

**Report of the
Mission Funding Task Force**

The Reverend David Boyd, Chair

Prepared for

Bishop Stacy F. Sauls

and the

Executive Council,

Diocese of Lexington

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Report of the Mission Funding Task Force (MFTF)

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1. Executive Summary

The eight-member Mission Funding Task Force (MFTF) met approximately every third Saturday from May through January 2002 with a goal of researching Diocesan funding methods and recommending a new system of funding the Diocese of Lexington to the Executive Council. Task Force research included:

1. examining scriptural, theological, and conceptual perceptions of stewardship, justice, and equity,
2. investigating the implications of equity and fairness for Diocesan funding
3. conducting a survey of the funding processes of eighteen dioceses and obtaining the results of a survey conducted by the Indianapolis Diocese,
4. comparing Diocese of Lexington funding with that of the other 99 U. S. Episcopal dioceses, and
5. making recommendations to the Executive Council for a new system for funding the Diocese of Lexington.

Our recommendations include the following:

1. Implementation of a “fixed tier” assessment structure with parishes with operating revenue of \leq \$100,000 assessed at 10% of operating revenue, parishes with operating revenue between \$100,000 and \$300,000 assessed at 14% of operating revenue, and parishes with operating revenue \geq \$300,000 assessed at 18% of operating revenue.
2. A three-year transition period for implementation of the new funding plan following adoption by Convention.
3. Appointment of a diocesan body (under the Executive Council’s authority) to oversee the transition period and make provision for considering exceptions and appeals.

2. Task Force Information

2.1. Task Force Membership

The MFTF includes people from the diocese, including two priests, two university professors (economics and accounting), professional accountants, an attorney working with an accounting firm, and other people with business backgrounds. Most Task Force members have training in research. We come from large and small parishes, and from all regions within the diocese. Several Task Force members have served, or are serving, on vestries, as parish treasurers, and on the Executive Council, the Standing Committee, and the Budget Committee. Members of the Task Force include:

The Reverend David Boyd, Chair (Rector, St. Michael's, Lexington)

Mr. Kenton Ball (Christ Church Cathedral, Lexington)

Mr. Louis Browning (Nativity, Maysville)

Mr. Gary Gabbard (Trinity, Covington)

Dr. Fred Ruppel (Our Saviour, Madison County)

Ms. Toni Shultz (St. Hubert's, Clark County)

Dr. Dan Stone (St. Michael's, Lexington)

The Reverend Anisa Cottrell Willis (Vicar, Advent, Cynthiana)

2.2. Task Force Charge

Bishop Sauls charged the Task Force to:

- Address the disparity between current parish support of the Diocese and the requirement that parishes contribute 30% of canonical income to the Diocese,
- Research ways in which parishes fund dioceses, and
- Recommend to the Executive Council a new system for funding the Diocese of Lexington.

2.3. Task Force Timing and Research Process

The Task Force met approximately every third Saturday from May 2001 through January 2002. Our first meeting was devoted to introductions and a discussion of what we understood our task or charge to be. The results of this discussion were sent to Bishop Sauls for confirmation that we were headed in the right direction. We adopted an open meeting style and a consensual decision-making style. Task Force members individually researched and drafted sections of the report, which were then shared and edited by other Task Force members.

We first researched the spiritual, theological, historical, and philosophical bases for funding organizations. The discussion of this subject, which centered primarily on Biblical references to giving in the religious world and tax code issues in the secular world took up most of our first four meetings. While these discussions progressed we also gathered all the available data we could find on giving in the Episcopal Church. From the Diocese of Lexington we obtained data on individual parish pledges over the previous fifteen years and a breakdown of parish income for the last three years. From the national church office we obtained data on average parish giving, average parish pledges, and average parish attendance over a five-year period for all the dioceses of the Episcopal Church. We also obtained the percentage of parish giving in each diocese, ranked by the size (income) of the diocese. From the Diocese of Indianapolis we obtained the results of a survey of parish giving in seven dioceses.

We analyzed all of the theory and data we had collected and used the results to define the variables that we sensed were involved in diocesan funding programs. These variables were converted into questions for our own survey that was sent to 25 dioceses similar to the Diocese of Lexington in either size or geography. We received 18 responses that were summarized, analyzed, and discussed at length. At this point we presented our progress and initial thoughts for funding the Diocese of Lexington to Bishop Sauls and to the Executive Council for their feedback. We also provided the Executive Council with regular updates of our progress.

We then developed models to calculate the Diocesan revenue that would have been generated in 1998, 1999 and 2000, using various assumptions as to the assessment structure employed (flat or tiered), the parish financial base (parish expenditures, operating revenues, or unrestricted revenues), and percentage assessments. We also calculated the impacts that would have been felt on each individual parish, as compared to their actual level of diocesan contributions. After extensive discussions of these data, the results of the survey, and the theoretical framework, we reached consensus on a funding proposal. The proposal was presented to the Executive Council at its January 2002 meeting and was presented to the Diocesan Convention in February 2002.