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## **RESOLUTION TO STUDY DIOCESAN ASSESSMENTS**

### **RESOLVED:**

This Convention directs the formation of a committee of 9 members, the purpose of which shall be to evaluate recent proposals to amend the current system of voluntary pledges and mandatory assessments of parishes in the Diocese to fund the annual Diocesan budget, in order to assess the impact of these proposals upon the individual churches and their capacity to bear these costs.

The committee shall consist of a total of nine representatives from a variety of churches, smaller (2023 NOI less than \$250,000), medium (2023 NOI \$250,000-\$1 million), and larger (2023 NOI greater than \$1 million). Nine churches, three in each category, shall be chosen by the Canon for Finance, who shall then ask the Rector/Vicar of these churches for recommendations for a person to serve on this committee. Members of this committee shall not currently hold a position in the Diocesan governing bodies or staff, and shall have current or prior experience as a Rector's Warden and/or an Accounting or Finance Warden in one of the Diocesan parishes.

The committee shall report its conclusions and recommendations for changes to the current system, if any, to the 242nd Annual Convention in 2025.

No resolution proposing any amendments to the current Constitution and/or Canons defining Diocesan assessments will be considered by Convention until this Committee has made its report.

### **EXPLANATION:**

Most, if not all churches in the Diocese of Pennsylvania are facing reduced revenues and higher expenses, so any consideration of the implications to parishes – small, medium and large – of increasing assessments of parishes within the Diocese should be carefully thought through prior to implementation.

Churches in the Diocese are facing reductions in membership, attendance, and plate and pledge donations:

- Since 2016 through 2022, **membership** in Diocesan churches has declined from 42,160 to 32,857, **a decline of 22%** over 6 years.

- Average church **attendance** in the Diocese has declined over the same period from 12,506 to 7,286, a **decline of 42%** in spite of an upward bump following Covid in 2021.
- **Plate and Pledge** for Diocesan churches has declined from \$29,262,051 in 2016 to \$26,847,579 in 2022, a **decline of 8%**. In other words, for the past 7 years, Plate and Pledge, the main driver of the financial resources for most churches, has remained flat to down.
  - This means that the individual church has had to contend with a **significant constraint on income during a period of sharply rising costs**. Rising costs have included staff salaries and benefits, insurance, utilities, etc. In many cases, this has impacted staffing levels, building maintenance, and/or outreach.
  - Budget cuts to staffing and building maintenance are damaging to maintaining the congregation and having a healthy church. Budget cuts to outreach will damage not only the recipients (of which there are many supported by many churches in the Diocese), but also discourage the congregation, which is very involved in supporting the receiving organizations. An active outreach program in a church is critical to building a healthy, committed congregation living a Christian life.

While the overall financial resources of the churches in the Diocese have declined, the Diocesan Office, however, has considerably increased its revenues since 2016:

- The **2024 Budgeted Revenues of the Diocese** are \$6,476,100, compared to Actual Revenues of \$4,839,750 in 2016, **an increase of 34%**.
- Diocesan Budgeted Revenues for 2022 were \$5,832,600, or **22%** of Diocesan Plate and Pledge. This compares with 2016 revenues of \$4,839,750 or **16.5%** of Plate and Pledge.
  - While overall Diocesan Plate and Pledge has been flat or down, the Diocesan staff and operations have been taking an increasing percentage of these declining revenues.
- For 2022, the Diocese reported a total of \$45,135,773 in Normal Operating Income for the 134 churches, of which the Diocesan Office requested an average of **5.91%** in “Sacred Gifts” from the parishes.
  - The proposed increase in assessments to **8%** would represent an increase of **35%** for the average church, and an increase to **10%** would be an almost **70% increase**.

Given the constraints on the income of the churches, and an unrelenting burden of expenses, a deferral of the imposition of an increase in assessments is warranted pending a faithful study on the ability of churches to bear such an additional cost.

**Implementation Responsibility:** Canon for Finance