

# New York's elite churches struggle with recession: Endowments hit hard

News in the [February 9, 2010](#) issue

More than a century ago, when Fifth Avenue was lined with mansions, its houses of worship were built, supported and populated by Vanderbilts, Astors and Belmonts.

It was, in the words of the late Kate Simon in her 1978 book, *Fifth Avenue: A Very Social History*, “a village of the greatest wealth and financial power in the world, the might reflected . . . by the companion churches.”

While Fifth Avenue morphed into New York’s toniest shopping district— home to Hermes, Saks Fifth Avenue and Tiffany’s—the landmark sanctuaries endured, and they’re now coping with the biggest economic downturn since the Great Depression.

The problem is that the A-list families that once packed the pews and padded the budgets are long gone.

St. Thomas Episcopal Church, which “served for the weddings and funerals of the truly chosen and drew comment from the less select,” according to Simon, has cut expenditures by \$1 million in the past year, rector Andrew Mead said. There was no orchestra at the Christmas Eve service and restoration of the stained glass windows has been suspended.

“But we’re all still here; we haven’t laid anybody off,” Mead said. “My goal is to bring us through this crisis whole.”

Like many of the formerly socially prominent Fifth Avenue churches, St. Thomas has a sizable endowment (about \$90 million). But Mead warned that “we draw down on our invested funds too heavily and over the long run, that’s not sustainable.”

Making matters worse, those endowments have been hit hard by the stock market’s decline from prerecession highs. With a sense of seemingly unlimited funds, endowments can also produce a feeling of complacency. “It [can be] all passive and there’s little ownership of the mission and ministry of the church,” Mead said.

Noting that “the Gilded Age is long gone,” Mead said he is nonetheless determined to maintain the church’s renowned choir school and music programs. Today’s “active, enthusiastic” and diverse congregation, including 300,000 annual visitors, focuses on community needs by maintaining a soup kitchen and other outreach programs.

Across the street, iconic St. Patrick’s Cathedral hosts about 3 million visitors annually but has few regular parishioners, according to Robert Ritchie. That unusual profile has helped buffer St. Patrick’s from the ravages of the economic downturn, he said.

Fifth Avenue Presbyterian Church, some of whose founders also built the Metropolitan Museum of Art, relies on its endowment (which declined by one-third in 2009, to about \$31 million) for half its operating budget. The church ended the year with a \$300,000 deficit, said pastor Scott Black Johnston.

People are stepping up contributions, he said, but the fall pledge drive has not yet reached its goal, and the church laid off three staff last year.

“The prejudice is that because we are on Fifth Avenue, we’ve got to be hoity-toity, society people,” he said. The reality is that the pews on Sunday are filled with Caucasians, African-Americans, Latinos, Asians and people from such countries as India, the Philippines, Brazil, China and Madagascar. The church runs a 12-bed shelter and cares for homeless people who sleep on its steps, he said.

On lower Fifth Avenue, the Episcopal Church of the Transfiguration, often called “The Little Church Around the Corner” and known for its ties to the city’s theater community, saw its endowment drop by 20 percent, but only relies upon it for one-quarter of its operating income.

In a case of fortuitous timing, a deal to develop a soaring condominium building on part of the church’s land, which was inked several years before the crash, brings in significant income. “In a sense, we’re lucky,” said Andrew St. John, the church’s rector.

The oldest church on lower Fifth Avenue, the Episcopal Church of the Ascension, was the center of New York social life in 1840s. Now, more than two-thirds of its operating budget comes from a hard-hit endowment, and rector Andrew Foster said the church has frozen salaries but not resorted to layoffs.

Before the recession, a capital campaign to fund work on the building exceeded its goal of \$800,000, but with New York's economy reeling, sources of matching government funds "have dried up," Foster said.

However, membership at Ascension, which attracts an average of 150 worshipers on Sunday mornings, has not declined and now includes a mix of Greenwich Village's college students and artists.

"In a crisis, people turn to their spiritual life," Foster said. "If anything, our community has become closer to one another; we've turned to one another." - *Solange De Santis, Religion News Service*