

Research Services



Mergers in the Church of the Nazarene USA Field, Between 2004-2013

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Executive Summary

Ideally, a merger brings together the assets and resources of two entities within the same market in order to create a single entity that is stronger, more nimble, and more profitable than the two were separately. In the realm of business, companies evaluate the success or failure of a merger based on bottom-line metrics such as income, profitability, and market share.

In the realm of a Christian church, there are also some bottom-line metrics that can be measured, such as church income and worship attendance. However, there are also hosts of intangible metrics that cannot be quantified in a report such as this. In this report we take into account these intangibles by quantifying not just bottom-line metrics, but also what we call **Mission Markers**. These are items such as conversions, baptisms, and New Nazarenes. We hope to give insights here to not just “the bottom line,” also point to the Missional impact church mergers can make. Among the findings in this report are:

- The “Merged To” church evidenced significant evangelistic increase after the merger, with most (72%) of the churches reporting more conversions in the four years after the merger than they had the four years prior to the merger.
- Twice as many (58%) of “Merged To” churches reported increases in Adult Sunday School attendance than reported declines (28%) in the four years after the merger.
- Most mergers (84%) occurred with at least one of the churches having no indebtedness, and over half (58%) occurred with both churches being debt free.
- Seven out of 10 **Mission Markers** increased in the “Merged To” churches in the four years after the merger.
- Church mergers rarely result (25% of the time) in a single church with worship attendance larger, four years after the merger, than the two churches had reported individually just before the merger.
- If the two churches merging had both been experiencing worship attendance declines prior to the merge, the resulting “Merged To” church usually (68% of the time) also experienced worship attendance decline.

“Church mergers are not a good thing or a bad thing, but they are a different thing.”

Ed Stetzer, Executive
Director of the Billy
Graham Center

The old mergers were about trying to preserve an old way of doing ministry, but the new mergers are about embracing a shared vision for the future.

Jim Tomberlin, founder
of MultiSite Solutions



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Methodology

Eighty-eight church mergers, involving 174 churches, occurred between 2004 and 2013 in the USA/Canada Region of the Church of the Nazarene. This study analyzes data about these churches to describe metrics of the churches prior to and after the merger. Utilizing quantitative data from the Annual Pastor's Report, this study aggregates the data of the "Closed" churches and the "Merged To" churches into two groups: Demographic Markers and Mission Markers. Worship Attendance is the one marker that is included in both groups.

This study looks at these two groups of markers for the four years prior to the merger, and the four years after the merger. This means that the statistical data may range from the year 2000 to the year 2017. In two cases, two churches merged into a third church. Therefore, this study looks at 88 "Closed" churches who merged into 86 "Merged To" churches. Data from the year of merger has been excluded from this study due to inconsistencies in reporting data for the "Closed" churches either independently or as part of the "Merged To" church (of the 88 "Closed" churches, 23 reported statistics at the merger year, 65 did not).

Demographic Markers

Demographic Markers analyzes data about both "Closed" and "Merged To" churches' in the four years prior to the merger:

- Organization date
- Worship Attendance
- Predominate ethnicity of church worshippers
- Community type where the church is physically located
- Church income
- Church indebtedness

Mission Markers

Mission Markers analyzes the following data in the "Merged To" churches in the four years after the merger:

- Worship attendance
 - Conversions
 - Baptisms
 - Church membership
 - New Nazarenes
 - SDMI attendance
 - Funding the Mission allocation payments
-



Summary Tables

Table 1: Demographic Markers

	"Closed" Churches		"Merged To" Churches		Combined Total	
	N	%	N	%	N	%
Churches Included in Study	88	51%	86	49%	174	100%
Church Organization Date						
Before 1950	26	30%	43	50%	69	40%
1950-1999	38	43%	24	28%	62	36%
2000-2017	11	13%	12	14%	23	13%
Not Yet Organized	13	15%	7	8%	20	11%
Church Size (prior to merge)						
0 or No Report	19	22%	5	6%	24	14%
1-49	42	48%	33	38%	75	43%
50-99	22	25%	23	27%	45	26%
100-249	5	6%	17	20%	22	13%
250-399	0	0%	2	2%	2	1%
400-999	0	0%	4	5%	4	2%
1,000 or more	0	0%	2	2%	2	1%
Predominate Ethnicity						
Black	7	8%	5	6%	12	7%
Hispanic	13	15%	7	8%	20	11%
Multicultural	5	6%	7	8%	12	7%
White	53	60%	61	71%	114	66%
Other	10	11%	6	7%	16	9%
Community Type						
Major Urban	42	48%	46	53%	88	51%
Smaller Urban	23	26%	21	24%	44	25%
Town and Country	15	17%	18	21%	33	19%
No Information	8	9%	1	1%	9	5%
Church Income (year prior to merge)						
\$0 or No Report	22	25%	6	7%	28	16%
\$1-49,999	38	43%	22	26%	60	34%
\$50,000-99,999	17	19%	28	33%	45	26%
\$100,000-149,999	8	9%	8	9%	16	9%
\$150,000-199,999	2	2%	6	7%	8	5%
\$200,000-299,999	1	1%	4	5%	5	3%
\$300,000-399,999	0	0%	4	5%	4	2%



\$400,000-499,999	0	0%	2	2%	2	1%
\$500,000 or more	0	0%	6	7%	6	3%
Church Indebtedness (year prior to merge)						
\$0 or No Report	74	84%	55	64%	129	74%
\$1-99,999	8	9%	14	16%	22	13%
\$100,000-249,999	4	5%	6	7%	10	6%
\$250,000-499,999	2	2%	2	2%	4	2%
\$500,000 or more	0	0%	9	10%	9	5%

Table 2: Mission Markers

“Merged To” Church: 4 years Before Merger (Averaged) Compared to 4 Years After Merger (Averaged)

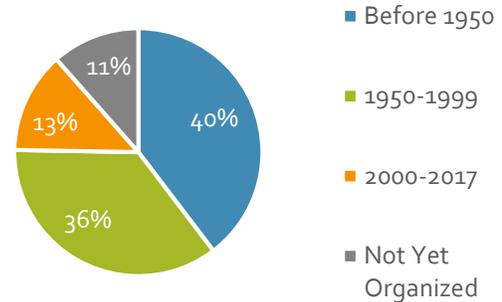
	Increased		Decreased		No Change	
	N	%	N	%	N	%
Worship Attendance	50	59%	34	40%	1	1%
Conversions	63	72%	17	19%	8	9%
Baptisms	50	57%	28	32%	10	11%
New Nazarenes	46	52%	32	36%	10	11%
Sunday School - Children	36	41%	40	45%	12	14%
Sunday School - Youth	41	47%	35	40%	12	14%
Sunday School - Adults	51	58%	25	28%	12	14%
Total Sunday School	30	34%	47	53%	11	13%
Discipleship Attendance	52	59%	19	22%	17	19%
Funding the Mission Allocations Paid in Full						
	Yes		No			
	N	%	N	%		
Four Years Prior to Merge	193	62%	117	38%		
Four Years After Merge	189	56%	147	44%		
Change	-4	-6%	30	6%		



Demographic Markers

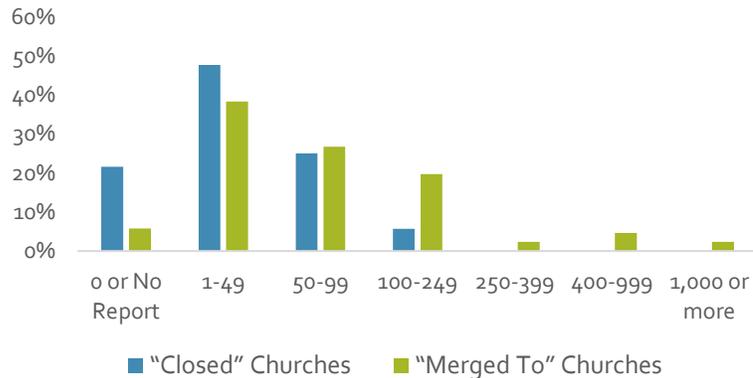
The median organization year of all the churches in the study is 1954. The "Merged To" group is the older category with a median organization date of 1948, while the "Closed" group had a median organization date of 1964. Reflective of this difference, 50% of the "Merged To" churches organized prior to 1950 compared to 30% of the "Closed" churches. Overall, 40% of the churches were organized prior to 1950, 36% were organized between 1950 and 1999, and 13% were organized since 2000. Eleven percent never organized during the years covered by this study.

Church Organization Year -
All Churches



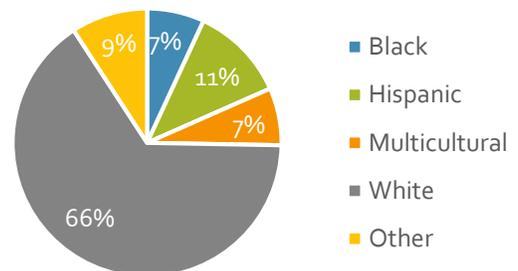
The churches in the study ranged in size from reporting zero in worship attendance (or having their attendance reported with a mother church) to reporting 1,204. One year prior to the merge, median worship attendance in "Closed" churches was 25, with 70% reporting either no worship attendance or less than 50 in attendance. The median worship attendance in the "Merged To" churches was 50, with 29% of these churches reporting over 100 in worship attendance

Church Size (year prior to merge)



Two-thirds of the churches in the study were predominately White/English-speaking, 11% were Hispanic, 7% Black, 7% Multicultural, and 9% were other ethnicities. Nationwide, in 2017 (the last year of the study), 76% of all Nazarene churches were White/English-speaking, 12% were Hispanic, 2% were Black, 3% are Multicultural, and 7% were other ethnicities. In all, the churches in the study included 14 different predominant cultural groups. Through

Predominate Ethnicity

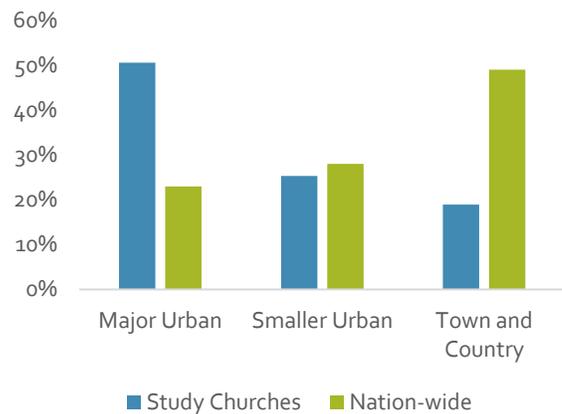




the merger process, some “Closed” churches merged into churches of a different predominate ethnicity. Among these, six Hispanic churches and four Black churches merged into White/English-speaking churches. Three White/English-speaking churches merged into churches of a different ethnicity: two into Black churches and one into a Hispanic congregation.

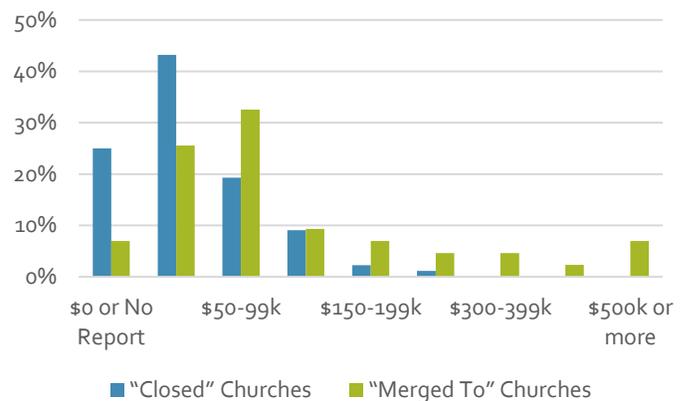
Just over half of the mergers (51%) occurred in Major Urban communities, one quarter in Smaller Urban communities, and 19% in Town and Country communities (the remaining 5% of churches did not have Community Type data assigned). In contrast, nationwide in 2017, 23% of Nazarene churches were located in Major Urban communities, 28% in Smaller Urban communities, and 49% in Town and Country communities. While the majority of mergers have happened in the Major Urban areas, in the larger USA population trends, urban population growth has been a steady 13% since 2000.¹ Looking at the “Merged To” churches of the study, other than one Native American and two Black churches, all other non-White/English-speaking churches were located in Major Urban communities. Forty percent of the White/English-speaking churches were in Major Urban communities, 29% in Smaller Urban communities and 31% in Town and Country communities.

Community Types



Twenty-four percent of the “Closed” churches reported either \$0 church income or did not report income for the year prior to their official closing. For those reporting income, the median for “Closed” churches was \$26,332, compared to \$71,665 for “Merged To” churches. Three percent of “Closed” churches reported income above \$150,000, in contrast, 19% of “Merged To” churches did. Four years after the merger 58% of “Merged To” churches reported increased church income and a rise of median church income to \$87,442.

Church Income One Year Prior to Merge



¹ <https://www.pewsocialtrends.org/2018/05/22/demographic-and-economic-trends-in-urban-suburban-and-rural-communities/>



Twenty-six percent of the churches in the study reported indebtedness for the year prior to the merge. Of the 16% of "Closed" churches reporting indebtedness, the median debt was \$32,935, though 2 reported over \$300,000 in debt. Thirty-five percent of "Merged To" churches reported indebtedness, the median debt being \$130,674, and 4 reported indebtedness of over \$1,000,000. Overall, 84% of the mergers occurred with one of the two churches being debt free, and 58% of the mergers occurred with both churches being debt free. Four years after the merger median debt rose to \$206,232, with 5 reporting indebtedness over \$1,000,000.

Church Indebtedness One Year Prior to Merge



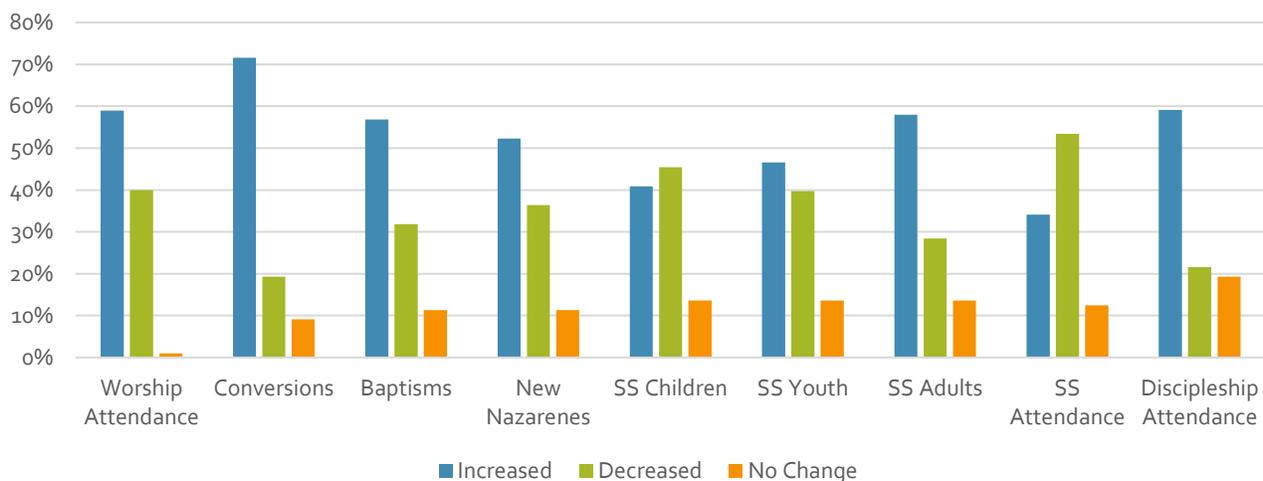


Mission Markers

Snapshots of Mission Markers can be deceptive, as any one year of a church's statistics may not be representative of the larger picture of the church's ministry effectiveness. Therefore, instead of looking at a snapshot of a "Merged To" church's Mission Markers by comparing single years, we compared the average of the church's Mission Markers the four years prior to the merger with four years after the merger.

Overall, 7 of the 10 Mission Markers showed increases in the "Merged To" churches four years after the merger. These seven were Worship attendance, Conversions, Baptisms, New Nazarenes, Youth Sunday School attendance, Adult Sunday School attendance, and Discipleship Group attendance. The three markers that decreased were Children's Sunday School attendance, overall Sunday School attendance, and Funding the Mission Allocation giving.

Church Mission Markers - Change Before and After Merge



Fifty-nine percent of "Merged To" churches experienced average Worship attendance growth after the merger. For those reporting an increase, the median increase for the four years after the merger was 28. The median worship attendance change for all "Merged To" churches was an increase of 7. Forty percent of "Merged To" churches experienced average Worship attendance decline, 1% reported no change. Four years after the merger, "Merged To" churches' median worship attendance increased to 69, with 35% reporting over 100 in worship attendance.

Over two-thirds (68%) of those "Merged To" churches reporting worship attendance decline four years after the merger, also reported declining attendance prior to the merge. However, of those



“Merged To” churches reporting worship attendance increase four years after the merge; only 44% had been reporting increasing attendance prior to the merge.

Those experiencing growth were more likely to be located in either Major Urban areas (57% though being 51% of all churches in the study) or Town and Country areas (26% though being 19% of all churches in the study). Smaller Urban churches accounted for only 13% of the growing churches, though they made up 25% of all the study churches. The growing churches were also more likely to be predominantly Hispanic (17% versus being 11% of all churches in the study) or Multicultural (17% versus being 7% of all churches in the study). White/English-speaking churches accounted for 52% of growing churches though they accounted for 66% of all churches in the study.

However, in only 1 in 4 cases is the “Merged To” church’s Worship attendance larger four years after the merger than the combined worship attendance of both the “Closed” and “Merged To” churches one year prior to the merger.

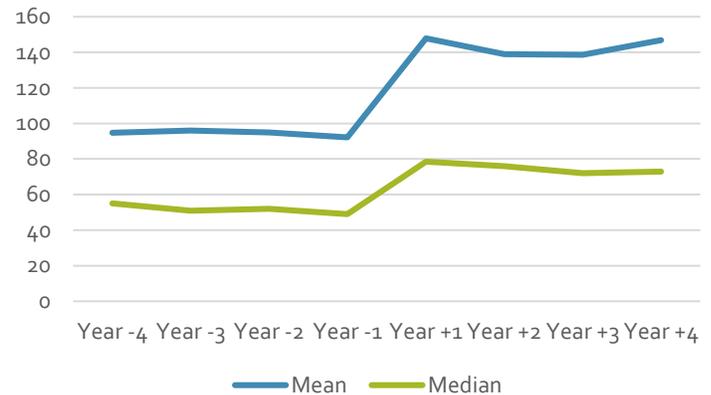
Of all the Mission Markers, Conversions reflect the largest increase in the years after the merger, with 72% of churches reporting increases. The “Merged To” churches reported a median increase of 5 conversions in the four years after the merger. Nineteen percent of churches reported a decrease in Conversions, 9% reported no change.

Fifty-seven percent of churches reported increased Baptisms, and 52% reported increased New Nazarenes.

In the SDMI Mission Markers, there are differing trends. While more churches reported increases in Youth (47%) and Adult (58%) Sunday School attendance than did not, more reported decreases in Children’s (45%) Sunday School attendance and overall Sunday School attendance than did not.

Sixty-five percent of the “Merged To” churches who experienced declines in Children’s Sunday School attendance and 78% of the churches experiencing declines in total Sunday School attendance four years after the merger had also been experiencing declines prior to the merge. While more reported increases in Discipleship attendance (59%), more reported decreases in total Sunday School attendance (53%).

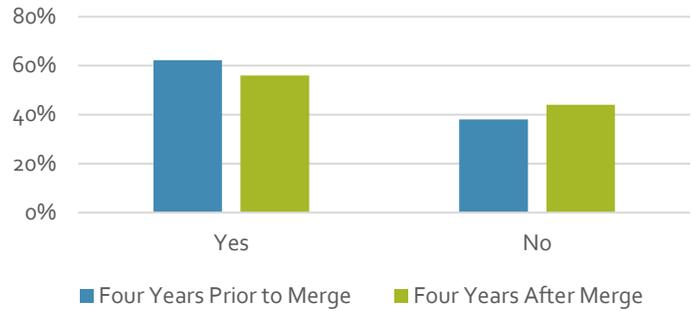
“Merged To” Church Worship Attendance





Concerning Funding the Mission allocations, there was a net decrease of 6% of “Merged To” churches paying all their allocations four years after the merger, from 62% to 56%.

Funding the Mission Allocations Paid?





Top Findings

- Population decrease was not a major factor leading churches to merge. The majority of church mergers occurred in Major Urban areas, even though, since 2000, the US population in Major Urban areas has increased 13%.
 - Mergers did not change negative worship attendance trends in most cases. Most “Merged To” churches who experienced declines in Worship attendance, Children’s Sunday School attendance, and total Sunday School attendance four years after the merger had been experiencing these declines prior to the merger.
 - In only 25% of the cases was the “Merged To” church larger four years after the merger than the combined worship attendance of the “Merged To” and “Closed” churches one year prior to the merge.
 - While in most cases the worship size four years after the merger was lower than the combined total one year prior to the merger, mergers do not appear to negatively affect “Merged To” churches’ Mission Markers: overall, 7 of the 10 Mission Markers showed increases in the “Merged To” churches four years after the merger.
 - Of all the Mission Markers, Conversions reflect the largest increase in the years after the merger, with 72% of churches reporting increases.
 - A relatively high percent of “Closed” churches had no debt at merger.
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Some Questions for Churches Considering a Merger

- **Is the merger under consideration a “Survival-Driven” merger or a “Mission-Driven” merger?** In other words, are the churches involved seeking to find a solution to dwindling resources, people, etc., or is there an understanding that combining the resources and people of both congregations will help the “Merged To” church be more effective than the two (or more) churches had been on their own? “Survival-Driven” mergers may have negative consequences on the “Merged To” church.
 - **What new opportunities do we expect to open up by merging these churches?** Initial answers to this question can help discern whether this is a “Survival-Driven” merger or a “Mission-Driven” merger. However, while initial answers may point in one direction, if the churches spend time in reflection, prayer, and discernment, God may subsequently provide new answers.
 - **If a church is to close, who is best positioned to use the resources of that church for Kingdom growth – a neighboring local church or the district?** For example, the resources of a struggling church may not add missional assets to a neighboring Nazarene Church. Instead, from a Kingdom perspective, the assets and resources of the “Closed” church might be better used by the District in order to provide resources for a new church work somewhere else on the district.
 - **In this situation, which is best, the church merging into another church or the church being acquired by another church?** Estimates are that, nation-wide, 40% of what we call “Multi-site” churches are not actually a Parent Church planting “new sites” but a Parent Church acquiring existing churches. Instead of merging two (or more) congregations into one building and structure, might a stronger church instead consider acquiring the resources of the struggling church to start a new Church Type Mission as a satellite location of the “Merged To” church? If this is the case, then it might not necessarily be the geographically closest church who would have the best resources and be in the best position to be the “Merged To” church.
 - **How will a merger affect our most vulnerable or least connected people in the churches and their communities?** The bottom line drives mergers. However, while in business the bottom line is money, in the Kingdom of God, the bottom line is people. What could be both the intended and unintended consequences of this merger on the people inside and outside the churches?
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Resources:

CT Pastors Special Report: The Guide to New Church Models. <https://www.bclstore.com/products/the-2017-2018-guide-to-new-church-models>

Barna Research Report: More than Multisite. <https://shop.barna.com/products/more-than-multisite>
