

**Report to Diocesan Council**  
**From the Task Force on Budget Support**  
**Final Draft**  
**January 2009**

Reviewed by Finance Committee and  
Council Administration Team

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## **Report of the Task Force on Budget Support to the Diocese of Fredericton**

This Task Force was formed as a result of discussions and resolutions at the 2007 Synod. The original Task Force on budget funding for the Diocese presented a report and resolution at Synod which was amended to the following:

Be it resolved that in accordance with the principles, definitions and processes described in the Report of the Budget Funding Task Force, that the bases for determining individual parish fair share contributions in support of the Diocesan Shared Ministry Budgets for the 2008 and 2009 be set as follows: 13.6% (2008) and 12.27% (2009) of parish operating income, and the “single” support request be eliminated.

That amendment was subsequently tabled and the following resolution was passed:

That this Synod refer this motion to Diocesan Council for further study and ways of implementation with the proviso that the mover and seconder be invited into the discussion process and that the recommendation arising therefrom coming before the next Synod for vote.

This became the mandate of the new Task Force formed in the fall of 2007 with the mover and seconder of the amended resolution being members of the Task Force.

### **Work of the Task Force.**

The Task Force has held eight meetings and also held a joint meeting with representatives of the Task Force on Rural and Struggling Parishes. Our Task Force has spent its time examining two main areas: 1) the Diocese of South Carolina vis-a-vis the Diocese of Fredericton; 2) the impact of the tabled 2007 Synod amended resolution on the Diocese of Fredericton. The Task Force asked our Bishop to invite the recently retired Bishop of South Carolina, Bishop Ed Salmon, to New Brunswick to speak about how South Carolina developed their current system.

The 2007 Synod amended resolution spoke to the percentage of operating income that a parish should contribute to the Diocese for its shared mission budget and was based on the intention (as discussed at Synod 2007) of having each parish's support reduced over time to 10%. This was based on a model of 10-10-10 implemented in the Diocese of South Carolina, whereby parishioners are encouraged to tithe (10% of their net income), parishes are asked to give 10% of their operating income to the Diocese and the Diocese gives 10% of its operating funds to the national church.

- 1) **Study of the Diocese of South Carolina.** The Task Force has looked carefully at the South Carolina model and the immediate effects on the Diocese of applying the percentages put forward in the amended motion. We developed a list of questions that we thought would be helpful in coming to understand the system established in South Carolina and its relevance to our Diocese. Based on these questions we had telephone conversations with office staff in the South Carolina Diocesan office, an interview with a rector in one of the parishes and correspondence with Rev. David Thurlow, who is a rector in a South Carolina parish. We also looked at the 2007 Parochial Financial Statistics for the Diocese. ([http://www.dioceseofsc.org/mt/archives/cat\\_administration.html](http://www.dioceseofsc.org/mt/archives/cat_administration.html))

Below is a description of various aspects of the Diocese of South Carolina and its 10-10-10 approach to funding:

1. The State population is just over 4,300,000. The Diocese of South Carolina is one of two Dioceses in the state and is in the southern part of South Carolina with 1,770,782 of the population being within the boundaries of that Diocese.
2. Population growth has been about 15% in the last 15 years with larger growth in coastal, vacation, and recreational communities. Parishes have grown by about 20%. In 2007 there were:
  - 31,559 members
  - 27,670 communicants in good standing
  - 13,461 average attendance
  - 6,650 pledging units (The Diocese does not keep records as to what the average pledge is.)
3. There are six deaneries ranging in size from eight to 17 parishes.
4. There are about 75 parishes. Parishes range in size from seven to 2300. Based on 2007 statistics (found on the Diocese of South Carolina's website) parishes range in size from less than 100 parishioners to 2300:
  - nine with less than 100;
  - eight between 100 and 200;
  - fifty between 200 and 1000.
  - five between 1100 and 1700;
  - three between 2000 and 2300.
5. In the early 1990's the then new Bishop Salmon introduced the 10-10-10 model; it is voluntary but most parishes participate.
6. Before the introduction of 10-10-10, the request of parishes for apportionment was in the 20 – 22% range. In 1990 it was 20%. Implementation has taken place over a number of years with the Diocesan office restructuring some positions and holding the line on its budget for a few years.
7. The 2007 Financial Statements on the South Carolina website show the following:
  - 2007 operating income for all parishes was \$34,243,339 with plate and pledges totaling \$30,991,880.
  - 2007 average support per parish to the Diocese was 6.98%
  - 2008 average support was estimated at 8.30 %. (The operating budgets of the parishes are large enough that the Diocesan budget does not require 10%.)
8. The Diocesan budget for 2007 was \$2, 887,800; the amount requested from parishes was \$2, 431,000 with the rest coming from investments. The amount given to the Episcopal national church (ECUSA) in 2007 was \$27,046 and \$35,638 in 2008. Parishes are able to redirect their 10% share to ministries other than the national church giving to other dioceses and ministries outside South Carolina. In 2007 the amount was \$190,366 and in 2008, \$198,535.
9. Twenty-five percent (25%) of the Diocesan budget is for Congregational Development. In 2007 that amounted to \$781,068 and was allocated to support the growth of ministries. David Thurlow reports that in 2008, 27% of the 2008 budget went to Congregational Development which is used in several ways:

- a. Growing congregations are often aided financially in major expansions of ministries and/or facilities that will allow them to grow into new and greater ministry presences in their communities. The results have been two fold: stronger local ministry with greater growth in attendance and giving which make them "ministry centers" of the diocese, and a concomitant increase of funds (resulting from increased parish budgets) going to the diocese for use by other congregations.
- b. Existing congregations that seek to begin new ministries or expand existing ministries are also aided by congregational development.
- c. Congregations that have chronic financial issues are aided through available diocesan consultants and through the establishment of partnering relationships with other congregations.

NB Rev. Thurlow goes on to say that these funds "should in no way be considered or confused with a life support mentality." Making pledges is a normal part of parish life. He says: "Most parishes regularly preach good stewardship throughout the year but will run their stewardship campaign in the fall as they begin to look ahead and plan for the upcoming budget year. Based on their budget, parishes and missions then allocate a percentage of their Net Disposable Budgeted Income (NDBI) to the Diocese and will send a declaration of intent to the diocesan office by mid-December in order that the diocese may then accurately prepare the Diocesan budget. The declaration of intent signifies to the diocese a parish's planned pledge. The 10-10-10 stewardship model is encouraged as the basis for the prayerful decision for determining pledges both on the personal level to the local church and then on the parish level to the diocese."

10. Each adult parishioner is asked annually to give \$25 and each child between \$1 and \$5 for a Builders in Christ program (recently changed to Builders for Christ). About \$100,000 is raised annually with the funds added to Congregational Development (see # 9 above).

### **The Diocese of Fredericton.vis a vis the Diocese of South Carolina**

The above shows that the South Carolina Diocese differs from our Diocese in a great many ways. The population of South Carolina that the Diocese covers is much greater than that of New Brunswick. The Diocese has a membership of just over 31,000 with about 13,500 making financial pledges. In 2007, the total income from all the parishes was \$30,991,880. The Diocesan population is increasing and many are financially comfortable Episcopalians coming from the North East to live in a warmer climate. Many of the parishes have their own parochial schools that help to ensure youth and young families in the church.

We, in contrast, are experiencing population decline along with diminishing revenue in many of our parishes. In 2007, we had 7903 identified givers and the total operating budget of all of our parishes was \$6,904,813. There are 85 parishes with the following numbers of identified givers:

- seven with over 200
- 24 between 100 and 199
- 33 between 51 and 99
- 21 between 7 and 50

There are a number of parishes without full time priests because the parish cannot pay for one and there are parishes experiencing difficulty in paying their assessment and mission outreach.

For years 2007 to 2009 the amount asked of parishes in support of the Shared Ministry Budget has been frozen at the 2006 amounts. Currently the “ask” averages 15.15% of parish income. Some parishes pay far more than the average while others pay far less or none at all. Overall, in the past three years the level of response to the ask has been about 91% .

At Synod it was proposed that over a 5 year period the rate for calculating budget support requested of parishes would be reduced to 10% target of parish income. The following chart shows the effect of that proposal in terms of the amount of budget funding requested.

	Year 1	Year 2	Year 3	Year 4	Year 5
Budget Request %'age	15.15%	13.64%	12.27%	11.04%	10.00%
Resulting Requested of Parishes *	1,526,600	1,415,700	1,310,600	1,223,700	1,138,700
Other Funding	247,350	247,350	247,350	247,350	247,350
Total Potential Income	1,651,822	1,549,794	1,453,102	1,373,154	1,294,954
Cumulative Reduction in Budget Funding **		- 110,900	- 216,000	-302,900	-387,900

\* Assumes parish income rising by 2% annually

\*\* Ignores the financial effect of parishes not being able to meet their requested share

As can be seen, by year 5 of the phase-in, the 10% calculation would result in about \$1.1 million of requested funding for the Shared Ministry Budget, a reduction of over \$387,000 from the current level of funding requested. This reduction, even spread over five years, would have a severe impact on the Shared Ministry Budget. It would mean that many of the mission, administrative and program efforts that reflect our mission and vision of our collective ministry would need to be curtailed or eliminated.

The norm in parishes in the Diocese of Fredericton is not to talk too much about money other than to indicate that there is a shortfall in revenue. Tithing is not part of the culture of this Diocese. There is one clear exception (and there may be others). One parish with 87 identified givers has an operating budget of \$259,593, representing just under \$3,000 per identified giver.

Our declining population and revenue problems are serious. If we look at the 10-10-10 model as a way for parishes and the diocese to save money, our decline will continue. Bishop Salmon's talks to the clergy and to the Diocesan Council to which all Task Force members were invited gave hope that our decline can be stopped and reversed. He emphasized the generosity of God and God's love for us. He spoke eloquently about how we should see giving to God as a joyous and natural part of our Christian experience. His message caused members of the Task Force to rethink what it should be recommending. More will be said on Bishop Salmon's message in the next section.

- 2) **Determining a process in which to develop effective diocesan budget support.** The original Task Force report in 2007 set out a number of definitions, values and processes, based on the assumption that these would be used as the basis for the new formula being proposed. While the formula was not accepted, the definitions and values were. Influenced

by Bishop Salmon's message, we felt that the principles that he focused on should be the template that informs the values and processes we would recommend for parish budget support for the Diocesan budget.

Below are the principles/values that he highlighted:

- 10-10-10 is a small part of a transformational process within a diocese seeking to bring about systemic change. It is not a technique to determine how much money a parish or diocese should have. Within systemic change 10-10-10 should bring about more funds at all levels.
- The principle of 10-10-10 is that increased funding at the grassroots level (parishes) will empower ministry and parishes will take ownership of it. 10-10-10 has been part of transformational change that has seen significant growth in members in most parishes in South Carolina.
- The diocese is the basic unit of the church catholic and parishes are the diocese. The diocese is there to empower congregational development. Parishes should be engaged in ministry and should not be there just to maintain themselves. Before transformational change can take place, a systemic change in the "headship" is needed. Leaders in the diocese and the parishes must be committed to working with congregations in becoming Disciples of Christ to proclaim the Gospel.
- Vestry members must be seen as leaders in the parish with a strong role to play in the spiritual development of the church. Leadership and congregational development has resulted in churches growing spiritually, financially and in membership.
- Our relations with one another (what Bishop Salmon called Spiritual Hygiene) should be based on trust, honesty and openness. Christians should not allow themselves to be receivers of third party information.
- We must be accountable for our actions not only to God but to one another. The church is the body of Christ with its headship and members. We need to be intentional in developing ministry which focuses on the message of Jesus Christ. This is the great responsibility of the church and its organization or system should reflect the vision that Christ has for us.
- It is the generosity of God and his love for us that has provided us with what we have. Our giving to the church should be seen as a reflection of that generosity. We should be giving from the "first fruits" of what we have, not from what we have left over. Clergy and church leaders should not be ashamed to talk about money for improving ministry.
- Anglican generosity should extend to working with parishes that need help – in finances and in ministry.
- God took the risk of sending Jesus Christ to become our Redeemer and we should take risks in proclaiming the Gospel message.
- In one of his talks, Bishop Salmon said that we should "work the good fields first." In ministry, the church congregations that are focused on ministry which reaches out

to people will be more fruitful than those which are preoccupied with keeping their doors open.

With these kinds of values/principles in mind, we have reworked the principles that were set out in the original Task Force report:

- § Transparency. Budgets must be clear as to how funds are being used and how the budget has been prepared. Our shared budgets must be built in partnership with parishes through their archdeaconry and representatives on Diocesan Council. The principle of Spiritual Hygiene becomes of paramount importance. We need to be open and honest with one another while respecting each other as Christians as we prepare budgets, provide support for them and report on expenditures within them. Conflict among us is inevitable but it can be fruitful if there is love and respect for each other as we discuss shared ministry and ways in which it is being carried out throughout the Diocese.
- § Integrity. Integrity comes where there are respectful relations, honesty and openness. Integrity in budget planning and building can only develop where there are these kinds of relations. In our desire to be transformed we all must realize that our intentions and words are only validated by our behaviour. Budgets must be seen as a tool for ministry development in which parishes are an integral part.
- § Equity. As we work towards true equity, we need to be mindful of God's generosity and the message of sharing that Jesus taught throughout the Gospels. At all levels the principle of generous giving of the 'first fruits' rather than the 'remainder' should be evident. Equity is manifested through generous giving and sharing – by parishioners as they move towards tithing, by parishes as they work with and help one another -- and focusing on discipleship as we attract and bring more people to worship with us.
- § Accountability. As Bishop Salmon has articulated, the diocese is the unit of the church and the parishes are the diocese. In that sense, then, our diocesan mission is primarily carried out in the congregations and the Diocesan budget should be built on that principle. According to this transformational thinking, the needs of ministry must be identified at the local level, and communicated to the headship of the Diocese (Diocesan Council) which will have the responsibility for allocating funds. This sharing of responsibility for the overall ministry of proclaiming Jesus Christ will be a manifestation of who we actually are: the Body of Christ. A body lives and breathes as a system; and a system will only produce what it is designed to produce. This is the heart of the challenge we have received from Bishop Salmon; and it follows our Lord's new commandment of love, as well as the teaching of St Paul, who said, "For as the body is one, and hath many members, and all the members of that one body, being many, are one body: so also is Christ." (I Cor 12:12). It also means that every parish should accept its responsibility to giving its fair share to the diocese for the Shared Mission budget.
- § Communication. As stated elsewhere, effective communications must take place within a framework of trust, openness, integrity and accountability. Communications flow in many directions and can be blocked or diverted by misperceptions, misunderstandings and lack of trust. Communications about budgets need to be continuous to ensure that misperceptions are rectified, that reasons for budget items are clear. Communications also mean that messages are not only sent but are received and acted upon at many levels – diocese, archdeaconries, committees, parishes, congregations, etc.

The Task Force believes these principles need to be in practice if there is to be budget support to the Diocese that will help parishes carry out Christ's mission.

In the 2007 Task Force there were definitions to help explain the formula that was being proposed. In this report the only definition that we feel is necessary is on Parish Income and it remains as defined in the original document:

- Parish Income** is all income available for the general use of the parish, regardless of source and with the following exceptions:
- a. flow-through gifts (such as PWRDF)
  - b. donations limited for use in funding a Specific Capital Project approved by the Bishop
  - c. funds used to pay the principal portion of loans for capital projects
  - d. funds received by way of bequest
  - e. funds for cemeteries and memorials (except those taken into general operations)

**Recommendations.** Based on our study of South Carolina and the principles/values that we have reflected on, we make below a number of recommendations. In doing so, we are aware that the Diocese of Fredericton is distinctly different from that of South Carolina and that developing a new system of proclaiming the message of the Gospel will not be an easy task. We believe that with faith and a commitment to a collaborative ministry within the Diocese, these recommendations can be successfully implemented over time.

- I. That the tabled resolution of Synod 2007 be withdrawn and that the Diocese of Fredericton take the risk of moving toward a 10-10-10 model, recognizing that this is a goal that will take years to accomplish and that it is not a technique but part of a major reshaping of ministry within the Diocese, based on the values enunciated by Bishop Salmon to both the Clergy and the Diocesan Council in August, 2008.
- II. That the current system of apportionment and mission outreach be replaced with a "one-ask" fair share (single allocation) beginning with 2010 budget planning.
- III. That parishes now paying above 10% continue to pay the same amount as in 2006 until such time as the 10% of their operating income equals or exceeds the 2006 amount. We know that for some parishes this will be difficult to sustain. We ask those parishes that can pay more than the 2006 request to do so, in keeping with the principle that we are all part of the Anglican community and should work together to help one another.
- IV. That parishes paying below the 10% take all necessary measures to move to the 10% within the next three years.

**NB** *In making recommendations I to IV, we are aware that adequate funding for the Diocesan shared ministry budget is being put in jeopardy, at least in the short term. While budget support has been frozen at the 2006 level, expenses for salaries and for committee work, etc. continue to increase each year. All alternatives will have to be explored to find ways to improve the funding necessary to carry out the shared ministry budget. This may mean a reorganization of activities or deficit financing or other forms of raising money.*

*We wish to reiterate that the 10-10-10 model is not being recommended as a way for parishes to provide less financial support to the shared ministry budget. We see the Diocese initiating a long term process of renewal that involves all clergy and laity recommitting ourselves to proclaim Christ's message as we work together to bring lapsed Anglicans and new members into our churches. An outward manifestation of our commitment will be in giving generously to our parishes and our diocese.*

- V. That parishes encourage parishioners to think about the generosity of God and that their generosity be expressed in more generous giving in accordance with a recent Diocesan Council resolution which affirmed the biblical tithing as the diocesan standard of Christian giving.
- VI. That the Diocese begin the process of training leadership within parishes to become leaders in moving the congregation towards a greater participation in ministry, emphasizing the generosity of God through financial giving, time and talents.
- VII. That the Diocesan budget reflect the vision of the Diocese, its mission, its shared Ministry plan which is to help all parishes grow and develop spiritually. Parishes should be encouraged to work with one another at the Archdeaconry level so that specific plans can be made, shared and supported.
- VIII. That apart from the existing funding for the Diocesan budget, an appeal be made to parishioners to establish a Congregational Development Fund and Builders for Christ program and that it be overseen by a committee of clergy and laity for the whole Diocese.
- IX. That a concerted effort be planned and implemented to increase the attendance in churches. The census indicates that many more New Brunswickers identify themselves as Anglicans than those attending church regularly. Ways should be explored and processes put in place in parishes to increase membership.
- X. That goals of our common, collaborative Shared Ministry be clear and measurable and be continuously evaluated.

Respectfully submitted

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