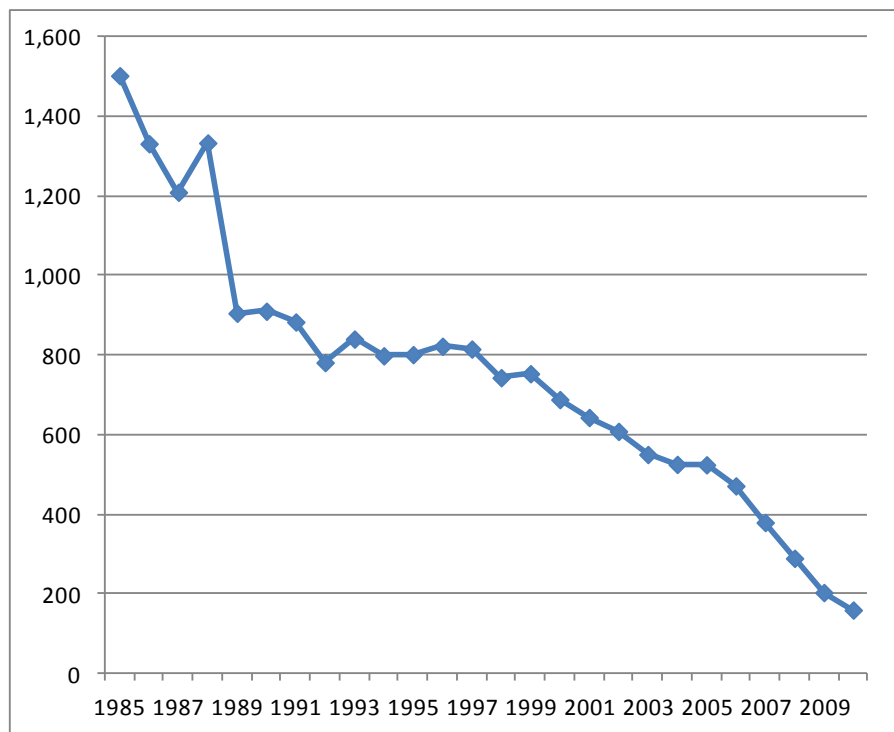
On the basis of historic retirement patterns, we find that active elders retire about the age of 64. There is a considerable range of ages around this average. According to the *Book of Discipline*, elders in appointment to the local church must retire by the age of 72. Projections of retirement ages make use of the average retirement age, the dispersion of retirement ages around this average, and the mandatory retirement age of 72. Using randomly assigned retirement ages among existing, active

elders, it is possible to project the total number of active elders, among existing elders. In addition, there will be premature deaths among active elders and active elders transitioning to an inactive status. These premature deaths and transitions must also be projected. The net result from these projections is the projected number of active elders in our denomination in the US from the existing pool of active elders.

Finally, there will be new elders joining the denomination. Figure 4 presents the number of clergy becoming either active elders or probationary elders between 1985 and 2010.

Figure 4

New Active Elders and New Probationary Elders



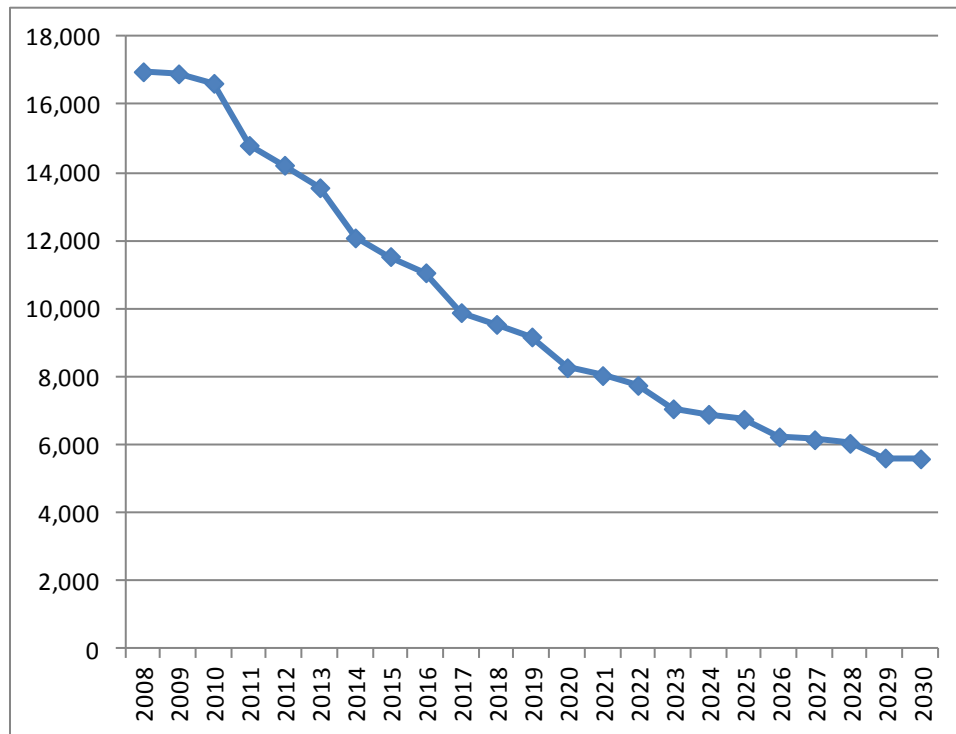
In 1985, there were 1,503 new elders and new probationary elders joining our denomination. By 2010, this number had decreased to 160. Given that in 2010 there were 16,629 active elders, the entry of only 160 is strikingly small. This represents a replacement rate of only 0.96% per year. It is severely insufficient in number to replace the number who will retire, become inactive, and die. In fact, among existing active elders, the projection model finds that there will be only 5,592 remaining active by 2030 from the existing pool of active elders. This number excludes any new elders joining our denomination.

The projections must include an assumption that governs the number of new active elders joining the denomination from 2011 through 2030. There is only one projection used thus far which assumes an entry of 339 new active elders each year. This number represents the annual average number of new elders and probationary elders over the 2005 to 2010 period.

Figure 5 presents the total number of active elders in the US, based upon projections of retirements, transitions to inactive status, and death and entry of 339 new active elders each year.

Figure 5

Projected Number of Active Elders in the US



The rapid decline in the number of active elders from 2010 to 2020 reflects the retirement bubble related to the baby boomers who were born between 1946 and 1964. One can easily note that the entry of 339 per year is insufficient to maintain a constant pool of active elders, given the retirement bubble.

The projections all assume that there will be a gently decreasing average age of new elders. With the increasing numbers of baby boomers retiring and slightly younger new elders, the projected average age of active elders is expected to decrease.

Many male elders have slowly been replaced with female elders serving in appointments to the local church—particularly among the lower tier churches. The projection assumes that the historical trend toward female elders continues at the same pace as recorded in the historical record. The transition toward female elders is assumed to match the historical trend by tier—faster transitions among the lower tier churches and slower transitions among the higher tier churches.

Table 35

Average Age and Gender of Active Elders

		Percent
Year	Age	Male
2010	54.4	74.52%
2011	54.3	75.80%
2012	54.6	75.41%
2013	54.6	75.02%
2014	54.5	76.44%
2015	54.5	75.57%
2016	54.5	74.60%
2017	54.4	75.49%
2018	54.5	74.56%
2019	54.5	73.65%
2020	54.3	74.42%
2021	54.4	73.42%
2022	54.3	71.99%
2023	54.2	73.21%
2024	54.2	72.02%
2025	54.1	70.86%
2026	54.1	72.17%
2027	54.0	70.78%
2028	53.8	69.54%
2029	53.8	70.85%
2030	53.8	69.47%

More substantial efforts to recruit younger clergy would hasten this downward trend in average ages. Research results indicate that younger clergy, on average, are expected to positively impact growth in worship attendance.

Table 36 below presents the projected number of active elders seeking appointments in the local church, based upon the total number of active elders and the percentage of total active elders seeking appointments. This is our only projection of the size of this clergy pool. Again, it is based upon an assumed inflow of new elders of 339 per year.

Table 36

Projected Number of Elders

Seeking Appointments in the Local Church

	Elders
	Seeking
Year	Appoint
2008	13,012
2009	13,032
2010	12,738
2011	11,330
2012	10,874
2013	10,358
2014	9,224
2015	8,796
2016	8,426
2017	7,527
2018	7,257
2019	6,970
2020	6,277
2021	6,095
2022	5,871
2023	5,345
2024	5,218
2025	5,103
2026	4,707
2027	4,640
2028	4,555
2029	4,226
2030	4,204

According to this projection, there will be only 4,204 elders seeking appointments by 2030. Between 2010 and 2030, there will be a projected 67% decrease in the size of this clergy pool.

The challenge facing the denomination becomes clear when comparing Table 36 with any of the previous projections of elder positions in the local churches. Table 37 presents these comparisons.

Table 37

Projected Numbers of Active Elders Seeking

Appointment and Projected Elder Positions in the Local Church

								Elders
								Seeking
Year	Proj I	Proj II	Proj III	Proj IV	Proj V	Proj VI	Proj VII	Appoint
2010	11,647	11,619	11,675	11,603	11,597	11,655	11,743	12,738
2011	11,577	11,505	11,471	11,532	11,520	11,507	11,527	11,330
2012	11,304	11,295	11,277	11,190	11,221	11,354	11,282	10,874
2013	11,288	11,175	11,225	11,099	11,213	11,282	11,245	10,358
2014	11,118	11,023	10,913	10,906	10,931	11,157	11,087	9,224
2015	10,925	10,857	10,793	10,731	10,887	10,973	10,978	8,796
2016	10,874	10,754	10,757	10,549	10,743	10,972	10,925	8,426
2017	10,665	10,540	10,363	10,435	10,626	10,850	10,765	7,527
2018	10,491	10,518	10,494	10,273	10,504	10,827	10,686	7,257
2019	10,453	10,283	10,303	10,148	10,397	10,767	10,676	6,970
2020	10,420	10,142	10,222	9,969	10,319	10,623	10,575	6,277
2021	10,297	10,115	10,136	9,906	10,221	10,632	10,527	6,095
2022	10,104	9,944	10,029	9,714	10,165	10,623	10,397	5,871
2023	9,920	9,762	9,862	9,552	10,001	10,433	10,258	5,345
2024	9,829	9,720	9,731	9,330	9,962	10,385	10,223	5,218
2025	9,811	9,604	9,655	9,286	9,863	10,364	10,176	5,103
2026	9,814	9,554	9,602	9,240	9,800	10,229	10,109	4,707
2027	9,569	9,489	9,504	9,010	9,694	10,318	10,024	4,640
2028	9,579	9,394	9,458	8,974	9,588	10,157	10,017	4,555
2029	9,446	9,235	9,372	8,859	9,513	10,070	9,895	4,226
2030	9,245	9,082	9,096	8,660	9,413	9,975	9,764	4,204

In every projection, there is a shortage of elders seeking appointment in the local church beginning in 2011. Only in the year 2010 is there a calculated surplus of elders. With time, the shortages become more and more severe. By 2030, the most pessimistic projection finds that there is less than half the elders seeking appointments than there are appointments available. There must be a significant increase in recruitment of elders to meet the demand for elders among our local churches, even under the most pessimistic outlook.

One should note that these figures are totals for the US. Surpluses may exist in some annual conference while there is a shortage nationally. It has been difficult for elders to move from one annual conference to another due to agreements that must be made among bishops.

The following presents the primary challenges that come from the research behind these projections and the projections themselves. To turn the denomination around and to sustain growth, it

will require three major accomplishments: recruitment of young, talented clergy, realignment of local church budgets for the purpose of growth, and support of new church starts for the purpose of growth.

VIII. Challenge I: Recruitment of New Clergy

To reduce the severity of the projected shortage of elders, annual conferences must engage in active recruitment of new elders—in numbers greater than the assumed 339 per year. There is a growing recognition that the denomination needs to focus recruitment on young, talented clergy. This increased recruitment of young, talented clergy may be difficult—at least in the numbers indicated in Table 37. Our denomination has had a history of substituting second-career clergy for younger clergy for many years. Lovett Weems has reported for several years the declining percentage of active clergy under the age of 35.¹⁰ The recruitment of talented, younger clergy may be a more difficult task.

Economic studies tell us that recruitment of new professionals in any field, including clergy, has an important financial component.¹¹ Most candidates (not all) have an interest in the earnings potential of a profession under consideration.¹² An important story is told when considering the earnings potential of elders appointed to our local churches and the earnings potential among other candidate careers.

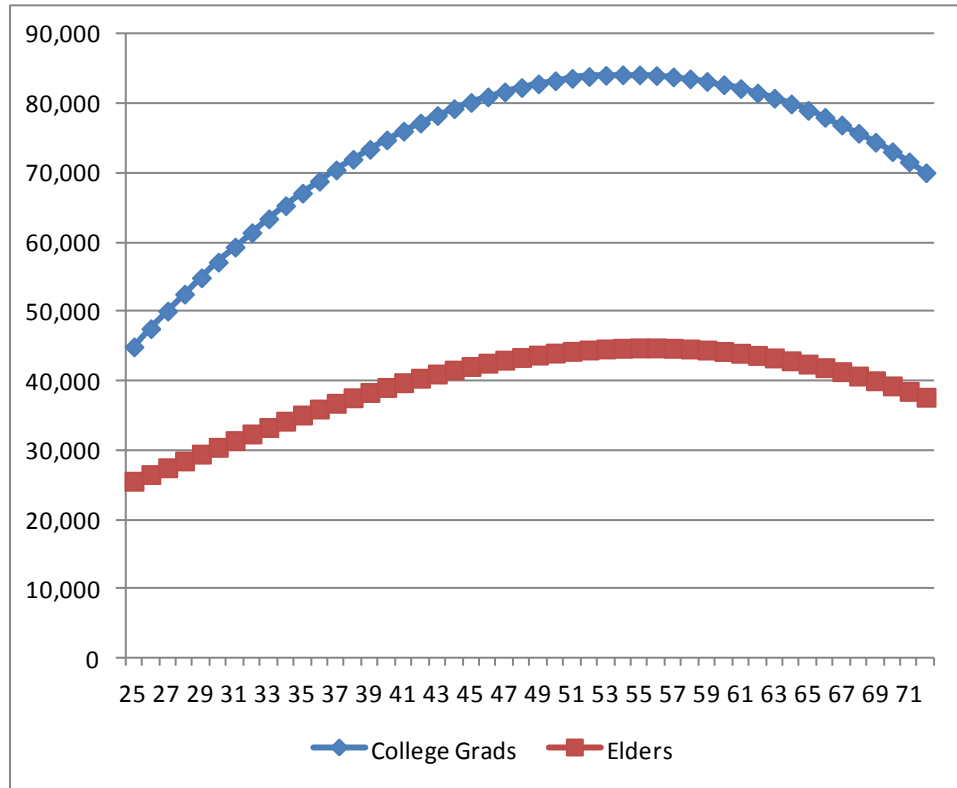
Economic studies commonly focus upon the age-earnings cycle of a career as a useful measure of earnings potential. An age-earnings cycle presents the average incomes of members of a group across the ages. An examination of age-earnings cycles of both elders appointed to the local church and college graduates offers a useful contrast. Two age-earnings cycles presented below demonstrate how difficult shifting focus to younger clergy might be.

¹⁰ Lovett Weems, “Clergy Age Trends in the United Methodist Church: 1985-2011,” Lewis Center for Church Leadership, Wesley Theological Seminary, 2012.

¹¹ See, for example, Kevin H. Murphy and Finis Welch, “Empirical Age-Earnings Profiles,” *Journal of Labor Economics*, April 1990, pp. 202-229.

¹² See, for example, Jay C. Hartzell, Christopher A. Parsons, and David L. Yermack, “Is a Higher Calling Enough? Incentive Compensation in the Church,” *Journal of Labor Economics*, Vol. 28 No. 3, 2010, pp. 509-539.

Figure 6
Age-Earnings Cycles
Elders Appointed to Local Churches and College Graduates
2005 Dollars

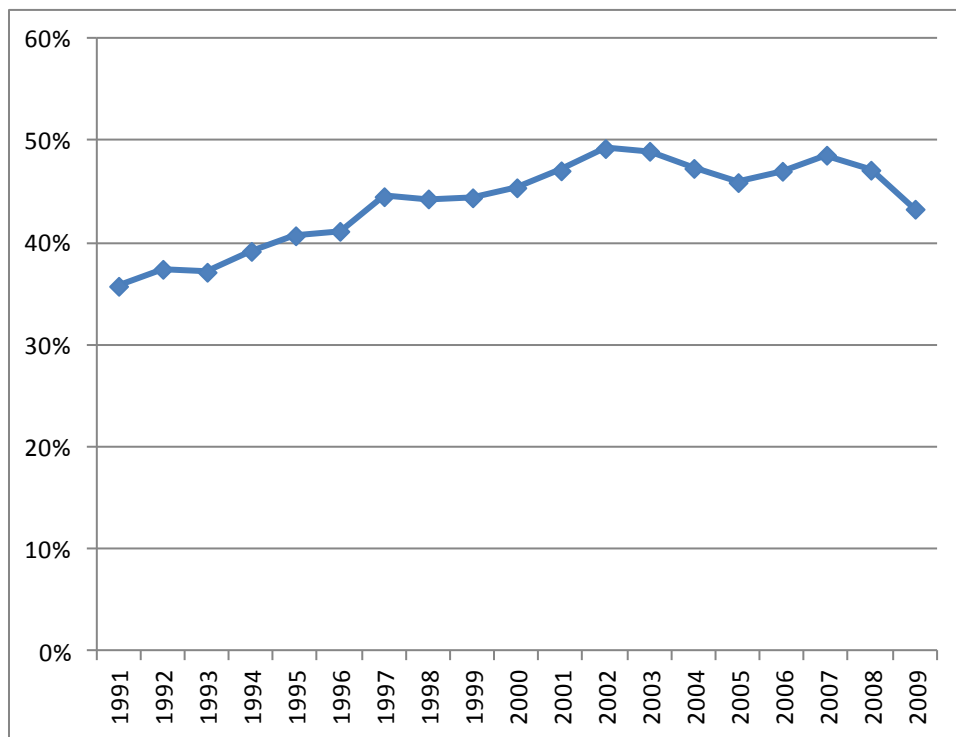


The reported incomes of elders appointed to the local church average \$23,016 at age 25, reach at peak at age 55 with an average income of \$40,355, and then turn downward, decreasing to \$33,940 at age 72. These averages for our clergy are understated because they do not include the value of housing for those elders residing in church-owned parsonages. Nevertheless, the differences in earnings are substantial. At age 25, the difference between earnings of elders and college grads is \$19,379. By the age of 55, the difference is \$39,394. Differences in earnings are not the only factor that may enter the minds of college graduates choosing a career, but many understand that these differences measure the monetary sacrifice that must be paid to answer the call. Even after eliminating non-clergy career paths, our denomination is still competing with other mainline denominations, independent churches, and other careers of service. Recruiting young, talented clergy in a denomination with a declining number of elder positions will be challenging.

VI. Challenge II: Implementation of Local Church Growth Budgets

The local church spending projections focus upon four spending categories: programs, non-clergy staff, facilities expenditures through savings, and facilities expenditures through loans. The ability of our local churches to finance spending at levels presented in these projections will depend upon local church collections and other demands upon the local church budget. Figure 7 presents the percentage these four items represents among all local church expenditures.

Figure 7
Four Spending Components as a
Percentage of Total Local Church Spending



The percentages that these four spending components (programs, non-clergy staff, and facilities) represent increased through the 1990s, reaching a peak of 49% in 2002 and then turning downward, particularly after 2007 when the recession appeared. Spending on facilities from loans is one of the major components and is clearly sensitive to recessionary pressures.

It is difficult to know what these percentages will be in the future. Demands upon the local church budget include, among other things, clergy compensation, clergy health benefits, clergy pension costs, operating expenses, and annual conference apportionments. Additionally, every local church seeks to provide generous support to mission, beyond what is funded through apportionments. Local church budgets, particularly in the face of decreasing worship attendance are tight.

The projections of the four spending components are central to the projections of worship attendance. Research indicates that such spending is one of the primary tools the local church controls and has a significant effect on worship attendance. To increase spending among these four components the local church must realign budgets that favor these four components, seek additional funding in support of these components exclusively, or passively develop increases through normal local church budgeting processes as receipts increase. The projections assume that at least one of these methods will take place within the local church.

XIV: Challenge III: Growth and New Church Starts

Recent studies indicate that new church starts can have a substantial impact upon total worship attendance. Within the state of Texas, new church starts were responsible for 75% of the growth in worship attendance—existing churches being responsible for the rest. New church starts are more responsive to increases in affinity populations than are existing churches.¹³

The findings of these projections underscore the importance of Category II new church starts. These are the new church starts with the greatest potential for growth. These new church starts require locations where affinity populations are expected to growth. They require talented, young clergy as pastoral leaders. They require financial funding for support during their earliest years of development. They require measureable goals that are owned by both clergy and laity leadership.

The challenge is to assemble the financial resources and clergy leadership to deploy this part of a complete strategy. This too requires a realignment of budgets and a focus upon growth. Some funds must come directly from local churches as they, on their own, sponsor new church starts. Some funds must come from districts and annual conferences. This requires significant assessments of conference programs, some of which must be cut or terminated as part of budget realignments. Some may come from the General Church in encouraging and supporting these forms of new church starts.

Conclusion

Worship attendance in the United Methodist Church is declining, and the speed of decline has increased since 2002. Very simple projections point to the demise of our denomination within the next fifty years. Such simple projections are not reliable and should be discarded. However, it is important to develop more sophisticated projections, based upon research findings, to provide a more accurate portrait of the future. Simulations using a projection model provide a deeper understanding of the forces at work and what would be required to arrest the decline in worship attendance.

Arresting the decline in worship attendance is possible even in the face of a growing anti-church theme. It will require successful recruitment of young, talented clergy. It will require local churches

¹³ Donald R. House and Lovett H. Weems, Jr., "Texas New Church Starts, 1985-2005: Learnings from Successes and Failures among New Church Starts," Texas Methodist Foundation, September 2009.

adopting budgets designed for growth. It will require increasing numbers of new church starts designed for growth. This has not been our practice in the past.¹⁴

These findings are based upon economic research and economic projections. They are not intended to tell the complete story. Recommendations derived from these findings alone are insufficient. There are other programs, such as leadership training programs, that are required as well. Successful programs designed to improve the generosity of our congregations are required. Improved programs within the local church are not acquired with increased funding alone. Such programs must be developed. Increased compensation for non-clergy staff along is insufficient. Local churches need trained and educated staff. Such training and education must be developed and improved. Increased funding for new and expanded facilities is not sufficient alone. Local churches must make good decisions regarding forms and types of new and improved facilities.

One conclusion is strongly supported from these findings. Continuing what we have been doing, at the same rate we have been doing it will not change our downward path. Improvements in other areas alone will not be sufficient. It will take enhanced clergy recruitment, local church budget realignments, and growth-oriented new church starts, along with these other improvements, to turn the denomination around.

Donald R. House

March 2012

¹⁴ See Penny Long Marler and C. Kirk Hadaway, "New Church Development and Denominational Growth (1950-1988): Symptom or Cause?" Research in the Social Scientific Study of Religion, Volume 4, Greenwich, Connecticut, JAI Press, 1992. According to Marler and Hadaway, all things being equal, mainline denominations increases their chances for growth when they place a high priority on growth-related tasks.

References

- Roger Finke and Rodney Stark, *The Churching of America, 1976 – 2005*, Rutgers University Press, New Brunswick, NJ, 2006.
- C. Kirk Hadaway, "Is the Episcopal Church Growing (or Declining)?," The Episcopal Church Center, 2005.
- Jay C. Hartzell, Christopher A. Parsons, and David L. Yermack, "Is a Higher Calling Enough? Incentive Compensation in the Church," *Journal of Labor Economics*, Vol. 28 No. 3, pp. 509-539, 2010.
- Donald R. House and Lovett H. Weems, Jr., "Local Church Indebtedness and Local Church Vitality: Will the Increase in Local Church Indebtedness Over Past Decades Pay Dividends?," Texas Methodist Foundation, September 2011.
- Donald R. House and Lovett H. Weems, Jr., "New Church Starts 1985 – 2006: Western North Carolina Annual Conference," RRC, Inc. and the Lewis Center for Church Leadership, August 2009.
- Donald R. House, "A Program for the Transformation of Existing Churches: A Further Examination of the Results," RRC, Inc., May 2010.
- Donald R. House and Lovett H. Weems, Jr., "New Church Starts 1985 – 2005: Virginia Annual Conference," RRC, Inc. and the Lewis Center for Church Leadership, September 2008.
- Donald R. House, "An Examination of the Impact of the Texas Methodist Foundation Clergy Development Program on the United Methodist Church in Texas," Texas Methodist Foundation, May 2011.
- Donald R. House, "Reductions in the Number of Districts of an Annual Conference: A Study of Costs and Benefits," RRC, Inc., February 2010.
- Donald R. House, "The Benchmark Project: Developing a Local Church Growth Budget," RRC, Inc., February 2012.
- Michael Hout, Andrew Greeley, and Melissa J. Wilde, "The Demographic Imperative in Religious Change in the United States," *American Journal of Sociology*, 107(2), pp. 468-500, 2001.
- Penny Long Marler and C. Kirk Hadaway, "New Church Development and Denominational Growth (1950-1988): Symptom or Cause?" *Research in the Social Scientific Study of Religion*, Volume 4, Greenwich, Connecticut, JAI Press, 1992.
- David A. Roozen and C. Kirk Hadaway, *Church and Denominational Growth: What Does (and Does Not) Cause Growth or Decline*, Abingdon Press, Nashville, TN, 1993.
- Michelle W. Trawick and Stephen E. Lile, "Religious Market Competition and Clergy Salary," *American Journal of Economics and Sociology*, Vol. 66, pp. 747-63, 2007.

Jonathan Gruber and Daniel M. Hungerman, "The Church vs. the Mall: What Happens When Religion Faces Increased Secular Competition?," National Bureau of Economic Research, Working Paper 12410, July 2006.

Data Sources

United Methodist Church, End-of-Year Reports, Statistical Tables I, II, and III, 1974-2010.

United Methodist Church, Pension Files, 1982-2010.

Demographic Data, Census Tract Level, Claritas, 1990, 2000, 2011, 2016.