The Texas Annual Conference
Historical Trends and Annual Projections to 2030

Prepared for:

Bishop Janice Huie
The Texas Annual Conference

Prepared by:

Donald R. House, Sr.
RRC, Inc.
3000 Briarcrest
Suite 600
Bryan, Texas 77802
www.rrc-inc.com

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The Economic Advisory Committee (EAC) of the General Council on Finance and Administration (GCFA) continually engages in projections of membership, giving to the local church, apportionment payouts, and other selected economic variables. The work of this committee is used by GCFA and the Connectional Table in perfecting its recommendations of the apportioned budget to the General Conference.

In early 2011, GCFA helped to sponsor a considerable expansion of the work of the EAC through the development of a national projection model for the United Methodist Church in the U.S. This work was completed in March 2012.[1] Much of the underlying projection model is being used to construct projections and analysis for annual conferences. This report is one of the annual conference reports.

The purpose of this report is to provide church leaders in the Texas Annual Conference with an understanding of paths that have been taken and what is likely to be in store for its future. The report is based upon an economic projection model. As such, it provides a limited view of what goes on in the church and what forces are at work that will partly mold the future. This report does not contain all the answers. It does, however, provide an important view that can help conference and local church leaders perfect strategies for growth and preparations for some of the more difficult challenges ahead.

The report focuses upon a few important metrics: worship attendance, local church spending patterns, elder positions in the local church, and elders seeking positions in the local church. The focus is intentionally limited. Worship attendance is selected as the principle measurement of local church vitality. It is not perfect, but other measures of church vitality are directly related to worship attendance. If worship attendance is increasing, many other good things are happening as well. The presumption is that increases in worship attendance are desired outcomes for the local church and annual conference.

Local church spending is also a focus of this report since studies demonstrate that spending patterns in the local church affect worship attendance. As will be explained later in this report, there are four spending areas that are important for growth in worship attendance. Two areas are key to growth within one to two years: programs and non-clergy staff compensation.

Studies also conclude that the tenure of pastoral appointments and the age of the senior pastor affect worship attendance. Specific changes in the population surrounding the local church affect worship attendance as well.

The balance between elder positions in the local church and elders seeking appointments in the local church is an annual conference and district issue. When there are too few positions for elders, the annual conference must find ways of compensating surplus elders. When there are too few elders

[1] See "A National Model of the Denomination in the US," RRC, Inc., March 2012.

seeking appointments, the annual conference must seek alternatives. This report provides projections of these conditions.

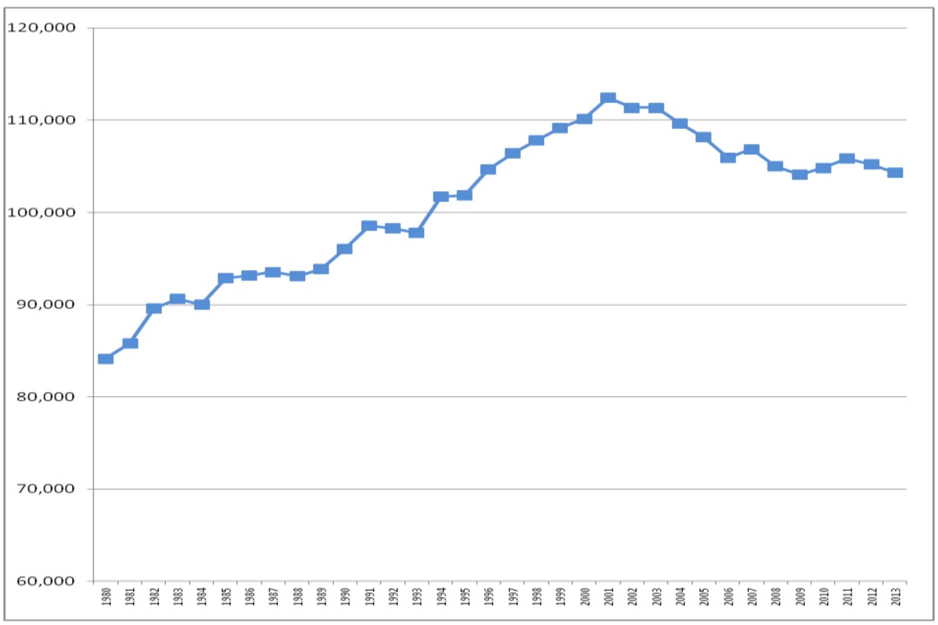
Section I of this report reviews historical trends among important variables. These reviews set the stage for the projections presented in Section II.

I. Important Historical Trends in the Texas Annual Conference

Worship Attendance

Worship attendance is one of the primary measures of church vitality. Average worship attendance in Texas has experienced cycles, as presented in Figure 1.

Figure 1
Total Worship Attendance in Texas



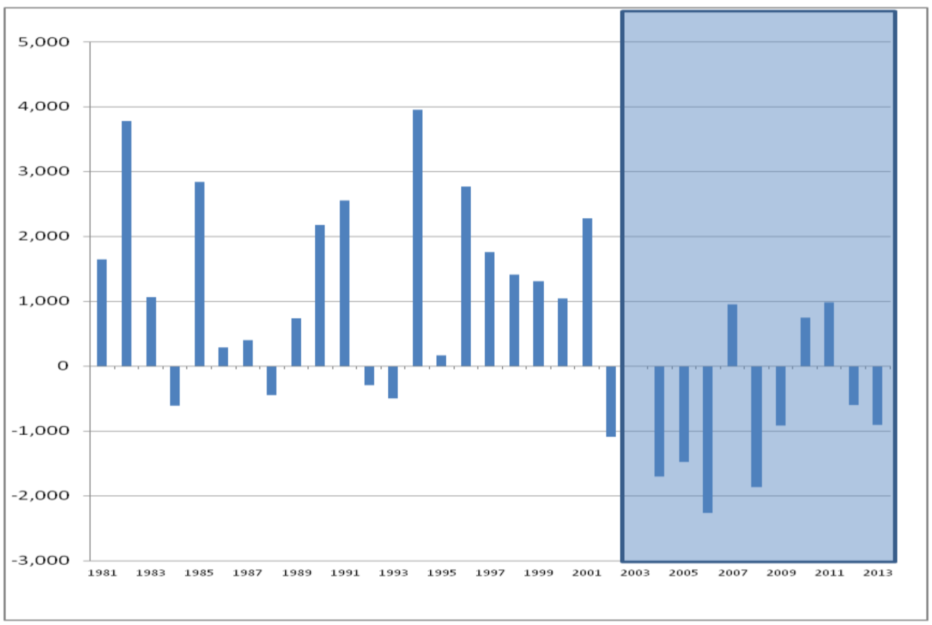
Since 2000, worship attendance decreased 5.3%--representing an annual rate of decline of **0.42%.** Between 2005 and 2006 and between 2007 and 2008 worship attendance declined by 2.09% and 1.75% respectively. These annual declines are notable in that they represent the two largest annual losses in conference history.

Between 2000 and 2013, worship attendance has decreased eight out of fourteen years. These percentages are somewhat better than those of the U.S. in total. Among all jurisdictional annual conferences, worship attendance decreased **16.82%** between 2000 and 2013—an annual rate of decline of **1.41%**. Nationally, worship attendance decreased during thirteen of the fourteen years.

The percentage decline between 2012 and 2013 nationally is 2.39%. The percentage decline for Texas between 2012 and 2013 is 0.86%. The Texas Annual Conference has among the best records among all annual conferences, but its potential is much better than its actual record. Nationally, the denomination's decline since 2002 places it in crisis. For the denomination to improve, the Texas Annual Conference is expected to carry a significant load.

Figure 2 presents the annual changes in worship attendance in Texas. A box highlights the experience between 2002 and 2013.

Figure 2
Annual Changes in Worship Attendance in Texas



The 2002 to 2013 experience is particularly important in that this is when a national downward trend began that affected virtually all of the mainline denominations. It is important to consider the extent to which Texas has been touched by this national trend.

Nationally, the downward trend over this period is strong and is expected to continue through at least 2030. The national decline reflects the anti-church theme found in litigation, news reports, and local community operations in schools and organized sports events.[2] It is a theme that most of our local churches confront. It makes local church growth more difficult but by no means impossible.

[2] This anti-church theme is more fully explained in "The National Projection Model for the Denomination."

Church Size

For our purposes, it is useful to group churches into tiers by size. The following definition of tiers will be used throughout the report.

Table 1
Definition of Tiers

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

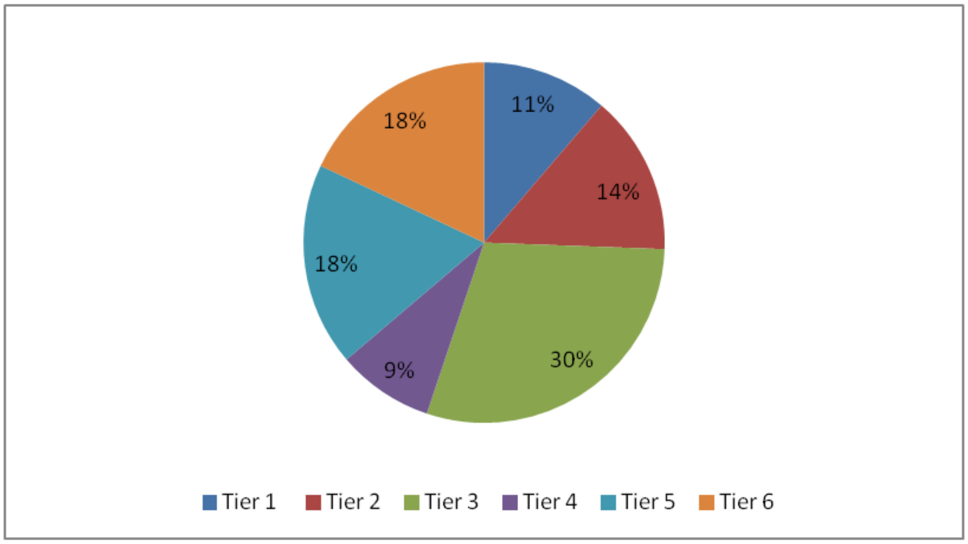
Churches are designated into the tiers in Table 1 based on average weekly attendance reported in the most recent statistical report received.

In general, worship attendance has shifted toward fewer, larger churches in Texas (as elsewhere). There has been a substantial shift in the sources of church growth since at least the 1970s. Larger churches have become the centers for growth and smaller churches have become the centers of decline. Figure 3 presents the change in the composition of attendance between 1990 and 2013.

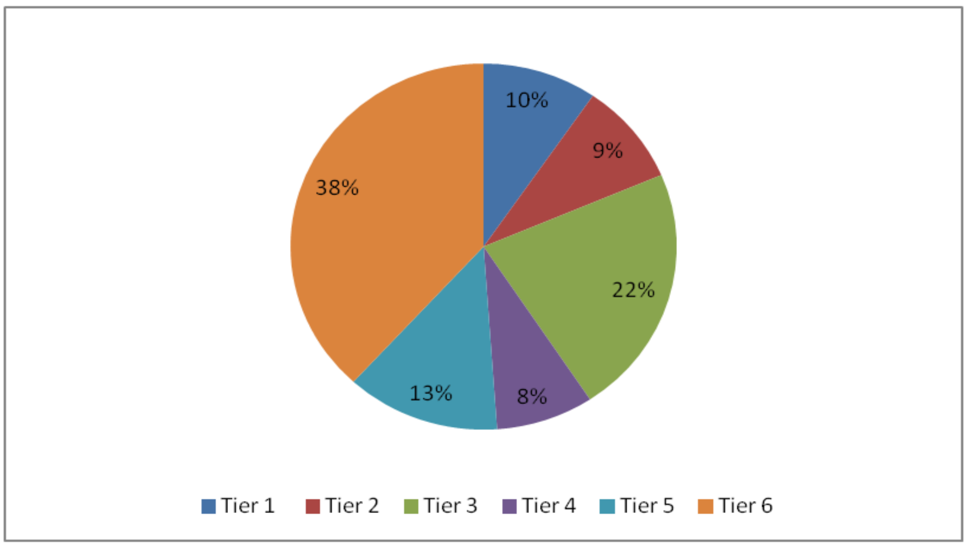
Figure 3

Percentage of Worship Attendance among Tiers in Texas

1990



2013



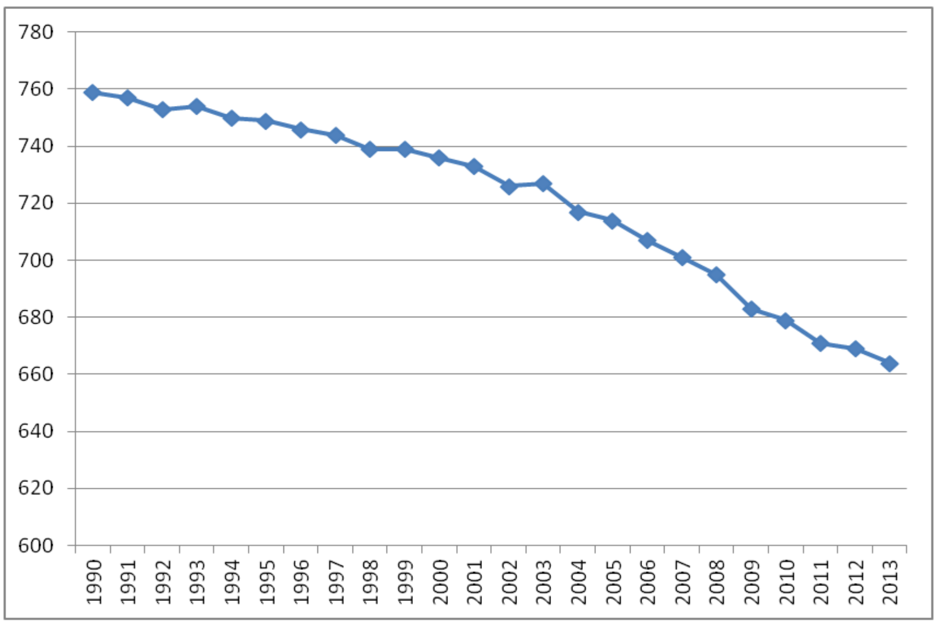
The two figures demonstrate the growing importance of the larger churches. In 1990, Tiers 5 and 6 represented 36% of total attendance. By 2013, these two tiers grew to encompass 51% of total attendance. The largest loss in percentage occurred in Tier 2— churches with worship attendance between 60 and 124. As will be demonstrated in the projections, Tiers 5 and 6 will become even more important to the annual conference. This transition toward larger churches within the conference is occurring at roughly the same rate as seen in all annual conferences on average.

There may be a variety of reasons why growth is common among the larger churches and decline is ever-present among the smaller churches. Leaders must come to grips with this persistent dilemma. The larger churches offer the greatest potential from growth, but the smaller churches provide the expanded geographic reach of the denomination. For an annual conference to grow, there must be a transition among lower-tiered churches to upper-tiered churches. Growth does not happen with an increase in the number of lower-tiered churches.

Number of Local Churches[3]

Figure 4 presents the change in the total number of local churches in Texas.

Figure 4
Number of Local Churches in Texas



Since 1990, the number of local churches decreased from 759 to 664 by 2013. That represents a 12.52% decrease in the number of local churches over a 23-year period. The annual conference lost 12 churches between 2008 and 2009, the largest single year loss on record. Between 2003 and 2004 the conference lost 10 churches representing the second largest year-to-year losses.

With this decline in total number, there has been an increase in the number of larger churches. From an annual conference perspective, the smaller churches require financial subsidies to stay open. With declining worship attendance, closing more churches frees up valuable resources. Some experts have suggested that we spend too much in keeping small membership churches open when these resources could be used in starting additional new churches. However, many small membership churches serve

[3] The number of churches includes only those that reported positive worship attendance and positive total spending. Others were excluded.

rural areas where the presence of the denomination remains important to our heritage of being present in most of our counties throughout the U.S.

The loss of local churches in Texas is not the major source of loss in worship attendance, because when a church closes, the loss in worship attendance is typically small. The largest source of gains in worship attendance is from existing, growing churches. New church starts, of course, are a significant source of gain.

Detailed analysis of attendance gains and losses requires a comment on data structure. The data used includes church records and US Census figures from 1985 to the present, as well as projections of the same into the future. In the twenty-plus year span of the data, some churches closed and other churches were started. A few churches had both experiences. Additionally, in forecasting the path of Texas to 2030, it is necessary to anticipate still more new church starts. Because the statistical methods differ across the circumstances, churches are allocated into three distinct groups. Groups are defined as follows:

Group 1 All local churches operating continuously between 1990 and 2013[4]

Group 2 Local churches that began after 1990 and were operating in 2013

Group 3 New church starts beginning anytime between 2013 and 2030

Table 2 presents the causes of gains and losses of worship attendance between 1990 and 2013.

Table 2
Sources of Gains and Losses in Worship Attendance in Texas
1990 – 2013

Group	Number Churches	Worship Attendance	Change per Church	1990 per Church Attend	2013 per Church Attend
Group 1 (Existing)					
Losing	451	-21,153	-46.9		
Gaining	176	20,279	115.2		
Net	627	-874	-1.4		
Group 2 (New)	37	10,793			291.7
Closed	131	-4,289		32.7	
Net	-94	6,504			
Losing/Closed	582	-25,442			
Gaining/New	213	31,072			
Total	795	5,630			

[4] Continuous operation is defined here as filling statistical reports with non-zero attendance throughout the sample period.

There are 627 churches in Group 1. Among these churches, 176 reported gains in worship attendance. The total gains reported among these churches are 20,279—an average gain of 115.2 attendees. There were 451 churches reporting losses between 1990 and 2013—an average loss of 46.9 attendees. These losses total 21,153. The net loss from Group 1 churches is 874—an average loss of 1.4 per church.

Group 2 churches are churches that were founded sometime after 1990 and were still in operation in 2013. There are 37 churches in this group. These churches had a total worship attendance in 2013 of 10,793. The average attendance among these churches in 2013 was 291.7 attendees. The churches identified in this group are listed below.

Table 3
New Church Starts[5]
1991 to 2013

Count	1st Year	Church	District	2013 Attend
1	1991	THE WOODLANDS CHRIST CHURCH	CENTRAL NORTH	732
2	1992	WEBSTER GATEWAY COMMUNITY CHURCH	SOUTH	1,580
3	1992	CYPRESS GOOD SHEPHERD	CENTRAL NORTH	988
4	1992	LUFKIN ABUNDANT LIFE	EAST	93
5	1993	PEARLAND HOPE CHURCH	SOUTH	342
6	1995	COLLEGE STATION CHRIST	WEST	1,202
7	1995	BEAUMONT MCCABE ROBERTS AVE	SOUTHEAST	75
8	1996	TYLER FIRST	NORTHWEST	38
9	1997	KATY GRACE FELLOWSHIP	SOUTHWEST	2,988
10	1997	SUGAR LAND PARKWAY	SOUTHWEST	405
11	1997	JACKSONVILLE NEW COMMUNITY	NORTHWEST	23
12	1999	LIBERTY SOUTH LIBERTY	SOUTHEAST	15
13	1999	HOUSTON TRINITY (BARKER CYPRESS RD)	SOUTHWEST	60
14	1999	SPRING FAITHBRIDGE	CENTRAL NORTH	3,276
15	1999	HOUSTON CASA DE ALABANZA	CENTRAL SOUTH	50
16	2001	PEARLAND SHEPHERD OF THE HEART	SOUTHWEST	155
17	2001	MAGNOLIA WILDWOOD	CENTRAL NORTH	388
18	2002	MISSOURI CITY THE HARVEST	SOUTHWEST	578
19	2002	CHANDLER LAKE PALESTINE	NORTHWEST	82
20	2006	BEAUMONT FIRST KOREAN	SOUTHEAST	12
21	2007	BRYAN ST LUKES	WEST	77
22	2007	DOUGLASS FAITH BRIDGE	EAST	105
23	2008	PEARLAND LIVING WATER	SOUTHWEST	103
24	2008	CONROE LIVING WAY	CENTRAL NORTH	83
25	2008	HOUSTON SERVANTS OF CHRIST	CENTRAL SOUTH	185
26	2010	HOUSTON NEW WORLD	SOUTHWEST	156
27	2010	TYLER DAYSPRING	NORTHWEST	405
28	2010	HUNTSVILLE GRACE	WEST	43
29	2010	BAYTOWN CEDAR BAYOU GRACE	SOUTH	322
30	2010	GARRISON	EAST	44
31	2011	LEAGUE CITY WATERSHED	SOUTH	283
32	2011	HOUSTON LAKESIDE	CENTRAL NORTH	218
33	2011	RICHMOND THE RIVER	SOUTHWEST	167
34	2011	PASADENA HOPE COMMUNITY	SOUTH	116
35	2012	KENDLETON NEWMAN CHAPEL	SOUTHWEST	35
36	2012	ANGLETON COMMUNITY OF LOVE	SOUTH	30
37	2013	SAINT MATTHEW	WEST	55

[5] The selection of new church starts is exclusively based upon the appearance of new GCFA church numbers. Some annual conferences establish new faith communities without official GCFA church numbers, and these are missed in our listings.

There were 131 churches that were in operation in 1990 but closed before 2013. In 1990, their total attendance equals 4,289 and their average attendance was 32.7 attendees. These were small churches in 1990. Even though their average attendance was small, collectively their decline and ultimate closures represent a significant loss of attendance.

Table 2 reveals several stories. Growing churches in Group 1 (those that existed prior to 1990) are the source of 65% of attendance gains (20,279 of the 31,072 gain). Shrinking churches that are still open represent 83.14% of attendance losses (21,153 of the 25,442 loss). Overall, losses exceed gains by a small margin among Group 1 churches. There are 2.6 declining churches in Texas for every growing church among Group 1.

Texas started only 37 new churches between 1990 and 2013 but closed 131 churches.[6] The total gains from the 37 new churches (10,793) exceed the total losses among the 131 closed churches (4,289) by a large margin. Among the new and closed churches, the net gain in worship attendance is 6,504.

The average worship attendance among the 37 new churches in Group 2 is 291.7. For the Texas Annual Conference to offset attendance loss among both closing and existing churches in decline (collectively a loss of 25,442 attendees) through new church starts alone, the net loss among existing churches through new church starts alone, 87 new churches would have been required to offset the decline, but only 37 were started.[7] Growth requires both new church starts and growth among existing churches.

The lessons from Table 2 are enlightening. Existing churches in decline present the largest challenge to positive growth. New churches, however, have collectively been critically important, offsetting half of the losses among existing churches in decline. Some 28.3% of existing churches (Group 1) demonstrated growth which is a percentage similar to that of Arkansas and Louisiana but larger than that of Oklahoma and Great Plains. Arresting decline cannot be accomplished with new church starts alone. Any successful strategy will have to also focus upon existing churches.

Since 2002, the Texas Annual Conference has recorded losses totaling 7,041. With hindsight, there were several ways in which churches could have had alternative experiences, resulting in plateau beginning in 2002 rather than a decline. It is difficult to know which would have been the best strategy: reduce the size of the decline among churches in decline, or increase the size of the gain among churches experiencing growth. One would reasonably think that is would have required both in addition to new church starts.

One must be mindful of the fact that church leaders have been trying to arrest the decline in our denomination for fifty years. This history has taught some important lessons. One, action must be taken

[6] Official conference records may show a different number of new churches. Our records are limited to those new churches that were assigned a GCFA church number.

[7] Existing churches reported a loss of 21,153. Church closures were responsible for a loss of 4,289, resulting in a total loss of 25,442. With an average gain of 291.7 from each new start, it would take 87 new church starts to offset this collective loss, without the gains from existing churches.

to change the downward trend. It will not correct itself. Two, effective changes will require resources, and assembling sufficient resources has become more and more challenging with time. Three, there are growing churches with great leaders, but there are not enough great leaders, and you cannot train enough, fast enough to reverse the decline with this single strategy. Four, the annual conference alone cannot muster the resources sufficient to fund an effective strategy. And five, old strategies that failed in the past are unlikely to be effective today.

Spending Patterns

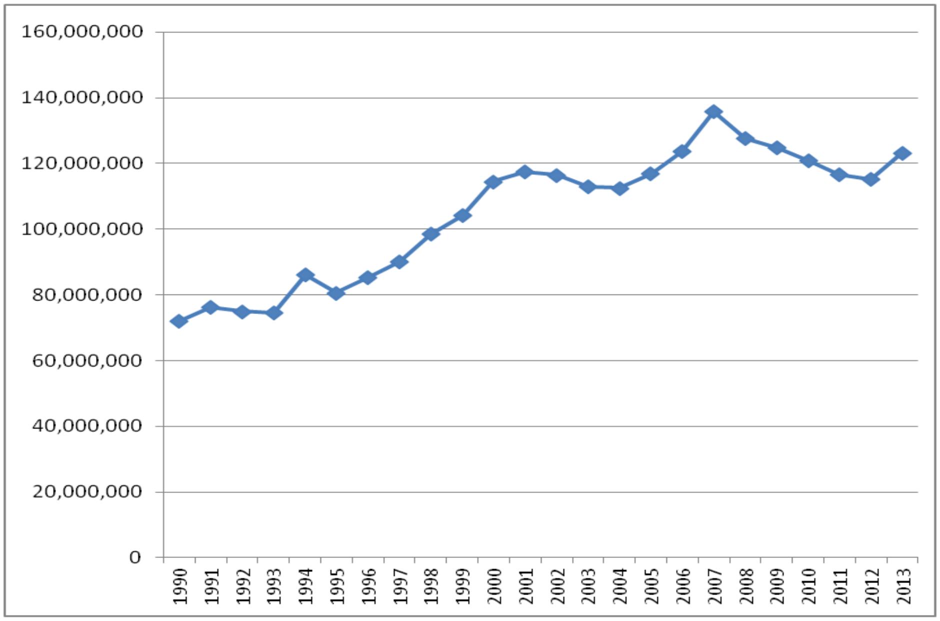
A developing strategy in the South Central Jurisdiction is focusing upon local church spending patterns. The research demonstrates that a local church can improve its prospects for growth by investing in growth; that is, spending more on programs, staff, and facilities known to enhance growth.

As explained above, an alternative to new church starts is an improvement among existing churches—either a reduction in the average size of the loss or an increase in the average size of the gain. Spending patterns among local churches are important since they affect worship attendance. By improving spending patterns, losses in worship attendance can be eliminated (all else being equal).

Total local church expenditures represent a measure of financial strength. Although the studies focus upon only four areas of expenditures, all are directly related to church growth. Each of these four areas is more likely to grow when total expenditures are increasing. For this reason, monitoring trends in total expenditures is useful.

Figure 5 presents total local church expenditures adjusted for inflation in the Texas Annual Conference. The recent recession negatively impacted local church spending in the Texas Annual Conference. With the initial onset of the Great Recession total expenditures began a five year decline. There appears to be the beginning of a recovery by 2013.

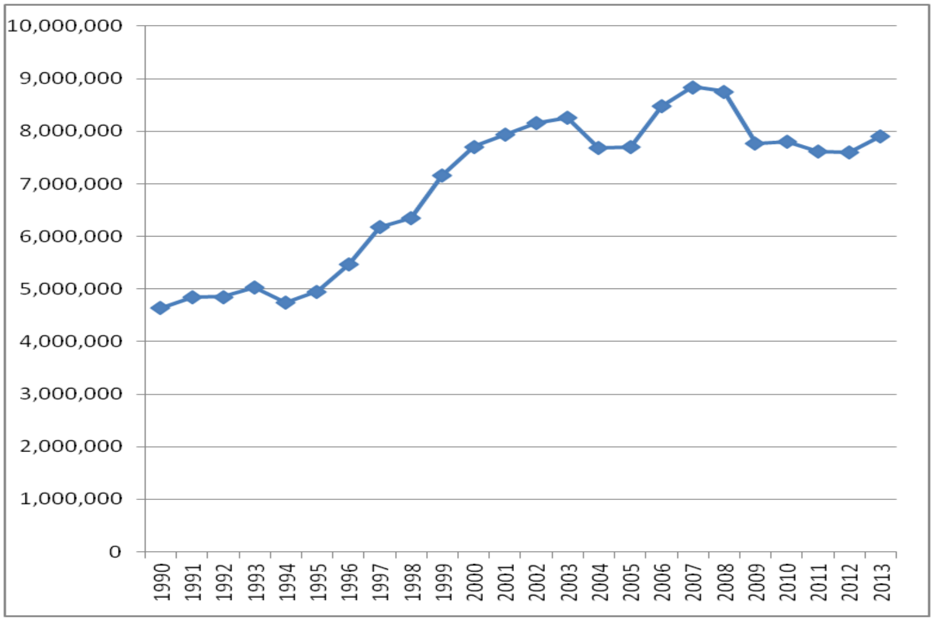
Figure 5
Total Expenditures among Local Churches in the Texas Annual Conference
Adjusted for Inflation 2013



Hopefully, figures for 2014 will demonstrate a return to growth in total expenditures.

Program expenditures represent one of the four areas of expenditures directly related to church growth. Figure 6 presents the total program expenditures among all Texas churches, adjusted for inflation.

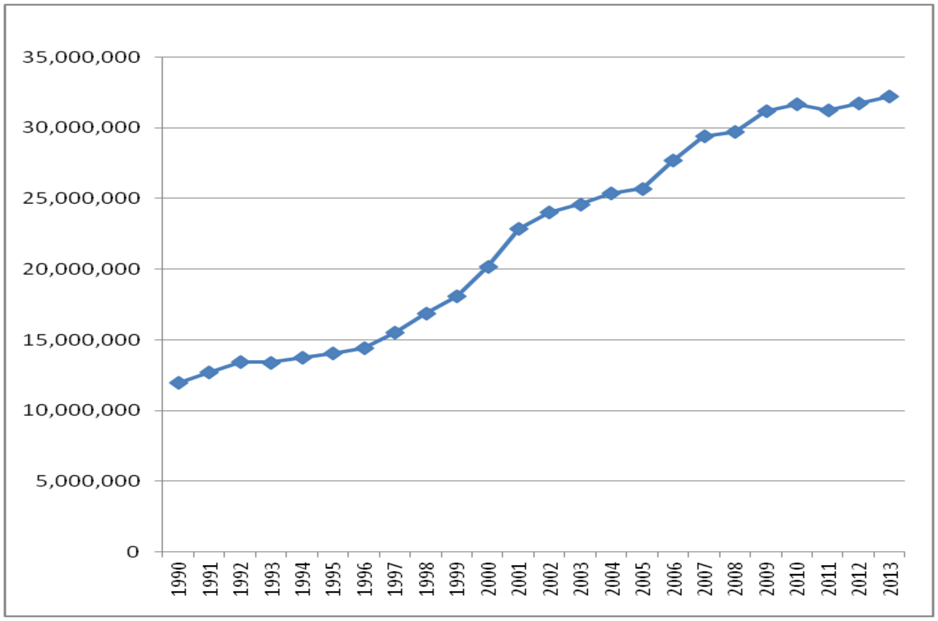
Figure 6
Expenditures on Programs in the Texas Annual Conference
Adjusted for Inflation 2013



Here, the impact of the Great Recession is apparent. The overall downward movement since 2009 is apparent again, but 2013 may be the beginning of a recovery. Local churches facing difficult financial times with decreasing worship attendance tend to reduce program expenditures.

Figure 7 presents another area of spending that is directly related to church growth—expenditures for non-clergy staff. This area of spending has also been found to be directly related to worship attendance.

Figure 7
Expenditures for Non-Clergy Staff in the Texas Annual Conference
Adjusted for Inflation 2013



Expenditures for non-clergy staff have increased every year with the exception of a slight decrease in 2011, presumably a delayed response to the Great Recession.

Spending on facilities from savings typically reflects the pressures of the business cycle. Notice the peak in spending on buildings in 2000 (Figure 8). The peak in 2013 is a remarkable recovery from the Great Recession.

Figure 8
Expenditures for Facilities from Savings in the Texas Annual Conference
Adjusted for Inflation 2013

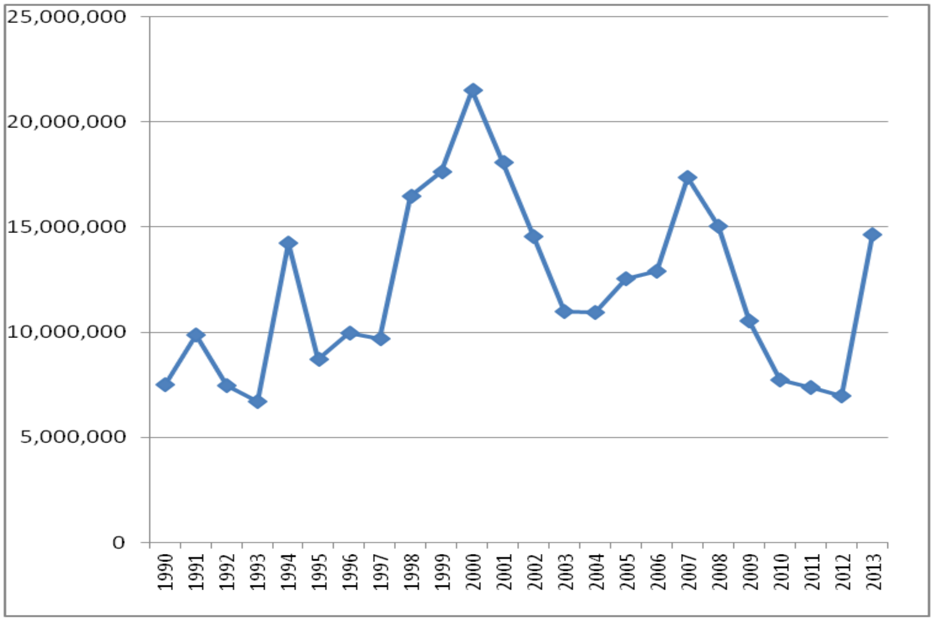
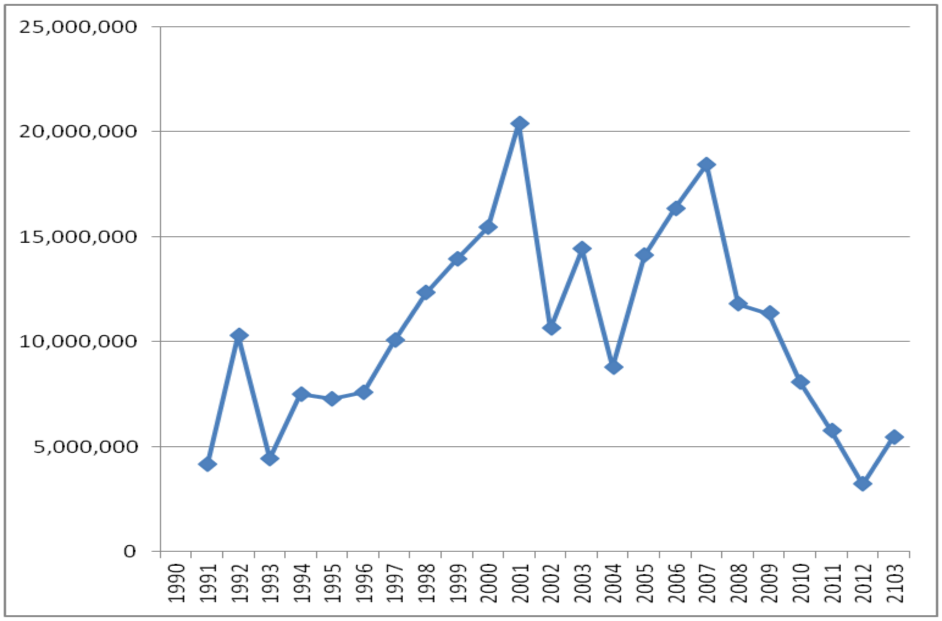


Figure 9 presents the expenditures on facilities from loans. This figure demonstrates large swings from year to year which is typical within an annual conference. Large churches that engage in significant building projects drive these totals.

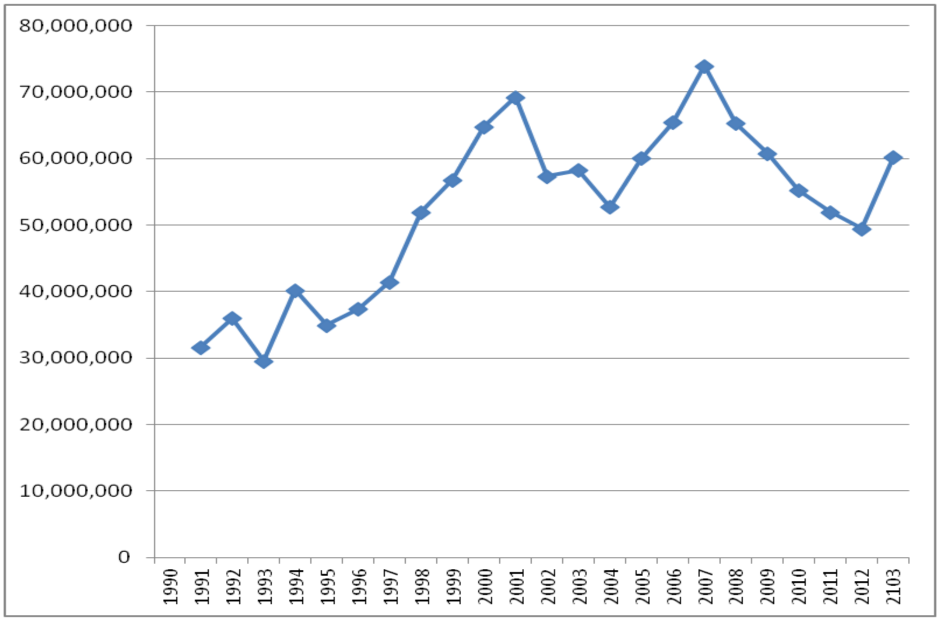
Figure 9
Expenditures for Facilities from Loans in the Texas Annual Conference
Adjusted for Inflation 2013



The declining trend through 2012 reflects the impact of the recession. Note that the total in 2012 is lower than the lowest totals recorded. The 2013 figure may reflect a beginning of a recovery in building expenditures through loans, spurred partly by the relatively low interest rates on loans.

Figure 10 presents the totals of all four spending areas, adjusted for inflation.

Figure 10
Total Expenditures among the Four Areas in the Texas Annual Conference
Adjusted for Inflation 2013



Between 1991 and 2007 the total expenditures among the four areas increased at an annual rate of 6.26%. Between 2007 and 2013, the total decreased at an annual rate of 2.54%. The important question to ask is, will the local churches recover quickly and continue funding these areas that foster local church growth? The projections for Texas are largely based upon these historic spending patterns.

There is a potential for expanding resources with a strong economic recovery developing over the next five years. A strategy might well address the opportunities such a recovery will bring.

Giving to the Budget

Congregational giving to the budget largely dictates the volume and scope of ministries capacity of a local church. Some churches are more blessed in this than others. The larger levels of giving denote a deeper sense of financial stewardship within a congregation, the advantage of a higher income earning congregation, or both. A common measure of giving is a ratio of total giving to the budget to average worship attendance.

Table 4 presents the average giving per attendee in the Texas Annual Conference and in all the jurisdictional conferences for 2005 and 2013.

Table 4
Giving to the Local Church Budget
Average Giving per Attendee

	2005	2013	Change
Texas	1,799	2,426	34.85%
US	1,399	1,840	31.52%

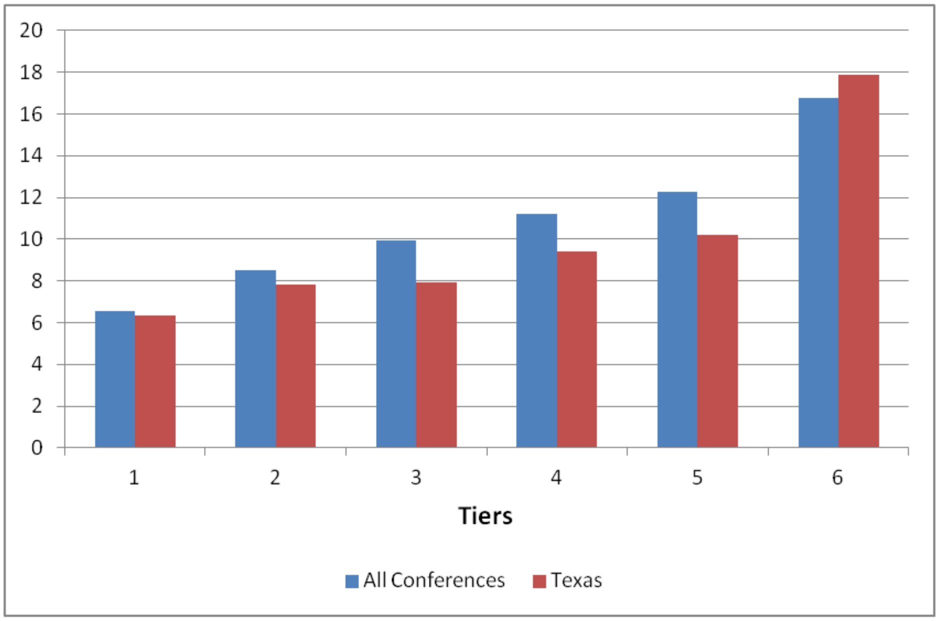
In 2005, average giving per attendee among Texas Annual Conference churches was $1,799. For the U.S., the average was $1,399. In 2013, average giving per attendee in the Texas Conference reached $2,426, representing an increase of 34.85%. For the US, the 2013 figure reached $1,840, representing an increase of 31.52%. This is a remarkable record for the Texas Annual Conference, demonstrating considerable financial strength among the local churches.

Length of Appointment

Studies indicate that, on average, a longer local church appointment for the senior pastor is directly related to worship attendance among all but the smaller churches. When the senior pastor is permitted to stay longer in appointment at a local church, worship attendance will be greater than it would have been otherwise. Of course there are exceptions to this average tendency.

Figure 11 presents the average years in appointments of senior pastors among each of the six tiers for both Texas and the U.S.

Figure 11
Average Years in Appointment in Texas and all Annual Conferences[8]
1990 – 2013



Relatively short tenures among the churches in Tiers 1 and 2 can imply differing situations. For example, the pastor might have exhibited strong capabilities and was moved to a larger church after a two-year appointment. Alternatively, the pastor might not have been a good fit for the local church, and the pastor is moved. Short tenured appointments among smaller churches are common.

The average lengths of appointments in Texas have been shorter than those of all annual conferences among tiers 1 through 5. Tier 6 is the tier that exhibited longer appointments than those of all other conferences. In general, longer tenures are associated with an improved potential for growth. The longer tenures are particularly important among the larger churches.

Ages of Senior Pastors

Studies indicate that age of the senior pastor is inversely related to worship attendance. All else being equal, local churches with younger senior pastors have more attendees than local churches with older senior pastors. Figure 12 presents the average ages of senior pastors among the tiers for Texas and the U.S.

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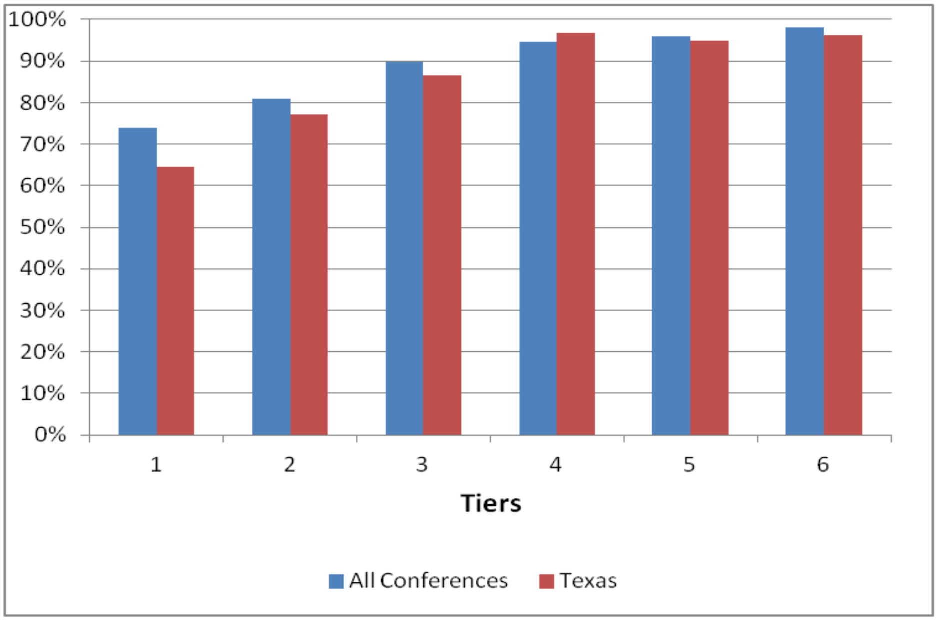
[8] The measurement of the length of an appointment is limited only among clergy who were included in the pension files. This excludes many part time and full time local pastors in Tiers 1 and 2. Among churches in the higher tiers, exclusions are negligible. Unfortunately, with existing records, it is not yet possible to measure the length of an appointment of clergy who did not participate in the pension programs of the General Board of Pensions and Health Benefits.

Figure 12
Average Age of Senior Pastors in Texas and in all Annual Conferences[9]
1990 – 2013



The average age of senior pastors in Texas is greater than those in all annual conferences only in Tier 4. The average ages are slightly less than that of all annual conferences in Tiers 1, 2, 3, 5, and 6. According to recent research, younger ages among elders serving the local church tend to encourage growth.

Elder Positions in the Local Church

Elder positions in the local church are found among two types of churches: those with only one clergy appointed and those with multiple clergy appointed. Table 5 presents the number of elder positions in both types of churches.

[9]Most clergy serving Tier 1 churches are not included in these calculations. Records of ages are available only among clergy that have participated in pension programs. The calculations among churches in Tiers 3 and up include virtually all clergy.

Table 5
Elder Positions in Local Churches in Texas

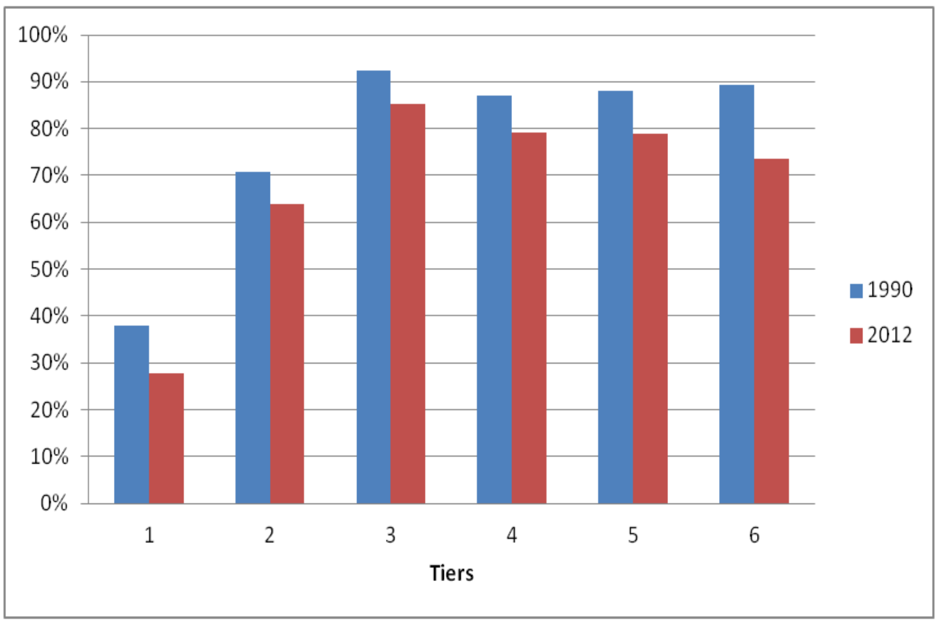
Year	Single Elder Positions	Multiple Elder Positions	Total Elder Positions	Percent Multiple
1990	269	121	390	31.0%
1991	261	119	380	31.3%
1992	253	121	374	32.4%
1993	243	120	363	33.1%
1994	236	125	361	34.6%
1995	242	117	359	32.6%
1996	229	125	354	35.3%
1997	218	136	354	38.4%
1998	209	129	338	38.2%
1999	209	154	363	42.4%
2000	208	149	357	41.7%
2001	212	148	360	41.1%
2002	213	155	368	42.1%
2003	200	151	351	43.0%
2004	194	145	339	42.8%
2005	196	145	341	42.5%
2006	191	147	338	43.5%
2007	189	166	355	46.8%
2008	189	164	353	46.5%
2009	191	159	350	45.4%
2010	190	174	364	47.8%
2011	187	167	354	47.2%
2012	196	177	373	47.5%

Between 1990 and 2012, the number of elder positions among churches with only one clergy appointed decreased from 269 to 196—a 27.1% decrease in elder positions. Among churches with multiple clergy appointments, the number of elder positions increased from 121 to 177. This is a common trend mirroring the fact that the larger churches with multiple clergy appointments are more likely to grow. Although the total number of elder appointments in the local church decreased over the period, there has been some growth among churches with multiple clergy appointments.

The local church establishes the compensation levels of appointed clergy. The annual conference establishes the minimum compensation level for elders. When the established compensation level for a clergy position at a local church is less than the conference minimum for elders, the local church has largely eliminated the possibility of an elder appointment. There are circumstances in which non-elders receive compensation above the minimum. However, the elder receives, on average, the larger compensation levels of all other clergy categories. In review of all clergy appointments, the likelihood that the appointment will be an elder differs by size of church. The likelihood has also changed with time.

Figure 13 presents the percentage of clergy appointments that are elder appointments among the six tiers. This figure represents all of the annual conferences combined, and compares these percentages between 1990 and 2012.

Figure 13
Elder Appointments as a Percentage of Clergy Appointments[10]
All Annual Conferences

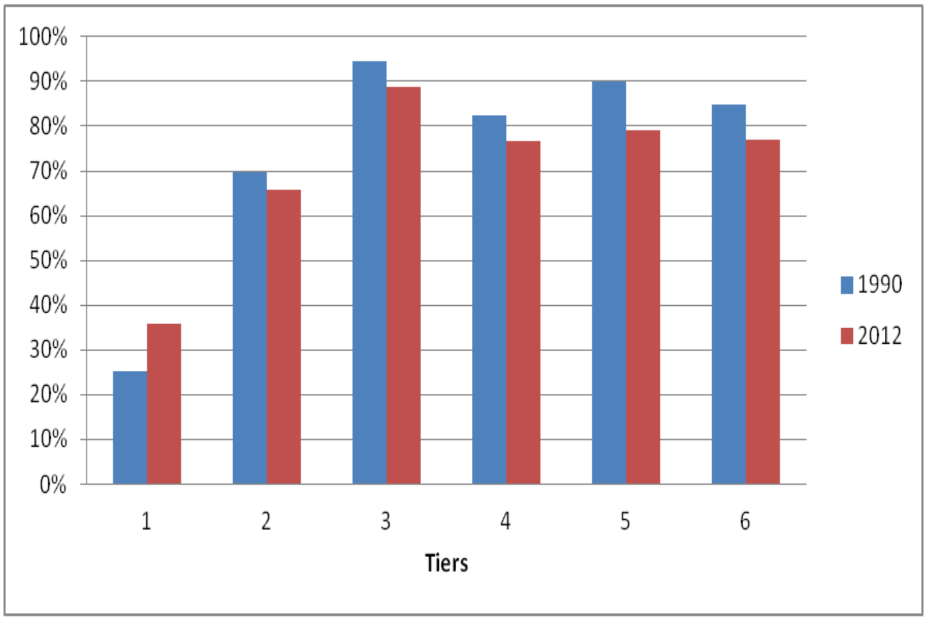


Among all annual conferences, the likelihood that a clergy appointment will be an elder appointment increases with size until Tier 3 is reached. This was the case in 1990 and 2012. In 2012, the percentage decreases as church size increases. The declining pattern was not so pronounced in 1990. The substitution of non-elders for elders is often an indicator of cost-cutting measures among local churches. Associate pastors are less likely to be elders. Notice that the percentage among all Tiers decreased between 1990 and 2012.

Figure 14 presents the same information but for the Texas Annual Conference.

[10] These percentages are not restricted to only senior pastors. The upper tier churches commonly have multiple appointed clergy, some of which are non-elders. The senior pastor is almost always an elder among upper tier churches.

Figure 14
Elder Appointments as a Percentage of Clergy Appointments
Texas Annual Conference



Compared to all annual conferences, the 2012 elder percentage in Texas is higher than that of all annual conferences in five of the six Tiers—lower only in Tier 4. The downward trend in the conference from 1990 to 2012 toward non-elder positions may reflect local church cost-cutting measures.

Active Elders: Local Church and Beyond

Pension files provide details of every elder member of the Texas Annual Conference. These details separate elders into four groups: active, inactive, retired, and deceased. By combining the pension files with the local church end-of-year reports, it is possible to separate active elders into two subgroups: those appointed to the local church and those serving the church in other capacities (e.g., district superintendent, chaplain of a hospital, chaplain in the armed forces, executive of an area foundation, etc.). It is useful to review the history of active elder members and their membership in these two subgroups. Table 6 presents these two subgroups: local churches and elsewhere.

Table 6

Elders: Local Church and Beyond the Local Church in the Texas Annual Conference

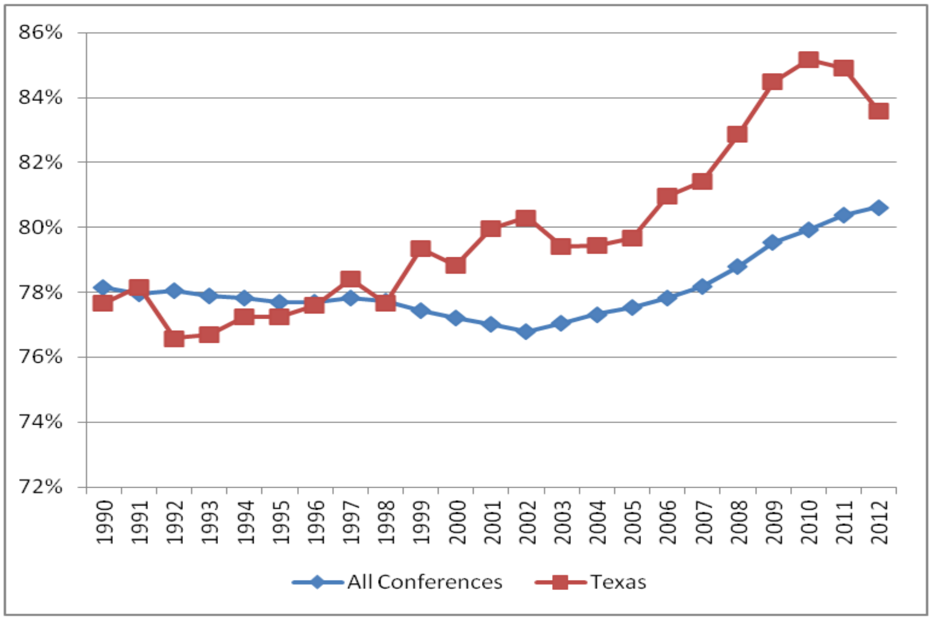
Year	Active Elders	Local Churches	Elsewhere	Local Percent
1990	506	393	113	77.7%
1991	490	383	107	78.2%
1992	491	376	115	76.6%
1993	476	365	111	76.7%
1994	470	363	107	77.2%
1995	470	363	107	77.2%
1996	464	360	104	77.6%
1997	449	352	97	78.4%
1998	439	341	98	77.7%
1999	455	361	94	79.3%
2000	458	361	97	78.8%
2001	459	367	92	80.0%
2002	467	375	92	80.3%
2003	447	355	92	79.4%
2004	428	340	88	79.4%
2005	433	345	88	79.7%
2006	420	340	80	81.0%
2007	409	333	76	81.4%
2008	397	329	68	82.9%
2009	393	332	61	84.5%
2010	398	339	59	85.2%
2011	391	332	59	84.9%
2012	420	351	69	83.6%

The total number of active elders decreased from 506 in 1990 to 420 in 2012—a decrease of 17%. There were decreases in both the number of elders appointed to the local church (from 393 to 351) and in the number serving beyond the local church (from 113 to 69). In 1990, 77.7% of the active elders were appointed to the local church. In 2012, this percentage increased to 83.6%.

As will be clear in the projection section of this report, the decline in the total number of active elders is being driven by the growing number of retirements. This downward trend is expected to steepen.

Figure 15 presents the changes in this percentage in Texas and among all annual conferences.

Figure 15
Percentage of Active Elders Appointed to the Local Church



There is an upward trend in this percentage nationally beginning in 2002. Since 2002, the percentages in Texas exhibit a more dramatic upward trend, until 2009, where a downward trend begins.

II. Projections for the Texas Annual Conference

Annual projection for Texas comes from the latest projection for all the annual conferences in the U.S. It represents an update of the National Model –updated with end-of-year local church reports from 2010 through 2012. It also includes the use of updated projections of affinity populations and new church starts.

The updated projection model extends for each existing church its spending patterns for facilities, programs and non-clergy staff. The number of new church starts for an annual conference mirrors the annual conference's historical patterns. The number of new elders joining an annual conference also mirrors historical patterns. Projections of affinity populations come from commercially available projections by census tract, apportioned for each existing church within a three-mile radius of its present location. New church starts are located within demographic conditions similar to historical patterns for the annual conference.

The research in support of the new projections has identified a downward force upon worship attendance that is unrelated to observable forces, such as changes in affinity populations, changes in pastoral appointments, and changes in local church spending patterns. This downward force, perhaps reflecting a more secular society, is projected to become stronger at the same rate as observed between

1990 and 2012. This suggests that growing worship attendance in the local church is to become more difficult with time, just as it has over recent decades.

Nationally, the projected decline in worship attendance approaches the average annual decline observed between 2002 and 2013—a loss of 53,232. The consequence of these projected losses is an increase in the number of church closures. Church closures are projected to follow an assumed set of conditions that have not been descriptive of historical patterns. Historically, annual conferences have allowed very small membership churches to remain open in spite of increasing needs for annual conference subsidies. The projections assume that these subsidies will become smaller and less frequent, resulting in a change in the conditions under which a church is expected to close.

Projection: Active Elder Members

The projected numbers of active elders in Texas are dependent upon retirement patterns among active elders and the numbers and ages of new elders ordained in the Texas Annual Conference. Based upon the 1990 to 2012 history of new elders in Texas, the projections assume an entry of thirteen new elders each year between 2013 and 2030 for a total of 234 new elders. As these new elders age, some elder transition into retirement. By 2030, the model projects 36 retirements and nine deaths among these 234 new elders. Sixty-one of the surviving new elders are assumed to leave local church appointments and enter the pool of inactive elders.

The total number of active elders in Texas serving the local church has declined in recent years—from 506 in 1990 to 420 in 2012—a decrease of 17.00%. This represents a net loss of 3.9 active elders per year. The pace is expected to increase. Between 2015 and 2030, the Texas Annual Conference is expected to experience a net loss of 92 elders at a rate of 6.13 active elders per year.

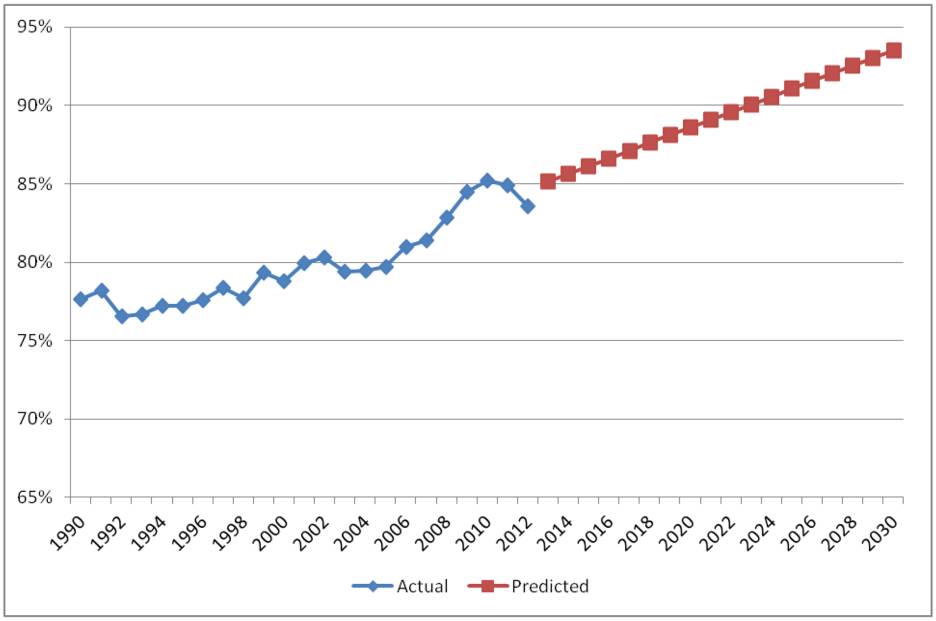
The increased pace of retirements is due to the aging of the baby boomers. The assumption that the annual conference will maintain a constant thirteen new elders each year may be unrealistic. Given the continuing net loss of elders with this assumed rate of entry of new elders, it is possible that the annual conference will expand its recruitment efforts and increase this rate of entry. These projections, however, assume that this increased rate of entry does not occur.

Projection: Elders Seeking Appointments in the Local Church

Most active elders receive appointments in the local church. Others find employment positions outside the local church. These include annual conference cabinet positions, annual conference staff positions, general agency staff positions, and a host of other positions. To project the number of active elders seeking appointments beyond the local church, it is useful to consider historical trends as a foundation for projections.

Figure 16 presents the percentage of active elders with appointments in the local church within the Texas Annual Conference—actual percentages and projected percentages. Projections are based upon a dominate time trend from 1990 to 2012. It is assumed that the forces affecting the historical time trend will continue through the year 2030.

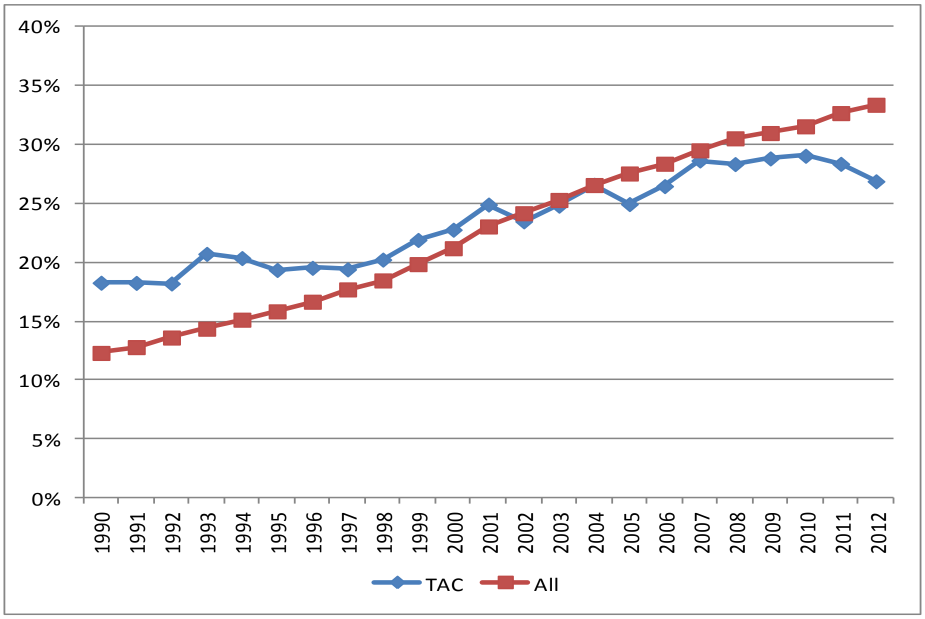
Figure 16
Percentage of Active Elders in Appointed to the Local Church
Texas Annual Conference



The upward trend in this percentage is evident from the historical records beginning in the early 1990s—a positive trend that has become increasingly positive. This positive trend is expected to continue through 2030. By 2030, 93.5% of the active elders in Texas are expected to have appointments in the local church. This upward trend has important implications. It suggests a continuing strong quest from local churches for elders.

Nationally, there has been a strong trend in replacing elders serving the local church with full time local pastors. This trend has been present in the Texas Annual Conference, but the replacement of elders with full time local pastors has not been as aggressive. Figure 17 presents these trends from 1990 through 2012.

Figure 17
Percent of Local Churches Served by Full Time Local Pastors[11]



In 1990, full time local pastors represented 12.32% of the total of full time local pastors and elders serving the local church. By 2012, these percent had increased to 33.38%. For the Texas Annual Conference, the 1990 percentage equals 18.28% and ends with 26.89%. The transition toward full time local pastors is not as aggressive as in the nation as a whole.

Projection: Worship Attendance[12]

Studies indicate that worship attendance is affected by four major factors: spending patterns among the four areas, characteristics of the senior pastor, changes in affinity populations, and the strength of the anti-church theme in society. The projections of worship attendance among Texas local churches must take each of these factors into account.

Spending Patterns

Table 7 below presents the projected spending patterns among Texas local churches.

[11] The numbers of full time local pastors and elders serving the local church are restricted to those registered in the files maintained by the General Board of Pensions and Health Benefits. Not all churches are served by these pastors. Although many pastors are not included in these counts, the trends are believed to be representative.
[12] Projections of worship attendance follow the updated national projections prepared for the report entitled "A National Model for the Denomination in the U.S.," RRC, Inc., March 2012. Seven different sets of assumptions were established to demonstrate the differences in results. These projections were updated based upon additional end-of-year local church reports through 2013.

Table 7
Projected Spending Patterns for Texas

Year	Programs	Staff	Savings	Loans	Total
2014	6,706,766	29,512,121	6,291,726	5,592,860	48,103,473
2015	6,948,990	31,319,666	5,548,500	4,813,785	48,630,941
2016	7,151,681	32,895,434	5,437,712	6,561,183	52,046,010
2017	7,368,903	34,270,281	6,030,316	5,984,643	53,654,143
2018	7,629,973	35,853,071	7,097,392	8,512,143	59,092,579
2019	7,751,151	36,833,828	6,088,367	7,912,531	58,585,877
2020	7,968,902	37,999,264	6,428,156	10,631,307	63,027,629
2021	8,099,638	38,578,305	6,289,839	10,424,831	63,392,613
2022	8,320,317	39,352,236	6,613,792	11,863,770	66,150,115
2023	8,543,840	40,077,936	6,720,994	10,150,491	65,493,261
2024	8,816,608	40,977,375	7,183,405	12,024,636	69,002,024
2025	9,113,381	41,849,968	6,967,842	14,816,359	72,747,550
2026	9,340,323	42,644,210	7,830,949	15,912,535	75,728,017
2027	9,527,026	43,465,454	7,719,664	14,208,180	74,920,324
2028	9,712,592	44,465,490	7,464,314	13,883,825	75,526,221
2029	9,973,550	45,339,940	7,859,043	17,701,866	80,874,399
2030	10,268,728	46,118,003	7,574,272	15,363,818	79,324,821
Rates	**2.70%**	**2.83%**	**1.17%**	**6.52%**	**3.18%**
US	**1.87%**	**1.59%**	**2.38%**	**8.29%**	**3.02%**

Overall, local churches in Texas are expected to increase spending among the four areas, adjusted for inflation, by an annual rate of 3.18%. The national projection is lower, at an annual rate of 3.02%. The Texas projection, as well as that for the U.S., is based upon its own historical spending patterns.

Studies indicate that the composition of the population surrounding the local church affects its average worship attendance. In these studies, each church has an identified affinity population—the population of persons with the same ethnicity or race as the church's congregation.[13] The affinity population of a church is one of the drivers of worship attendance. Table 8 presents the projected changes in affinity populations surrounding Texas churches and churches throughout the U.S.

[13] For our purposes, affinity populations are measured within a 3-mile radius of the local church. The ethnicity or race of a congregation is determined by the majority of its membership. A white congregation is matched with non-Hispanic whites in the neighboring population. African American congregations are matched with non-Hispanic blacks. Hispanics are matched with Hispanics, and Asians are matched with Asians.

Table 8
Projected Changes in Affinity Populations in the Texas Annual Conference

Year	Texas All Tiers	US All Tiers	Texas Tiers 5 and 6	US Tiers 5 and 6
2014	6,340,373	437,879,680	1,335,208	25,472,125
2015	6,436,704	439,179,844	1,352,606	25,794,537
2016	6,503,107	439,415,750	1,355,631	26,024,987
2017	6,538,282	440,135,026	1,358,654	26,106,323
2018	6,547,613	440,631,452	1,361,677	26,281,323
2019	6,634,048	441,450,089	1,364,701	26,367,826
2020	6,644,030	441,786,092	1,367,724	26,605,380
2021	6,719,913	442,543,354	1,370,749	26,817,523
2022	6,735,899	443,298,746	1,373,772	27,075,043
2023	6,777,487	443,834,274	1,376,796	27,246,256
2024	6,854,008	444,702,617	1,379,819	27,552,723
2025	6,920,115	445,947,418	1,382,843	27,815,843
2026	7,211,153	448,286,220	1,385,867	28,311,631
2027	7,222,185	449,229,567	1,388,891	28,758,859
2028	7,284,268	450,757,695	1,391,914	29,062,841
2029	7,439,095	454,081,797	1,394,938	29,454,666
2030	7,468,782	454,930,269	1,397,961	29,693,310
Rates	**1.03%**	**0.24%**	**0.29%**	**0.96%**

The annual rate of increase in affinity population among all tiers in Texas is 1.03%, compared to the projected increase in the U.S. of 0.24%. Tiers 5 and 6 represent the larger churches where modest growth is expected in the US (0.96% annually), but the annual growth rate is predicted to be lower, less than a third of the annual rate for all tiers in the Texas Annual Conference. These larger churches are usually better positioned to benefit from changes in affinity populations. These projections paint a mixed portrait for Texas, compared to that of the US.

New Church Starts[14]

Based upon historical records, there are a total of 28 new church starts expected in Texas between 2013 and 2030. Also based upon historical records, all new church starts in Texas represent a composite of churches with a first-year average worship attendance greater than 50 attendees and those with first-year average worship attendance less than 50 attendees. This was true of most other annual conferences. Table 9 presents the annual number of new church starts over the 2013 to 2030 period.

[14] For our purposes, a new church start is counted by a newly assigned GCFA number. Many new church starts are confirmed new congregations with a new location. A few may reflect a merger to two existing congregations.

Table 9
Projected Number of New Church Starts
Texas Annual Conference

Year	Count
2013	0
2014	0
2015	2
2016	2
2017	2
2018	0
2019	4
2020	0
2021	3
2022	2
2023	1
2024	2
2025	2
2026	3
2027	0
2028	0
2029	1
2030	4
Total	**28**

The timing of each new church start was randomly assigned. Only churches that received a new GCFA church number were counted in the historical record. At this time, we do not have the records to confirm a new church start in Texas in 2013.

Table 10 presents the projected categories of new church starts in Texas and among all the annual conferences.

Table 10
New Church Start Categories[15]

	Cat 1	Cat 2	Cat 2 Percent
Texas	7	21	75.00%
US	255	492	65.86%

Nationally, 65.86% of all new church starts are expected to be Category 2 churches (1st-year attendance being greater than 50 attendees). The distribution across the two categories is based upon the pattern of new church starts between 1990 and 2012.

Table 11 presents the projected rate of new church starts—specifically, the number of existing local churches per new church start.

Table 11
Rates of Projected New Church Starts

	Texas	All Annual Conferences
2013	664	32,635
New Churches	28	747
Ratio	23.71	43.69

For Table 11, existing churches are counted in 2013. The projected rate of new church starts between Texas and all other annual conferences. In 2013, Texas had 664 existing (and reporting) local churches. Between 2013 and 2030, Texas is expected to have 28 new church starts (as we define them). The new church start rate is 23.71 local churches per new church start. For all the annual conferences, the rate is 43.69. This is a positive comparison for the Texas Annual Conference.

Church Closures

Projected church closures are dependent upon both worship attendance and the financial strength of the congregation. Rules for church closures in the projections are presented in Table 12.

[15] A Category 1 church is a church with average worship attendance of less than 50 in first year. A Category 2 church is a church with average worship attendance of greater than 50 in the first year. A new church is assigned a category based upon its 1st-year average worship attendance, regardless of worship attendance levels after the first year. The separation into these two categories is important because the expected growth paths differ between Category 1 and Category 2. Worship attendance grows faster among Category 2 churches.

Table 12
Assumed Conditions for Church Closures

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

In most instances, when worship attendance falls below 15 attendees, the church is assumed to close. This assumption leads to more frequent closures that experienced in the past.

Table 13 presents the projected number of church closures among the three groups of churches.

Group 1 represents churches that were operating in 1990 and were continuing in operation in 2012.

Group 2 represents churches that were started sometime between 1991 and were in operation in 2012.

Group 3 represents churches to be started sometime between 2012 and 2030.

Table 13
Projected Church Closures
2013 -2030

Year	Group 1	Group 2	Group 3	Total
2013	44	1	0	45
2014	10	0	0	10
2015	12	0	0	12
2016	13	0	0	13
2017	19	0	0	19
2018	20	0	0	20
2019	18	1	0	19
2020	15	0	0	15
2021	22	0	0	22
2022	25	0	0	25
2023	17	0	0	17
2024	10	0	0	10
2025	11	0	1	12
2026	12	0	1	13
2027	11	0	0	11
2028	9	0	0	9
2029	7	0	0	7
2030	10	0	0	10
Total	**285**	**2**	**2**	**289**

To place this into perspective, first notice that in 2013, there are to be 44 local churches to close. In fact, this did not take place. The projection, however, screens small-membership churches, "closing" them if the standards for continuing operations are not met. The projected closure of 44 churches in 2013 implies that there were perhaps 30 churches that would have been closed prior to 2013 had the assumed standards for continuing operations were not met.[16]

The number of total closures of Group 1 churches may appear to be overly large. In fact, the projected closure of 285 Group 1 churches represents 45.5% of all Group 1 churches. At first, this seems unreasonable. However, it is not.

In 2012, there were 362 Tier 1 churches from Group 1 with sufficient information to be used in the projections. Between 2013 and 2030, there are to be 203 closures among these 362 Tier 1 churches, representing a closure rate of 56.1%. A less strict closure rule would reduce this percentage, but, for our

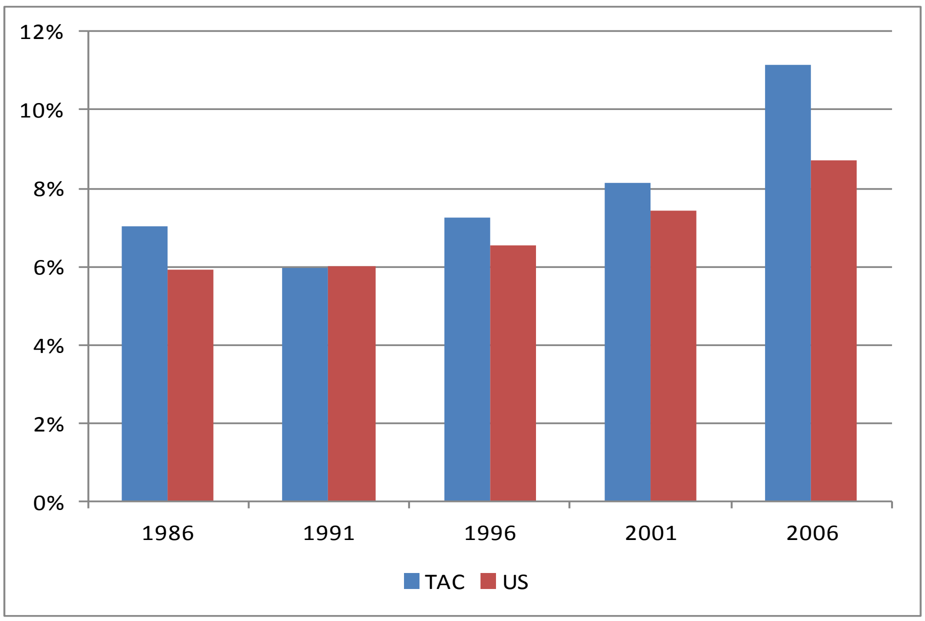
[16] Between 2014 and 2030, the average annual number of projected closures is 14.2. Using this average, the 44 church closures in 2013 includes an estimated 30 churches that would have been closed by 2013 under a more strict closure rule.

purposes, it is not that crucial. The major loss from Tier 1 churches is their collective decline before closures.[17]

The projected loss of 56.1% of our Tier 1 churches by 2030 is a higher percentage than what we have experienced in the past. Between 1994 and 2011, the Texas Annual Conference closed 22.6% of our churches that were Tier 1 churches in 1994—a period of 17 years. This is less than half of the projected percentage over the next 17 years. The trend, however, toward higher percentages is clear.

Figure 18 presents the 5-year closure rate among Tier 1 churches for selected years in the Texas Annual Conference and in the U.S.

Figure 18
Five-Year Closure Rates
Tier 1 Churches



Among the Tier 1 churches in the Texas Annual Conference that were operating at the end of 1986, 7.02% of those Tier 1 churches had closed by 1991—a period of five years. Among the Tier 1 churches in the Texas Annual Conference that were operating at the end of 2006, 11.14% of those churches had closed by 2011. For the Texas Annual Conference and for the nation as a whole, Tier 1 churches have faced conditions that have become more and more caustic, causing an increasing percentage of these churches to close.

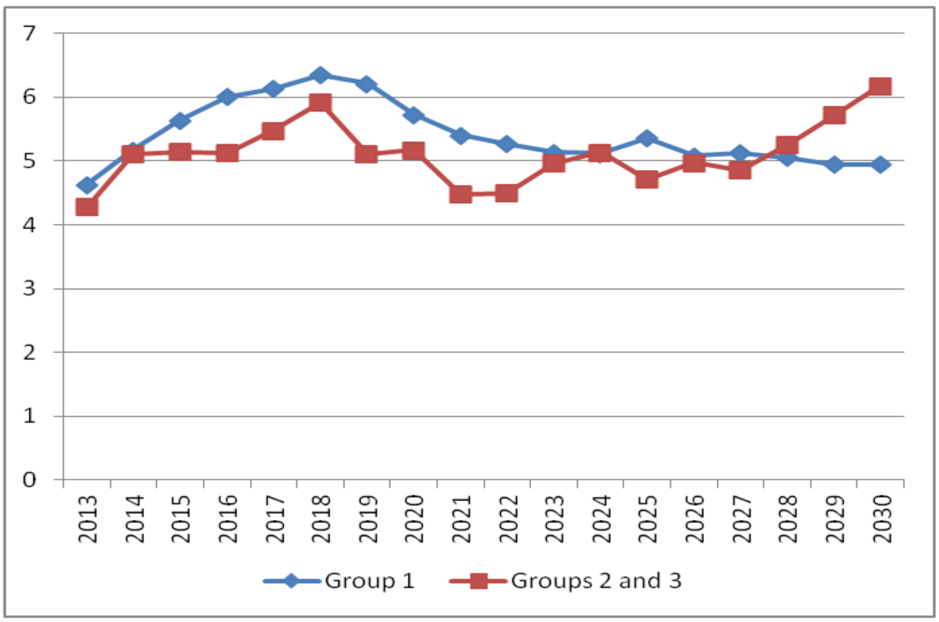
[17] Between 2012 and 2030, the Tier 1 churches (as of 2012) are expected to lose 7,784 attendees. The loss from decline, before closure among the 203 expected to close, totals 6,262 attendees.

The typical closure of a church takes place when worship attendance is very low. Assuming that the average worship attendance at closure is 7.5 attendees, the total loss in worship attendance between 2013 and 2030 among these Tier 1 churches is only 1,532 attendees. This compares with a total loss of attendance between 2012 and 2030 of 11,754. Church closures are not expected to lead the total loss in worship attendance.

Length of Appointments

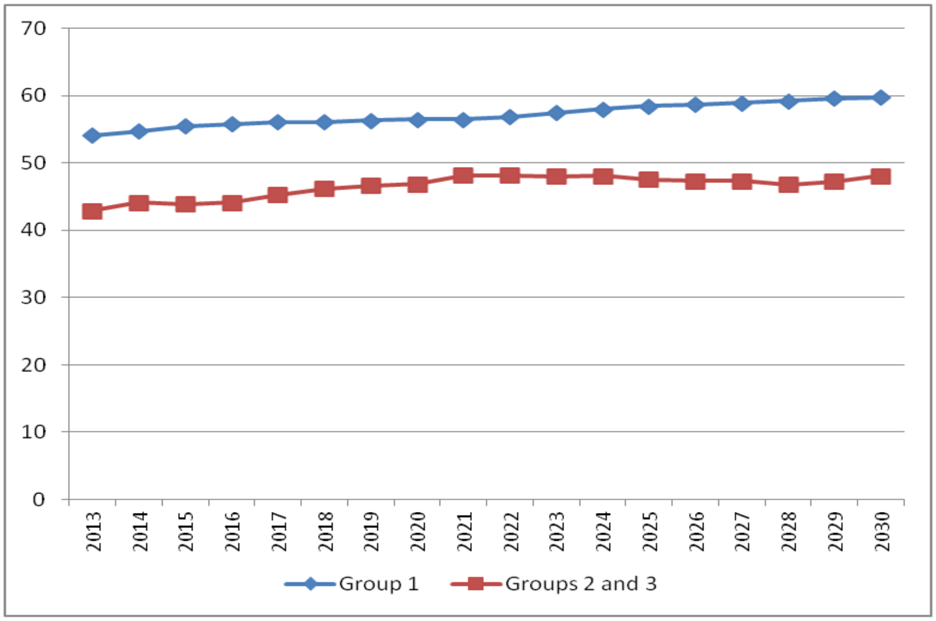
The average lengths of appointments are based upon annual conference trends among each of the six tiers between 1990 and 2013. Figure 19 presents the projected average length of appointments in Texas.

Figure 19
Average Length of Appointments in the Texas Annual Conference
All Churches



The average length of the appointment is projected to increase marginally, by three months, between 2013 and 2030—from 4.64 years to 4.95 years among Group 1 churches (churches existing between 1990 and continuing in 2012). The average length of the appointment among Group 2 and Group 3 churches is projected to increase from 4.3 years to 6.2 years—an increase of almost two years. The projected average age of the senior pastor is presented in Figure 20.

Figure 20
Projected Average Age of the Senior Pastor
Texas Annual Conference



The average age of senior pastors among Group 1 churches is projected to increase from 54.1 to 59.8. This is an increase of over five years in age over a seventeen year span. The average age of senior pastors in Groups 2 and 3 churches is expected to increase—from 42.9 to 48.1. The average age of pastors in new church starts are expected to remain below those of established churches.

Worship Attendance

The projection of worship attendance for Texas is based upon the same set of regression equations used for the national projection. The attendance projection is presented among three groups of churches.

Table 14
Projected Worship Attendance

Year	Group 1	Group 2	Group 3	Total
2014	86,097	5,189	-	91,286
2015	86,310	5,703	363	92,376
2016	86,416	5,878	916	93,210
2017	86,178	5,984	1,444	93,606
2018	86,069	6,519	1,757	94,345
2019	86,072	6,333	2,585	94,990
2020	85,656	5,788	2,949	94,393
2021	84,626	5,592	3,691	93,909
2022	83,529	4,466	4,361	92,356
2023	82,634	4,499	3,976	91,109
2024	81,984	4,406	4,476	90,866
2025	81,309	4,375	5,252	90,936
2026	80,942	4,202	5,727	90,871
2027	80,124	3,960	5,930	90,014
2028	79,785	3,968	5,993	89,746
2029	79,248	3,989	6,285	89,522
2030	78,507	4,049	6,712	89,268
Rates	**-0.58%**	**-1.54%**	**NA**	**-0.14%**
US	**-2.30%**	**1.70%**	**20.34%**	**-1.70%**

Between 2014 and 2030, worship attendance in Texas is expected to decrease from 91,286 to 89,268—an annual rate of decline of 0.14% per year. This compares with a projected rate of decline for all annual conferences of 1.70%. This difference suggests that the Texas Annual Conference is expected to do fine, but its potential is strong, positive growth.

Elder Positions in the Local Church

The number of elder positions in the local church is related to worship attendance and the minimum compensation required for elders in the annual conference. It is assumed that Texas's minimum compensation level will increase at an annual rate of 1.3% per year, adjusted for inflation. This rate appears necessary to both successfully recruit new elders and to respond to the growing pressures of educational debt among new seminary graduates.

Table 15 presents the projections of elder positions in the local church among all three groups of churches.

Table 15
Elder Positions in the Local Church

Year	Group 1	Group 2	Group 3	Total
2015	191	19	2	212
2016	193	18	4	215
2017	213	18	3	234
2018	187	19	3	209
2019	204	19	9	232
2020	189	17	9	215
2021	197	20	10	227
2022	183	14	15	212
2023	181	14	12	207
2024	184	13	12	209
2025	173	16	17	206
2026	185	15	18	218
2027	177	18	15	210
2028	162	14	15	191
2029	158	11	12	181
2030	153	12	13	178

Between 2015 and 2030, the Texas Annual Conference is expected to lose 34 elder positions among the local churches. A loss of 38 positions is expected among Group 1 churches, with Group 2 losing seven additional positions and Group 3 projected to add eleven new elder positions.

Elders: Surplus or Shortage

The projections above include projections of elder positions in the local church and the number of elders seeking appointments to the local church. Table 16 combines these projections to determine if and when there will be a shortage of elders in Texas.

Table 16
Elders Seeking Appointments and Elder Positions in the Local Church
Texas Annual Conference

Year	Active Elders	Percent Local Church	Elders Seeking Apppoint	Church Elder Positions	Surplus (Shortage) Elders
2015	250	86.12%	215	212	3
2016	224	86.62%	194	215	(21)
2017	207	87.11%	180	234	(54)
2018	191	87.60%	167	209	(42)
2019	191	88.09%	168	232	(64)
2020	194	88.59%	172	215	(43)
2021	188	89.08%	167	227	(60)
2022	178	89.57%	159	212	(53)
2023	177	90.06%	159	207	(48)
2024	173	90.55%	157	209	(52)
2025	163	91.05%	148	206	(58)
2026	159	91.54%	146	218	(72)
2027	162	92.03%	149	210	(61)
2028	154	92.52%	142	191	(49)
2029	158	93.01%	147	181	(34)
2030	158	93.51%	148	178	(30)

The projections indicate that there will be a shortage of elders seeking positions in the local church beginning in 2016. The shortage predicted in the future will peak in 2026 and will continue through 2030.

These figures will change if retirements are delayed beyond what is expected—an average retirement age of 68. The projections are based upon an average retirement age of 68 and a mandatory retirement age of 72. The projections assume that there is no change in cabinet efforts to maintain elder positions in the lower-tier churches or to encourage upper tier churches to use elders as associate pastors.

Without an expanded effort to recruit more elders, the future shortage of elders is highly probable. If retirement patterns differ from those projected, the magnitude of a surplus or shortage will vary from these projections. However, the overall trends will remain.

Financial Strength of the Annual Conference

As a simple measure of the financial strength of the annual conference, consider the standard and necessary expenses of the local church. These expenses include:

1. Facilities Expenditures from Savings
2. Debt Service Payments
3. Program Expenses
4. Non-clergy Staff Compensation
5. Pastor Compensation
6. Operating Expenses

For our purposes, net expenditures equal total expenditures minus facility expenditures from savings (item 1) and debt service payments (item 2). In the tables below, we begin with net expenditures.

Table 17 presents the historical amounts expended among Texas churches and churches among all the annual conferences

Table 17
Historical Expenditures
Adjusted for Inflation

			Total	**Annual**		**All**		**Total**	**Annual**
	Texas		**Percent**	**Percent**		**Conferences**		**Percent**	**Percent**
	1990	**2013**	**Change**	**Change**		**1990**	**2013**	**Change**	**Change**
Net Expenditure	56,236,264	100,889,072	79.40%	2.57%		1,857,916,081	2,227,380,166	19.89%	0.79%
Programs	4,638,607	7,901,139	70.33%	2.34%		123,992,692	132,115,772	6.55%	0.28%
Non-clergy staff	11,943,290	32,244,096	169.98%	4.41%		292,955,309	553,906,663	89.08%	2.81%
Total	16,581,897	40,145,235	142.10%	3.92%		416,948,001	686,022,435	64.53%	2.19%
Total Percent	29.49%	39.79%				22.44%	30.80%		
Pastors (P)	13,514,435	16,035,059	18.65%	0.75%		543,687,458	514,589,282	-5.35%	-0.24%
Operating (O)	10,833,178	20,792,092	91.93%	2.88%		379,145,279	469,516,083	23.84%	0.93%
Total P+O	24,347,613	36,827,151	51.26%	1.82%		922,832,737	984,105,365	6.64%	0.28%
P+O Percent	43.30%	36.50%				49.67%	44.18%		
Remainder	15,306,754	23,916,686	56.25%	1.96%		518,135,343	557,252,366	7.55%	0.32%
Remainder Pct	27.22%	23.71%				27.89%	25.02%		

Net expenditures among Texas churches in 1990 were $56.2 million. In 2013 it had increased to $100.9 million, representing a 79.4% increase. Among all churches, net expenditures totaled $1.86 billion in 1990 and increased to $2.23 billion by 2013, representing a 19.89% increase.

In Texas, total expenditures for programs and non-clergy staff increased from $16.6 million in 1990 to $40.1 million in 2013, representing an increase of 142.1%. Among all churches, these totals increased by 64.53%--less than half that of Texas.

In Texas, pastor compensation increased from $13.5 million to $16 million—an increase of 18.65%. Among all local churches, pastor compensation decreased by 5.35%. In Texas, operating expenses among local churches increased from $10.8 million to $20.8 million, representing an increase of 91.93%. Among all churches, the increase in operating expenses was 23.84%.

We can now calculate the remaining expenditures by subtracting from net expenditures the four listed expenses. In Texas, the remainder, or what is left after the subtraction, is $15.3 million in 1990 and $23.9 million in 2013—an increase of 56.25% or an annual rate of 1.96%. Among all churches, the remainder increased from 1990 to 2013 by 7.55% or an annual rate of 0.32%. These percentages, of course, are significantly different—an indication of financial strength among Texas churches.

The remainder is what local churches used to fund benevolences and apportionments to the district, annual conference, and the General Church. In Texas, this remainder increased by 56.25%. The ability of Texas churches to fund benevolences and pay apportionments actually improved significantly between 1990 and 2013, despite the decline in worship attendance.

Table 18 presents the projections of net expenditures, program expenses, and non-clergy staff expenses

Table 18
Projections of Expenditures
Adjusted for Inflation

	Texas 2014	2030	Total Percent Change	Annual Percent Change		All Annual Conferences 2014	2030	Total Percent Change	Annual Percent Change
Net Expenditure	88,300,299	119,112,814	34.90%	1.89%		2,086,043,287	2,023,435,989	-3.00%	-0.19%
Programs	6,706,766	10,268,728	53.11%	2.70%		130,152,938	175,061,718	34.50%	1.87%
Non-clergy staff	29,512,121	46,118,003	56.27%	2.83%		557,853,949	718,154,578	28.74%	1.59%
Total	36,218,887	56,386,731	55.68%	2.81%		688,006,887	893,216,296	29.83%	1.64%
Total Percent	41.02%	47.34%				32.98%	44.14%		
P+O Percent	36.21%	31.48%				43.94%	40.13%		
P+O	31,971,142	37,499,094	17.29%	1.00%		916,682,043	811,918,933	-11.43%	-0.76%
Remainder	20,110,270	25,226,989	25.44%	1.43%		481,354,357	318,300,760	-33.87%	-2.55%
	22.77%	21.18%							

Between 2014 and 2030, total net expenditures in Texas are expected to increase by 34.90% while they are expected to decrease by 3.00% among all other annual conferences. These figures come from the projection model under the assumptions explained above.[18] Program expenses in Texas are expected to increase by 53.11% and by 34.50% among all churches. Non-clergy staff expenses in Texas are expected to increase by 56.27% and by 28.74% among all churches.

The amounts to be spent on clergy compensation and operating expenses must now be projected. As a simple projection, consider the time trend established in the percentages presented in Table 17. For Texas, the percentage of net expenditures spent for pastor compensation and operating expenses decreased from 43.3% to 36.5% over the twenty years. At this rate of decline, the future percentages would be 36.21% by 2014 and 31.48% by 2030. Similarly, projections of these percentages can be made for all churches. The resulting percentages are 43.94% and 40.13%.[19]

Using these percentages for pastor compensation and operating expenses, the calculated remainders for Texas are $20.1 million in 2014 and $25.2 million in 2030, representing an increase of 25.44%. This compares to an increase of 56.25% between 1990 and 2013. This suggests that Texas will experience a decrease in the rate of increase in funds available for benevolences and apportionments (adjusted for inflation) between 2014 and 2030. For all churches, the percentage change in such funds is

[18] The reader should note that the projected 2014 expenditures are lower than the actual 2013 figures in every category (comparing Texas Annual Conference in Table 18 and Table 17). A portion of the difference is due to the accumulation of small churches in operation in 2013 but projected to close by 2014 (in Table 13) according to our assumed church closure rules.

[19] There remains a continuing concern for the rising costs of clergy health and pension benefits. If these expenses increase faster than they have historically, these figures should be modified.

projected to fall to -33.87% between 2014 and 2030, compared to the increase of 7.55% between 1990 and 2013.

The projected financial strength of Texas churches and the Texas Annual Conference overall is positive in that local church expenditures for programs and non-clergy staff are to increase. However, projections suggest that funds available for benevolences and apportionments will not keep pace with inflation and that annual conferences, including the Texas Annual Conference, will have growing difficulties maintaining and especially increasing annual conference budgets. This raises the question of the ability of the annual conference to provide financial support for local church growth in the future.

One of the challenges to be faced by any annual conference is the financial support required to maintain the small membership churches in the rural areas where such churches represent the only face of United Methodism. Although not all small membership churches require financial support from the annual conference, most do.

Studies indicate that the larger churches are the ones most likely to grow. Annual conferences with many larger churches, those with average worship attendance of 500 or more, are well positioned for growth, all else being the same.

Table 19 presents the percentage of local churches in Tiers 1 and 2 and in Tiers 5 and 6 in the Texas Annual Conference and the jurisdictional annual conferences in 2013.

Table 19
Local Churches by Tier
2013

Tier	US		Texas	
1	19,781		380	
2	7,092	82.35%	111	73.95%
3	4,472		112	
4	612		21	
5	498		20	
6	177	2.07%	20	6.02%
Total	**32,632**		**664**	

For the year 2013, Tiers 1 and 2 represented 82.35% of all local churches in the U.S. These are the churches with average worship attendance less than 125. In the Texas Annual Conference, 73.95% of the local churches reported average worship attendance less than 125. Texas in 2013 had a higher percentage of churches in Tiers 5 and 6.

In the U.S, 2.07% of the local churches were Tiers 5 and 6 churches, with average worship attendance of 500 or more. In the Texas Annual Conference, 6.02% of its local churches reported average worship attendance of 500 or more.

These data indicate that the Texas Annual Conference enters the next decade or so with a larger representation of the larger churches than exists among all other annual conferences. This fact improves its potential for growth.

Elder Shortages and Local Churches

The shortage of elders serving the local church can pose a considerable handicap for an annual conference. A shortage represents the condition in which a local church has the budget to fully compensate a full-time elder position but there are no available elders for the appointment. The local church, therefore, must be appointed a full-time local pastor instead. For many churches, this will created a challenging situation, especially in those churches less comfortable with a new appointed pastor with less training and education than appointed pastors in the past.

Table 20 presents a comparison between the projected shortage of elders in the Texas Annual Conference and the jurisdictional conferences. The projected shortages in 2030 are presented with the projected number of local churches.

Table 20
Projected Elder Shortages and Projected Local Churches
2030

	Texas	US
Closures	289	13,986
Starts	28	747
Churches	403	19,396
Shortage	30	2,597
Percentage	7.51%	13.39%

By 2030, the Texas Annual Conference is expected to close 289 existing churches but start only 28 new churches. By 2030, the annual conference is expected to have 403 operating local churches. The projected elder shortage by 2030 is expected to total 30. This represents 7.51% of the local churches by 2030.

For the jurisdictional conferences, the number of operating local churches by 2030 is to equal 19,396. Nationally, there is a projected elder shortage of 2,597. This represents 13.39% of all local churches. Thus, the projected elder shortage in the Texas Annual Conference is expected to be less severe as that among the jurisdictional annual conferences.

III. Possible Annual Conference Strategies

General Principle and Observations

The Book of Matthew calls upon Christians to "… go and make disciples of all nations, baptizing them in the name of the Father and the Son and the Holy Spirit, teaching them to obey everything I have commanded you."[20] The mission of the United Methodist Church is "… to make disciples of Jesus Christ for the transformation of the world."[21] This is a clear mandate for our denomination to grow. Additionally, there is a substantial societal need for our denomination to grow. It is difficult to imagine how a denomination can excel in its mission when it continues a persistent, uninterrupted decline. Where and when possible, it is imperative for annual conferences to implement strategies that will reverse its decline.

There is mounting evidence that the persistent decline in our denomination will not be reversed without the implementation of successful strategies at the annual conference, district, and local church levels. There is a long history of unsuccessful attempts to do just that, and the history of efforts to arrest and reverse our decline go back at least fifty years. However, these past efforts were not well supported with a sense of urgency or an understanding of our strengths and our weaknesses. Few efforts had sufficient financial support, and many were not focused sufficiently upon the local church and its own challenges. Many failed to consider the many differences in the local churches and the fact that effective solutions can differ from local church to local church.

In spite of our disappointments from past efforts, there remains considerable hope for growth in our denomination. The evidence presented for the Texas Annual Conference is encouraging in several important ways.

- There is a recent history of strong growth in giving to local church operating budgets (Table 4).
- There is a positive outlook for growth in local church spending for support of programs and non-clergy staff expenditures (Table 18).
- On average, Texas local churches are expected to benefit from increasing affinity populations (Table 8)
- The projected decline in worship attendance is manageable and is likely to be arrested with current strategies in place.
- The Texas projected shortage of elders seeking appointments in the local church is significantly less severe as a percentage of local churches as the national outlook. (Table 20)

There remains, however, evidence that is somewhat discouraging.

- The Texas Annual Conference is expected to close 43.5% of its churches by 2030. (Table 13)

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[20] Matthew 28, 19-20.
[21] *Book of Discipline*, *2012*, Paragraph 120, p. 91.

- Based upon historical patterns, the Texas Annual Conference is expected to start only 28 new churches by 2030. (Table 9)
- Potentially 74% of existing local churches in the Texas Annual Conference require annual conference subsidies to continue operations. (Table 19)

Population Growth Areas

Population growth generally presents opportunities for an annual conference to start new churches or relocate existing churches. Perhaps all existing churches were once placed where there was an expected growth in affinity populations. Unfortunately, most existing church locations have outlived their respective location advantages. Many are in quite unfavorable locations today.

There tables have been prepared based upon population projections for 2020 for each Texas county. The first presents the top 25 counties by the size of the population change.[22]

[22] Counties are excluded from the list if there are less than three United Methodist churches present in the county.

Table 21
High Growth Counties: Population Growth
2015 to 2020

County	Churches	Attend	Popn 2015	Popn 2020	Popn Chng	Growth per Church	Growth per Attend
Harris County	123	46,226	4,433,476	4,755,157	321,681	2,615	6.96
Fort Bend County	19	9,346	676,601	749,608	73,007	3,842	7.81
Montgomery County	17	7,849	515,101	564,787	49,686	2,923	6.33
Brazoria County	18	2,868	337,734	361,393	23,659	1,314	8.25
Galveston County	22	3,856	313,160	334,426	21,266	967	5.52
Brazos County	13	3,014	208,110	221,416	13,306	1,024	4.41
Smith County	25	3,540	220,742	232,687	11,945	478	3.37
Jefferson County	21	3,056	254,696	260,788	6,092	290	1.99
Gregg County	15	1,750	125,261	130,031	4,770	318	2.73
Angelina County	16	1,089	89,233	92,595	3,362	210	3.09
Liberty County	7	478	78,190	81,440	3,250	464	6.8
Bowie County	19	1,606	94,707	97,938	3,231	170	2.01
Harrison County	18	1,067	68,078	71,076	2,998	167	2.81
Waller County	8	433	46,170	49,129	2,959	370	6.83
Chambers County	7	518	38,150	40,997	2,847	407	5.5
Orange County	8	862	83,726	86,557	2,831	354	3.28
Walker County	8	845	69,687	72,316	2,629	329	3.11
Nacogdoches County	11	707	66,123	68,459	2,336	212	3.3
Hardin County	6	532	56,380	58,643	2,263	377	4.25
Henderson County	19	1,243	79,527	81,595	2,068	109	1.66
Van Zandt County	13	834	53,668	55,383	1,715	132	2.06
Rusk County	16	609	54,373	56,082	1,709	107	2.81
Upshur County	7	299	40,620	42,282	1,662	237	5.56
Cherokee County	20	997	51,744	53,302	1,558	78	1.56
Polk County	8	749	46,340	47,835	1,495	187	2

The next table provides similar information but sorted by the calculated growth per church—again the top 25 counties.

Table 22
High Growth Counties: Population per Existing Church
2015 to 2020

County	Churches	Attend	Popn 2015	Popn 2020	Popn Chng	Growth per Church	Growth per Attend
Fort Bend County	19	9,346	676,601	749,608	73,007	3,842	7.81
Montgomery County	17	7,849	515,101	564,787	49,686	2,923	6.33
Harris County	123	46,226	4,433,476	4,755,157	321,681	2,615	6.96
Brazoria County	18	2,868	337,734	361,393	23,659	1,314	8.25
Brazos County	13	3,014	208,110	221,416	13,306	1,024	4.41
Galveston County	22	3,856	313,160	334,426	21,266	967	5.52
Smith County	25	3,540	220,742	232,687	11,945	478	3.37
Liberty County	7	478	78,190	81,440	3,250	464	6.8
Chambers County	7	518	38,150	40,997	2,847	407	5.5
Hardin County	6	532	56,380	58,643	2,263	377	4.25
Waller County	8	433	46,170	49,129	2,959	370	6.83
Orange County	8	862	83,726	86,557	2,831	354	3.28
Washington County	4	368	34,761	36,139	1,378	345	3.74
Walker County	8	845	69,687	72,316	2,629	329	3.11
Gregg County	15	1,750	125,261	130,031	4,770	318	2.73
San Jacinto County	4	265	27,415	28,648	1,233	308	4.65
Jefferson County	21	3,056	254,696	260,788	6,092	290	1.99
Upshur County	7	299	40,620	42,282	1,662	237	5.56
Titus County	5	411	33,106	34,247	1,141	228	2.78
Wharton County	4	288	41,542	42,422	880	220	3.06
Nacogdoches County	11	707	66,123	68,459	2,336	212	3.3
Angelina County	16	1,089	89,233	92,595	3,362	210	3.09
Matagorda County	5	260	37,133	38,071	938	188	3.61
Polk County	8	749	46,340	47,835	1,495	187	2
Austin County	6	447	29,194	30,263	1,069	178	2.39

The final table sorts counties by population growth per worship attendee.

Table 23
High Growth Counties: Population per Attendee
2015 to 2020

County	Churches	Attend	Popn 2015	Popn 2020	Popn Chng	Growth per Church	Growth per Attend
Brazoria County	18	2,868	337,734	361,393	23,659	1,314	8.25
Fort Bend County	19	9,346	676,601	749,608	73,007	3,842	7.81
Harris County	123	46,226	4,433,476	4,755,157	321,681	2,615	6.96
Waller County	8	433	46,170	49,129	2,959	370	6.83
Liberty County	7	478	78,190	81,440	3,250	464	6.80
Montgomery County	17	7,849	515,101	564,787	49,686	2,923	6.33
Upshur County	7	299	40,620	42,282	1,662	237	5.56
Galveston County	22	3,856	313,160	334,426	21,266	967	5.52
Chambers County	7	518	38,150	40,997	2,847	407	5.50
San Jacinto County	4	265	27,415	28,648	1,233	308	4.65
Brazos County	13	3,014	208,110	221,416	13,306	1,024	4.41
Hardin County	6	532	56,380	58,643	2,263	377	4.25
Grimes County	9	308	27,540	28,751	1,211	135	3.93
Washington County	4	368	34,761	36,139	1,378	345	3.74
Matagorda County	5	260	37,133	38,071	938	188	3.61
Smith County	25	3,540	220,742	232,687	11,945	478	3.37
Nacogdoches County	11	707	66,123	68,459	2,336	212	3.30
Orange County	8	862	83,726	86,557	2,831	354	3.28
Walker County	8	845	69,687	72,316	2,629	329	3.11
Angelina County	16	1,089	89,233	92,595	3,362	210	3.09
Wharton County	4	288	41,542	42,422	880	220	3.06
Shelby County	11	299	26,022	26,894	872	79	2.92
Harrison County	18	1,067	68,078	71,076	2,998	167	2.81
Rusk County	16	609	54,373	56,082	1,709	107	2.81
Tyler County	4	194	21,987	22,528	541	135	2.79

It is well understood that a relocation of an existing church requires much discussion and discernment of the membership. However, a recent study of relocations in the Virginia Annual Conference demonstrated that, on average, worship attendance doubled in those churches that relocated. Relocation can ensure a better future, especially among those destined to close in the near future.

Strategic Churches

Prospects for growth in an annual conference are best evaluated with the identification and participation among strategic local churches. Every church in an annual conference is not well suited for implementation and completing a formal program designed to increase church growth. The following material focuses upon the implementation of the Benchmark Project as the primary tool for arresting decline and returning to positive growth. For successful completion of the Benchmark Project, a local church must have certain characteristics in place which excludes most churches. There are other programs that could be useful to those local churches that do not meet these characteristics.

The following characteristics should be in place for a local church to succeed in its participation in the Benchmark Project:

Presence of strong leadership—both lay and clergy

The project requires local church leaders to manage the program and protect the integrity of the Benchmark Budget throughout the three year tenure of the program. Those leaders administering the program must consistently honor the purpose to spending Benchmark funds—spending for the sole purpose of growth.

Presence of adequate facilities for growth

A local church must not be encumbered with such deteriorating facilities that potential new members would be discouraged. A church must have adequate space to accommodate growth, such as class rooms, nurseries, parking, and seating where worship takes place.

Presence of a clear understanding of purpose among local church leadership

The purpose of growth must be that of making disciples. Leaders must have a keen awareness of the specific call that God has for its local church. Growth must not be hollow in the sense that numbers improve but there is little growth in faith and a closer relationship with God. An increase in worship attendance must be accompanied with an increase in the number of members engaged in the full life of the church.

A favorable demographic condition—projected growth in affinity population

Studies prove that success is more likely if the participating church faces a growing affinity population. There may be a church that, for other strategic purposes, needs to arrest decline in spite of a declining affinity population. It could be a county-seat church that is the anchor for several rural churches in the county. In such cases, participation might be warranted even with the disadvantages of a declining affinity population. However, most participating churches should be facing increasing affinity populations.

A capacity to raise funds for the purpose of growth

Most participating churches must raise between 5% and 8% of the size of the operating budget in addition to what is required to fund the operating budget. Some churches with relatively large debt service obligations are hesitant to begin another financial campaign, even though raising funds for the

Benchmark Project is typically low key, targeting selected members rather than a campaign that canvasses the whole congregation.

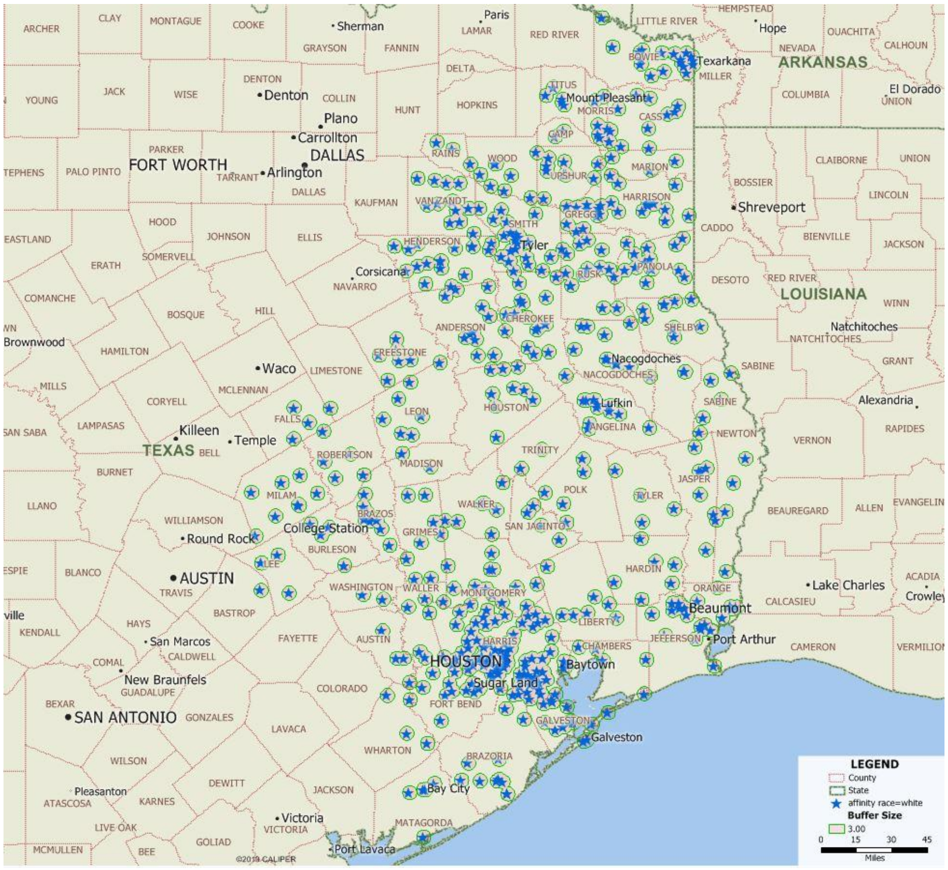
Church Size

The Benchmark Project requires time and dedication among those leading the program and funding contributed by selected generous donors. The gains from these efforts and money are sufficiently large in most cases when the church is not small—with worship attendance less than 125. There are exceptions. Smaller congregations could be viable candidates with strong leadership in place and sufficient financial strength.

In many instances, local churches are not aware of the potential for growth and miss such opportunities. There are other churches that are soon to face increasing challenges. These are strategic local churches as well. Knowing the challenges ahead helps these churches make preparations in order to reduce the impact of deteriorating conditions.

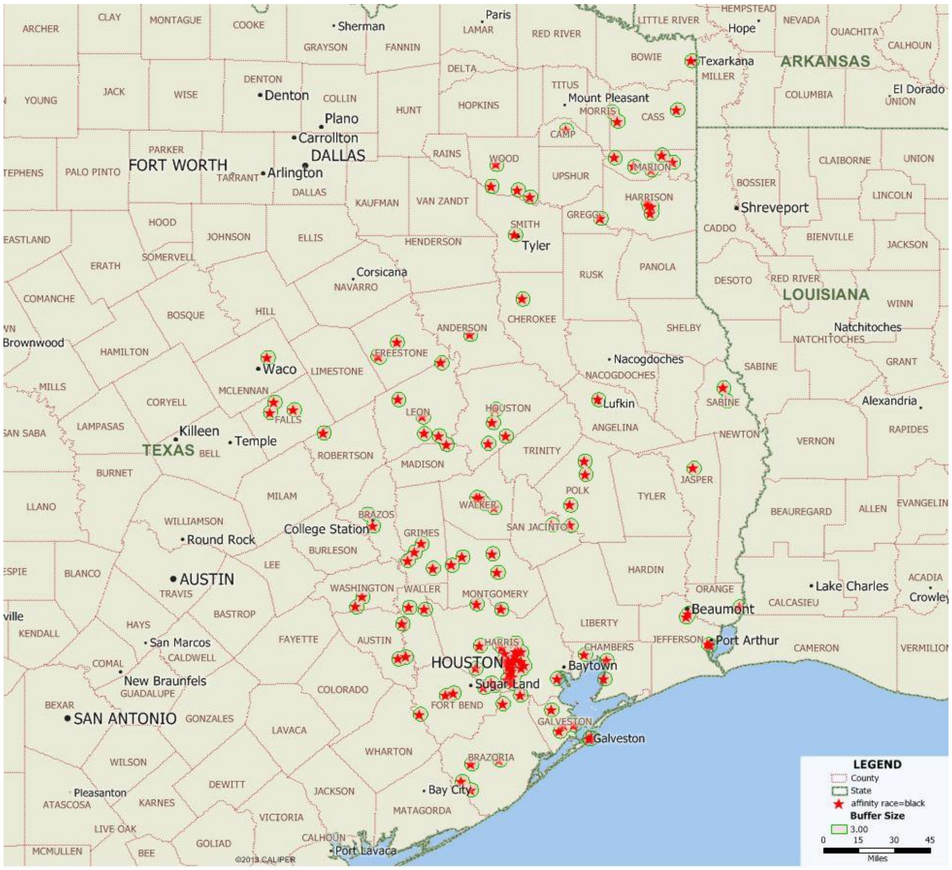
Map 1 presents local churches with predominately Caucasian congregations in the Texas Annual Conference as of the end of 2012. Each church is represented by a dot and a circle representing a 3-mile radius surrounding the church. The 3-mile radius is used in measuring affinity populations in selected tables presented earlier in this report.

Map 1
The Texas Annual Conference
Predominately Caucasian Congregations
2012



Map 2 presents all local churches with predominately African American congregations.

Map 2
The Texas Annual Conference
Predominately African American Congregations
2012



These two maps reflect the geographic coverage of the State of Texas. Each respective church location entails a unique demographic for both the present and the future. There are two groups of strategic local churches that are best positioned for growth. The first group includes local churches that happen to be located where their respective affinity populations are expected to grow by one percent or more over the next five years.[23] Studies indicate that worship attendance should increase in response to these demographic changes, all else being equal.

The first group of local churches includes those with measured spending deficiencies. Studies prove that worship attendance is responsive to changes in spending on programs and non-clergy staff. A local church that increases its spending on programs, holding all other spending the same, can expect an increase in worship attendance. The Benchmark Project is one program that offers a method of

[23] For our purposes, a church's affinity population is the number of persons with racial/ethnic characteristics that match those of the majority in the congregation. For example, for a local church with the majority of its members being African American, its affinity population consists of African Americans residing within a three-mile radius of the church location.

detecting and measuring spending deficiencies.[24] Repairing these deficiencies leads to growth in worship attendance.

Local churches belonging to both groups are known to have the greatest potential for growth, all else being equal. The Benchmark Project studies demonstrate that the gain in worship attendance from an increase in spending for programs or non-clergy staff is greatest when the affinity population is growing. These churches, on average, have the greatest potential for growth.

Table 24 lists churches in the Texas Annual Conference that are expected to benefit from increasing affinity populations of more than 6% between 2015 and 2020. At this time, it is not clear whether all of these churches will exhibit spending deficiencies, but it is highly likely. In a more casual language, Table 24 lists the "blue chip" candidates for successful participation in the Benchmark Project. However, each must be evaluated for the presence of strong leadership, adequate facilities, and manageable debt (if any). A few churches, expected to face increasing affinity populations, maintain significant debt which could be an issue.

[24] See Donald R. House, "The District Benchmark Project," April 2012.

Table 24
Strategic Local Churches Facing Increasing Affinity Populations
6% and Greater
2015 – 2020

Church	Growth	Race	2013 Attend	Tier
PEARLAND HOPE CHURCH	21.59%	Af Amer	342	3
FULSHEAR FIRST	19.94%	Cauc	209	3
HOUSTON ST MARKS (PECORE ST)	15.11%	Cauc	142	3
HOUSTON FIRST	13.59%	Cauc	1880	6
RICHMOND FAITH	13.13%	Cauc	705	5
HOUSTON NEW WORLD	12.44%	Af Amer	156	3
COLLEGE STATION FIRST	10.82%	Af Amer	125	3
HOUSTON BERING MEMORIAL	9.34%	Cauc	162	3
HOUSTON ST MATTHEWS	8.03%	Cauc	133	3
MONTGOMERY	7.56%	Cauc	377	4
HOUSTON ST PAULS	7.50%	Cauc	1171	6
HUFFMAN LAKE HOUSTON	7.27%	Cauc	195	3
MAGNOLIA WILDWOOD	7.23%	Cauc	388	4
LEAGUE CITY BAY HARBOUR	6.96%	Cauc	384	4
RICHMOND THE RIVER	6.93%	Cauc	167	3
BULLARD FIRST	6.67%	Cauc	196	3
LEAGUE CITY LEAGUE CITY	6.56%	Cauc	348	3
RICHMOND ST JOHNS	6.56%	Cauc	240	3
TOMBALL ROSEHILL	6.48%	Cauc	173	3
SEABROOK	6.41%	Cauc	296	3
LEAGUE CITY WATERSHED	6.32%	Cauc	283	3
MONT BELVIEU FIRST	6.29%	Cauc	151	3
HOUSTON FIRST FILIPINO AMERICAN	6.14%	Asian	150	3

These 22 churches were selected as strategic churches in the Texas Annual Conference due to the expectation that each will be facing increasing affinity populations during the next five years, there is a significant potential for finding spending deficiencies, and their respective debt service obligations, if any, appear manageable.[25]

Table 25 presents Texas churches expecting affinity population growth between 3.0% and 6.0%. These are also "blue chip" candidates, based upon available information but with slightly slower expected, positive growth in affinity populations.

[25] Churches that have reported significant debt service obligations include Magnolia Wildwood, League City Bay Harbour, and League City Watershed.

Table 25
Strategic Local Churches Facing Increasing Affinity Populations
3% to 6%
2015 – 2020

Church	Growth	Race	2013 Attend	Tier
SUGAR LAND PARKWAY	5.90%	Cauc	405	4
HALLSVILLE FIRST	5.75%	Cauc	240	3
LINDALE	5.69%	Cauc	310	3
CYPRESS GOOD SHEPHERD	5.59%	Cauc	988	5
HOUSTON ST STEPHENS	5.37%	Cauc	231	3
TOMBALL	5.28%	Cauc	275	3
TYLER LANES CHAPEL	5.05%	Cauc	261	3
CROSBY	4.97%	Cauc	149	3
KATY FIRST	4.87%	Cauc	432	4
HOUSTON ST LUKES	4.81%	Cauc	1869	6
LA MARQUE MCKINNEY MEMORIAL	4.55%	Af Amer	135	3
KINGWOOD STRAWBRIDGE	4.47%	Cauc	353	4
SANTA FE ALDERSGATE	4.44%	Cauc	155	3
WILLIS FIRST	4.37%	Cauc	228	3
LAPORTE FIRST	4.34%	Cauc	220	3
COLDSPRING	4.17%	Cauc	157	3
THE WOODLANDS CHRIST CHURCH	4.16%	Cauc	732	5
COLLEGE STATION CHRIST	4.12%	Cauc	1202	6
SUGAR LAND CHRIST	3.72%	Cauc	1157	6
VAN	3.25%	Cauc	143	3
LUMBERTON WOODCREST	3.20%	Cauc	231	3
WHITEHOUSE	3.11%	Cauc	127	3

There are 22 churches with expected growth in affinity populations of 3% to 6% by 2020. These are also deemed “blue chip” local churches that could be well positioned for growth.[26]

Table 26 lists churches with expected growth in affinity populations of 1% to 3% by 2020. These churches, too, have potential for growth by benefitting from growing affinity populations.

[26] Churches that have reported significant debt service obligations include Sugarland Parkway, Lindale, Tyler Lanes Chapel, Katy First, La Porte First, and College Station Christ.

Table 26
Strategic Local Churches Facing Increasing Affinity Populations
1% to 3%
2015 – 2020

			2013	
Church	**Growth**	**Race**	**Attend**	**Tier**
SPRING FAITH	2.83%	Cauc	373	4
LIVINGSTON FIRST	2.80%	Cauc	505	5
MISSOURI CITY COVENANT GLEN	2.75%	Af Amer	1136	6
KATY GRACE FELLOWSHIP	2.55%	Cauc	2988	6
MISSOURI CITY THE HARVEST	2.53%	Cauc	578	5
MISSOURI CITY FIRST	2.53%	Cauc	479	4
HOUSTON TERRACE	2.47%	Cauc	241	3
ATASCOCITA	2.47%	Cauc	448	4
BRIDGE CITY ST PAUL	2.34%	Cauc	252	3
PORTER FRIENDSHIP	2.27%	Cauc	179	3
THE WOODLANDS	2.07%	Cauc	4244	6
HOUSTON WEST UNIVERSITY	2.03%	Cauc	278	3
KINGWOOD	1.90%	Cauc	1167	6
RUSK FIRST	1.79%	Cauc	129	3
TYLER DAYSPRING	1.74%	Cauc	405	4
FRIENDSWOOD	1.71%	Cauc	968	5
WEST COLUMBIA	1.61%	Cauc	144	3
CONROE FIRST	1.52%	Cauc	908	5
HOUSTON WESTBURY	1.49%	Cauc	267	3
SPRING FAITHBRIDGE	1.44%	Cauc	3276	6
HOUSTON CLEAR LAKE	1.39%	Cauc	1012	6
SUGAR LAND FIRST	1.23%	Cauc	832	5
DEER PARK DEER PARK	1.22%	Cauc	343	3
HOUSTON BLUERIDGE	1.22%	Af Amer	258	3
GLADEWATER FIRST	1.19%	Cauc	188	3
WILLS POINT RUSSELL MEMORIAL	1.18%	Cauc	156	3
WEBSTER GATEWAY COMMUNITY CHURCH	1.17%	Cauc	1580	6
BELLAIRE	1.17%	Cauc	357	4
HOUSTON WESTMINSTER	1.12%	Cauc	191	3

Table 26 includes 20 Texas churches.[27]

[27] Those with debt service concerns include Missouri City The Harvest, Tyler Dayspring, and Wills Point Russell Memorial.

Three local churches were excluded on the basis of a significant expenditure toward debt service—lasting over the 2011 to 2013 years. These churches are Bixby, Blanchard, and Yukon First. Through interviews with the senior pastors, one might conclude that one or all manage their respective debt service obligations without difficulty and that participation in a Benchmark Project would be beneficial.

On the negative side, there are churches that are expected to experience the difficulties of a declining affinity population. The second group of local churches consists of churches expected to experience a decrease in affinity population of over 5% between 2015 and 2020. There are at least two proven strategies that are effective in these conditions. The first is a relocation of the church to a place with its affinity population is growing. Studies indicate that, on average, worship attendance doubles when a church leaves a location with a declining affinity population and relocates where the affinity population is increasing.

The second strategy is based upon the quest to increase the radius of the circle within which 90% of the members reside. In effect, it is a quest to extend the size of the area from which most members come. Currently, 90% of the members might reside within a five-mile radius of the church. The quest would be to draw more members from residences greater than five miles away from the church. Methods used to accomplish this task include increased advertising, more public exposure of effective mission projects, and establishing public events, such as a live nativity scene, building a mobile medical clinic on church property, and an Easter service in a public setting. Of course, acquiring excellence in existing programs encourages existing members to invite families and friends to visit.

Table 27 lists churches with worship attendance greater than 125 and expected to face declining affinity populations of 5% or more between 2015 and 2020.

Table 27
Strategic Local Churches Facing Decreasing Affinity Populations
2015-2020

			2013	
Church	**Growth**	**Race**	**Attend**	**Tier**
HOUSTON SPRING WOODS	-5.02%	Cauc	281	3
HOUSTON CORNERSTONE	-5.17%	Cauc	356	4
NACOGDOCHES FIRST	-5.17%	Cauc	333	3
BAYTOWN ST MARKS	-5.28%	Cauc	377	4
HENDERSON FIRST	-5.79%	Cauc	218	3
PALESTINE GRACE	-5.91%	Cauc	131	3
JASPER FIRST	-5.93%	Cauc	224	3
TEXAS CITY ST JOHNS	-5.97%	Cauc	165	3
LUFKIN FIRST	-6.09%	Cauc	543	5
PALESTINE FIRST	-6.23%	Cauc	210	3
TYLER PLEASANT RETREAT	-6.40%	Cauc	180	3
BEAUMONT TRINITY	-6.66%	Cauc	353	4
JACKSONVILLE FIRST	-6.76%	Cauc	282	3
HOUSTON BEAR CREEK	-6.89%	Cauc	413	4
ATHENS FIRST	-7.06%	Cauc	213	3
BEAUMONT FIRST	-7.39%	Cauc	184	3
MT PLEASANT TENNISON MEMORIAL	-7.50%	Cauc	170	3
CROCKETT FIRST	-8.12%	Cauc	139	3
KATY HOLY COVENANT	-8.45%	Cauc	571	5
MADISONVILLE FIRST	-9.15%	Cauc	184	3
HOUSTON MISSION BEND	-9.39%	Cauc	290	3
WHARTON FIRST	-9.45%	Cauc	129	3
MARSHALL SUMMIT	-9.51%	Cauc	135	3
SPRING CYPRESS TRAILS	-9.59%	Cauc	129	3
MARSHALL FIRST	-9.91%	Cauc	278	3
PASADENA FIRST	-10.99%	Cauc	490	4
HOUSTON SERVANTS OF CHRIST	-12.05%	Cauc	185	3
PASADENA SUNSET	-13.01%	Cauc	154	3

With strong leadership in place, some of these churches could be good candidates for the Benchmark Project. Strategically, annual conferences at times encourage larger churches facing decreasing affinity populations to implement growth programs in order to either reduce decline or possibly grow in the face of declining affinity populations.[28]

[28] Two churches in this listing may have significant challenges with debt service obligations: Jacksonville First and Pasadena First.

A final group of churches is worth further consideration. These churches are listed in Table 28 below:

Table 28
Special Consideration Churches

Church	Growth	Race	2013 Attend
HOUSTON WINDSOR VILLAGE	-2.62%	Af Amer	5,552
HOUSTON CHAPELWOOD	0.58%	Cauc	2,127
HOUSTON ST JOHNS	-2.29%	Af Amer	2,100
HOUSTON MEMORIAL DRIVE	-0.77%	Cauc	1,881
HOUSTON FOUNDRY	-3.19%	Cauc	1,837
KATY ST PETERS	-1.46%	Cauc	1,299
TYLER MARVIN	-2.82%	Cauc	1,239
HOUSTON LAKEWOOD	0.35%	Cauc	1,160
PEARLAND FIRST	-3.91%	Cauc	806
SPRING KLEIN	0.52%	Cauc	718
CYPRESS	-2.89%	Cauc	663
COLLEGE STATION A&M	-1.04%	Cauc	659
BEAUMONT WESLEY	-3.91%	Cauc	624
HOUSTON JOHN WESLEY	-2.71%	Cauc	580
LONGVIEW FIRST	-1.45%	Cauc	524
HOUSTON JONES MEMORIAL	0.70%	Af Amer	524
GALVESTON MOODY MEMORIAL	0.49%	Cauc	518
PORT ARTHUR TEMPLE	-3.02%	Cauc	503
HUNTSVILLE FIRST	0.59%	Cauc	468
TEXARKANA WILLIAMS MEMORIAL	-0.91%	Cauc	448
ALVIN FIRST	-1.88%	Cauc	444
BRYAN FIRST	-3.01%	Cauc	412
BAYTOWN ST MARKS	-5.28%	Cauc	377
DICKINSON FIRST	-1.45%	Cauc	371
BEAUMONT TRINITY	-6.66%	Cauc	353

These 25 churches are selected because of their size (Tiers 4 and above), the presumed presence of manageable debt, and expected changes in affinity populations that are not particularly favorable but not so unfavorable either. These are not in the best of circumstances, but they are important due to their sizes. A successful Benchmark Project among any of these churches would be of significant help in promoting growth in the annual conference.[29]

[29] Those with debt service concerns include Houston Lakewood and Pearland First. Five additional churches qualify for this list but are included in previous lists: Katy Holy Covenant, Lufkin First, Pasadena First, Houston Bear Creek, and Houston Cornerstone.

Prospects for Growth

The projection presented in Table 14 indicates that the annual conference will decline in worship attendance from 91,286 in 2014 to 89,269 in 2030, averaging a loss of only 126 per year. This projection incorporates new church starts and other growth-promoting programs in place prior to 2013 that are expected to be continued into the future. It is not based upon new vital congregational initiatives implemented after 2012. At least two initiatives have been implemented since 2012: the Vibrant Church Initiative (VCI) and the Benchmark Strategy.

The Vibrant Church Initiative (VCI) is a program of the Texas Annual Conference's Center for Congregational Excellence. It is based upon the Healthy Church Initiative designed by Rev. Bob Farr and pioneered in the Missouri Annual Conference. Conference records indicate that there are 19 churches that have completed the weekend training, 19 churches awaiting weekend training, and at least eight churches that are in the process of deciding to participate.[30]

The Benchmark Strategy is a program of the Texas Methodist Foundation which started in the Texas Annual Conference and has expanded into five additional annual conferences. Currently, there are six Texas Annual Conference churches participating and ten churches participating in other annual conferences within the South Central Jurisdiction.

The Texas Annual Conference has considerable capacity for growth. There are 73 churches that are Tier 3 or above and are expected to face growth in affinity populations of at least one percent by 2020 (Tables 24, 25, and 26). There are 28 churches with worship attendance greater than 125 expected to face decreasing affinity populations of at least 5% by 2020. These total 101 churches and are strategic in that they are either well positioned for growth or must be well prepared to minimize the impact of a deteriorating environment. The two vital congregation initiatives have thus far involved only 21 of these 101 churches, nine of which are listed in Table 28 (declining affinity populations). Four of the 25 special consideration churches are involved in one of the two programs. In total, there are 96 churches listed in the four tables unaffiliated with either of the two programs. This represents significant potential.[31]

There is a strategic plan developing for the South Central Jurisdiction which calls for positive growth in worship attendance collectively among its annual conferences. The Texas Annual Conference is best positioned for growth whereas there are other annual conferences that can only be expected to reduce their rates of decline. This means that the better positioned annual conferences must establish positive growth to compensate for those expected to continue decline. For the sake of the

[30] Pasadena First is participating in both VCI and Benchmark. There are five other churches participating in Benchmark and 46 other churches that are either participating, scheduled to participate, or are awaiting a decision to participate.

[31] Although studies have not been completed to confirm, the 96 unaffiliated churches likely represents the greatest potential for growth than could be found in any other annual conference with the exception of perhaps two: North Georgia and Virginia.

denomination, the Texas Annual Conference must strive to do more than arrest its projected decline of 126 attendees per year.

Overview

This report presents a projection of worship attendance for the Texas Annual Conference based upon several key assumptions within the context of the National Projection Model. The projection indicates that worship attendance will continue to decrease at an annual rate of 126 attendees through 2030. However, this modest rate of decline is to be coupled with the closure of up to 45.5% of its local churches which will significantly affect the geographic reach of the United Methodist Church in the state. A more relaxed stance in closing struggling local churches increases the demands for financial support of small membership churches.

In spite of the expected decline, retirements of elders will lead a reduction in elders seeking appointments in the local church that outpaces the loss of pulpits in the annual conference. There is a projected shortage of elders throughout the future, peaking at 72 elders in 2026.

There is a new urgency in a need for growth within the United Methodist Church nationally and within the boundaries of the Texas Annual Conference. In spite of historical efforts to arrest persistent decline, there is hope for positive growth. It is likely to require a different approach that focuses upon the local church and recognizes the need for new funding. Such funding is unlikely to come from any part of the connection beyond the local church due to growing budgetary pressures. Most of the funding must come from the local church.

This report recommends the use of the Benchmark Strategy and VCI. However, there may be other strategies that are worthy of consideration and implementation. It may be best to implement multiple strategies. Regardless of these choices, this report hopefully sets forth a clear understanding that there remains an interval of time in which the United Methodist Church can arrest and reverse its persistent decline in the U.S. It can be done.

Donald R. House, Sr.
July 2015