

TRANSITIONING TO A SOUNDER WAY OF FUNDING THE CHURCH



MATERIAL IN PREPARATION FOR THE 16TH ALL-AMERICAN COUNCIL FINANCE WORKING GROUP, SEATTLE, WASHINGTON

The purpose of this “Read-Ahead” is to provide participants in the All American Council (AAC) with the benefit of the initial thinking that has been done to date on this important issue in the life of the Church. It is meant as **STARTING POINT FOR YOUR OWN DISCUSSIONS AND DELIBERATIONS** and does not represent *official* Church positions. Please feel free to add to, modify, take away, correct, or challenge any of the ideas in here. It is through your collective inputs and the guidance of the Holy Spirit that we will be able to discern the best path forward in this area for the life of the Church during the next decade.

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1. INTRODUCTION

Providing the funds necessary for the Church to do the work of Christ is part of our responsibility as stewards of the time, talent and treasure with which God has entrusted us. Whether at the parish, diocese or territorial church level, funding is necessary not only to pay for the clergy and for the upkeep of the facilities but also for the various ministries that reach out to those inside and outside of the Church. Of course, we must be “wise stewards” of those resources, being careful to spend them only on what is most needed for the up-building of the Church. At the same time, we must not become so cautious that we fall into a survivalist mentality in which we focus only on the bare minimum needed to ‘keep the doors open’. We must give freely of the first fruits of the many gifts God has given us, wisely using them for His Holy Church, and trusting in Him to multiply them ten or a hundred-fold as we turn to do the work He has called us to. Then, as in the Parable of the Talents, we may hear Him say “Well done good and faithful servant” (Mt. 25:23).

Historically, the Orthodox Church in America and its predecessor, the Metropolia, has relied on a per capita assessment (dues or ‘head tax’) to fund the Church at its various levels: parish, diocese, central administration. However during the last several decades the Church has been trying to move to a more Scripturally based form of giving which at various times has been called tithing, percentage or proportionate giving. A number of parishes and a few dioceses have successfully made this transition. Others have not yet made this transition, citing practical concerns ranging from the impact of the economic down-turn to concerns over whether proportionate giving would provide sufficient support for the Church versus the existing assessment method which is based on a per member assessment.

The central church administration has, however, taken a first major step toward proportionate giving – so called ‘fair share’ giving in which each diocese is responsible for a pro-rated portion of the central Church’s budget. As part of this transition, the Orthodox Church in America has committed to keeping its core budget for the near future approximately constant at about \$2.5M per year. Most of this core budget goes toward expenses related to performing the tasks which can only or most efficiently be performed by a central organization and to supporting the on-going operations of the Holy Synod and the Dioceses. About 5% is spent on coordinating the outreach ministries of the Church. Until recently, a significant portion of the budget for coordination of outreach ministries has come from the Fellowship of Orthodox Stewards (FOS), which was started in 1980 explicitly to fund outreach ministries. By the year 2000, FOS was providing roughly \$300,000 per year to support these ministries – but with the recent financial troubles, this figure has fallen dramatically. Fortunately, dedicated volunteers have stepped in to continue some of the work in spite of the funding shortfalls – but there is only so much they can do with limited staffing and funding.

Therefore, if we are to reach out even more in bringing Orthodoxy to all of North America and in caring for our needy brothers and sisters, we need to continue on the path toward sounder ways of providing adequate funding for the Church.

To that end, two committees have been formed under the Metropolitan Council to explore sounder ways of funding the Church. The Ad-hoc Committee on Finance has been focusing on the issues in taking the next steps in funding the OCA's core budget through proportionate giving. And, the recently formed, Financial Development Committee has been tasked with exploring other ways of augmenting the core budget to fund the coordination of outreach ministries and to initiate new ministries. Initial discussions with members of both these Committees are reflected in Section III, Summary of Working Group's Proposed Steps Forward and can serve as a spring-board for your reflection and recommended actions.

2. BACKGROUND INFORMATION

The following background information may be useful when thinking about the future funding of the Church: the core budget for 2011; other sources of church income; membership statistics and trends. These are summarized below.

A. Budgets for the OCA: A summary of the 2011 budget for the OCA is given below¹. A more complete breakdown can be found in ref [1] listed below.

¹ Condensed from the 2011 budget proposed by the OCA Treasurer at May 2011 Metropolitan Council meeting: <http://oca.org/PDF/NEWS/2011/2011-0500-metcouncil/spring11officersweb.pdf>

INCOME			
Diocesan Assessments			2,375,000
Miscellaneous Other			16,500
Total			2,391,500
EXPENSES			
Executive Offices (salary & benefits for chancellor, secretary, half time treasurer, Metropolitan)			451,555
Administrative Offices			664,205
Salary + benefits for 2 financial ass'ts; 1 admin asst., 1 personal ass't to Met., Protodeacon	246,400		
Legal, audits, consultant, mortgage int., IT systems	417,805		
Metropolitan's travel & misc			37,250
Office of Military Chaplains			12,200
Holy Synod travel & misc			67,975
Metropolitan Council			49,700
Property Support (repair & maintenance, utilities, insurance, amortization, depreciation)			277,450
Homesdale loan payments			111,600
Dept of Communications (<i>The Orthodox Church newspaper + ...</i>)			170,091
Dept External Affairs			77,850
St. Catherine's Representation Church in Moscow			46,900
Dept of History & Archives			94,814
8 Other depts (education, youth, evangelization, ...)			113,750
Special commissions (Strategic Plng, Policies for Sexual Misconduct, ...)			55,000
Transfer to reserves (church planting grants, legal, charities, deferred maintenance, 'new' car)			75,000
St. Sergius Chapel			8,000
Repay 9/11 Fund			25,000
Total			2,338,340

Note that the combined salaries and benefits of the chancery executive and administrative staff (\$697,955) and the upkeep of the property (\$277,450) account for 42% (\$975,405) of the budget. The remaining 58% are for the other functions of the central Church including: other administrative expenses such as legal fees and outside contractors; meetings of the Holy Synod and Metropolitan council; Department of Communications; Department of External Affairs; Department of History and Archives and the repayment of loans. This results in only \$113,750 (5% of the total budget) to fund the following 8 Departments: Christian Education; Christian Service and Humanitarian Aid; Evangelization; Institutional Chaplaincies; Liturgical Music and Translations; Pastoral Life and Ministry; Youth, Young Adults and Campus Ministries.

B. Other sources of Church income: the Fellowship of Orthodox Stewards

(FOS): The activities that can be funded under the core budget are essentially limited by the anticipated Diocesan Assessments. The Diocesan Assessments in turn reflects the diocesan membership numbers times the central administration assessment rate as set at the All American Council. To further support and empower the work of its ministries and departments, the Orthodox Church in America has reached out to voluntary giving. In 1980, amidst significant enthusiasm and support, it created the Fellowship of Orthodox Stewards (FOS). At its peak, FOS was able to raise more than \$300,000 per year. Unfortunately, it has declined significantly since then. In his March, 2010 report to the Metropolitan Council, Fr. Dennis Swencki stated that “At the present time, FOS has diminished into calculated obscurity. We do have an FOS, but it has no director, no budget, and its only defined mission is to organize two appeals a year, the proceeds from which are to be exclusively restricted to fund ministries.”² For the 2009-2010 Fall appeal only 1.5% of our members and only 3.4% of our parishes gave a donation for a grand total of \$52,931.22.³ Yet if each of our members gave on the average only \$25 per year, we could raise about \$600,000 to fund a robust ministries program.

C. Membership statistics and trends: The total size of the OCA’s membership and the average income of an OCA member are important considerations when looking at future funding options. As reported by its Treasurer, the official OCA supporting membership from 1990 to 2010 was⁴:

	1990	1995	2000	2005	2010
# Supporting Members	30,783	27,838	27,049	24,671	22,619

These membership numbers also seem consistent with those reported in a 2010 survey of Orthodoxy in America. According to that survey⁵, there were some 85,000 men, women and children who were associated with the OCA of which 34,000 attended church regularly. Since the 34,000 includes men, women and children it is not unreasonable to have an adult supporting membership of 22,619.

A survey⁶ by the Pew Forum on Religion and Public Life also found that Orthodox in America have an annual income that is higher than Roman Catholics or Protestants. Specifically, the percentage of Orthodox Christians households (for all jurisdiction, of which the OCA comprises about 10%) within a given range of annual income levels is:

² Officers’ Report, Metropolitan Council – Spring, 2010; <http://oca.org/PDF/NEWS/2010/2010-0300-metcouncil/finalofficersweb.pdf>

³ Ibid

⁴ Ibid

⁵ Alexei Krindatch, Orthodox Realities in America, 2010, www.hartfordinstitute.org/.../Krindatch-OrthodoxRealityInAmerica.ppt

⁶ <http://religions.pewforum.org/pdf/table-income-by-tradition.pdf>

Income level		under \$30,000	\$30,000-50,000	\$50,000-100,000	above \$100,000
% in that level		20	24	29	28

This yields a mean income of about \$62,000 per Orthodox household.

From the above numbers, we can estimate the required percentage giving to cover the current core budget of the Church. With an adult supporting membership of 22,619 and assuming, on average, 1.5 adults per household, there are approximately 15,000 supporting households in the OCA. Given that the average per household Orthodox income is about \$62,000 this means that the total income of all the supporting OCA families is about \$930 million dollars, i.e. just under a billion. Thus the \$2.4 million core budget of the OCA, is about 0.26% of total income of all the supporting OCA families.

III. SUMMARY OF THE WORKING GROUP'S PROPOSED STEPS FORWARD

From January through February of 2010, the Strategic Planning Committee enlisted Working Groups for each of the 10 goals in the Strategic Plan so as to provide some initial ideas for implementing the goals. These ideas would then serve as ‘seed’ or ‘leaven’ for discussions with a broader segment of the Church at the upcoming All American Council.. In the case of the goal to “Transition to a sounder way of funding the Church” this Working Group effort consisted of discussions with members of the Ad-Hoc Committee on Finance and the Financial Development Committee. Their Working Group Summary report is given below:

The growth of the Church at all levels can only happen with adequate funding. Adequate funding can only be possible through continued prayer and effort for the development of tithing and proportional giving. The underlying biblical principle is clear: those who have been blessed with more should give more. The Church’s ideal model still remains the ‘widow’s mite’ (Mk.12:42). The Orthodox Church in America has been working on this transition for more than a decade now, with three All American Councils – the 12th (Pittsburgh, 1999), the 13th (Orlando, 2002) and the 14th (Toronto, 2005) – devoting a significant part of their time to taking the first major step on the road to proportionate giving – so called ‘fair share’ giving in which each diocese is responsible for a pro-rated portion of the central Church’s budget. As part of this transition, the Orthodox Church in America has committed to keeping its core budget level for the near future approximately constant at about \$2.5M per year. Most of this core budget is spent on administrative expenses: salaries of the Metropolitan, officers and staff; upkeep of property; legal and other administrative expenses; external affairs and travel. Less than 10% is spent on the outreach ministries of the Church. Until recently, a significant portion of the budget for outreach ministries has come from the Fellowship of Orthodox Stewards (FOS), which was started in 1980 explicitly to fund outreach ministries. By the year 2000, FOS was providing roughly \$300,000 per year to support these ministries – but with the recent financial troubles, this figure has fallen dramatically.

Therefore if we are to reach out even more in bringing Orthodoxy to all of North America and in caring for our needy brothers and sisters, we need to continue on the path toward sounder ways of providing adequate funding for the Church. To that end, we recommend two major objectives:

Objective 1: Continue the transition towards tithing and proportional giving at all levels of the Church. (*Ad-hoc Committee on Finance in coordination with diocesan officers; 2012-20XX*)

The majority of diocesan leaders appear supportive of this transition in principle – but each diocese finds itself in a different set of circumstances and has a different timescale for making the transition. Some recommended actions are:

- Have diocesan hierarchs affirm a transition to proportionate giving as a goal and to develop a plan and timescale for their particular diocese to make that transition.
- Freeze the diocesan contributions to the central administration budget at their current levels for XX years, so as to allow each diocese to make the transition over to proportionate giving on their own timescale but no later than 20XX.
- The issue will be, however, to ensure that the proportional giving approach will not result in a reduction versus the existing assessment method.

Objective 2: Pursue other sources of funding for more fully supporting the outreach ministries of the Church and other Church needs. (*Financial Development Committee, 2012 and on-going*)

- Articulate a compelling vision and plan for outreach ministries of which hopefully this Strategic Plan is a major step. (*Strategic Planning Committee with Church-wide input*)
- Seek a resolution from the 16th All American Council calling on the Orthodox Church in America to actively pursue additional funding sources for supporting these ministries. Possible funding sources include a reinvigorated Fellowship of Orthodox Stewards program, a major donors program and the creation and funding of a matching grants program – that might provide ‘matching fund’ for particularly compelling parish and diocesan outreach efforts. (*16th All American Council, Nov., 2011*)
- Develop and implement a plan to pursue these new funding sources. (*Financial Development Committee*)

IV. AND NOW IT'S YOUR TURN TO INPUT

The preceding sections have given you some initial thoughts on how to transition to a sounder way of funding the Church. Now it will be your turn to help revise, modify, refine this goal and the top level steps to actualizing it. During the AAC you will participate in two three-hour Breakout Sessions focused on this Goal. Breakout Session I will focus on what the Church as a whole (parish, deanery, diocese, Church-wide all together) should do. Breakout Session II will focus on the specific programs/projects you and your colleagues in the room, networked together could do to advance this goal.

During Breakout Session I, you and your colleagues will be asked :

1. What are the most critical things that need to be done by the Church as a whole to achieve this goal?
2. To list up to four specific objectives/initiatives for achieving the goal.

During the second Breakout Session, you and your colleagues will focus on specific action steps (concrete projects or programs) that you and your colleagues, connected together in networks, can do to actualize the objectives identified in Breakout Session I. Specifically you will be asked to:

1. List up to three specific programs and/or projects that we in this group should commit ourselves to. You will be asked to consider the answers with the context of “What *could* we do with the Lord’s help? What is “impossible with men but *possible with God*”?”
2. For each program/project list the specifics of the program/project, i.e. what it will achieve, how will it be achieved, what people need to be involved and a rough idea of how much it will cost.

In preparing for these discussions, you might want to consider the questions below and to solicit input from your priest and the people in your parish as well as from other parishioners and clergy that you know, as well as your own Diocesan Bishop. Space has been left here for you to jot down your comments and bring them to the AAC for your personal reference during the discussions.

1. What are some of the issues and concerns in your parish and your diocese about supporting the central administration needs of the OCA, the level of current assessment, and the alternative of proportionate giving? What can be done to address/alleviate these concerns?

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2. Do you think it is reasonable to set a timescale for all the dioceses to transition to proportionate giving as a way to fund the administration of the OCA? If so, what is a reasonable timescale? If not, why not?
3. Do you think that people would be willing to undertake some form of a voluntary giving program to support specific ministries or programs provided: (a) a strong case was made for that ministry/programs; (b) it had clearly defined benefits and outcomes; (c) they could be assured that all the money went to that specific ministry/program; and (d) there was full transparency and reporting of how the monies were spent?
4. What kind of voluntary giving programs do you think would work best and why? Some possible examples are: (a) a reinvigorated FOS-like program; (b) a program in which you can designate your contribution to a specific ministry or program; (c) a program targeted at major donors; and (d) some kind of matching grant programs with the Dioceses. You may have other ideas, if so please describe?

5. Are there other funding models we should consider for funding the Church? If so, what are they and what are their pros and cons?