Questions arising from Funding a New Model webinar

Participants who joined us for one of two webinars on May 25, 2016, asked many questions about remit 4, which proposes a new funding model for the church. Panellists responded to many questions during the webinar, and here are the responses to the questions we couldn't get to.

1. How was the 4.5 percent assessment figure arrived at?

In two ways. First, there was a recognition of what "level" would be manageable by pastoral charges. Second, the level of staffing required to provide effective services and support was considered, albeit in a different manner. The principles outlined in the Comprehensive Review informed this modelling.

2. Is a flat rate assessment fair? Our Canadian tax system has a long tradition of considering that a graduated tax system is fairer.

Given that most congregations struggle to have a balanced budget regardless of their size, it was felt that a principle where everyone pays an equal percentage provided the most transparent way of "sharing responsibility" equitably across the church. This treats each donor the same, where the same 4.5 percent of each dollar given is used for the support of the wider church.

3. Please clarify the phase-in timeline, especially if there is an usually large assessment increase.

It has been recognized that some pastoral charges will experience a large increase. However, it is anticipated that, for most, the increase will be no greater than 1 or 2 percent of total budget. The intention in the three-year phase-in period is to provide time for adjustment in order to implement the principle that everyone pays at the same level within the three-year timeframe.

4. My pastoral charge currently pays $3,000 in presbytery dues. Using 2016 net revenue figure, we would be assessed at $3,696.10 under the new model. If we elect to limit that increase to 10 percent in year one, would it stay at that level for the next two years?

Yes, the assessment will be $3,300 for each of the first three years. It should be noted that this assessment model is based on the idea of everyone paying their fair share, so pastoral charges will be encouraged to simply pay the full amount right away for the benefit of the broader church.

5. Will money raised by the new formula be used to pay back debt, and is it possible to see the impact broken down by department and the number of employees affected?

The General Council and Conferences are not currently incurring debt, but are instead spending down reserves. The purpose of this remit is to establish a sustainable system in the long term built on a different funding foundation that operates within balanced budgets based on actual revenues. Specific breakdowns are not available in departments, but job loss will likely be in the magnitude of 20–40 staff across regions and the General Council Office, as determined by the financial realities.

6. When General Council budgets are prepared, who approves them?

Members of the Executive of the General Council approve the budget.

7. Has a breakdown of increased assessments been done for every presbytery? If so, which presbyteries will pay more, or less?

There has been some analysis. On a macro level, western Canada has paid significantly more in assessments than other regions in Canada. This remit is based on the idea that having such a divergence in how the church is funded is problematic, and having a more uniform method across the country would be much healthier. It is recognized that this requires transition, which is provided for in this proposal.

8. Does the new model allow regional councils to additionally assess over this assessment?

Yes, the proposed regional councils will have the power to make an additional assessment.

9. Would regional councils receive any funding from the 4.5 percent assessment?

Yes, the single national assessment of 4.5 percent would fund governance and shared services in the regions and in the denomination.

10. Will outreach ministries be assessed on their revenues like congregations?

No, there are no plans to assess outreach ministries as part of this remit proposal.

11. What will happen with a mission grant–receiving shared ministry, where the assessment has been capped for many years, or new mission church?

Those details will have to be worked out, though mission churches are currently assessed less because mission support is not counted as revenue.

12. If a church is raising money for something specific such as an elevator or a new roof, would that revenue be calculated when determining net revenue?

Annual revenue for regular capital maintenance, such as a new roof, will be included in the assessment. However, specific capital campaign contributions for something, such as an elevator, would not be included in the assessment.

13. Would spending capital from investment funds be considered revenue?

Spending down of capital is not considered revenue and would not be assessed. However, investment income is revenue and would be subject to assessment.

14. What is deducted from gross revenue to arrive at the net revenue?

To arrive at net revenue, the following deductions are taken from gross revenue: Mission & Service donations from the congregation, individuals, or UCW; other church appeals; grants for outreach work; bequests; and the sale of assets or the use of capital of investments.

15. How will communities of faith exert control on the level of governance and support funding levels? What mechanism will exist to curb spending, if necessary?

At future General Council/Denominational Council meetings, regional representatives from all communities of faith will be able to review spending before deciding what the assessment percentage should be for the coming triennium.

16. Why are there currently 30 different formulas for assessment?

Over time, presbyteries and Conferences have tried various formulas, some based on membership, some on revenue, and others on supporting households. This remit proposes a single formula that would be consistently applied for everyone.

17. If this remit doesn’t pass but remit 1 (Three Council Model) does, who will be making the assessments? Currently this is done by presbyteries, which will no longer exist.

Regional councils would be the “inheritors” of the responsibilities of presbyteries and Conferences and would have the right to assess.

18. What happens to funds currently being held by presbyteries that fund specific work, such as a local summer day camp or local program?

The purpose of these funds would continue to be honoured so that they could continue to support local mission and ministry work such as day camps or local programming.

19. The Maritime Conference building is currently being paid for out of assessments. How will that mortgage be managed under this model?

This has not yet to be decided. Options may include the broader church taking on the debt, or to consider the mortgage funding a regional addition to assessment.

20. Our church gives as much money to local outreach organizations as Mission & Service. How will this assessment take that into account?

Neither donations for outreach organizations nor for Mission & Service would be assessed. These revenues will be subtracted from total revenue to arrive at the net revenue on which we base the assessment calculation.

21. I don't see a line 32D on page 5. And where should I look on the electronic form for net revenue?

Steps are being taken to simplify the forms. Currently, "32D" is the column on the spreadsheet from the *Year Book*. It is the total of the top half of page 5 on the blue forms or page 9 on the online version.

22. What happens when a pastoral charge discovers that it has made a mistake in its reporting?

When the pastoral charge flags that a mistake has been made, it will be corrected.

23. What happens if a pastoral charge cannot afford a 4.5 percent assessment, or if it hasn't sent in its assessment for a year or more?

The phase-in concept should give pastoral charges a transition period. Special situations will have to be evaluated individually.

24. Will communities of faith that don't like the new financial model and three-council model have the opportunity to opt in or opt out if one or both are passed?

An understanding that goes back to the beginning of the United Church and that stands behind this concept regarding property is that we are a connexional denomination, not a congregational one, in terms of how our congregations are linked or related to one another for the presumed well-being of all. It is an understanding that, while recognizing our individuality as congregations, emphasizes the fact that we are "one body" in Christ. If the new financial model and/or the three-council model are approved through the remit process, they become mandatory policy for all communities of faith. There is no "opting out" provision.

25. Can the church expedite financial information sharing so that we are not working with numbers that are up to two years out of date?

Yes. Work is currently being done to improve information gathering in order to improve data quality and timing for the new assessment process.