

# Budgetary Funding Task Force

## Membership

The Rt. Rev. James E. Waggoner, *Chair* Spokane, VIII, 2012  
Ms. Anne Clarke Brown, Vermont, I, 2012  
Ms. Maria Campbell, Alabama, IV, 2012  
The Rt. Rev. George Councell, New Jersey, II, 2012  
Canon John Goldsack, New Jersey, II, 2012  
Ms. Matilda Kistler, Western North Carolina, IV, 2012  
The Rt. Rev. William Klusmeyer, West Virginia, III, 2012  
The Rev. Ernesto Medina, Nebraska, VI, 2012  
Mr. David Quittmeyer, Central Gulf Coast, IV, 2012  
Mr. Steve Smith, Vermont, I, 2012  
The Rt. Rev. Stacy Sauls, Lexington, IV, 2012  
Ms. Sandra Swan, North Carolina, IV 2012

## About the Membership

Members of the Budgetary Funding Task Force represent five provinces and the following interim bodies: the Standing Commission on Stewardship and Development, the Joint Standing Committee on Program Budget and Finance (PB&F), and the House of Deputies Committee on the State of the Church.

## Meetings

The Task Force met four times in person and three times by conference call: April 22, 2010 (conference call); June 7–8, 2010, Memphis, Tennessee; October 21–22, 2010, Linthicum, Maryland; April 26–27, 2011; Chicago, Illinois; October 18–19, Linthicum, Maryland; November 18, 2011 (video conference call); and December 14, 2011 (conference call). The Rev. Francis Wade attended the October 2011 meeting as a representative of the President of the House of Deputies, and The Hon. Byron Rushing participated in the November 2011 video conference call and the December 2011 conference call, also as a representative of the President of the House of Deputies.

## Summary of Work

### Preface

... an honorable word.

Our Book of Common Prayer has, from the very first edition, contained a “Preface”, an introductory explanation, and since we are a people of the Book, both Bible and Prayer Book, we begin this report by looking at the Preface to our Book of Common Prayer:

“It is a most invaluable part of that blessed liberty wherewith Christ hath made us free,” that in his worship different forms and usages may without offence be allowed, provided the substance of the Faith be kept entire ... and, therefore, by common consent and authority, may be altered, abridged, enlarged, amended, or otherwise disposed of, as may seem most convenient for the edification of the people, “according to the various exigency of times and occasions.”

The Book of Common Prayer, page 9

The Prayer Book Preface is focused on our forms of worship; our Task Force report is focused on our forms of organization. We have taken as a premise that, while our organizational forms are fully open for alteration, abridgement, enlargement and the like, our form of governance is not to be altered. In this 21<sup>st</sup> century we continue to treasure the checks and balances, the honoring of all orders of ministry in decision making, open communication and consultation among bishops, priests, deacons and the laity that date back to this Church’s founding General Convention in 1789 at which the Prayer Book Preface was written.

Since 1789 our Church has regularly changed her form of organization. For most of her life this Church’s Presiding Bishop was simply that: the bishop who presided over meetings of the House of Bishops, and that person took the post automatically when he became the bishop who had served the longest in office. Only in the post World War II era did

the Church adopt the “modern” organizational structure which is familiar to us today. The Church followed corporate America in adopting a structure requiring a corporate headquarters in a major city (the more major the city, the more important the organization), with a staff of experts to dispense their wisdom to all below them. Dioceses and parishes were lined up under the national structure just as divisions and departments were subservient divisions of the modern American corporation.

The world into which the Church’s current organizational structure was born no longer exists.

The Church no longer needs, nor can it afford, the structure of the last fifty years.

In the course of our work and prayers, your Task Force came to understand unanimously that the organizational and financial problems our Church is experiencing come out of fundamental changes in the culture and profound changes in understanding by the people of the Church of their role and place in the Church. Ours is certainly not the first group in the Church to look at problems of the Church’s organization and funding; our Church has been on a long journey, which has only taken us deeper into lost territory. This Task Force’s work has been done, however, in a time when the problems are so well known and consequential that they can no longer be ignored; nor can band-aids any longer be applied. *Out of these understandings, your Task Force now offers the Church a foundation for fundamental re-formation of our organizational structure.*

*What we offer is not the only solution or the perfect solution.* We know that the upcoming journey to a place approaching wholeness as an organization is a long one. We know that by the time we approach our destination, the world in which this new form operates will have changed yet again. However, we recognize—and take comfort in the fact—that we are but a link in a several millennial chain reaching back from corporate America, to feudal fiefdoms and the princely church, to the “problem of Constantine,” to the catacombs, to the Apostles spreading the amazing gift of a lone person, the Son of God, giving His life to redeem all of creation. We profoundly believe that we can afford to trust each other and our God and begin this journey together. *Deo gratias.*

## **Introduction**

The Budgetary Funding Task Force has existed for three triennia. It was created in response to General Convention Resolution 2003-B004 to “undertake a comprehensive study on the systems and procedures for funding, budgeting and expenditure of the Domestic and Foreign Missionary Society.” The Task Force report to the 2006 General Convention noted that Resolution B004 posed the question of “fairness in how we take financial responsibility for the ministry we all share in our response to the call of God’s mission.” The Task Force report to the 2009 General Convention included a resolution proposing a nine-year budget cycle. That resolution did not come to the floor, and we will propose below that it be reconsidered. The 2009 General Convention did authorize the Task Force to continue its study, with particular attention to “how and at what level(s) of the Church’s structures our resources may be most efficiently deployed to communicate, foster and support our common mission” (2009-A184).

*Guiding Principles:* The Task Force recognized that the key guiding principle must be recognition of the level at which the Church’s mission is most effectively carried out, whether at the parish, diocese, province, or Churchwide level. We elected to use the lens of effectiveness as being more helpful for considering the work of the Church than that of efficiency (the term used in the text of A184).

The other principles that we kept before us during all our deliberations are:

- The people of The Episcopal Church want to support the mission of the Church “to restore all people to unity with God and each other in Christ.”
- Form follows function.
- Funding follows mission.
- Governance serves mission.
- More remote structures exist to support more local structures (not vice versa).
- Participation in both mission and governance is enhanced the more local the level at which the mission and governance take place.
- The more local the ownership, the more diversity, and the more generosity.

This report proposes several areas for discussion about a much broader way for The Episcopal Church to engage in a regular process of examining our structures to ensure that we are being good stewards of God's generous gifts by using them in the most effective and efficient way.

### **Starting Point**

While this task force was originally charged with a question about "funding," we quickly identified several component elements that required attention. Funding involves stewardship, ownership, identity, organization and ultimately the ministry of all the baptized. These principles guided our thinking about improving efficiencies and effectiveness in carrying out the mission of the Church. To the extent that this involves questions of structure and organization, our concern remains with commitment and participation beginning at the local level. Our questions of governance and structure are only questions, even though we do suggest ways of re-thinking our current model. To be comprehensive about the nature of our work, we suggest categories of possible change and improvement. We are unanimous in identifying those areas, but we are not presenting a particular matrix for reform. We are presenting an outline for further discussion and development by the several bodies of The Episcopal Church with oversight for these issues.

### **Funding Formula Deliberations**

The gap identified by Resolution B004 lies between the General Convention's "asking" of a percentage of diocesan income to fund the mission of The Episcopal Church and the reality that a majority of dioceses do not give to The Episcopal Church at that level. Technical solutions may tinker with the formula, impose sanctions or, as is now the process, reshape the mission to fit available funding.

Two approaches to this question were considered: whether changing the basis of the "asking" formula would encourage more compliance; and whether the cost of the Episcopal Church Center has outstripped its perceived usefulness to the dioceses, parishes, and parishioners.

### **Asking Formula**

We explored several approaches to developing a new method of funding the expenses of The Episcopal Church's organization and headquarters. Instead of a percentage of diocesan income, we explored whether a method of assessing dioceses based on a percentage of congregational normal operating income (congregations would not be directly assessed) would be fairer and more acceptable. We believe that between one and two percent of normal congregational operating income would be sufficient; however, we emphasize that further discussion should center around the concept of basing the asking on congregational operating income rather than on any specific percentage, which would be determined only when the budget is proposed. (The total congregational normal operating income for 2010 was \$1,620,618,796. Normal operating income does not include diocesan support for congregations.)

Our discussions focused on formulae based on the concept of annual available income for congregations Churchwide. We are convinced, however, that even a congregation-based formula must be administered through the diocesan system. The diocese is the principal and defining level of organizational polity and mission for The Episcopal Church. So we find it to be fundamental that funding assessments be through the respective dioceses, even if the formula depends on the income of their constituent congregations. In-depth consideration must be given to the financial implications of asking money from dioceses, based not on their own income, but on that of their congregations.

We also recognized the need for a coordinated effort to reach out to help dioceses and congregations recognize their obligation to meet the expectations of the larger community. The intent would be to emphasize inclusivity and identity as part of the greater body.

### **Organizing for Mission**

Our conversations about identity, vision and accountability led to questions of leadership and structure. Who articulates the vision of our participation in God's mission of transformation? How do our leadership bodies and institutional structures serve that vision? Sadly, we may have adapted the vision to fit existing structures. Instead of a corporate model, might we be better served by a model that more closely relates staffing and structure to a vision/mission cycle?

As a result of our deliberations, the Task Force concluded that enhanced focus on effective mission would be gained if The Episcopal Church realigned its budget to fit a reorganization of the Church structure. This realignment will, we believe, encourage individuals, congregations and dioceses to provide greater resources for God's mission.

Our focus on the potential benefits of realignment in mission support and program led us to discuss the idea of a distinction between two basic organizational divisions for the Churchwide structure: one to address functional organization and the other being the Domestic and Foreign Missionary Society (DFMS).

*Missional functions:* Policy, strategy, and implementation models would be vested directly in General Convention and its structures.

The Church would organize itself to facilitate mission and broader participation around certain functions. This conclusion resulted from our consideration of our charge to address the question of the original Resolution: namely, to consider “the level of the Church at which mission support is most efficient”—or, as the resolution title read, “most effective.”

Our study of this question concluded that mission support is most effective at the lowest possible level. Mission at a higher, more removed, level (diocesan, provincial, etc.) should be undertaken only when it cannot be done at the lower level. The functions most apparent to us are:

- Domestic mission (mission within the dioceses)
- World mission (mission beyond the dioceses)
- Anglican, ecumenical, interfaith relations
- Advocacy for justice and peace
- Worship (liturgy, music, etc.)

All levels of The Episcopal Church would have an appropriate body devoted to the identified functions. These levels would be:

- The respective dioceses and groups established within them
- Provincial networks
- Standing Commissions of General Convention
- Executive Council and its Standing Committees
- Legislative Committees of General Convention

The various levels would meet together periodically to share ideas, facilitate consultation on policy and discuss implementation of strategy. Meetings and consultations should be substantive and widespread:

- Consultations would take place at all levels to share ideas across boundaries.
- Diocesan commissions would meet with provincial networks.
- Provincial networks would meet with Standing Commissions.
- Standing Commissions would meet with Executive Council Standing Committees.
- Executive Council Standing Committees would meet with General Convention Legislative Committees.

In addition, as needed and appropriate, other “interdisciplinary” meetings would be scheduled (if, for example, a particular provincial network needed to consult with a specific General Convention Legislative Committee).

*Fiduciary and property responsibilities* (including audit and the work of General Counsel) could be the responsibility of a Board of Trustees of DFMS to be elected by General Convention. The officers of the DFMS Board of Trustees would include the Presiding Bishop, the President of the House of Deputies, the Secretary of General Convention and the Treasurer, all *ex officio* with voice and vote. We discussed the possible merit in having the Chief Operating Officer be President and CEO of DFMS. This position might be elected by and accountable to the Executive Council.

All of our deliberations centered on the need to simplify and enhance effective administration and organization so as to promote the investment by all the people of the Church in its primary mission. Were these changes to be implemented, we believe that all dioceses of The Episcopal Church would be encouraged to honor the commitment we make together at General Convention, when we vote and adopt each triennium’s new budget.

### **The Funding Cycle**

The changes outlined above require clarity about values and a willingness to experiment with new approaches. We asked, “What impedes our ability to effect long-term programming and permanent change?” This is a different question from “How do we fix this funding situation?”

We asked whether the current three-year planning cycle was too short to be effective. New programs require time to put into place, implement, and monitor. Results are usually impossible to evaluate adequately in such a short time frame. Therefore we explored the benefits of what we called “the nine-year plan,” and continue to believe it offers significant opportunities for enhanced mission effectiveness. The “nine-year plan” was a principal recommendation from our last Blue Book Report and included in Resolution A183. The resolution did not reach the floor of the 2009 Convention, but we believe the plan warrants closer attention at General Convention 2012. A revised version of the resolution is included at the end of this report.

Preparation for each nine-year cycle would begin during the final triennium of a Presiding Bishop’s term, with an intensive, Churchwide visioning process that would identify goals and mission priorities—indeed, even allow them to “bubble up” through the work of the Spirit in the Church—for the nine-year term of the next presiding bishop. The electing convention would begin with the presentation, amendment and ratification of the results of the visioning process by both the House of Deputies and the House of Bishops. While the House of Bishops will continue to elect the Presiding Bishop, this process will give a much broader spectrum of The Episcopal Church a role—and stake—in setting the context for the election. The Presiding Bishop then elected would have a mandate to carry out that vision and the budget would be based on its goals.

The first triennium would include development of staff and structures to implement the goals, with the expectation that some positions of the program staff would coincide with the Presiding Bishop’s term. The work would continue through the remainder of the second and third triennia, with annual reporting on progress. During the final triennium an independent and sophisticated evaluation would be made of each program, measuring results against plan, considering budget controls, staffing etc. General Convention would then have the opportunity to review this information with three options: terminate the program, extend the program as is, or expand the program for the next nine-year cycle.

A new Churchwide visioning process would also take place during the third triennium.

We believe such a process is a creative response to the need for renewed articulation of a vision formed by a shared sense of our common identity, pervasive communication of the vision, and accountability to and for the vision. It will inspire a deeper sense of common mission, recognition of our bonds of interconnection and a greater commitment to fund the budget of The Episcopal Church.

### **Other Suggestions**

In our meetings we set aside time for unstructured conversation about other suggestions that might (or might not) improve the structures of the Church in order to focus our efforts more effectively on mission. Although we believe that these proposals have merit, or are at least worthy of further investigation, such work is beyond the time and budget of this Task Force:

- **Changes in the House of Deputies:** We noted that some dioceses have mentioned the financial burden of sending eight deputies to General Convention, and that some dioceses send fewer than eight. We discussed the possibility of allowing dioceses more flexibility in determining how they are to be represented. We noted the importance that any alteration take into account the need to encourage the representation of minorities and under-represented groups in the official deputations.
- **Changes in the House of Bishops:** In the interest of simplification and accountability, we discussed restricting voting at General Convention to only those bishops with jurisdiction who have been elected to their current offices. We also noted complaints that the more frequent meetings of bishops and their closer collaboration may give them a structural advantage over deputies and also may impose some financial burden on dioceses.
- **Legislation:** To ensure that resolutions proposed at General Convention are allowed sufficient time for full debate and discussion, we recognized the need for them to have been carefully crafted, scrutinized and evaluated before their presentation. To that end, we discussed whether legislation should come before General Convention only with the sponsorship of one or more diocesan conventions, provincial synods, Executive Council, or Standing Commissions. While such limiting of sources of legislation would have the benefit of deliberation, coordination and some consensus before matters are brought to General Convention, it could also shut down the possibility of important matters “bubbling up” from deputies and bishops coming together and seeing a need for legislation. To allow General Convention greater efficiency in addressing legislative proposals, perhaps encouraging more focused sessions, we encourage a deadline for submission of resolutions that is prior to the opening of Convention.

- **Legislative Committees:** We also recommend changes that would allow Legislative Committees to work through conference calls or other electronic media before Convention. Such work should not preclude the opportunity for testimony during committee hearings and should not include any formal decision-making. We discussed, without particular recommendation, the possibility of reducing the number of Convention Legislative Committees, which might alleviate time pressures and even-out the participation of senior and junior deputies.
- Although this conflicts with the nine-year budget cycle details, we did discuss the possibility of a longer period between General Conventions, to be accompanied by an interim substantive gathering at approximately the mid-point between conventions. It would involve bishops and deputies, members of CCABs and perhaps a larger group (provincial networks and diocesan commissions) to focus on mission. We sometimes used the term “ministry fair” to describe such a gathering.
- We recognized that many in The Episcopal Church are already addressing the question of our current structure. We are unanimous in supporting further investigation of the number of dioceses, the functions and performance of diocesan organizations, and the role and expectations of diocesan bishops (spiritual vs. administrative).

## Conclusion

The Task Force believes that it has concluded its work so far as it has the capability and authorization to do so. Therefore, the Task Force voted that it be terminated at the end of the current triennium.

The members believe that hard choices must be made by The Episcopal Church with regard to the function and scope of the work at the various levels of the Church. The Task Force expresses a sense of anxiety concerning whether the current structure and funding of The Episcopal Church are appropriate for the challenges that confront it. The Task Force recommends that the issues it has raised be addressed by other relevant bodies of the Church.

## Budget Report

Because the Budgetary Funding Task Force voted to end its work with the current triennium, it will have no budget request for the next triennium. We do include a budget request in the resolution on the nine-year vision and budget cycle that would be allocated to the work of the Standing Commission on Structure and the Joint Standing Committee on Program, Budget and Finance.

## Proposed Resolution

### Resolution A150 Develop Nine-Year Vision and Budget Cycle

*Resolved*, the House of \_\_\_\_\_ concurring, That the 77th General Convention of The Episcopal Church receive and endorse the Report of the Budgetary Funding Task Force, in particular the Task Force’s acknowledgement that adequate funding of the budget of The Episcopal Church depends on (1) a compelling statement of our identity as a church, (2) a clearly articulated common vision of our participation in God’s mission, and (3) a pervasive accountability of church structures to that identity and common vision so that stewardship and mission are linked; and be it further

*Resolved*, That steps must be taken to make these three goals an active part of the on-going life of our church; and that specific steps to be considered should include:

- developing a common vision for mission during the triennium immediately preceding the election of a Presiding Bishop for the purpose of informing the nomination and election process for that office;
- identifying specific goals to be accomplished during the nine-year period corresponding to the term of the Presiding Bishop (the Term Goals);
- holding a joint meeting of the House of Deputies and the House of Bishops at the beginning of the General Convention at which a Presiding

Bishop is to be elected so that the goals identified for the coming Presiding Bishop's term may be addressed, amended, and ratified;

- developing a draft budget based on identified goals and presenting the budget of The Episcopal Church in a nine-year cycle to coincide with the term of a Presiding Bishop (the Term Budget);
- reporting on the Term Budget and progress toward accomplishing the Term Goals in a written report on an annual basis to all bishops and deputies to the General Convention, Standing Committees of the Dioceses, members of the Executive Council, members of all other Committees, Commissions, Agencies, and Boards, and posting the report for members of the Church on the website of The Episcopal Church as well as reporting on it by all means available (most especially including personal visits to dioceses and provinces) so as to receive the widest possible circulation;
- reviewing the Term Budget and progress toward the Term Goals at a joint meeting of the House of Deputies and the House of Bishops at each General Convention to encourage accountability and so that the goals may be revised as needed;
- structuring the Church Center staff so as to facilitate the accomplishment of goals over the course of the Presiding Bishop's term, with some positions coinciding with the term of the Presiding Bishop and some being permanent in nature; and
- conducting an in-depth review regarding the accomplishment of the Term Goals during the last triennium of a Presiding Bishop's term; and be it further

*Resolved*, That the Standing Commission on Structure and the Joint Standing Committee on Program Budget and Finance develop an implementation plan for a nine-year vision and budget cycle for consideration by the 78<sup>th</sup> General Convention; and be it further

*Resolved*, That the plan include necessary canonical changes and consideration of basing the asking formula on congregational normal operating income and proposals for aligning organizational structures across various levels of the church; and be it further

*Resolved*, That the General Convention request the Joint Standing Committee on Program, Budget and Finance to consider a budget allocation of \$30,000 for the implementation of this resolution.

#### Explanation

The Budgetary Funding Task Force is convinced that the issues related to funding the Church's pursuit of God's mission require a much more creative response than can be achieved by technical solutions such as adjusting the giving formula, mandatory giving standards, or sanctions. Indeed, we believe the failure to meet giving expectations by some dioceses should be understood more as a plea to be included in the work of The Episcopal Church than a negative expression. The work, as we see it, is adaptive in nature and calls for a pervasive articulation of vision formed by a shared sense of our common identity, pervasive communication of the vision, and accountability to and for the vision. The Task Force believes that a nine-year vision and budget cycle, with opportunity for evaluation and amendment at each General Convention, will encourage The Episcopal Church to adopt a long-term perspective regarding mission and goals and permit it to be able to adapt more nimbly to changing circumstances. Important to the process is the recognition that mission support is most effective at the lowest possible level, the possibility of basing the asking formula on congregational normal operating income, as well as the potential benefit of aligning organizational structures at the various levels of the church., and requests additional work toward this end be included in the budget for the next triennium so that a through discussion of specific proposals can take place at the 78<sup>th</sup> General Convention of The Episcopal Church in 2015, and so that the process can inform the election of a presiding bishop at that Convention.