REPORT OF THE ASSESSMENT TEAM COMMISSION

Background to the Commission

In late 2015, the governing board started to discuss the need to revise the assessments process and potentially the system itself. At General Conference in Victoria, Canada it was proposed and accepted that an international commission be set up to work collaboratively across the constituencies of the denomination to investigate and consider alternative systems which might be easier to manage and, therefore, more sustainable.

It was recognized that in some cases trust was low, in part because the cuts which had been made in efforts to reduce costs have resulted in less information coming back to churches. Also, the accounting system used historically, and information provided to leadership and members has offered limited information as to both available reserves and as to the value obtained from the money is spent.

The original scope of the commission included a review of operational structure, but events of late 2016 and 2017 superseded some of this. However, our work did include a review of the denominational services/resources that churches use and the value they place on the relationship they have with the denomination.

Overview

The commission was intentionally formed of a mixture of pastors and board members (current and former) from churches of varying sizes around the world.

Our early meetings included much discussion around the challenges we had each experienced with the current system. We used these to formulate the survey which was released to the denomination over the summer of 2017, the results of which form the basis for our report and its recommendations.

Specifically, we recognized that:

- Church size does not equate to financial stability or adequacy of resources both human and financial
- Smaller churches with volunteer resources find the current frequency of reporting onerous
- The complexity of the current form often results in its being incomplete or requiring continued involvement of former board members

- Churches with property may have complex funding structures which can lead to significant fluctuations in their financial resources
- Churches who have been unable to meet the assessments payment in full often felt shamed either publicly or privately
- There remains an opacity to the accessibility of support in the event of financial stress/distress
- In some regions, with a colonial history or history of oppressive ownership, there are longstanding cultural difficulties with sending money to a larger/more powerful country

- In many nations, there are restriction on how organizations can send money, that has been raised for charitable purposes, out of the country. The money is expected to be used within that nation.

Neither the work of the commission nor this report can address all these issues, and as a result we believe that there will need to be a transition period and transitional arrangements for churches as the system changes.

The commission met every two weeks throughout most of 2017 and into early 2018. During that time, Joseph San Jose left the commission for technological reasons; and for personal reasons, Mike Easterling was unable to continue once the timeline was extended. We thank them for their service to the commission.

<u>Current and History</u>

The system of assessments has undergone some revisions over the years, but it is broadly based on a concept of tithing. Deductions have been introduced to encourage churches to develop in certain ways or participate in certain activities.

The understanding of the system as a tithe is not universal, and efforts have been made by successive governing boards to adjust this understanding. However, there remains a significant proportion of the churches whose understanding remains that of a tithe.

The percentage paid has adjusted over the years; however, the rate has not yet reached the promised target of 10%. The reasons for this are many, but principally they relate to the economic challenges faced by the denomination as church finances have suffered since the late 2000s.

The changes observed by local churches in respect of giving levels are unlikely to change:

- Church attendance across a majority of denominations in the USA, Canada, Europe and Australasia is down from historical norms

- Income levels for both employed and retired people have declined following the 2008 economic crash
- Household economics and queer family structures are shifting which indicates that household wealth and future prospects may be more uncertain, even in younger working households
- The legacy of HIV/AIDS is continuing to create new healthcare costs for a proportion of our membership
- Political uncertainty and hostile environments continue to put pressure on non-church service providers which in turn either seek support from churches or compete with churches for funding (in some nations)

As a result of reduced income, many of our churches are being forced to reduce staff costs, revisit their building ownership strategies and plans, and cut services which were previously considered essential.

In light of this, an increasing number of churches have been unable to pay their assessment at the full given rate and even for those who do, the amount paid is less than it was.

Successive attempts to diversify the denomination’s income beyond assessments have been unsuccessful, and as a result there have been several iterations of staff cuts to bring the cost base in line with income levels; the most recent in 2015 resulted in the loss of some key services previously provided to churches.

For several years the shortfall in income was covered by utilizing the reserves; these reserves are now bare. While the investment account has limited assets, these are fully committed to honor commitments made in 2005.

It is not within the scope of this commission to make recommendations regarding potential additional funding sources or the likelihood of their success; however, we recognize that one of the goals of the commission was to ensure that neither the individual churches nor the denomination was materially worse off as a result of any changes proposed.

Survey Results and Proposals from Assessment Review Team

The Assessment Review Team began our process of discernment by asking Metropolitan Community Churches from around the world a series of thirty-six questions (36) questions on Survey Monkey. The surveys were provided in four languages: English, German, Portuguese and Spanish. One hundred and twenty (120) respondents from fourteen (14) countries participated in the survey. The countries we reached included:

- Argentina
- Australia
- Brazil
- Canada
- Columbia
- Germany
- Kenya
- Mexico
- New Zealand
- Philippines
- South Korea
- Spain
- United Kingdom
- United States of America

The respondents (in parenthesis below) to the survey are broken down as follows:

- Clergy (68)
- Lay Delegates (22)
- Treasurers (10)
- Board Members (8)
- Others (12)
  - Local Church members
  - MCC Staff
  - Church Staff
  - Chaplains
  - Clergy working in other ministries, etc.

We believe this is a good relative sampling of our churches around the world.

It is important to note that the questions asked were designed prior to the announcement of the denominational restructure. We believe that the information is still relevant and applicable. Links to the survey responses have been provided.

There are some responses that are of note and have influenced the development of the assessment proposals.

- Question #4: Is your church paying at the full 11.5% rate?
    - 57% of churches responded yes, the others were not or did not know. In our discussions with MCC staff and Governing Board members we are aware that many of our churches are not paying at full rate and some not at all. Many churches are paying a negotiated percentage. This has added to a sense of unfairness and lack of trust, from both churches and the denomination. This was reflected in the responses asking for more information from churches not paying at the full rate.
    - It should be noted that the requirement to send in assessments is not consistently applied around the world. In particular, some nations keep their tithes within their own country or network. We note that these differing approaches have arisen due to both practical and legal considerations and therefore care should be taken regarding assumptions around what is optimal or desirable for churches outside the USA.

      We highlight that despite legal restrictions on money transfers, Canada sends most of the assessments gathered to the MCC headquarters in the United States. In the UK, all assessments are controlled by MCC headquarters once paid over by churches. In other countries, we understand that funds are held and then remitted once the sum collected is sufficient to justify the exchange fees.
- Question #22: How frequently do you want to report your financials to the denomination?
    - 40% of our churches around the world prefer monthly payments
    - 36% who prefer quarterly.
    - Looking at churches who submit payments to MCC HQ:
        - 36% prefer monthly
        - 36% prefer quarterly
        - 13% prefer annually
        - 15% were unknown
- Question #23: Which of the following options would you prefer for paying your assessments?

The following were the options given:

- pay a flat rate per attendee or member (not to exceed current assessment totals) 19%
- pay a fixed amount based on average assessments and reassess **quarterly** to ensure that neither too much nor too little has been paid to meet the percentage rate (some churches have indicated this would make it easier for budgeting) 10%
- pay a fixed amount based on average assessments and reassess **annually** to ensure that neither too much nor too little has been paid to meet the percentage rate (some churches have indicated this would make it easier for budgeting) 14%
- pay a percentage based on monthly income and pay monthly (current system) 40%
- Unknown 18%

The current system was the obvious choice. It should be noted that there were many write in suggestions. The flat rate per member was indicated often, while a few clergy said they would leave MCC if this route was taken.

- Question #24: Which description of the current MCC percentage assessment matches your understanding? (Check all that apply)
    - The following options were provided:
        - Tithe (60%)
        - Tax (10%)
        - Dues (15%)
        - Membership Fee (11%)
        - Support Payment for international ministry (26%)
        - Payment for Resources (22%)
        - Denominational obligation (43%)
        - Cost of being a part of MCC (49%)
        - Unknown (6%)

There appears to be a lack of a clearly communicated definition of the "why we pay the denomination" and how it is used. There were write in responses that wondered if churches were asking their congregants to tithe 10%, how could the denomination ask for more? Also, if churches had to operate within the offering collected and had to send a portion of that to the denomination, why was the denomination not operating within the monies collected? Interestingly, a couple of respondents thought it would be helpful to see a pie chart showing in what manner the denomination uses the money: salaries, programming, administration, travel, international ministry, etc.

- Question #25: Does your church/congregation currently take advantage of declaring the non-tithable options of Building Funds, Conferences, Mortgage Principal, Funds for Persons in Distress, and Bequests which are not to be factored in to your assessment payment?

Overwhelmingly, the churches that pay an assessment to the denomination take advantage of the deductions. We had anticipated far fewer. A full 80% of respondents take advantage of this, and 15% did not know. The deductions appear to be popular.

> * *It should be noted that: we did not ask which deductions are taken and therefore cannot assess whether this is primarily a conference deduction or a wider spread usage of the system.*

The fundraising methods utilized by MCC are not well supported. Anniversary Sunday with 26% support is the most popular, and Easter Sunday has only 16% support. Moderator's Circle and Special Letters requesting funds were the most unpopular.

- Question #29: Has your church's attitude around assessments changed in the past 5 years?
  - Yes (36%)
  - No (45%)
    - For those who indicated "yes" we followed with

- Question #30: In what Respects? (check all that apply)
  - Financial hardship 45%
  - A desire to give more 4%
  - Unhappiness with denominational direction 41%
  - Dropping membership 41%
  - Unknown 8%
  - Other 14%

This is quite concerning and may indicate a direction for future discussions and programming.

Overall, there is a sense of urgency around assessments. Several churches appear to be struggling and yet they are still willing to pay an assessment. There is unease about “special” arrangements for some churches who do not pay the full amount and have agreements that seem unfair to those who do pay the full amount. This indicates that a clear definition of the assessment is needed. Also, a visual way to show how the assessments are used is needed. The Assessment Form needs to be simplified with clear definitions for each area. People are tired of waiting for the assessment to be 10% and want change now.

Additionally, the respondents almost uniformly would like quarterly financial reports from the denomination that are clear and easy to understand. They would like those to be emailed. They would also like quarterly reports emailed from the Governing Board, Global Justice Institute, and the Board of Pensions USA.

After considering the responses to the survey, conversations in the Assessment Team itself about our differing realities, MCC’s finances and financial struggles, and consultation with liaisons from of the Governing Board and the Director of Operations, we have two proposals to present to the Governing Board for consideration.

We recommend that if either proposal is accepted by General Conference through a virtual meeting in 2018, it is adopted and implemented without delay in January 2019.

Proposal One: 10% Assessment with Deductions Remaining

Rationale: MCC has a long history of assessments and tithes. During the years of Districts, there were "tithes" to the denomination and "assessments" to the districts. The tithes were 10% and the assessments 5%. With the 2003 restructuring, these were combined and paid to the denomination as a 15% tithe. A plan to scale back to 10% was included in the proposal (hence calling it "tithe"). Financial realities have pushed that plan out much longer than initially intended.

Ten percent (10%) is biblical as a tithe, people understand that, and it makes sense.

The deductions, in some way, are viewed as the denomination's support of the local church in the ministries of compassion and in building ownership.

Eighty percent (80%) of respondents utilize the deductions and would feel like they were losing something if they were taken away.

We believe that more churches will honor the assessment agreement all churches share with the denomination if it is lowered to 10%. Also, transparency and trust are needed, and this is one step in that process.

Therefore, it is recommended that the assessment rate be dropped to 10% (quickly) and that the deductions be left as they are currently.

It is recommended that the Assessment Form be simplified with clear definitions of each area available.

It is recommended that the denomination send quarterly financial reports to the churches electronically (email) showing income, expenses and budget spent year to date.

Additionally, it is recommended that the funds spent by the denomination be represented visually including staffing, administration, programming and travel, overall and by each office.

Proposal Two: 8% Assessment with No Deductions

Rationale: MCC has a long history of assessments and tithes. During the years of Districts, there were "tithes" to the denomination and "assessments" to the districts. The tithes were 10% and the assessments 5%. With the 2003 restructuring, these were combined and paid to the denomination as a 15% tithe. A plan to scale back to 10% was included in the proposal (hence calling it "tithe"). Financial realities have pushed that plan out much longer than initially intended.

The Assessment Team researched, using their home churches as examples, what percentage would reflect the 10% plus deductions rate if no deductions were taken. We considered this to keep reporting as simple as possible for both the local church and the denomination. The deduction percentage that would result in the same income level as 10% with deductions is an 8% assessment.

We believe that more churches will honor the assessment agreement all churches share with the denomination if it is lowered to 8%. Also, transparency and trust are needed, and this is one step in that process.

Therefore, it is recommended that the assessment rate be dropped to 8% (quickly) and that there are no deductions offered.

It is recommended that the Assessment Form be simplified.

It is recommended that the denomination send quarterly financial reports to the churches electronically (email) showing income, expenses and budget spent year to date.

Additionally, it is recommended that the funds spent by the denomination be represented visually including staffing, administration, programming and travel, overall and by each office.

We regret that we have been unable to quantify the impact to denominational finances of these changes. We understand that while data is collected detailing church attendance, income and assessments, it is not regularly reconciled.

Initial work carried out on information for the 10 months to October 2016 showed that there are a significant number of churches currently paying less than 11.5% and therefore the impact would not be a simple across the board decrease. Unfortunately, the information was not sufficiently reliable to perform precise calculations and no further information has been provided.

We thank you for the honor of serving on the Assessment Review Team and hope that you will seriously consider our recommendations.

With Respect and Blessings,

Rev. Elder Diane Fisher, MCC of Rehoboth Beach

Chad C. Hobbs, MCC Tampa

Sherrill Parmley, King of Peace MCC

Sarah-Jane Ramage, MCC Brighton, UK

Rev. Karen Thompson, MCC Austin

Marsha Warren, MCC of San Antonio

Dr. David Williams, Christ the Liberator MCC

ADDITIONAL THOUGHTS:

Pie Charts

In reading respondents' notes and in speaking to many individuals about assessments, there is an underlying yearning for the denomination to live within their means just as local churches must do. The wish is for the denomination to be real and be honest.

The pie charts are needed to show what the denominations spends overall and additionally, a pie chart for each program area and operations. People indicated they want to know how much is being spent and where it is being allocated. We have been less than forthcoming with financial information. We give broad general area reports and little specific information. As a denomination, we have avoided talk about the use of the investments from the sale of the building in Los Angeles, which are now effectively gone. We are not forthcoming about how critical the finances are currently in the denomination. We tend to operate with a budget that is not balanced and calls for the Governing Board or staff to raise an additional one million dollars to make the denomination's budget balance. We have not shown an ability to raise a million dollars since we raised money for the purchase of the denominational headquarters in Los Angeles. Congregations and clergy appear to be "over it" and want to be presented with clear information and honesty. The pie charts will help many to understand how the money they send in is being used. This is not a desire to micro manage but to be informed. Locally, we must present balanced budgets to our congregations and have clear reporting mechanisms. Monthly cash flow reports are often posted or shared. Quarterly financials are what congregations would like to see from the denomination in a clear and easy format—not profit/loss but simply how much is coming in and how much is going out. Pie charts have been requested and are considered an easy and language sensitive way to present that information, hence the recommendation.

<u>Difficulties of Current Assessment Form and Process</u>

During our process and throughout the survey period, we uncovered a common theme from churches feeling the monthly assessment form in its current version is too difficult and not user friendly for most. This information came from speaking with churches, survey results, and discussions among commission members on their own experiences. We identified one situation in which a commission member who has formerly been a Board Member, Treasurer and most recently Bookkeeper for 2 years has been unable to step away from doing the monthly assessment report for their local church. This person could not transition the responsibility to new people, even after multiple training sessions, because the new Bookkeepers simply were unable to grasp how to complete the form correctly. It is our finding and recommendation that the form must be modified to be simpler and more user friendly in order for churches to be able to complete it as simply as possible and not feel intimidated by the task, which could potentially result in their simply not submitting their assessments.

<u>Us/Them: Thoughts from Rev. Elder Diane Fisher</u>

For too long within the MCC culture we have struggled with an "Us/Them" mentality. This culture of "us/them" has encouraged a divisiveness that runs throughout our systems and structures. It began early on with a male/female split, followed with gay men/lesbians, gay/straight, adults/children, and young/old. It continued with gender, race, and countries of origin (United States/other nations) and at its base was still Us/Them. The same has been true with our churches and the denomination.

On the one hand, many churches have seen the denomination/denominational structure as being other, the "them". The denomination takes "our money" and we are not told what we get for it, the denomination is non-responsive to our needs, and the denomination never listens to us. This has led to some interesting phenomena. Some churches have withheld assessment/tithe monies from the denomination because they do not like the direction or the lack of accountability or transparency. Some churches have paid a percentage they believe is more truly a tithe than the agreed upon amount at the time. Some churches have used "creative accounting" to decrease their payments. All of this is, allegedly, in response to the "evil" denomination.

On the other hand, the denomination has seen the churches as the other, the "them". The churches just want more and more and want "us" to do it for less and less. The churches want transparency and yet they are not sending in their tithes. They (the churches) think that we have endless reserves of money; they want reports and we are barely managing to keep up. We have to juggle accounts just to make payroll and if "they" would just send in their money in a timely manner, we could actually make ends meet. So many churches have negotiated lesser or no payments; we cannot keep going like this. Our time is now being spent trying to raise money that churches are not willing/able to send in and they are asking Us for accountability. All of this is, allegedly, in response to the "evil" churches.

There is some truth in all of this. The denomination has not done the best job communicating and neither have the churches. We are all struggling. Churches hate it when parishioners give according to how happy or unhappy they are with the church at any given time. The Denominational offices hate when churches give according to how happy or unhappy they are at any given time. We need to address the underlying dichotomy of us/them experiences across all systems and structures of MCC. We must begin again in many ways and rebuild our relationships with each other at every level. We must learn to trust, to love, and to care for one another. We must do all this to move towards health. The operative word is "we". Together, WE can change this model to one of mutuality, relationship, and wholeness.

We can change the assessment model, and we can change many things that may help for a time. However, if we do not address this "Us/Them" reality, none of the fixes we propose will work.