The Construction and Use of Key Local Church Indicators
Texas Annual Conference

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Executive Summary

Annual conferences and church leaders struggle with solutions to arrest and reverse church decline among our annual conferences. Identifying those churches that are in immediate need of assistance in preventing rapid decline, closure, or early recognition of opportunities for growth is key to a successful revitalization program. This classification program is designed to assist leaders in identifying these churches. It is not intended to replace the evaluations obtained by those with on-the-ground assessments, but it is intended to offer additional perspectives.

The classification program is based upon 14 separate indicators developed from church end-of-year reports and publically available demographic data. Seven categories of churches are established: two categories under the heading "Approaching the Tipping Point" and two categories under the heading "Excellence Attained." These two sets of categories represent the best and the worst conditions. In addition, there are three categories that set forth unsustainable conditions—conditions that, on average, lead to further deterioration. In the Texas Annual Conference today, 48 churches were assigned to the worst of conditions and 12 were assigned to the best of conditions, using church records from 2013 to 2017. Another 19 churches were assigned to unsustainable conditions.

The information is used to identify near-miss churches for each category. With 14 indicators, specific weaknesses are apparent—some controllable, such as deficient past investments in children and youth programs, losses of the most generous members by death, and insufficient funding for programs and non-clergy staff.

The classifications are useful as a predictive tool. Using records from 2009 through 2013, 23 churches were classified in the worst category, facing declining affinity populations. Seven (or 30%) of the 23 churches closed before 2017. This compares to an average closure rate for the conference of only 3.9%. Another eight churches (35%) improved, two of which had enrolled in the conference VCI program. The other eight churches (35%) remained classified in the worst category. However, they reported further deterioration between 2013 and 2017—far more than other churches—among key indicators (confirmation classes, worship attendance, and giving to the operating budget. Our findings demonstrate that these classifications predict the future of churches.

The 14 indicators also identify churches that share specific weaknesses even though they were not assigned to the worst category. There are opportunities for assembling churches with a specific weakness, such as high death rates, poor confirmation rates, or poor financial support for programs, for specialized meetings or conferences within which church leaders can discuss and plan ways to address their common weaknesses.

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Although it seems obvious, all local churches are not alike. Some seem to do very well and some seem to struggle just to remain operational. Between 2015 and 2016, 28% of our churches in the U.S. reported growth in worship attendance, 20% reported no change, and 52% reported losses in attendance. One hundred thirty-three closed. This is what one might call outcomes. While important, it is also useful to examine the differences the conditions of churches that contributed to these outcomes. A freight company with 100 18-wheelers, 25 of which were taken off the road for mechanical problems, is an outcome. Exactly what is wrong with each truck is the more important question if the mission of the freight company is to maximize the number of trucks fully functioning on the highways. For the denomination, we are called to make disciples of Christ for the transformation of the world—motivated by the Great Commission. It is important to know the conditions of our churches--conditions that affect growth since growth registers our collective capacity to make disciples. Knowing the conditions of our churches is much more than merely knowing how many churches are reporting positive growth in worship attendance and how many are reporting decline.

I. The Questions

For most of us, we inquire about our churches with mere surface level information. (1) What is happening to worship attendance? (2) Is the church struggling with debt? (3) Is the church paying its apportionments in full? (4) Is the church wanting a new pastor? These questions are readily answerable, but the answers may not always be informative. In fact, the answers alone sometimes can be misleading.

Consider the first question. If the answer is that worship attendance is increasing, is this a sign that "all is well," and we can move our focus on to other churches? In fact, an increasing worship attendance can be a temporary condition to be followed by persistent decline—decline that is difficult to arrest and reverse. There is often more to the story than a current report of increasing worship attendance.

Consider the second question. Is the church struggling in debt? For almost all of our churches the answer is no. Almost all of our churches are hesitant to take on any debt for fear that any debt places them in peril. If one concentrates on this question alone, one will identify less than one percent of our churches with challenging levels of debt and ignore many more in trouble for other reasons. Debt alone is not informative for most churches.

Consider the third question. Is the church paying its apportionments in full? There are many churches that pay their apportionments in full but find themselves in an unsustainable

condition. I have observed churches that closed but paid their apportionments in full during their last year of service. I have observed churches that are vibrant and growing but chose not to pay their apportionments in full. The answer to the question is largely uninformative in many cases. The payment of apportionments in full does not regularly reflect a healthy church condition. Likewise, the non-payment of apportionments in full does not always signal a church in peril.

Consider the fourth question. Is the church considering asking for a new pastor? Although unspoken in most instances, almost every church would like a better pastor. Those who believe that the answer to our persistent decline is better pastors, they are right. But this is like the farmer who can get better crop yields if it rains more. We are not in control of the rain, and we cannot promise every church a better pastor. Our challenge is to make better use of our existing pool of pastors. This shifts more responsibility upon the laity to better respond to God's call upon our churches. The answer to this question is also often uninformative.

In summary, the answers to these most frequent questions are largely uninformative, often misleading, and perhaps counter intuitive—even if they are answered truthfully. By not observing critical differences between and among churches, one is implicitly treating all local churches alike. This is like the freight company making available new spark plugs for every engine when the new spark plugs are needed by only a few, and the other mechanical needs are ignored.

There are programs, coaches, and experts that are proven to be very effective in solving specific problems in a church. But if the church is not suffering from these specific problems, the assistance can be misdirected. A preliminary diagnosis is necessary before knowing how to assist. Conducting an extensive diagnosis for every church is too expensive. But what if one has available screens by which one can classify churches—assigning them into groups with common problems and challenges? What if these screens are constructed with information and data that are readily available? What if the screens yield information that identifies what is most needed in a designed strategy?

II. A System of Local Church Indicators

The local church end-of-year reports contain responses to a reasonably consistent set of questions over the years, such as worship attendance, church staff compensation, program spending, and congregational giving. The Texas Annual Conference reporting for 2017 includes 154 lines of information completed for every local church—all assembled in a single

spreadsheet. For 2017 this spreadsheet includes responses from 644 local churches. There are 31,869 local church reports from all of the annual conferences for 2016.[1]

Most of the information contained in the end-of-year reports is not useful for our purposes. There are some questions one would like to ask that are not included in the reporting forms and must be answered using other sources—such as demographic information describing the neighborhoods surrounding the churches. Yet there are some questions that an analyst would like to ask that are also not directly included in the reporting forms. Yet, some questions can be answered with combinations of responses to questions included in the reporting forms. Combinations can be used to form statistical measures such as total giving per worship attendee or total debt per dollar of giving. In developing useful indicators for classifying churches, a total of 13 indicators have been constructed. These 13 indicators provide a valuable portrait of a local church. Each of these 13 indicators are presented below.

A. Composition of Growth and Decline

Confirm Per Memb (1): Ratio of total members of confirmation classes to total membership—a measure of the extent of children and young families in the congregation. A value over 1.50% is a positive, strong indicator of fruitful investments in young families. A value under 0.50% reflects an aging congregation with a predictable life cycle.

The Confirm Per Memb variable is constructed by the total members of confirmation classes during the past five years divided by the total membership during the past five years. The variable represents the average percentage of membership being enrolled in confirmation classes. Percentages range from zero to 15.6% with a 1.0% average.

Rationale: Confirmation class attendance is a direct measure of a local church's investments in the church's future. In a recent study of middle-sized churches, over half of these churches report no members in confirmation classes.[2] A relatively high confirmation percentage reflects significant attention to children and young families—a necessary activity to offset the losses as congregations age.

Death Rate (2): Ratio of members removed by death to total membership—a concerning statistic when greater than 1.0%. This is particularly troublesome when there are too many funerals for the church's most generous donors. This, when combined with the Year Coefficient, provides strong evidence of a very mature time in the church life cycle.

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[1] The full assembly of local church reports date back to 1974—or 42 years of reports. In total, the assembly includes over 1.6 million local church reports, consisting of about 207 million responses to questions.
[2] The study defines middle-sized churches as those with average worship attendance between 75 and 400.

The Death Rate variable represents the total members removed due to death over the past five years divided by the total membership over the past five years. The range begins at 0.1% and ends at 2.9%. The average equals 1.1%.

Rationale: There are some local churches with aging congregations, consisting of many older members and too few young families. A relatively large death rate is a reflection of an aging congregation. The challenge imposed upon a congregation with a large death rate is higher when the older members are the most generous givers in the congregation. The Death Rate variable in combination with other variables signals this challenging condition.

Child-Youth per Attend (3): This measures the size of children and youth participation as a percentage of average worship attendance.

 The Child-Youth per Attend variable is measured by the most recent ratio of the number of children and youth involved in formation classes divided by average worship attendance. The range begins at 2.56% and reached its peak at 234.6%. The average equals 62.18%.

Rationale: Sustained church growth over a period of decades requires continuing investments in children and youth. This indicator measures the children and youth participation in formation classes relative to worship attendance.

B. Investments in Growth

Prog Exp Growth (4): This measures the growth in program expenditures over the past five years, adjusted for inflation. The Prog Exp Growth variable is simply the percentage change in program expenditures over the past five years. The low end of the range equals -97.4%, and the high end of the range equals 333.2%. The average equals 38.6%.

Rationale: Studies prove that increases in program expenditures promote growth in worship attendance and giving to the operating budget.[3] The design of Benchmark Projects is based upon these findings.

Staf Exp Growth (5): This measures the growth in non-clergy staff expenditures over the past five years. This variable is simply the percentage change in non-clergy staff compensation over the past five years, adjusted for inflation. The minimum of the range equals -58.1% and the maximum of the range equals 121.8%. The average equals 7.6%.

Rationale: Studies prove that increases in non-clergy staff compensation promote growth in worship attendance and in giving to the operating budget. The design of Benchmark Projects is also based upon these findings.

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[3] Donald R. House, "A Strategic Plan for Growth in the United Methodist Church," ILCG, November 2018.

C. Financial Strength and Weakness

Prog per Att (6): Total program expenditures per attendee—a measure used in Benchmark Projects to measure spending deficiencies. Values less than $100 reflect potentially ineffective programs. It also reflects financial stress in the church.

The Prog per Att variable is simply the total program expenditures over the past five years divided by total worship attendance over the past five years, adjusted for inflation. The minimum equals $42.33, and the maximum equals $616.16. The average equals $197.34.

Rationale: The growth in program expenditures is not particularly helpful without knowing the level of spending on programs. To account for differences in church size, expenditures are divided by worship attendance to form a more useful indicator. As noted in recent studies, program expenditures are one of the fuel sources for church growth.[4] A red flag is thrown when one observes a relatively low level of support for programs. A modest level of growth in these expenditures over the past five years, combined with a relatively low level of support does not necessarily reflect positively.

Staff per Att (7): Total non-clergy staff compensation per attendee—also a measure used in Benchmark Projects. The small membership churches often have no staff.

The Staff per Att variable is simply total expenditures for non-clergy staff compensation over the past five years divided by total worship attendance over the past five years. The minimum equals $111.79, and the maximum equals $2,807.61. The average equals $861.37.

Rationale: About one third of our local churches report no expenditures in support of non-clergy staff. Again, studies prove that there expenditures serve as a source of fuel for local church growth. Considerations of the level of support, using this variable, are relevant and important.

Debt Ratio (8): This variable is the ratio of current church debt over the past five years to total contributions to the operating budget over the past five years. The larger percentages demonstrate the burden of debt upon church finances. A zero ratio can exhibit an unwillingness of the congregation to heavily invest in future growth through improvement in facilities.

The Debt Ratio variable represents the total dollars of mortgaged debt over the past five years divided by the total annual level of giving to the operating budget over the past five years—also adjusted for inflation. The minimum of the range equals 0.0% and the maximum of the range equals 420.0%. The average equals 60.3%.

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[4] *Ibid*, November 2018.

Rationale: Studies demonstrate that churches that are carrying debt on church buildings and property are likely to be growing in worship attendance and giving.[5] A church with no debt signals can reflect insufficient credit conditions or a church leadership that resists church debt. The resistance may reflect a fear that loans might not be repaid or a desire not to be burdened with outstanding debt. A zero loan balance is considered a negative sign, especially in the midst of a growing affinity population. Some churches are fearful of taking on too much debt. The Debt Ratio helps measure the confidence among leaders to fund expansions or improvements in existing facilities.

Giving per Att (9): This variable is the ratio of total contributions to the operating budget to worship attendance, or giving per attendee. This is a reflection of the generosity of the members. A figure approaching and exceeding $4,000 can illustrate almost unbounded capacity to fund programs and staff. A figure under $2,200 can reflect a church with very limited capabilities due to either weak levels of generosity and/or relatively low family incomes.

The Giving per Att variable equals total giving to the operating budget over the past five years divided by total worship attendance over the past five years, adjusted for inflation. The range begins at $1,311.57 and reaches its maximum at $6,378.25. The average equals $2,777.43.

Rationale: Some authors view giving levels as a measure of the depth of a congregation's faith. Levels, of course, are affected by the income levels of church members, so lower levels of giving per attendee do not necessarily reflect lower level of generosity.

The variable can exhibit a different portrait under specific conditions—as when growth in giving per attendee increases as worship attendance declines significantly. An increasing value in this indicator can be associated with an overall decline in total giving if the decline in worship attendance is significantly large.

D. Defining Trends

Attend Growth (10): Recent percentage changes in worship attendance over the past five years. When combined with other indicators it can reflect the end stage of a local church.

The Attend Growth variable is measured by the percentage change in worship attendance over the past five years. The range begins with a -51.6% and ends at 90.8%. The average equals -7.0%.

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[5] Donald R. House and Lovett H. Weem, Jr., "Local Church Indebtedness and Local Church Vitality," ILCG, September 2011.

Rationale: Changes in worship attendance have been shown in studies to mirror changes in other key indicators of the life of the congregation. It is highly correlated with giving and participation in small groups, professions of faith, and baptisms. It is difficult for a congregation to increase participation in Bible studies, MYF, UMW, Men's ministries, and other functions in the face of declining worship attendance. Worship attendance and giving to the operating budget remain key indicators of the health of a local church. As noted above, this indicator alone can be misleading.

Attend Coefficient (11): A statistical measure from a regression equation that reflects the expected impact upon average giving per attendee in response to a new member joining. The larger the negative value, the larger the gulf between giving among new members versus giving among those already in the pews. A very large negative figure (-7.81) often reflects a changed focus in attracting new members. A value of zero often reflects a church attracting new members who, in terms of generosity, are very much like those already in the pews. This occurs often in relatively high income communities when the new members are transfers from other churches.

The range of the Attend Coefficient begins with the minimum of -32.85 and reaches the maximum at -0.46. The average equals -7.96.

Rationale: A negative coefficient in the presence of increasing worship attendance measures the level of giving among new members compared to the level of giving among existing members. The coefficient reflects important attributes of new members in a growing church. A positive coefficient in the presence of increasing worship attendance also measures the level of giving among new members compared to the level of giving among existing members. However, it also could reflect a growing generosity among existing members as part of their response to God's call upon their lives.

Year Coefficient (12): This is also from a regression equation that reflects the annual change in giving per attendee, holding constant the average worship attendance. A positive value over $50 reflects a congregation with improving levels of generosity and/or improving family incomes. A negative value often reflects too many funerals among generous members with no effective replacements through new members. It is a troubling condition.

The range of the Year Coefficient begins at the minimum of -221.31 and reaches a maximum of 369.45. The average equals 5.17.

Rationale: A negative coefficient indicates a decreasing level of generosity among existing members with the passage of time. This is particularly challenging among churches with high death rates, indicating that the most generous givers are the older members. A positive coefficient reflects a successful stewardship program over the years which improves the level of

generosity among existing members. A negative coefficient spells trouble. A positive coefficient is always preferred.

Affinity Growth (13): This is the actual percentage change in the church's affinity population over the past five years. A church's affinity population is the number of residents within a 3-mile radius of the church location with the same ethnic/racial composition as the church's congregation. Groups include: non-Hispanic white, Black, Hispanic white, Asian, Native American, and other.

The minimum percentage change equals -11.7%, and the maximum percentage change equals 63.5%. That average percentage change equals 3.74%.

Rationale: Studies prove that positive growth in affinity populations is conducive to church growth, all else being equal. A large negative percentage is not, but churches have succeeded in growing in the face of decreasing affinity populations—in spite of the difficulties. A church that is in decline but in the presence of an increasing affinity population is an unfortunate finding and warrants further consideration.

Giving Growth (14): Total contributions to the operating budget usually define the church's funding options. This indicator measures the percentage change in budget contributions between 2013 and 2017, adjusted for inflation. Downward trends can reflect membership turnover or the lack of effectiveness of the most recent stewardship campaign. Upward trends, ideally, reflect increasing levels of generosity of the membership.

The minimum percentage change equals -70.8% and the maximum percentage change equals 317.2%. The average is 0.69%.

Rationale: Priorities among budget line items differ from church to church, but a declining trend almost always places financial pressures upon funding of programs and non-clergy staff—both affecting a church's growth potential.

III. Perspectives and Methods

To make use of these selected indicators, there must be an understanding or story that places the values of these indicators in the context of the local church. If attendance is growing, is that all one needs to know? If the death rate is high, is that sufficient information to claim that this church is in peril? What we find it that it is a combination of indicators that helps describe the true condition of a church. It is also necessary to review some supporting economic research that helps determine the relevance of some of the indicators.

The purpose of this study is, through the use of these indicators, to assign churches into defined categories. As a start, two categories are defined for use in assigning churches based

upon their respective values of indicators. The two defined categories represent the two extreme church conditions—achieved excellence and "in trouble."

The method begins with the selection of indicators. Each has its own value of each indicator, such as attendance growth (Attend Change). For each category, a limiting value of each indicator is chosen to best reflect the characteristics of churches that should be exhibited among churches in that category. For instance, for churches that have achieved excellence, the churches should not exhibit significant attendance decline. A condition is established for this indicator by requiring a church's attendance change to be positive. For each category, conditions are established for each indicator used in the assignments to a category.

An assignment is made only when conditions are met for all indicators used in the assignment. Tables are presented below that set forth the conditions for every indicator for each category.

No weights for indicators have been assigned that would raise in importance one indicator over another. For example, a failure to meet the limiting death rate value is equally important to a failure to exceed the limiting value for giving per worship attendee.   The two defined categories are as follows:

IV. Classification: Churches in Apparent Distress

There appear to be several models of churches in apparent distress. The worst of conditions are those that are headed for closure. There are those that are in peril but seem successful on maintaining themselves—not closing but not moving toward revitalization. Then there are those that are unsustainable and must make significant changes or conditions will further deteriorate. There are several apparent unsustainable conditions. What follows are descriptions of the differing models of churches in apparent distress.

A.   Approaching the Tipping Point and Poor Locations

This category of churches is designed to identify churches in peril. The reasons for their challenges vary, but the central theme is that, according to the selected indicators, things are not going well. In fact, unless designed strategies are implemented, these churches may reach a point when recovery is no longer practical. Most of these churches in this category are likely to either close or continue decline until resources necessary to maintain operations are depleted.

Many of these churches reached their present conditions because of the lack of investments in growth over previous years. The required scope of investments goes beyond brick and mortar. Investments include sufficient levels of excellence in ministries, including

investments in children, youth, and young family ministries. Strategies must include considerations of future program and staff funding needs that meet the challenges of the natural loss of older, generous members. Churches cannot expect to recover only when the perfect pastor is finally appointed.

Table 1 sets forth the conditions that govern which churches belong in this category.

Table 1
Sets of Conditions and Averages
Approaching the Tipping Point
Declining Affinity Populations

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	0	<75	**0.58%**	**1.00%**
2	Death Rate (2)	>50	100	**1.76%**	**1.18%**
3	Child-Youth per Attend (3)	0	100	34.17%	41.05%
4	Prog Exp Growth (4)	0	<60	**-6.27%**	**55.06%**
5	Staf Exp Growth (5)	0	<60	**-1.89%**	**10.31%**
6	Prog per Att (6)	0	<75	132.32	183.93
7	Staff per Att (7)	0	<75	604.88	786.27
8	Debt Ratio (8)	0	100	52.92%	55.66%
9	Giving per Att (9)	0	<50	2,346	2,699
10	Attend Growth (10)	0	<75	**-18.45%**	**-1.89%**
11	Attend Coefficient (11)	0	<75	-12.60	-8.42
12	Year Coefficient (12)	0	100	**-7.24**	**12.53**
13	Affinity Growth (13)	0	<50	**-3.15%**	**3.87%**
14	Giving Growth (14)	0	<25	-0.09%	0.81%

The assignment of churches to this classification is based upon 11 of the 14 indicators.[6] It is not one or two indicators alone that govern the qualifications and assignments. Instead, it is the combination of eleven indicators that guide the classification. The observed challenges facing these churches are reflected in these eleven conditions.

There is a vivid portrait of the church in this category, largely defined by a confirmation percentage less than 1.0%, which, for these churches, the average is only 0.58%. The congregating is aging, as exhibited by a relatively high death rate—1.76% versus 1.18% among all other congregations. Budget pressures have led to cuts in program expenditures (-6.27%) and compensation for non-clergy staff (-1.89%)—both negative percentages in contrast to positive percentages for all other congregations. Worship attendance is declining rapidly (-18.45%), and there is a negative annual trend in giving per worship attendee which also sets

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[6] An indicator is not used when the minimum and maximum percentiles range from zero to 100.

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these churches apart from the rest (-7.74 versus +12.53 for all other congregations). Total giving to the operating budget is relatively stable (-0.09%), but the cuts in funding of programs and non-clergy staff positions suggest fiscal concerns. For these churches, their affinity populations are in decline, -3.15% compared to +3.87% for all other congregations.

There are 21 churches that are classified in this Approaching the Tipping Point category, based upon 2013 to 2017 reporting records. The 21 churches and their districts are presented below in Table 2.

Table 2
Approaching the Tipping Point
Declining Affinity Populations
2013-2017

	Church	District
1	Cleveland, First UMC	Central North
2	Houston, Mt. Vernon UMC	Central South
3	Houston, St. Mary's UMC	Central South
4	Woodville, Woodville UMC	East
5	Crockett, First UMC	East
6	Jasper, First UMC	East
7	Nacogdoches, Perritte Memorial UMC	East
8	Grapeland, Grapeland UMC	East
9	Gladewater, First UMC	North
10	Hallsville, First UMC	North
11	Longview, Wesley McCabe UMC	North
12	Longview, Winterfield UMC	North
13	Marshall, Summitt UMC	North
14	Mt. Pleasant, Tennison Memorial UMC	North
15	Frankston, Frankston UMC	Northwest
16	Palestine, First UMC	Northwest
17	Tool, Cedar Creek Lake UMC	Northwest
18	Canton, First UMC	Northwest
19	Quitman, Quitman UMC	Northwest
20	Lake Jackson, First UMC	South
21	Buna, First UMC	Southeast
22	Groves, First UMC	Southeast
23	Winnie, First UMC	Southeast
24	Beaumont, St. James UMC	Southeast
25	Cameron, First UMC	West
26	Rockdale, St. John's UMC	West
27	Huntsville, First UMC	West
28	Madisonville, First UMC	West

Being assigned to this category is not a death sentence. Recovery is possible, but it is unlikely to take place without the implementation and execution of a strategy that is designed to address the long term viability of the congregation.[7]

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[7] Churches in this category are examined further in Section IV.F. below.

B. Approach the Tipping Point and Advantageous Locations

This second category is identical to the previous category except for the treatment of affinity population change. These churches are well-located in that their affinity populations are growing rather than declining. In most instances, growing affinity populations promote positive growth along with improvements in other indicators.

Table 3
Sets of Conditions and Averages
Approaching the Tipping Point
Increasing Affinity Populations

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	0	<75	**0.60%**	**0.98%**
2	Death Rate (2)	>50	100	1.69%	1.21%
3	Child-Youth per Attend (3)	0	100	34.85%	40.68%
4	Prog Exp Growth (4)	0	<60	**10.22%**	**50.65%**
5	Staf Exp Growth (5)	0	<60	**-11.58%**	**10.83%**
6	Prog per Att (6)	0	<75	132.55	181.68
7	Staff per Att (7)	0	<75	680.23	770.37
8	Debt Ratio (8)	0	100	**22.71%**	**58.79%**
9	Giving per Att (9)	0	<50	2,378	2,680
10	Attend Growth (10)	0	<75	**-19.69%**	**-2.47%**
11	Attend Coefficient (11)	0	<75	-10.76	-8.45
12	Year Coefficient (12)	0	100	**-79.27**	**25.73**
13	Affinity Growth (13)	>50	100	**6.07%**	**2.57%**
14	Giving Growth (14)	0	<25	**-17.17%**	**2.61%**

For these churches, the percentage decline in worship attendance (-19.69%) is similar to that of the previous category of churches (-18.45), but their affinity populations are growing rather than declining (+6.07% compared to -3.15%). The debt ratio for these churches is a relatively small (22.71%) compared to 52.92% among churches with declining affinity populations. This suggests, in spite of improving demographic conditions, a lack of confidence in maintaining existing budgets among these congregations. Note that the change in giving to the operating budgets between 2013 and 2017 is reflected in a Giving Growth (14) indicator of -17.17%. Among the churches in this category, the presence of growing affinity populations has apparently provided no advantages. Perhaps recovery is more likely that those in the previous category, but the evidence suggests that opportunities for recovery have been ignored. The churches included in this category are listed in the following table.

Table 4
Approaching the Tipping Point
Increasing Affinity Populations
2013-2017

	Church	District
1	Huffman, Lake Houston UMC	Central North
2	Houston, Spring Woods UMC	Central North
3	Tomball, Rose Hill UMC	Central North
4	Houston, Fair Haven UMC	Central South
5	Houston, St. Philip's UMC	Central South
6	Houston, St. Matthew's UMC	Central South
7	Houston, Terrace UMC	Central South
8	Houston, Westbury UMC	Central South
9	Houston, Ebenezer UMC	Central South
10	Houston, Trinity UMC	Central South
11	Houston, Blueridge UMC	Central South
12	Rusk, First UMC	Northwest
13	Baytown, St. Mark's UMC	South
14	Santa Fe, Aldersgate UMC	South
15	Pasadena, First UMC	South
16	Pasadena, Sunset UMC	South
17	La Marque, McKinney Memorial UMC	South
18	Hardin, Hardin UMC	Southeast
19	Rosenberg, First UMC	Southwest
20	West Columbia, Columbia UMC	Southwest

Note that there are 48 churches in these two "Approaching the Tipping Point" categories. Twenty-eight are resident where affinity populations are declining, and 20 are resident where affinity populations are growing. A declining affinity population is a challenge that sometimes is not overcome.

C. Unsustainable Support for Non-Clergy Staff

Characteristic of the next three categories is declining financial support for the church operating budget, but there are positive signs that prevent assignment to the previous categories. In spite of some positive signs, the specific combinations of the negative signs strongly suggest that these conditions are not sustainable. Churches vary in their responses to this condition, but they will likely remain unsustainable unless the decline in financial support is arrested.

The first of these church models is the church that focuses its scarce financial resources on non-clergy staff. These churches share the condition of rapid decline in worship, which partly explains the declining support of the operating budget. With focus upon maintaining staff, there are consequential cuts in financial support for programs. A healthy balance between program support and staff support is challenged. This pattern is consistent with a chosen reluctance to reduce staff. Perhaps in some instances, this growing financial support for staff prevents event faster deterioration. But among others the reluctance retains some staff members who might not have provided much needed attention and direction for key ministries. Regardless of the specific situations, the conditions of these churches in this category are not sustainable.   The defined conditions for this category are presented below, as are the averages among churches assigned.

Table 5
Sets of Conditions and Averages
Unsustainable: Focus on Support of Non-Clergy Staff
2013-2017

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	0	<75	**0.66%**	**0.95%**
2	Death Rate (2)	>50	100	1.01%	1.27%
3	Child-Youth per Attend (3)	0	100	32.37%	40.47%
4	Prog Exp Growth (4)	0	<60	**-46.82%**	**51.00%**
5	Staf Exp Growth (5)	0	<75	5.38%	8.80%
6	Prog per Att (6)	0	<75	172.82	177.10
7	Staff per Att (7)	0	<75	1,013.45	750.11
8	Debt Ratio (8)	0	100	**70.69%**	**54.58%**
9	Giving per Att (9)	0	50	2,809	2,644
10	Attend Growth (10)	0	<25	**-31.67%**	**-2.88%**
11	Attend Coefficient (11)	0	<75	-5.54	-8.92
12	Year Coefficient (12)	0	100		**10.36**
13	Affinity Growth (13)	0	100	**5.47%**	**2.80%**
14	Giving Growth (14)	0	<25	**-15.55%**	**1.43%**

Between 2013 and 2017 financial support for the budget, on average, decreased 15.55**%** which compares to a positive growth of 1.43% among all other churches. Attendance declined on average 31.67% compared to the average among all other churches of -2.88%. The response to the decline in funding for the budget has been, on average, an increase of 5.38% in funding for staff but a 46.82**%** cut in program support. Research evidence strongly predicts that this funding pattern will result in further decline in worship attendance and in financial support of the operating budget. Thus, this condition is not sustainable.

The following table lists these churches. All would have been classified as Tipping Point churches but for the strong support of non-clergy staff. Table 6 presents these churches.

Table 6
Unsustainable: Focus on Support of Non-clergy Staff
2013-2017

	Church	District
1	Humble, First UMC	Central North
2	Houston, First UMC	Central South
3	Lufkin, First UMC	East
4	Tyler, Lanes Chapel UMC	Northwest
5	Alvin, First UMC	South
6	Seabrook, Seabrook UMC	South
7	Deer Park, Deer Park UMC	South
8	College Station, Aldersgate UMC	West

Fortunately, there are only eight churches assigned to this category.

D. Unsustainable Support for Programs

The next category is similar to the previous one but the churches have focused support on programs at the expense of non-clergy staff. Worship attendance has been rapidly declining as has financial support of the operating budget. Table 7 presents the conditions for this category and the averages for those assigned and those that were not assigned.

Table 7
Sets of Conditions and Averages
Unsustainable: Declining Attendance and
Financial Support of Budgets
2013-2017

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	0	100	**0.60%**	**0.95%**
2	Death Rate (2)	0	100	**1.65%**	**1.24%**
3	Child-Youth per Attend (3)	0	100	39.27%	40.14%
4	Prog Exp Growth (4)	>59	100	**78.18%**	**45.78%**
5	Staf Exp Growth (5)	0	<51	**-25.47%**	**9.67%**
6	Prog per Att (6)	>74	100	252.82	174.63
7	Staff per Att (7)	0	<51	941.03	756.24
8	Debt Ratio (8)	0	100	**22.05%**	**56.28%**
9	Giving per Att (9)	>25	100	3,006	2,640
10	Attend Growth (10)	0	<25	**-35.29%**	**-3.21%**
11	Attend Coefficient (11)	0	<75	-7.66	-8.75
12	Year Coefficient (12)	0	100	17.29	10.19
13	Affinity Growth (13)	0	100	3.26%	2.90%
14	Giving Growth (14)	0	<50	**-21.20%**	**1.35%**

Note the strong growth in support of programs expenditures (78.18%), compared to the decline in support of non-clergy staff (-25.47%). Worship attendance is in rapid decline (-35.29%) as is financial support of the operating budget (-21.20%). The confirmation class percentage is relatively small (0.60%), and the death rate is relatively high (1.66%). This congregation is addressing its decline in worship and in giving by reducing staff but increasing support for programs. Again, the balance between funding of programs and financial support for staff is challenged. This condition is not sustainable.

The four churches that have been assigned to this category are presented in the table below.

Table 8
Unsustainable: Declining Attendance and
Financial Support of Budgets
2013-2017

	Church	District
1	Tyler, Pleasant Retreat UMC	Northwest
2	Liberty, First UMC	Southeast
3	Orange, First UMC	Southeast
4	Houston, Mission Bend UMC	Southwest

E. Substantial Deterioration in Financial Conditions

The churches in the next category appear healthy at the surface, but the underlying conditions make this church model unsustainable as well. The conditions for assignment to this category and average values are presented below.

Table 9
Sets of Conditions and Averages
Unsustainable: Aging Congregations with
Deteriorating Support for the Budget
2013-2017

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	>25	100	0.73%	0.95%
2	Death Rate (2)	>45	100	**1.49%**	**1.25%**
3	Child-Youth per Attend (3)	0	100	38.21%	40.20%
4	Prog Exp Growth (4)	>50	100	33.46%	47.33%
5	Staf Exp Growth (5)	0	<60	-7.21%	9.38%
6	Prog per Att (6)	>50	100	217.29	175.07
7	Staff per Att (7)	0	<75	889.05	755.80
8	Debt Ratio (8)	0	100	23.60%	56.73%
9	Giving per Att (9)	>50	100	2,999	2,635
10	Attend Growth (10)	>25	100	**-2.62%**	**-4.21%**
11	Attend Coefficient (11)	0	<90	-8.64	-8.74
12	Year Coefficient (12)	0	<75	**-96.44**	**15.84**
13	Affinity Growth (13)	0	100	-0.47%	3.07%
14	Giving Growth (14)	0	<40	**-12.30%**	**1.28%**

Among these churches, trends in worship attendance and confirmation class size are not alarming. For some in this category worship attendance is growing. Yet, the negative signs reflect an unsustainable condition. The death rate (1.49%) is high, and when coupled with a large, negative year coefficient (-96.44), financial conditions are deteriorating and are

challenging.   As a consequence, the financial support for the operating budget is declining (-12.30%). The financial pressures on the budget, largely driven by a loss of the more generous members by death, are unsustainable.

Table 10 presents the seven churches assigned to this category.

Table 10
Sets of Conditions and Averages
Unsustainable: Aging Congregations with
Deteriorating Support for the Budget
2013-2017

	Church	District
1	Conroe, First UMC	Central North
2	Houston, Trinity East UMC	Central South
3	Henderson, First UMC	East
4	Longview, First UMC	North
5	Athens, First UMC	Northwest
6	Jacksonville, First UMC	Northwest
7	Bryan, First UMC	West

F. Predictability

The design of conditions for this classification is hopefully instructive—instructive in the sense of identifying church conditions which might be best met with tailored strategies. In the absence of the classification, most of these churches would be treated as typical churches with no special considerations. To test the usefulness of this classification, one can turn back the clock, construct classifications at an earlier time, and examine their present conditions. If their present conditions are, on average, worse than before, one might, with present classifications, identify these conditions before they deteriorate to that Approach the Tipping Point classification when recovery is no longer practical.

A church that is classified in the Approaching a Tipping Point, on average, may not have a bright future ahead of it without a catalyst to promote growth. If an assignment to this category does in fact predict more difficult conditions in the future (absent a tailored strategy), then the classification becomes a useful tool for church leaders.

To establish the quality of predictability, one can first assign churches at an earlier time and then compare the conditions today. Table 5 presents an Approaching the Tipping Point

classification using church records over the 2009 to 2013 period with the same defined conditions with two exceptions.[8]

Table 11
Approaching the Tipping Point Churches
2009-2013

	Church	District
1	Porter, Friendship UMC	Central North
2	Houston, Mt. Vernon UMC	Central South
3	Houston, Trinity East UMC	Central South
4	HOUSTON HILLCREST	Central South
5	HOUSTON MALLALIEU	Central South
6	Woodville, Woodville UMC	East
7	Nacogdoches, Perritte Memorial UMC	East
8	Grapeland, Grapeland UMC	East
9	GENEVA	East
10	Marshall, Summitt UMC	North
11	Overton, Pirtle UMC	North
12	HUBBARD	North
13	HUGHES SPRINGS BETHLEHEM	North
14	Canton, First UMC	Northwest
15	Edgewood, Cheatham Memorial UMC	Northwest
16	TYLER LIBERTY HILL	Northwest
17	Beaumont, Wesley UMC	Southeast
18	Groves, First UMC	Southeast
19	Vidor, First UMC	Southeast
20	Sealy, First UMC	Southwest
21	Bay City, First UMC	Southwest
22	Madisonville, First UMC	West
23	Leona Hillary Chapel	West

There are 23 churches assigned to this category based upon 2009 to 2013 records. The question to be addressed is the usefulness of such a list in predicting the future for these churches. Can one use such a list to raise awareness to the point of developing and implementing timely strategies that improves future outcomes?

To evaluate the usefulness of such a list, one only needs to examine the condition of these churches at a later time. For our purposes, the examination takes place over the 2013 to 2017 period. Table 12 presents these findings.[9]

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[8] Presently, the regression coefficients for attend and year have not be constructed for the earlier period. Thus, these two indicators are excluded from the classification program for both periods. These comparisons are based upon the conditions set forth in Table 1—Approaching the Tipping Point, Declining Affinity Populations.

Table 12
Present Status of Past Tipping Point Churches

	Closed Between 2014 and 2017 (30.4%)	
1	Houston, Hillcrest	Central South
2	Houston, Mallalieu	Central South
3	Geneva	East
4	Hubbard	North
5	Hughes Springs Bethlehem	North
6	Tyler, Liberty Hill	Northwest
7	Leona Hillary Chapel	West
	Remaining in Tipping Point Classification (34.8%)	
1	Houston, Mt. Vernon UMC	Central South
2	Woodville, Woodville UMC	East
3	Nacogdoches, Perritte Memorial UMC	East
4	Grapeland, Grapeland UMC	East
5	Marshall, Summitt UMC	North
6	Canton, First UMC	Northwest
7	Groves, First UMC	Southeast
8	Madisonville, First UMC	West
	Improvements in Classifications (34.8%)	
1	Porter, Friendship UMC	Central North
2	Houston, Trinity East UMC	Central South
3	Overton, Pirtle UMC	North
4	Edgewood, Cheatham Memorial UMC	Northwest
5	Beaumont, Wesley UMC	Southeast
6	Vidor, First UMC	Southeast
7	Sealy, First UMC	Southwest
8	Bay City, First UMC	Southwest

Among the 23 Tipping Point churches of 2009-2013, 7 (30.4%) churches closed, 8 (34.8%) churches remained in the Tipping Point classification, and 8 (34.8%) churches reported sufficient improvement to escape the Tipping Point classification over the 2013 to 2017 period.

The results showing that 30.4% of the Tipping Point classified churches closed is in striking contrast to the closure percentage among all churches over the same two periods— only 3.9%. The results further suggest that 65.2% of churches classified as Tipping Point

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[9] Six churches from Table 11 were excluded from this examination.

churches over the recent period will either close or show no improvement during the next five years. However, there is reason to more closely consider some of the churches in the improvement listing.

Those 8 churches that remained in the same classification, for the most part, demonstrated deterioration. Table 13 presents the percentages of churches which demonstrated deterioration in each of ten indicators between the 2009-2013 period and the 2013-2017 period. Churches are assembled into two groups: the "No Class Change" group of eight churches and "Class Change" group of the other eight churches.

Table 13
Changes in Indicators
Between 2009-2013 and 2013-2017
Tipping Point Churches with No Classification Change and
Tipping Point Churches with Classification Change

		Tipping	Tipping	
		No Class	Class	
	Indicator	Change	Change	Difference
1	Confirm Percent (1)	**75.0%**	**12.5%**	**62.5%**
2	Death Rate (2)	50.0%	50.0%	0.0%
3	Prog Exp Growth (4)	12.5%	12.5%	0.0%
4	Staff Exp Growth (5)	**62.5%**	**50.0%**	**12.5%**
5	Program per Att (6)	**37.5%**	**75.0%**	**-37.5%**
6	Staff per Att (7)	**37.5%**	**50.0%**	**-12.5%**
7	Giving per Att (7)	**25.0%**	**12.5%**	**12.5%**
8	Attend Changes (10)	**62.5%**	**25.0%**	**37.5%**
9	Affinity Change (13)	50.0%	62.5%	-12.5%
10	Giving Growth (14)	**62.5%**	**37.5%**	**25.0%**
	Number of Churches	8	8	

The percentages represent the number of churches for which the selected indicator showed deterioration between the 2009-2013 period and the 2013-2017 period. For instance, a 50.0% percentage indicates that half of the churches reported a decline in the indicator between the two periods.

There are ten indicators for which values have been calculated for the two periods. For the Confirmation Percent, 75.0% of the churches classified as Approaching the Tipping Point in both periods (No Class Change) reported deterioration in their confirmation percentages. Only 12.5% of the eight churches that were not classified as Tipping Point churches in the latter period reported further deterioration in confirmation percentages.

Comparisons among changes in financial support for programs and non-clergy staff are mixed. Interestingly, a larger percentage of churches with classification change showed deterioration in levels of support for programs and non-clergy staff than those remaining in the Tipping Point classification.

A higher percentage of the eight churches with a continuing Tipping Point classification reported further deterioration in changes in worship attendance (62.5%) than churches with changes in classification (25.0%). Likewise, a higher percentage of churches with continuing Tipping Point classifications reported further deterioration in financial support for the operating budget (62.5%) than churches with classification changes (37.5%).

In summary, the majority of churches with a continuing Tipping Point classification demonstrated further deterioration in confirmation class sizes, relative to membership, worship attendance deterioration, and financial support for the operating budget. For churches with classification changes, a minority of these churches reported similar deteriorations.

Among the 8 churches reporting improvement, two churches participated in the conference VCI program: Edgeworth Cheatham Memorial and Friendship Porter. Overton Pirtle and Beaumont Wesley did not experience a change in pastor between 2009 and 2017. The other six received between three and four different pastors over the period.

Table 14 presents the specific indicators that improved sufficiently to warrant changes in classification among the set of churches listed in Table 12.

Table 14
Churches with Changes in Classification
Indicators that Improved Sufficiently

Church	Indicator
Porter, Friendship UMC	Confirm Percent (1)
Houston, Trinity East UMC	Attend Growth (10)
	Giving per Att (9)
	Giving Growth (14)
Overton, Pirtle UMC	Attend Growth (10)
	Child-Youth per Attend
Edgewood, Cheatham Memorial UMC	Attend Growth (10)
	Confirm Percent (1)
Beaumont, Wesley UMC	Confirm Percent (1)
Vidor, First UMC	Confirm Percent (1)
	Giving per Att (9)
	Giving Growth (14)
Sealy, First UMC	Giving per Att (9)
	Giving Growth (14)
Bay City, First	Confirm Percent (1)

Five of the eight churches reported sufficient improvement in the relative sizes of their confirmation classes. Three reported sufficient improvement in growth in worship attendance, and three reported sufficient improvement in giving. One (Overton Pirtle) reported improvement in children-youth participating in formation classes. It would be of interest to determine what led the six non-VCI churches to achieve these improvements.

The value of this classification information should be apparent. These churches classified in the Approaching the Tipping Point category, based upon 2009 to 2013 records, were significantly more likely to close than the average church. For those that did not close, slightly over a third showed no improvement in the indictors but most showed further deterioration. Among the eight churches that showed improvement, two of the seven participated in congregational improvement programs. The remaining six seemed to improve on their own initiatives. How many might have shown improvement with the implementation of tailored strategies remains an unanswered question.

V. Classification: Excellence Attained

This classification represents the opposite end of the spectrum—excellence attained. Among the 14 indicators, the churches in this category exhibit excellence at every level.

Hopefully, it is a level of excellent to which church leaders aspire to achieve. The achievement is not assured only among the larger congregations. Ideally, the values of the indicators underscore successes in making disciples of Christ.

A. Excellence Attained with Little or No Debt

Among our conference churches, there are the few churches that have achieved excellence in most areas of ministry. The indicators are capable of capturing this high standard. Not unlike the Approaching the Tipping Point, the churches assigned to this category are identified by a set of 14 conditions. Table 15 presents the conditions and averages.

Table 15
Sets of Conditions and Averages
Excellence Attained
Little or No Debt

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	>50	100	1.56%	0.91%
2	Death Rate (2)	0	<50	0.69%	1.28%
3	Child-Youth per Attend (3)	0	100	49.47%	39.73%
4	Prog Exp Growth (4)	>55	100	148.67%	42.61%
5	Staf Exp Growth (5)	>40	100	19.31%	8.22%
6	Prog per Att (6)	>50	100	296	172
7	Staff per Att (7)	>50	100	1,264	741
8	Debt Ratio (8)	0	<75	27.58%	56.40%
9	Giving per Att (9)	>25	100	3,637	2,611
10	Attend Growth (10)	>65	100	22.36%	-5.21%
11	Attend Coefficient (11)	>75	100	-2.03	-8.90
12	Year Coefficient (12)	>50	100	91.04	7.30
13	Affinity Growth (13)	0	100	6.58%	2.76%
14	Giving Growth (14)	>25	100	20.57%	-0.12%

The levels of excellence among the indicators are apparent. In particular, notice the averages among those achieving the excellence compared to all others: Confirm per Memb (1), Attend Growth (10), Year Coefficient (12) and Giving Growth (14). The strong financial reports enable the congregation to invest heavily in programs and non-clergy staff. The churches report little debt on average. With these conditions, only five churches qualified for this category and are listed below:

Table 16
Excellence Attained
2013-2017
Little or No Debt

	Church	District
1	The Woodlands, Woodlands UMC	Central North
2	Kingwood, Strawbridge UMC	Central North
3	Houston, Fairbanks UMC	Central South
4	Houston, Chapelwood UMC	Central South
5	Houston, Grace UMC (Heights)	Central South
6	Houston, St. Luke's UMC	Central South
7	Pearland, First UMC	South
8	Katy, Grace Fellowship UMC	Southwest

Each of these churches reported values of the selected indicators that met the conditions listed in Table 15. Interestingly, two churches made the list with relatively small worship attendance figures. Houston Grace reported for 2017 average worship attendance of 103, and Houston Fairbanks reported average worship attendance of 91. Pearland First reported attendance of 926. Kingwood, Strawbridge reported worship attendance of 416. The other four churches reported average worship attendance levels exceeding 2,000.

There are other churches that met all but one condition in the assignment to the excellence attained classification. Table 17 presents another special group of churches that are failing to meet the assignment due to a relatively high level of debt relative to the annual giving to the operating budget. From Table 15, a qualification requires the ratio of debt to giving to fall under the 75th percentiles. The next set of conditions finds those churches that meet all other conditions except for a relatively high level of debt.

Table 17
Sets of Conditions and Averages
Excellence Attained
Relatively Large Debt

	Indicator	Minimum Percentile	Maximum Percentile	Grade Average	All Others Average
1	Confirm per Memb (1)	>50	100	**1.48%**	**0.93%**
2	Death Rate (2)	0	<50	**0.54%**	**1.27%**
3	Child-Youth per Attend (3)	0	100	38.23%	40.15%
4	Prog Exp Growth (4)	>55	100	**75.40%**	**46.16%**
5	Staf Exp Growth (5)	>50	100	**23.92%**	**8.35%**
6	Prog per Att (6)	>50	100	207.86	176.30
7	Staff per Att (7)	>50	100	864.98	759.57
8	Debt Ratio (8)	>75	100	**169.08%**	**53.03%**
9	Giving per Att (9)	>25	100	2,573	2,653
10	Attend Growth (10)	>65	100	**14.06%**	**-4.50%**
11	Attend Coefficient (11)	>75	100	-2.30	-8.78
12	Year Coefficient (12)	>50	100	**47.75**	**9.90**
13	Affinity Growth (13)	0	100	7.25%	2.83%
14	Giving Growth (14)	>25	100	**14.05%**	**0.42%**

The qualification is a debt to giving ratio that exceeds the 75th percentile. This is an indication that perhaps the church has extended its debt beyond what can be efficiently handled. Some churches saddled with so much debt that further investments in facilities are not considered. Some readers may want to discount this disqualification, and the following table allows one to do so.

Table 18
Excellence Attained
Relatively Large Debt

	Church	District
1	Humble, Journey of Faith UMC	Central North
2	Kingwood, Kingwood UMC	Central North
3	Magnolia, Wildwood UMC	Central North
4	League City, Bay Harbour UMC	South

The assigned limit to the level of debt relative to total giving to the operating budget is set at the 75th percentile. The actual percentage is 89% of total giving. These four churches report

levels greater than 89%. There are churches that manage quite well at these higher levels of debt.

B. Predictability

As with the classification approaching the Approaching the Tipping Point, it is useful to go back in time and identify churches that qualify for Excellence Attained and review the more current classification. Table 19 lists churches that qualify during the 2009-2013 period.

Table 19
Excellence Attained
2009-2013

	Church	District
1	The Woodlands, Woodlands UMC	Central North
2	Atascocita, Atascocita UMC	Central North
3	Fulshear, First UMC	Southwest
4	Katy, Grace Fellowship UMC	Southwest
5	Houston, West University UMC	Central South

Note that The Woodlands UMC and Katy, Grace Fellowship are classified as Excellence Attained in both 2009-2013 period and the 2013-2017 period. Atascocita, Fulshear First, and Houston West University did not repeat the classification.[10] Houston Grace UMC Heights, Strawbridge Kingwood, Houston St. Luke's, Houston Chapelwood, Pearland First, and Houston Fairbanks did not qualify for the category using the 2009-2013 records but did qualify using the more recent records. Turnover among churches achieving this level of excellence is relatively high.

VI. Church Groupings

Each indicator used to classify churches can be used to define groups of churches with similar conditions in spite of the fact that they were not classified in any of the defined categories. The purpose of a group is to identify churches that potentially would benefit from conversations to be held at special meetings or conferences. For example, the conference knows that some churches are facing relatively high death rates among their members which can signal pending difficulties for its leaders. There is benefit from assembling leaders from those churches with the more challenging conditions in a conference specifically dedicated to

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[10] Fulshear First was not assigned due to a relatively high death rate. Houston West University was not assigned due to a large, negative attendance coefficient. Atascotita was not assigned due to the failure of four conditions.

this specific issue. The grouping of churches by selected conditions for the purposes of holding conversations among their church leaders could be a valuable, additional conference function. Three possible groups of churches are presented below as illustrations. The first is presented below.

Table 20
Churches with Relatively High Death Rates
Not Otherwise Classified

	Church	District	Death
1	Coldspring, Coldspring UMC	Central North	2.88%
2	Willis, First UMC	Central North	2.16%
3	Houston, Boynton Chapel UMC	Central South	2.58%
4	Houston, St. Stephen's UMC	Central South	2.89%
5	Overton, Pirtle UMC	North	2.47%
6	New Boston, Tapp UMC	North	2.44%
7	Marshall, First UMC	North	2.19%
8	Gilmer, First UMC	North	2.07%
9	Mineola, First UMC	Northwest	2.11%
10	Texas City, St. John's UMC	South	2.09%
11	Vidor, First UMC	Southeast	2.73%
12	Port Neches, First UMC	Southeast	2.70%
13	Beaumont, Trinity UMC	Southeast	2.22%
14	Bay City, First UMC	Southwest	2.01%
15	Sealy, First UMC	Southwest	2.22%
16	Normangee, First UMC	West	2.03%

These churches were selected by identifying non-classified churches with death rate percentiles greater than the 90th percentile. There are 16 churches listed and located among almost all of the districts (excluding the East District). Churches with 2017 worship attendance less than 75 are not considered. One of the strategies that addresses this condition is a focused evangelism effort among young families.

The next table lists churches with large, negative year coefficients.

Table 21

Churches with Relatively Large, Negative Year Coefficients

Not Otherwise Classified

	Church	District	Coef
1	Houston, St. Stephen's UMC	Central South	-86.68
2	Texarkana, Williams Memorial UMC	North	-54.41
3	Kilgore, St. Luke's UMC	North	-65.83
4	Gilmer, First UMC	North	-65.00
5	Mineola, First UMC	Northwest	-165.54
6	Tyler, Pollard Memorial UMC	Northwest	-128.70
7	Galveston, Central UMC	South	-181.50
8	Silsbee, First UMC	Southeast	-63.88
9	Beaumont, Trinity UMC	Southeast	-109.11
10	Bay City, First UMC	Southwest	-113.37
11	Centerville, First UMC	West	-85.85

A large, negative year coefficient implies that the average giving per worship attendee is expected to decline year after year even if worship attendance were stable. There are 11 churches in this list. This condition places financial pressures on year-to-year budgeting.

The next table lists churches facing large decreases in affinity populations.

Table 22
Churches with Large Decline in Affinity Populations
Not Elsewhere Classified

	Church	District	Affinity
1	Nacogdoches, First UMC	East	-3.77%
2	Center, First UMC	East	-13.87%
3	Overton, Pirtle UMC	North	-4.05%
4	Daingerfield, First UMC	North	-6.06%
5	Kilgore, St. Luke's UMC	North	-4.67%
6	Marshall, First UMC	North	-10.83%
7	Fairfield, Fairfield UMC	Northwest	-3.56%
8	Palestine, Grace UMC	Northwest	-7.27%
9	Beaumont, First UMC	Southeast	-6.09%
10	Beaumont, Trinity UMC	Southeast	-5.58%
11	Bay City, First UMC	Southwest	-6.38%
12	Wharton, First UMC	Southwest	-7.14%
13	Caldwell, First UMC	West	-4.55%

There are 13 churches listed, almost a fourth of which are located in the North Districts. A declining affinity population is associated with declining worship attendance, all else being equal. One of the strategies addressing this condition is emphasis on excellence in ministries, sufficient to attract members from longer driving distances from the church.

The final listing presents churches that have not been classified but happen to be located where their respective affinity populations are growing significantly.

Table 23
Churches with Large Increases in Affinity Populations
Not Elsewhere Classified

	Church	District	Affinity
1	Tomball, Tomball UMC	Central North	12.41%
2	Montgomery, Montgomery UMC	Central North	15.84%
3	Magnolia, Magnolia UMC	Central North	12.78%
4	Spring, St. Paul UMC	Central North	23.20%
5	Cypress, Good Shepherd UMC	Central North	20.07%
6	Houston, St. Mark's (Pecore) UMC	Central South	17.67%
7	Pearland, Hope Church UMC	South	19.77%
8	Sugar Land, Christ UMC	Southwest	12.30%
9	Needville, First UMC	Southwest	12.57%
10	Richmond, Faith UMC	Southwest	23.20%
11	Fulshear, First UMC	Southwest	63.50%
12	Richmond, St. John's UMC	Southwest	13.15%
13	Katy, First UMC	Southwest	32.14%
14	College Station, First UMC	West	17.31%

There are 14 such churches in this group. Eleven of the fourteen are located in Central North and Southwest Districts. Growing affinity populations present significant advantages to congregations. Conversations among the leaders of these churches hopefully would lead to the implementation of strategies designed to take full advantage of these conditions.

There are dozens of additional groups to be constructed, some of which being more important than others. Again, annual conferences are well positioned to sponsor gatherings of church leaders that focus upon a specific topic among churches with common concerns. Annual conferences have, in the past, sponsored gatherings that focus upon stewardship, but usually leaders from all churches are invited and those most in need of the program are not identified and thus encouraged to attend. The classification program is useful in identifying those churches most in need of the training and education. This presents a new tool and dimension in the assistance an annual conference can offer its churches.

VII. Local Church Examinations

Through the process of classifying local churches, each local church's records among the 14 indicators are ranked as percentiles. A church with an attendance growth rate of (say) 1.0% between 2013 and 2017 would be ranked among all other churches. In this instance, the church's attendance growth rate would fall just under the 75th percentile. All 14 indicators are ranked for every church. The program provides seven sets of tables for each church, registering

its percentiles in relation to the defined condition for a classification. These tables become very useful in assessing the condition of the local church. Table 24 presents an abbreviated form of such a table.

Table 24
Indicators and Percentiles
Example Church
Excellence Attained
Little or No Debt

Church	Outcome	No.	Flags	Condition	Min	Max	Value
Unnamed church	Fail	1	flg10	attend_13_17_p100	>65	<=100	56
Unnamed church	PassCond	2	flg20	death_rate_t2_p100	>=0	<50	40
Unnamed church	PassCond	3	flg30	year_coef_p100	>50	<=100	57
Unnamed church	PassCond	4	flg40	attend_coef_p100	>75	<=100	82
Unnamed church	PassCond	5	flg50	rpgmexp_13_17_p100	>55	<=100	56
Unnamed church	PassCond	6	flg50	rpgmexp_att_t2_p100	>50	<=100	86
Unnamed church	PassCond	7	flg60	rstafcomp_13_17_p100	>40	<=100	54
Unnamed church	PassCond	8	flg60	rstafcomp_att_t2_p100	>50	<=100	73
Unnamed church	PassCond	9	flg70	confirmpct_t2_p100	>50	<=100	74
Unnamed church	PassCond	10	flg70	young_attend_pct_2017_p100	>50	<=100	54
Unnamed church	PassCond	11	flg80	attschpct_t2_p100	>=0	<=100	47
Unnamed church	PassCond	12	flg90	affinity_chng_13_17_p100	>=0	<=100	58
Unnamed church	Fail	13	flg100	debt_ratio_t2_p100	>=0	<75	82
Unnamed church	PassCond	14	flg111	totalyoung_13_17_p100	>=0	<=100	80
Unnamed church	PassCond	15	flg112	young_pct_2017_p100	>=0	<=100	43
Unnamed church	PassCond	16	flg113	formation_pct_2017_p100	>=0	<=100	66
Unnamed church	PassCond	17	flg120	rsect1tot_att_t2_p100	>25	<=100	50
Unnamed church	PassCond	18	flg130	rpgm_staff_13_17_p100	>=0	<=100	56
Unnamed church	PassCond	19	flg140	rsect1tot_13_17_p100	>25	<=100	58

There are a total of 19 conditions listed, but fewer are used for this classification.[11] For this actual church, its attendance growth ranks at the 56th percentile. To achieve the Excellence Attained classification, the percentile must be above the 65th percentile. Thus is this indicator "Fails." The debt ratio must be below the 75th percentile. The church's value is the 75th percentile. On this basis alone, the classification would fail.

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[11] A condition for which the minimum is zero and the maximum is 100 represents a condition that is not used for this classification. Conditions in which the Flags count is repeated, such as flg60, represents an "or" condition. If either condition number 7 or 8 is met, the paired condition passes.

There are some conditions in which the margin for passing is quite small—thus servicing as a source of caution. The required growth rate for program expenditures is the 55th percentile. The example church's value is the 56th percentile—a very close margin. The margin for another is quite large—such as the margin for giving per attendee (No. 17). The required percentile is above the 50th, and the value for this church is the 86th percentile—a very large margin.

The overall results can be useful. For each classification, there is a table of conditions and results for each church. It can help church leaders assess the condition of the church across the included indicators. Of course, the present version of the classification program's underlying data ends with the 2017 end-of-year reports. With the assembly of the 2018 end-of-year report, the program will be updated.

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Donald R. House, Sr.

January 2019
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Table 24
Classifications of Churches by District

	Tipping Point Declining Affinity	Tipping Point Increasing Affinity	Unsustainable Strong Staff Support	Unsustainable Decline in Attendance	Unsustainable Decline in Finances	Excellence Attained Low Debt	Excellence Attained High Debt
Central North							
Cleveland, First UMC	1						
Huffman, Lake Houston UMC		1					
Tomball, Rose Hill UMC		1					
Houston, Spring Woods UMC		1					
Humble, First UMC			1				
The Woodlands, Woodlands UMC						1	
Kingwood, Strawbridge UMC						1	
Conroe, First UMC					1		
Humble, Journey of Faith UMC							1
Kingwood, Kingwood UMC							1
Magnolia, Wildwood UMC							1
Central South							
Houston, Mt. Vernon UMC	1						
Houston, St. Mary's UMC	1						
Houston, Fair Haven UMC		1					
Houston, Blueridge UMC		1					
Houston, St. Phillip's UMC		1					
Houston, St. Matthew's UMC		1					
Houston, Terrace UMC		1					
Houston, Westbury UMC		1					
Houston, Ebenezer UMC		1					
Houston, Trinity UMC		1					
Houston, First UMC			1				
Houston, Trinity East UMC					1		
Houston, Grace UMC (Heights)						1	
Houston, St. Luke's UMC						1	
Houston, Fairbanks UMC						1	
Houston, Chapelwood UMC						1	
East							
Woodville, Woodville UMC	1						
Crockett, First UMC	1						
Jasper, First UMC	1						
Nacogdoches, Perritte Memorial	1						
Grapeland, Grapeland UMC	1						
Lufkin, First UMC			1				
Henderson, First UMC					1		

Table 24 (continued)

	Tipping Point Declining Affinity	Tipping Point Increasing Affinity	Unsustainable Strong Staff Support	Unsustainable Decline in Attendance	Unsustainable Decline in Finances	Excellence Attained Low Debt	Excellence Attained High Debt
North							
Longview, Wesley McCabe UMC	1						
Longview, Winterfield UMC	1						
Longview, First UMC					1		
Marshall, Summitt UMC	1						
Mt. Pleasant, Tennison Memorial	1						
Gladewater, First UMC	1						
Hallsville, First UMC	1						
Northwest							
Frankston, Frankston UMC	1						
Palestine, First UMC	1						
Tool, Cedar Creek Lake UMC	1						
Canton, First UMC	1						
Quitman, Quitman UMC	1						
Rusk, First UMC		1					
Tyler, Lanes Chapel UMC			1				
Tyler, Pleasant Retreat UMC				1			
Athens, First UMC					1		
Jacksonville, First UMC					1		
South							
Lake Jackson, First UMC	1						
Baytown, St. Mark's UMC		1					
Santa Fe, Aldersgate UMC		1					
Pasadena, First UMC		1					
Pasadena, Sunset UMC		1					
La Marque, McKinney Memorial		1					
Alvin, First UMC				1			
Seabrook, Seabrook UMC				1			
Deer Park, Deer Park UMC				1			
Pearland, First UMC						1	
League City, Bay Harbour UMC							1
Southeast							
Buna, First UMC	1						
Groves, First UMC	1						
Winnie, First UMC	1						
Beaumont, St. James UMC	1						
Hardin, Hardin UMC		1					
Liberty, First UMC				1			
Orange, First UMC				1			

Table 24 (Continued)

	Tipping Point Declining Affinity	Tipping Point Increasing Affinity	Unsustainable Strong Staff Support	Unsustainable Decline in Attendance	Unsustainable Decline in Finances	Excellence Attained Low Debt	Excellence Attained High Debt
Southwest							
Rosenburg, First UMC		1					
West Columbia, Columbia UMC		1					
Houston, Mission Bend UMC				1			
Katy, Grace Fellowship UMC						1	
West							
Cameron, First UMC	1						
Rockdale, St. John's UMC	1						
Huntsville, First UMC	1						
Madisonville, First UMC	1						
College Station, Aldersgate UMC			1				
Bryan, First UMC					1		
Totals	28	20	8	4	7	8	4