

Assessment Study Committee Report (September 1, 2017)

Introduction

At the 2016 Convention of the Episcopal Diocese of Louisiana, a resolution was passed calling for the formation of what has come to be called the Assessment Study Committee (ASC). Our Committee includes the following persons: Ms. Debby Boies, Rev'd Stephen Craft, Rev'd Craig Dalferes, Ms. Meredith Grabill, Rev'd Ralph Howe, Ms. Katherine Martin, Mr. Michael McHugh, Rev'd Jerry Phillips, Ms. Marsha Wade, Mr. David Webster, and Mr. Charles Lyle. The task of the committee is as follows:

- 1) Study the support of the Episcopacy, the mission and ministry we share, as well as how to mutually support one another in the ministry of each constituent Ecclesiastical Unit of the Diocese.
- 2) Study the categories and levels of contribution required by Canon 22, in light of the responsibility to support the Episcopate, as well as in consideration of the needs of the Parishes/Missions
- 3) Consider what might constitute an appropriate response for Parishes which do not comply with the requirements of Canon 22
- 4) Take into consideration input from congregations within the Diocese, as well as data which may be available from other Dioceses.
- 5) Report our findings and any recommendations we may have to the Diocese at least 60 days prior to our next Convention

Here follows a report to convey some of our findings. We are grateful to the many parishes which responded to a survey we sent out in an effort to hear firsthand from the 47 congregations/missions comprising the Diocese of Louisiana. (The responses we received can be viewed in Dropbox (<http://bit.ly/edola-assessment>)). Please know that we appreciate the time and effort spent responding to our survey. We have read them all and our recommendations below are an attempt to suggest a path forward which honors the needs and concerns of each of our congregations as well as the ministry we all share as the Diocese of Louisiana.

As Chairman of the ASC, I'm especially grateful for our committee members, each of whom has been very engaged in this project, and each of whom has dedicated a great deal of time in service to the Diocese of Louisiana. Thank you!

Facts & History

The original version of Canon 22 was implemented c. 1994/1995. It consisted of a two-tiered system such that each parish was assessed annually at 5% Normal Operating Income (NOI). Each parish was asked to contribute an additional, voluntary amount (known as 'Program Asking'). The amount considered voluntary was calculated as 4.5%, 6.5%, 8.5%, for churches with average NOI of <100K, 100-200K, >200K, respectively.

In 2014, Convention voted to rescind the two-tiered approach in favor of a single, mandatory, assessment..

Part of our task has been to take a look at how the implementation of the revised Canon 22 has impacted the Diocese as a whole, as well as each Ecclesiastical Unit within it. Here follows some statistics which give a sense of the whole:

Churches in our Diocese by Range of NOI (Normal Operating Income)

Normal Operating Income	Churches
\$0-\$100,000	18
\$100,000 - \$200,000	10
\$200,000 - \$300,000	8
\$300,000 - \$400,000	1
\$400,000 - \$500,000	2
\$500,000 +	8
TOTAL	47 churches total

Churches Unable to Meet Full Assessment for 2017 by Range of NOI

Normal Operation Income	Churches
\$0-\$100,000	3
\$100,000 - \$200,000	3
\$200,000 - \$300,000	1
\$300,000 - \$400,000	0
\$400,000 - \$500,000	1
\$500,000 +	4
TOTAL	12

Current Formula for Determining Assessment Amounts

Each Ecclesiastical Unit shall pay an assessment toward the funding of the Annual Budget based upon an average of its Normal Operating Income for the three most recently completed years as reported in the Report of Episcopal Congregations and Missions According to Canons I.6, I.7 and I.17 (Otherwise Known as The Parochial Report). The assessment shall be in the following percentages:

- (a) The amount of averaged NOI at or below \$100,000 shall be assessed at a rate of 9.5%.
- (b) The amount of averaged NOI from \$100,001 to \$200,000 shall be assessed at a rate of 10.5%.
- (c) The amount of averaged NOI from \$200,001 to \$300,000 shall be assessed at a rate of 11.5%.

(d) The amount of averaged NOI from \$300,001 to \$400,000 shall be assessed at a rate of 12.5%.

(e) The amount of averaged NOI from \$400,001 to \$500,000 shall be assessed at a rate of 13.5%.

(f) The amount of averaged NOI in excess of \$500,000 shall be assessed at a rate of 14.5%.

The Big Picture (based on the formula immediately preceding)

Number of churches currently assessed at 10 % or less: 28 churches

Number of churches currently assessed >10 %, but <13.5% 17 churches

Number of churches currently assessed at 13.5% or more: 2 churches

Increase in Revenue realized in 2016 as a result of the revision of Canon 22: ~\$83,000*

2017 total pledges: \$1,522,000

2017 hypothetical: \$1,660,000 (assumes all paid full assessment as defined in Canon 22)

2017 hypothetical #2: \$1,395,000 (assumes all paid a flat 10% assessment of 3-year rolling avg.)

*(actual was a little less, b/c not all pledges were met in full)

Diocesan Assessments to the National Church:

2015 19% (income minus \$120,000)

2016 18% (income minus \$150,000)

2017 16.5% (income minus \$150,000)

2018 15% (income minus \$150,000)

2019 Becomes mandatory

How Other Dioceses Assess Their Congregations

We took a look at how other Dioceses in The Episcopal Church (TEC) go about assessing their congregations. There were a wide variety of approaches: many require a fixed assessment, although the percentages varied widely. Some Dioceses issued an “ask” only, although it is worth noting that those Dioceses enjoy large endowments and so are less dependent upon the parishes for their operating revenue. Some use the 10/10/10 approach whereby parishioners are asked to tithe 10%, parishes are asked to send 10% of NOI in support of the Diocese, and the Diocese sends 10% to TEC.

Summary of Survey Responses From Parishes

- Some parishes reported that they are able to meet the requirements of Canon 22, as revised, and are on stable financial footing. They also expressed ardent support of the various Diocesan missions and ministries which are funded by the Diocesan operating budget. Others expressed moral support for all the Diocese is doing, while at the same time struggling mightily to meet the financial demands of their parish/mission at the local level. Still others questioned why the Diocese requires more than say, 10%, which is generally accepted to be the Biblical standard of required giving.
- While some parishes saw a decrease in the total amount asked of them in support of the Diocese, other parishes saw an increase since what had previously been voluntary is now mandatory. As indicated earlier, 12 parishes have asked for, and received an adjustment for 2017, with Executive Board approval. The hope is that in time those parishes might grow in their giving, and eventually be able to contribute the full amount without doing damage to their ministry at the local level.
- Some expressed concern that there is too often what feels like an adversarial posture between the “Diocese” and the “churches.” It was also noted that should a parish continue to be unable to meet their assessment, this would likely fuel an ongoing negative sentiment, such that a perceived adversarial posture would become even more entrenched.
- Several parishes expressed concern about how to resolve the fierce tension between flat or declining church budgets, congregational attendance, and aging congregations with the ever-increasing financial obligations of clergy and lay compensation, insurance costs, and maintenance of aging church plants. There is a sense that the “old” way of “doing business” will have to give way to a new model. Although, it is unclear what that new model might look like.
- One recurring theme in the surveys was the meaning of “Normal Operating Income” and how it is calculated. There seems to be a lack of clarity on this point, as well as differing viewpoints whether it is appropriate to take an average of the prior 3 years of NOI. Also, some questioned whether that portion which is assessed by the Diocese can legitimately be considered as part of NOI, given that it goes straight off the top to the Diocese.

Observations

Our Committee had several extended (and I think, enriching) discussions as we read the surveys and discussed the information outlined above. There is a strong sense that we must continually remind ourselves that although the Episcopal Church is experienced by most people primarily at the congregational level, we are part of a much larger whole which begins in our local contexts—then extends outward, first to southeast Louisiana, then to the USA and ultimately across the globe. As a practical matter, at a canonical level, and more deeply at a theological level, our continued existence is inextricably entwined. The wellbeing of the whole is dependent on the wellbeing of its several parts, and vice versa. So we want to recognize and affirm that we are all in this together, and as St. Paul reminds us, none of us can rightfully say to the other, “I have no need of you.” Our mission is one mission, because it is Jesus’ mission.

Issue of Sanctions

Part of Canon 22 includes an escalating array of unpleasant things that can happen should a parish consistently fail to meet its assessment. They are known as sanctions. They were created as a way of holding parishes accountable for their obligation to financially support the work of the Diocese. However, when they were written, the threshold for compliance was 5% of NOI, whereas now, it is as high as 13.5% of NOI for some. When Canon 22 was revised, the threshold was raised, but the sanctions remained unchanged. That said, the Executive Board has never been known to enforce the sanctions, given that noncompliance has usually been owing not to an unwillingness to pay the assessment, but rather, to an inability to pay it. Since we presently have 12 parishes which are struggling, the Executive Board created the “Assessment Review Committee” to work with parishes, in lieu of imposing sanctions. The desire is not to be punitive, but rather to have some system of accountability. One concern that’s been voiced is “What happens if a parish continues to be unable to meet their assessment? Will they forever be consigned to live under threat of sanctions?” This does indeed present a conundrum. The difficult question is ‘how to have accountability but at the same time avoid hamstringing a church struggling to meet its own needs.’

10/10/10

When Canon 22 was being debated, there were a number of folks who spoke in favor of a 10/10/10 approach whereby parishioners are asked to tithe (10%) of their income to their church congregation, 10% of the total income thereby generated is sent to the Diocese, which in turn, remits 10% of the total to the national church. It’s worth noting, I think, that although we might preach the tithe (10%) as the Biblical standard, the reality is most Episcopalians donate more like 2-3% of their income (some, much less). If by grace, the majority of us actually did begin to tithe, then not only would our churches be wondering what to do with all that money, but so would the Diocese. 10% of a big number can be a big number! In other words, 10% from each parish would more than cover the needs of the Diocese, and each parish could easily contribute their 10%. Our cup would be running over!

Someone told me once that if someone wants to join a synagogue, they must bring in their W-2 form, and their “10% assessment” is calculated; not sure that would work so well at my parish! For me, the spiritual question is and ever shall be, “How shall I give generously in response to grace, which God has so generously lavished on me? Having been so very blessed, how can I do anything other than give, and give generously---beginning with my money!”

Fr. Craig Dalferes, Rector
St. Matthew’s Episcopal Church & School

**Assessment Study Committee Recommendations
(September 1, 2017)**

- 1) Recommend that the Diocese assist in clarifying what constitutes 'Normal Operating Income' (NOI), as there seems to be some confusion about it. A workshop to help train Treasurers and Wardens would be helpful, as well as any other resource materials that might be available.
- 2) The Executive Board is encouraged to establish a three-year plan of assessment as the standard for parishes requesting a reduction.
- 3) The sanctions enumerated in Canon 22 for parishes who do not pay their full assessment have never been invoked, and appear to be unhelpful as written, and should be reviewed and amended, or rescinded.
- 4) Recommend that each parish have in place a vigorous, annual stewardship program that emphasizes the Biblical standard of tithing in order to ensure and maximize the work of ministry on both parish and diocesan levels.
- 5) The Executive Board should consider as priority an effort to establish a Diocesan Endowment Fund to help fund the costs of our Diocese. As well, the Executive Board should consider whether there might be additional methods for generating Diocesan revenue.
- 6) The Committee applauds and recognizes the numerous workshops hosted by our Diocese, which teach and promote best practices for youth ministry, church stewardship, parish administration, and the like. We urge continued offering of these types of programs, as well as others, and encourage our parishes to take full advantage of these fruitful gatherings, which are rich in resources, and which strengthen the bonds of affection and community so vital to the life of our Diocese.