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Christian
Communicators
Impacting
the World

April 2, 2013

The Honorable David Reichert
United States House of Representatives
1127 Longworth House Office Building
Washington, DC 20515

The Honorable John Lewis
United State House of Representatives
343 Cannon House Office Building
Washington, DC 20515

Dear Reps. Reichert and Lewis,

Thank you for leading the Charitable/Exempt Organizations Tax Reform Working Group of the U.S. House Ways and Means Committee. As President and CEO of the National Religious Broadcasters (NRB), I write in strong support of incentives allowing Americans to maximize their charitable giving. Specifically, I laud a public policy that has proven its worth for nearly a century: the charitable tax deduction. This policy is invaluable for non-profit organizations and the communities they serve, and I respectfully urge the Working Group to oppose proposals to eliminate or reduce it.

NRB is an association of Christian radio and television broadcasters, as well as a wide range of other ministry organizations that engage in communications activities on-air and online, which collectively reach millions of Americans on a regular basis. Many of our members are non-profit organizations that not only powerfully illuminate public needs, but directly work to help the hungry, hurting, addicted, and vulnerable in the United States and abroad. These organizations rely on charitable giving to serve their communities effectively, and any restriction of the charitable deduction could be devastating to their efforts.

Significantly, at NRB's annual convention in March, the NRB Board of Directors unanimously approved a resolution highlighting the significance of the income tax deduction for charitable giving. The Board, consisting of approximately 100 key leaders among Christian communicators, declared:

Suggestions have been made by Members of Congress and by Executive Branch officials, that the charitable deduction be minimized or eliminated, and NRB believes that reducing or eliminating the charitable deduction would have a devastating effect on non-profit religious organizations and would destroy some ministries and would negatively impact the good work of other ones that provide free services and great public benefits to their communities and to the nation;

Board Members then called on the federal government not to harm this longstanding successful tax policy.

Late last year, United Way Worldwide released polling that showed two-thirds of Americans opposed diminishing the charitable tax deduction, and nearly 8 in 10 respondents agreed that reducing or eliminating this incentive would be bad for charities and the people they serve. I join in that sentiment and respectfully encourage the continuation of this monumental public policy. Indeed, rather than capping or otherwise constraining this deduction, the federal government ought to expand opportunities for the charitable impulse of Americans to thrive.

Also, I have enclosed an article that you might find useful regarding 12 historic congregations and the positive economic effect they have on their communities.

Thank you for your consideration and your leadership on the U.S. House Ways and Means Committee.

Respectfully,

Frank Wright, Ph.D.
President & CEO

Enclosure

PARTNERS FOR SACRED PLACES

At the intersection of heritage, faith, and community

Determining the Economic Halo Effect of Historic Congregations

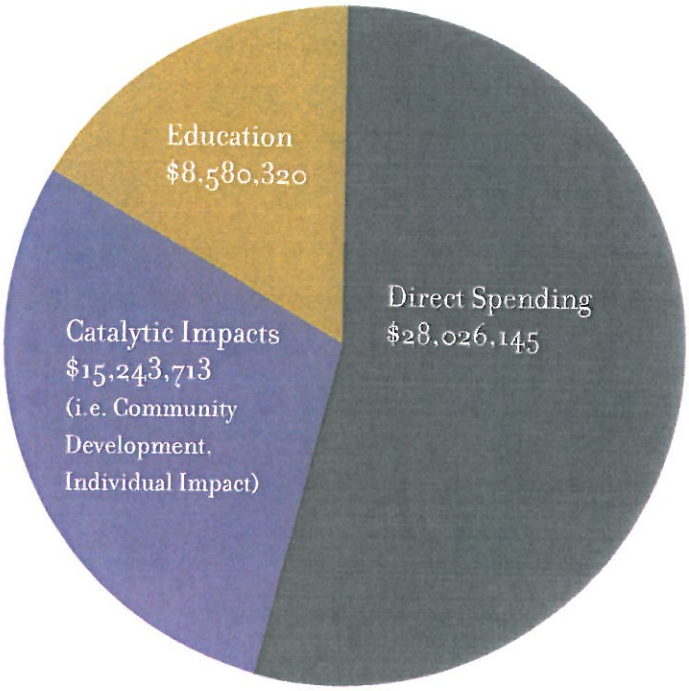
In 2010, Partners for Sacred Places and the University of Pennsylvania School of Social Policy and Practice concluded a pilot study of the economic impact of houses of worship. We found that 12 Philadelphia congregations contribute $52 million in annual economic value to the city of Philadelphia, for an average of $4.3 million per congregation. By assessing over 50 different factors, we have pioneered a new quantitative approach to understanding how congregations impact local economies. Congregations must now be understood as critical economic catalysts, suggesting an important shift in community investment policy and practice.

We can categorize the dozens of ways congregations benefit their communities in three broad areas: 1) through direct spending; 2) the value of day care and K-12 educational programs; and 3) a range of catalyzing or leveraging economic values, such as Open Space, Magnet Effect, Individual Impact, Community Development and Invisible Safety Net [see Graph 1]. These categories are explained below and illustrated in the side bars.

Direct Spending

Sacred places invigorate local economies by buying goods and services locally and employing local residents. On average, congregations each contributed well over two million dollars to their neighborhoods through annual spending. New businesses credited congregations with providing enough patronage for them to get to a financial solid ground [see Table 1], and staff could point to congregations for their family-sustaining jobs.

Total Economic Halo Effect of 12 Congregations in Pilot Study: $52 million



Graph 1

Education

Congregations that hosted daycare or parochial schools provided local, inclusive and affordable places for children to learn. The value of daycare in particular is twofold: congregations represent not only a safe place for child care; they enable a parent to work. Moreover, congregational K-12 schools often provide affordable access to private education, benefiting students from a variety of neighborhoods.

Catalytic Impacts

Congregations' activities and resources leverage value in their communities in a number of ways:

Open Space: In the neighborhoods that urban congregations serve, there is oftentimes a premium on green spaces, valuable both for their aesthetics, and for invisible qualities as well. Take, for instance, trees,

Impact Area Totals for the 12 Participating Congregations

photo: Summit Presbyterian

Open Space $92,479 [Range: $16-$22,992]
Garden, lawns, cemeteries, trees, recreation space, community-serving parking lots

Shaded playgrounds and a forested parcel of land surround Summit Presbyterian Church in the peaceful neighborhood of Mt. Airy. The impact of Summit's open space totaled at $22,992.

photo: Partners for Sacred Places

Magnet Effect $2,283,772 [Range $2,250-$666,000]
Family reunions, conferences, weddings, funerals, baptisms, confirmations, bar/bat mitzvahs, artistic performances, festivals, museum/exhibits, members' expenses in town, volunteer hours on urban-suburban collaborations, resources brought into town through collaboration, volunteer expenses in town

Art exhibits at Shiloh Baptist and AME Mother Bethel made respective impacts of $468,000 and $270,000.

Arch St. Methodist, located in the hear of Center City Philadelphia, draws resources and volunteers to the city, creating a magnet effect valued at $130,629, with a $10,400 impact of resources brought into the city by collaborations with suburban residents.

Wedding attendees stay at local hotels and spend money in town. St. Luke and the Epiphany hosted weddings that had a total impact of $170,625.

which not only increase housing values by increasing neighborhood beauty, but also save residents money on energy used to air condition their homes, reduce expensive storm water runoff treatment, and remove carbon dioxide from the air. Congregations also provide community playgrounds and small, community-available parking lots that are also inexpensive or free to residents, who might otherwise pay for parking.

Magnet Effect: Urban congregations attract resources and volunteer labor to the city. The impressive magnet effect of the 12 studied congregations was over $2 million. Members and non-members coming to visit sacred places from suburbs or outlying neighborhoods spend their money at local stores and other businesses. Out-of-town residents attending events such as weddings, funerals, and cultural offerings spend money locally on hotels, food, and transportation.

Individual Impact: Congregations oftentimes serve neighborhoods with the highest need, providing one-on-one services. This support helps a neighborhood, preventing costly personal problems. Clergy help mediate struggling marriages and relationships, saving individuals from costly legal procedures and lost productivity. Programs also help individuals avert suicide, stay out of prison, and end alcohol dependence.

Community Development: Congregations with older buildings often provide office space to start-up organizations and businesses, many of which go on to generate growing value for the community. Co-ops, for instance, are jointly owned, providing inexpensive products and sharing profits with those involved. Cooperatively-owned credit unions similarly incorporate fairness into their business practices, offering accessible and affordable banking services. Eight of the 12 participating congregations helped to incubate fledgling groups, which contributed a benefit of over $3 million.

Invisible Safety Net: Although it is common to include volunteer and in-kind support as part of an organizations'

Table 1

Types of Local Businesses Supported by Congregational Spending and Activities

- Architect Firms
- Building Maintenance Suppliers
- Building Suppliers
- Construction Firms
- Corner Stores
- Custodial Services
- Florists
- Hotels
- Music Support
- Office Supply Stores
- Restaurants

photo: Ashley Collinson

Invisible Safety Net $3,099,037
[Range: $88,765-$290,865]
Value of space used for social service programs; volunteer time for general operations, social programs, and group community service; in-kind support for social programs; program staff, volunteer and client spending

Volunteers from Jones Tabernacle AME provided work to operations and social programs that equaled that of ten full time employees, with a value of $436,995.

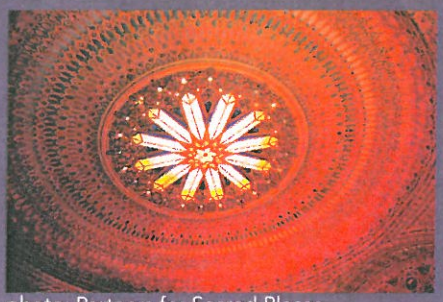


photo: Partners for Sacred Places

Direct Spending $28,026,145
[Range: $244,200-$11,752,400]
Operations budget, building repair and preservation, special projects

Rodeph Shalom's recent restoration project contributed $6,215,700 to the economy, a major part of their total direct spending impact of $9,711,700.

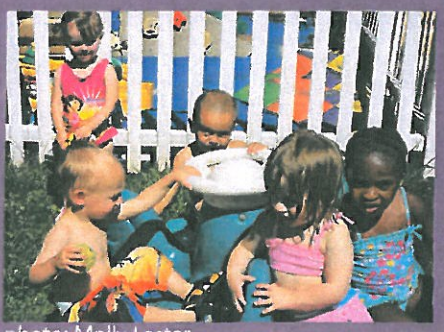


photo: Molly Lester

Education $8,580,320 [Range: $0-$4,817,250]
K-12 schools, daycare centers

First Baptist Church of Paschall runs its own daycare and school, providing education while enabling more parents to work away from home. The impact of those programs was $3,763,070.

budget, the impact of this kind of support still flies under the radar. Augmenting the city's network of social services, the typical congregation contributed the equivalent of two full-time volunteers, supplementing the limited capacity of local social programs. Free or inexpensive space is another benefit that congregations provide, subsidizing the operations of small programs like substance abuse groups to after school programs.

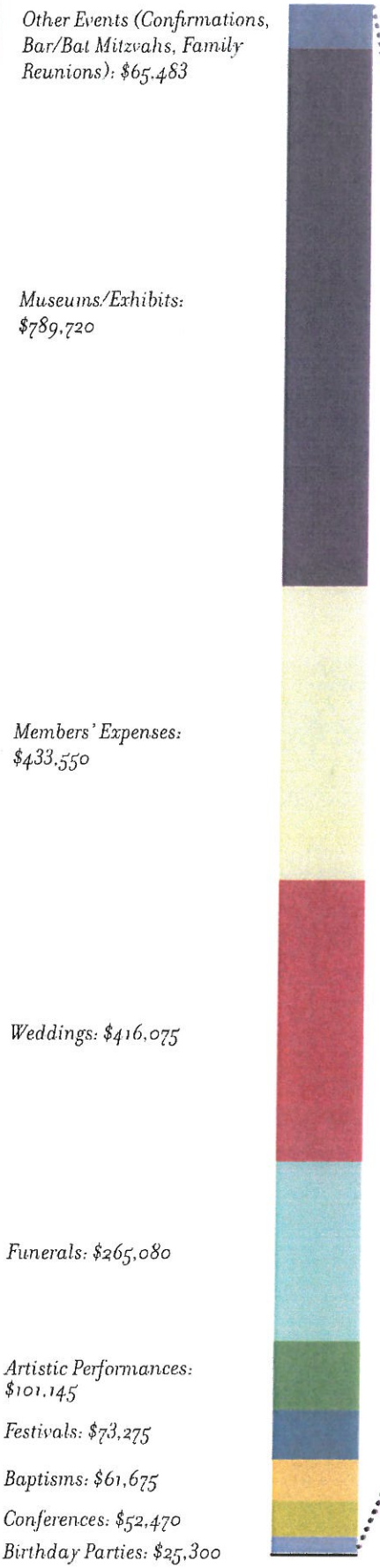
What Led to this Study:
Valuing of Congregation-Supported Social Services
Since its founding in 1989, Partners has focused on understanding how congregations use their assets—including their buildings—to serve the wider public. Co-founders Bob Jaeger and Diane Cohen knew that congregations hosted a wide variety programs, ranging from soup kitchens to day care centers to job training. They also knew that this issue had never been documented in any comprehensive scholarly study.

In 1996 with the support of the Lilly Endowment and other funders, Partners sponsored the first scientific, national study that documented how congregations serve the public by hosting and supporting a wide array of outreach and social service programs. Conducted in partnership with Dr. Ram Cnaan and the University of Pennsylvania's School of Social Work, and published by Jaeger and Cohen as *Sacred Places at Risk* [SPAR], the research found that urban congregations provide over $140,000 [in 1997 dollars] in resources to support community-serving programs each year. In addition, the project confirmed that 4 out of 5 of those benefiting from church or synagogue-hosted outreach are not members of those congregations; in effect, sacred places serve as *de facto* neighborhood community centers.

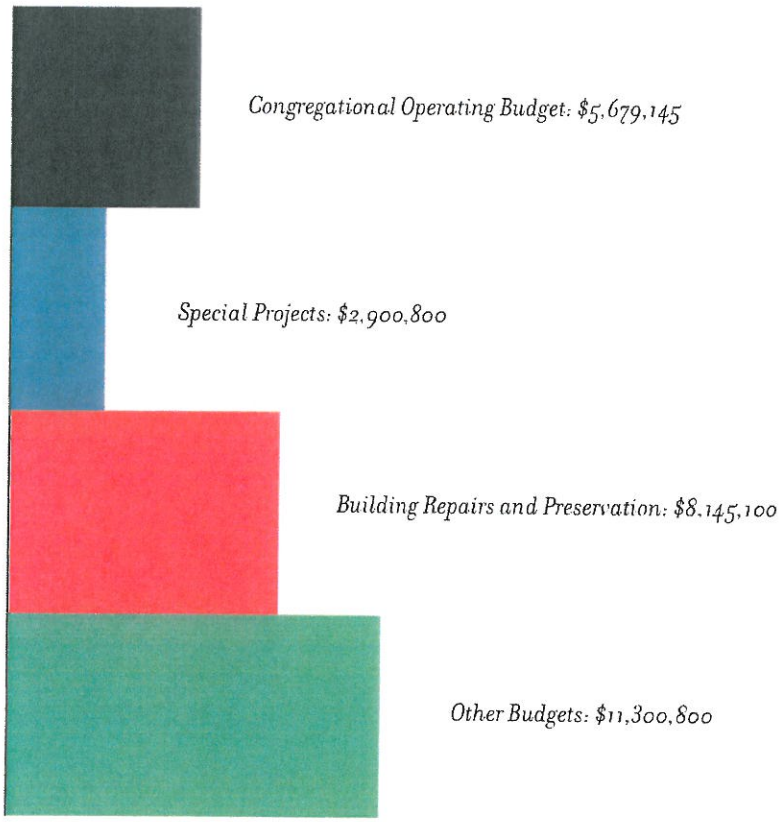
SPAR established an entirely new methodology for documenting the public value of congregations. The study led to a 'school' of scholarly study and served as a catalyst for a growing public conversation on the role that faith-based organizations play in their neighborhoods. In the years following, Partners used the data and methodology to provide new tools and training so that congregations could document their own public value and use this information to attract new resources to sustain their buildings and the community serving programs they housed.

Piloting a New Approach
Although groundbreaking, SPAR did not attempt to look at all of the ways that congregations impact their communities. While the tools that SPAR made possible were effective, they were limited. They measured the value of space and volunteer time of some social programs, but

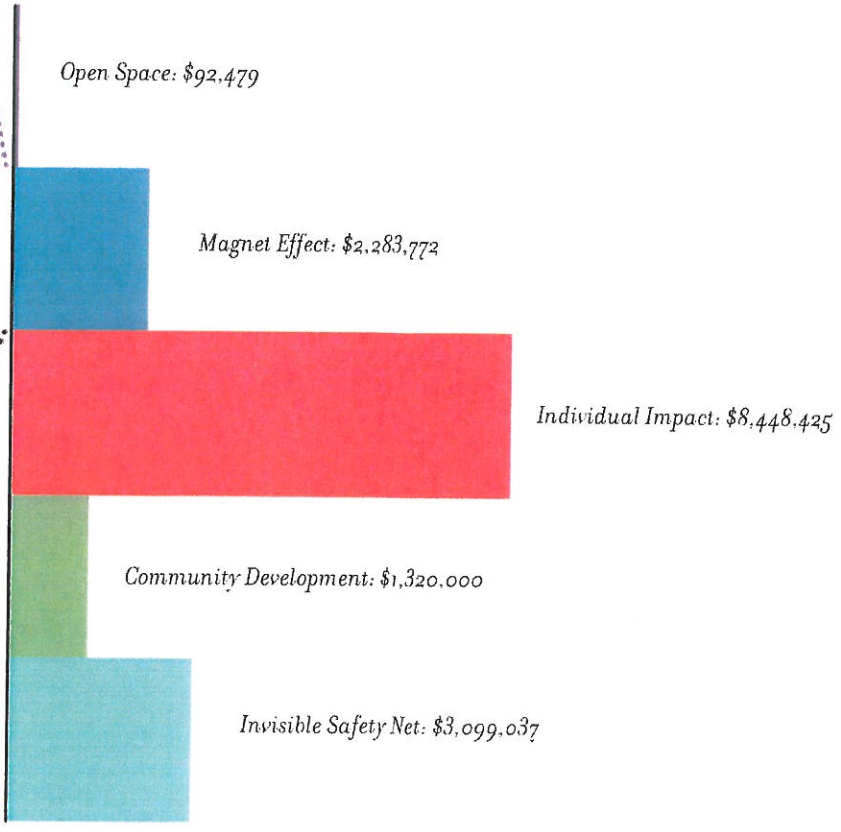
Graph 4 Magnet Effect



Graph 2 Direct Spending



Graph 3 Catalytic Impacts



couldn't account for the vast and more complex impacts of lives improved. In 2007 Partners convened a small group of researchers from academia and the non-profit sector to propose the concept of a larger valuation study, and included in that proposal several factors outlined by Associate Director, Tuomi Forrest. The proposal sought to factor in the value of green space, trees, building projects, tourism, and visitors to congregations, as well as the impact on public safety and housing values, support for local business and vendors, budget and taxes, affiliated Community Development Corporations and a congregation's role as an incubator for new businesses or non-profits.

The researchers believed that this project would break new ground, making a powerful case for the public value of congregations and the larger "halo effect" [as Jaeger termed it] they have on housing values, commercial districts, public safety, and local jobs. It was not, however, until 2010 that Partners secured a grant from the William Penn Foundation to pilot this new study. Partners joined with Dr. Ram Cnaan of the University of Pennsylvania's School of Social Work Policy and Practice once again, and began to lay out a new, ambitious, quantitative approach to understanding the full value congregations provide to their local economy – an approach that could be used by government, policy analysts, and advocates.

Designing the Study: Criteria and Methodology

The goal of the pilot study was to develop and test a methodology for measuring economic value -- or to attempt to assess monetary value where the market does not reach. By applying different methods of valuation to a variety of factors, we saught to create the first systematic measurement of a congregation's annual impact on its local economy.

Selecting Factors to Value

As a first step, Forrest and Cnaan, assisted by interns Joe Carlsmith, Kelsey Karsh and Daniel Duffy, first created a list of factors that would reflect as many congregational contributions as possible. We used items presented at Partners for Sacred Places' 2007 meeting and in Cnaan's later conceptual article ["Valuing Urban Religious Congregations," 2009] as a springboard. We also consulted with a set of experts, including: Katie Day, Lutheran Theological Seminary of Philadelphia; David Listokin, Rutgers University; Lee Huang, Econsult; Ira Goldstein, The Reinvestment Fund; and John DiIulio, University of Pennsylvania.

Based on these conversations and an extensive review of available, academically sound and vetted methodologies, we identified 54 areas in which congregations made a measurable economic impact on their communities. However, we also know that congregations may contribute to local economies in ways we did not identify, many of which are measurable. Due to limitations of a initial pilot study, and perhaps some oversight, we focused on this extensive, but not exhaustive, list.

Selecting Congregations

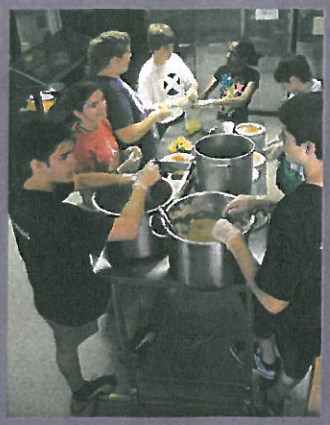
Initially, Partners created a list of potential study congregations that met two criteria. First, all congregations worshiped and operated in historic buildings that were constructed as houses of worship at least 50 years ago. Second, all congregations had a relationship with Partners, allowing us to make use of professional connections with key clergy, staff, or lay leaders. From these basic criteria we chose to diversify the group based on size of congregation [budget and active membership]; geographic location within the city of Philadelphia; faith affiliation; primary ethnic or racial group represented; type and size of of physical plant; and range of programs or services supported.

This group of twelve, was not randomly selected, and though very diverse, can not said to be representative of all congregations in Philadelphia with older buildings. For example, there was only one Catholic parish represented (Visitation BVM), which under represents this faith tradition given the number of total parishes in the city. Given that it had the highest total economic impact, the inclusion of more Catholic churches would probably have increased the average value. We are

Table 2

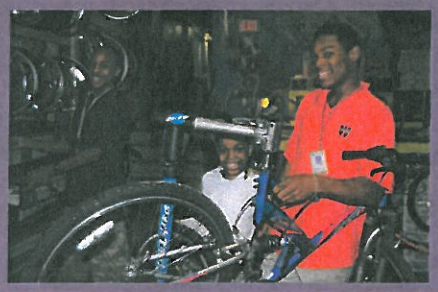
Participating Congregations

First Baptist Church of Paschall
Arch St. United Methodist Church
Jones Tabernacle African Methodist Episcopal Church
Shiloh Baptist Church
Visitation of the Blessed Virgin Mary
Mother Bethel African Methodist Episcopal Church
Gloria Dei (Old Swedes') Church
Calvary United Methodist Church
The Church of St. Luke and the Epiphany
Congregation Rodeph Shalom
St. Mary's Church, Hamilton Village
Summit Presbyterian Church



Community Development $1,320,000
[Range: $0-$1,000,000]
Job training, co-ops, community development corporations, new building initiatives, housing rehabilitation, investment clubs, credit unions, business and non-profit organization incubation

Jones Tabernacle AME church contributed a $30,000 impact to the community through its co-op.



Individual Impact $8,448,425
[Range: $12,000-$4,153,270]
Suicide prevention; helping people gain employment; crime prevention and re-entry; ending drug and alcohol dependency; enhancing health and reducing the cost of illness; teaching pro-social values to children; teaching youth civic behavior; helping immigrants to obtain documentation; people finding relationships and networks; caring for the elderly while their families work; preventing divorce; ending abusive relationships

Reverend James Littrell and the congregation of St. Mary's Episcopal Church, Hamilton Village give counseling to individuals contemplating suicide. Their impact in prevented suicides was measured at $58,800.

Located in a low-income neighborhood, Visitation BVM provides much needed social services. It's impact on individuals totaled at $4,135,270, helping people to live healthier and more productive lives, and contributing $3 million in youth risk avoidance alone.

Calvary United Methodist Church helped individuals gain full-time employment, impacting the local economy by $1,450,000.

confident though, that the diversity represented by this group of twelve allowed us to test the range of factors and methodologies desired.

Our aim was to test the feasibility of valuing congregations in a more complex and comprehensive manner than had been previously attempted. That aim was successfully achieved, but the estimates we obtained are representative only of the twelve congregations we studied.

Determining Valuation Methodologies
The most difficult task was to determine the best methodology to assess the financial value of each item. The value of a person who is kept healthy and alive because of direct congregational activity is difficult to assign value. We looked to Cnaan's earlier work and followed his assessments regarding a few of the items. For the rest, we interviewed experts, reviewed relavant literature, and applied some original methodologies.

Even when a contribution can be quantified, translating the numbers into monetary values can be difficult. Moreover, congregational contributions are often difficult to separate from other factors – family, community, government – and even more difficult to evaluate across a length of time. Any effort to measure the value of a congregation must wrestle with these complexities. As we attempted to do so, we found that many important contributions could not be measured using current methodologies. In some of these cases, we came up with proxy measurements. For example, the contribution that congregations make to the social capital of their communities is extremely important, but difficult to quantify. The group calculated this by looking at what it would cost to pay their volunteers. A standard hourly wage, used as a proxy, was multiplied by the hours of volunteer work donated by congregation members and neighbors to estimate their total value.

In other difficult cases, no such proxy was available, so we did not attempt a measurement. Instead, we simply noted the contribution and suggested that future studies attempt to find more innovative ways of valuing it. Or in one case we tried a methodology that was so clearly lacking that we put aside valuing the factor for a later study. We originally sought to determine the impact that a congregation has on both housing values and crime in its immediate vicinity. However, our initial attempt to determine this value by use of rough census tract data to compare housing values, rather than a more fine-grained real estate appraisal house-by-house, block-by-block approach, comparing sales prices of like properties, proved invalid and basically unsupportable. For this reason, we have not included this valuation analysis

in this report, but intend to refine our methodology in any expanded studies.

Having identified fields of inquiry and methodologies, we interviewed participating congregations' pastors and staff, who supplied most of the financial and operational information during on-site interviews. Interviews with program directors and other staff members augmented that data with more information about the congregations' social programs.

However, some of the area's methodologies required even more information than could be provided by the congregations in order to achieve a holistic profile of their economic environments. In some cases we used city-related databases to generate the relevant statistics for the congregational environment. We also employed software to calculate impact based on tested assessment tools.

Conservative Estimates

We were intentionally conservative with our fiscal estimates. For example, regarding benefits offered to members or neighbors, we asked the clergy to limit their estimates to members and neighbors with whom the congregation had worked directly. Thus, if a member decided, solely through general participation in the congregation but not through a pastoral dedicated effort, to improve marital relations, or to go for a medical checkup, that member was not included in our numbers because the intervention was not direct. Or when any interviewee had difficulties assessing the value of a service, we assigned the value of zero to that category, and in doing so under-valued the real replacement value.

The Findings

According to our calculations, the overall estimated annual value of the 12 studied congregations is $51,850,178 [see Table 1] This estimate translates into an average value of $4,320,848 per studied congregation.

This value is over 30 times higher than that of in SPAR. Clearly congregations are important employers, purchasers of local goods and services; magnets for bringing in cash, volunteer time and other resources from outside the city; educators of pro-social values; and providers of important value through the 'invisible safety net' of programs, counseling and other services that help individuals and families be productive workers and citizens.

Policy Implications

For policy makers, community and business leaders, and funders interested in a particular facet of economic life, this data should help guide their investment. For those interested in tourism, understanding how congregations attract travelers regionally and nationally is critical. For those wanting to strengthen commercial corridors, understanding the flow of people from a congregation and how they support local business; or how congregations incubate small ventures is critical. Even in an area where the overall value is relatively low, open space, we found two congregations with significant green space and trees. In effect they manage mid-size urban parks that contribute the the economic and environmental well-being of the City and region.

Partners for Sacred Places will continue to work with the University of Pennsylvania School of Social Policy and Practice and other academic/research advisors. We will now refine the valuation methodologies where need be, slightly expand the scope of factors studied, and most importantly conduct a wider study, randomly selecting congregations from multiple cities or states to get a more generizable, national picture of the Halo effect of sacred places.

PARTNERS FOR SACRED PLACES is the only national advocate and resource for the sound stewardship and active community use of America's older religious properties. Informed by its research, Partners is building a shared sense of responsibility for the future of sacred places.

AT THE INTERSECTION
OF HERITAGE, FAITH,
& COMMUNITY

Partners for Sacred Places

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