RECOMMENDATIONS

1. **The Per Capita and Financial Sustainability Committee recommends that the 224th General Assembly (2020) instruct the Presbyterian Mission Agency, in consultation with other GA Agencies, ASG, and mid councils, to establish on-going campaigns to resource and equip mid-council leaders and elders to explain the "why" of making one's local church a giving priority.**
    a. Campaigns to be established with consideration of mid-council context and cultural requirements.
    b. Campaigns to be simple, theological, compelling, repeatable, and scalable.
    c. PMA, in consultation with other GA Agencies, the ASG, and mid councils, shall provide financial and human resources to mid-councils for an on-going campaign of engagement.
    d. Led by staff already engaged in mission interpretation, they shall explain the results of congregational support of the councils above them (currently known as per capita) that reaches mid-councils, congregations and worshiping communities, including engagement at the mid-council level that provide all members with basic information on theology, polity, and structure.

2. **The Per Capita and Financial Sustainability Committee recommends the General Assembly moderator (s) appoint a Funding Model Development team to develop, recruit, implement and provide oversight of possible funding model experiments (see appendixes).**
    a. Funding Model Development Team to be made up as follows:
        i. Two members of the Per Capita team
        ii. Two commissioners from the 224th General Assembly
        iii. Three mid-council leadership
        iv. One member each from PMAB and COGA
    b. Funding Model Development Team to receive support from staff of the OGA, PMA, ASG and the Foundation.
    c. The Funding Model Development Team would develop and implement experiments that would fund councils of the church, above the session, that would be consistent with the identified values and adaptive challenges of the mid-councils. (see Appendix A: *Hand-off Handbook,* and Appendix B: *Adaptive and Technical Challenges*)
    d. Funding Model Development Team would provide oversight of possible funding model experiments (see Aappendix A: *Hand-off Handbook*).
    e. Funding Model Development Team would report back to the 225th General Assembly (2022) their progress and any recommendations for moving forward.

3. **The Per Capita and Financial Sustainability Committee recommends the 224th General Assembly (2020) create a unified budget structure.**

a. Instruct staff from OGA, PMA, and ASG in consultation with staff of the Presbyterian Foundation to collaborate to determine a unified budget structure.
b. Instruct staff from OGA, PMA, and ASG in consultation with staff of the Presbyterian Foundation to collaborate to determine a system for allocation of unrestricted funding and of restricted funding whose purposes may align with the mission and work of OGA that honors the donor's intent.
c. These systems include but are not limited to, consideration of combining, unifying, or consolidating efforts and funding needs between OGA and PMA.
d. Staff shall present recommendations to the 225th General Assembly (2022) for consideration.

4. **The Per Capita and Financial Sustainability Committee recommends that the 224th General Assembly (2020) form a commission to unify OGA and PMA into one agency, revise the Organization for Mission and work to align the entities, boards, committees, and constituent bodies of the General Assembly toward long term faithfulness and financial sustainability of its mission with ACORP remaining as the legal entity.**
    a. Form a commission (functioning as a governing board) to oversee and facilitate the unification of PMA and OGA.
    b. The commission shall establish missional coordination and determine the strategies and priorities, across all entities, committees and constituent bodies of the General Assembly where all available dollars, responsibilities and charges are unified and evaluated to provide the best accomplishment of General Assembly goals.
    c. The commission will consult with representatives of the other General Assembly agencies, committees, and entities and their boards, including the advocacy and advisory committees, and mid councils.
    d. The commission will have the authority to review, adapt, align as necessary and appropriate the role(s) and relationships of all committees of the General Assembly, entities, boards, committees, and constituent bodies toward long term faithfulness, financial sustainability, and a unified new structure.
    e. This commission shall have the power to combine, unify, eliminate, and/or create any necessary organizational structure, including personnel, to accomplish these missional strategies and priorities.
    f. Commission shall review, address, and align the financial agreements among the Foundation, Presbyterian Mission Agency, COGA, and A Corp to support the new Organization for Mission so that each area of mission has adequate funds to sustain its mission long term.
    g. This commission shall not have the power to change the boards or bylaws of the Board of Pensions, the Presbyterian Publishing Corporation, the Presbyterian Investment and Loan Program, or the Presbyterian Foundation, but may make

recommendations to these agencies in an effort to better align the mission goals and priorities of General Assembly.

h. The commission recommendation for participation shall include:
   1. One member each from COGA, PMAB, and the A Corp Board,
   2. Two members from the Per Capita and Financial Sustainability Special Committee,
   3. A member of the Moving Forward Implementation Commission or its successor,
   4. Two commissioners from the 224th General Assembly (2020).
   5. To ensure representation, COGA, PMAB, MFIC, A Corp and PC/FS will submit the names of four possible members to serve on the commission
   6. The Moderator of the 224th General Assembly (2020), after consultation with the General Assembly Nominating Committee and the General Assembly Committee on Representation, will name the commission.
   7. Staff from the Office of the General Assembly, the Presbyterian Mission Agency and the Administrative Services Group of A Corp will provide support to the work of the commission.

i. Once the unification is finalized, the commission shall determine the structure moving forward and present the new Organization for Mission to the 225th General Assembly (2022).

5. **The Per Capita and Financial Sustainability Committee recommends the 224th General Assembly (2020) instruct agencies to determine a financial model by which overtures with financial implications whose mandates are inclusive of agencies beyond PMA/OGA to receive funding from other sources besides per capita.**

   a. Instruct staff from OGA, PMA, and ASG in consultation with staff of the Presbyterian Foundation, Investment and Loan Program, Board of Pensions, and the Presbyterian Publishing Corporation, Staffs and mid councils to create said model and present recommendations to the 225th General Assembly (2022) for consideration.

Rationale

Introduction

The 223rd (2018) General Assembly approved a committee to "provide a comprehensive resource projection analysis and summary assessment—in conjunction with the Presbyterian Church (U.S.A.) Foundation and representatives of all other agencies—of national church assets and income for financial sustainability review;" and a committee to " review the current per capita based system of funding the ministry of councils higher than the session, for financial sustainability into the next ten years. " These two committees were combined into one and appointed in March of 2019, and split the work into two teams, one to address each of the charges.

The committee was guided by the underlying value of Holy Connection, giving preference to the way in which the church reflects the interrelatedness of the Holy Spirit, and how our polity depends upon shared values and trust between parties, reflected in our governing parity between ruling and teaching elders, and the layers of councils, from session to General Assembly. The committee sought to address the charge in such a way as to build upon our connectional church nature.

As stated in the Book of Order (G3.0106), "The funding of mission... demonstrates the unity and interdependence of the church. The failure of any part of the church to participate in the stewardship of the mission of the whole church diminishes that unity and interdependence. All mission funding should enable the church to give effective witness in the world to God's new creation in Jesus Christ, and should strengthen the church's witness to the mission of God."

The committee discussed trends of mainline Protestant numerical decline, political and demographic reasons for decline, the impact of structural change in the United States on membership, and trends in American philanthropy, but determined they were either largely outside the scope of the charges approved by the General Assembly, or, given the very short timeline, would not allow the committee to complete its work by the deadlines provided by the assembly and, while important conversations to be had, were not central to the discussion.

The committee chose to focus on the current reality, understanding that there is diversity of experience, and a wealth of history that looks very different from the present.

Process
The financial sustainability team gathered audited financial statements from the six agencies and ASG, along with service and lease agreements and projections for per capita for ASG and PMA. This team met with staff from all stated agencies, with follow-up meetings with staff of the Foundation, and with the boards of PMA, OGA, and ASG (see Appendix C: *Timeline of Meetings*).

The per capita team invited mid council leaders of all 170 presbyteries and 16 synods to listening sessions. Over a period of six months, the team conducted listening sessions. Mid council leaders represented all 16 synods and 108 presbyteries (that could be identified). (For questions and responses, see Appendix D: *Per Capita Questions and Responses*). Those listening sessions were inclusive of local congregational pastors who were present at the gatherings that hosted the listening sessions. Local congregations were not surveyed systematically, since such a listening session effort would not be from a significant sample size nor would it reflect sufficient regional diversity due to the time restrictions of the mandate. We were intent on working from a genuine set of data that came directly from those most affected, as per capita giving to presbyteries is voluntary at the congregational level, but mandated to be paid to higher councils by presbyteries [BOO 3.0106 states "Each council above the session shall prepare and adopt a budget for its operating expenses, including administrative personnel, and *may* [emphasis the committee's] fund it with a per capita apportionment among the particular congregations within its bounds. Presbyteries are responsible for raising their own funds and for raising and timely transmission of per capita funds to their respective synods and the General Assembly.”]. Additionally, mid council leaders represented regional differences among congregations and mid councils.

The team also listened to the heads of the agencies and ASG, along with senior staff and staff of mid council ministries, although with less rigor, due to the time restrictions for the work, and the focus on the donor bodies (see Appendix E: *Summary of Agency Responses*). The financial sustainability team had conversations with the board of A Corp/ASG, the Committee on the Office of the General Assembly, the Presbyterian Mission Agency Board, and staff of the Presbyterian Foundation. Once we had the data and found a set of common values for any funding model, we set about looking at experiments that might benefit the whole church, not just the national council.

Sustainability

When diving deep into the sustainability issue, it has been easy to identify operational and structural changes that need to be made in order to maximize the funds and coordinate mission, ensure accountability by all associated, and monitor expected outcomes. The conclusion of this committee is that it is not simply the funding, but the separateness and organization of the national church that is not sustainable into the future. Reassessing funding is necessary, but this committee recommends a more thorough examination of the strategic utilization of the $94 million annually received that funds A Corporation.

It is our recommendation to combine, unify, or eliminate duplicated efforts and funding needs in order to work as a unified church. We encourage both coordination and cooperation by all entities so all associated funding may become more unified moving forward. Our recommendations are based on our research that indicated there are significant differences, disparities, and inequalities between how different agencies are funded as well as the use and/or duplication of those funds for similar purposes.

Currently, there is no systemic instrument in place to ensure coordination and cooperation between agencies, particularly as it relates to PMA and OGA between Assemblies. A-Corp only exists as a service provider, and there are no facilitators for the relationship (including finances or mission) at a structural level. The structure is not set up for the projected needs of a 21st century church. Additional challenges exist with separate agencies beyond PMA competitively engaging in missions. When each agency is distinct, confusion can be eliminated. However, with the current majority of the church unable to distinguish between agencies, the competition for attention means different priorities cause confusion. Additionally, the single entity that serves as an over-seeing group (such as A-Corp) could minimize duplication of funding, promote accountability of outcomes and ensure a more fair coordination of efforts that meet the needs of the whole church.

In our 200+ interviews, many in the PC(USA) are unaware of the four councils that make up the national church, and most do not understand the varying ministries and roles of the six agencies. In fact, in many responses, PMA and OGA were already seen as one entity.

Per the Book of Order (G-3.0501), We are charged to operate as one unified church constituting, "the bond of union, community, and mission among all its congregations and councils, to the end that the whole church becomes a community of faith, hope, love and witness." Based on the dialog from 200 mid council leaders, we have fallen well short of this mandate and need to seriously rethink our national structure so our mission strategy and funding strategy serve the mission of the WHOLE church.

Experiments for Possible Funding Models

While receipts of per capita have been reasonably steady in the past five years, our research made it clear that at the presbytery level, per capita as a funding model has become a burden to presbyteries over the last several decades. Presbyteries that have lost a significant number of congregations and membership have struggled to pay what is due, since the amount due is set by membership data that is two years old.

Based on listening sessions with over 200 mid council leaders in all 16 synods, most pastors and many mid council leaders find themselves ill-equipped to explain what the impact of per capita is for our shared mission at the presbytery, synod, and General Assembly levels. This financial burden becomes even more alarming when some churches pay per capita and others do not with no apparent penalty for those that fail to pay. Sustainability, in whatever form, requires that ALL churches, presbyteries and synods participate under the same guidelines. It is critical that campaigns are designed and tested to rebuild this important connection to the church and communicate giving benefits while increasing the potential for significantly improved financial support.

Many suggested looking at a percentage-based model as a system that would be "fairer", less regressive and would take the pressure off Presbyteries. Alternative funding sources need to be considered. For at least 20 years, Presbyteries have cut staff, programs, mission, office space and, at the same time, used reserves, mission giving or investments to make up the difference between collected per capita and per capita sent to the national church. Mid councils are as lean as they can be and still function. More and more presbyteries are determining they can no longer function under the current model.

Overview of Findings

Per Capita began with the need to fairly share the cost of travel and lodging for commissioners to the annual General Assembly. Over the generations use of the Per Capita funds has evolved without an in-depth review of its effectiveness in a new century.

Per capita is set by the General Assembly based on the recommendation of COGA and PMAB. At the congregational level, for most, it is inclusive of GA per capita (currently at $8.95), synod per capita, and presbytery per capita. However, there is a great deal of variation as to how per capita is interpreted, collected from congregations, and paid for by presbyteries to higher councils of the church.

In the past generation, the culture of Per Capita and Unified Mission giving has shifted due to declining membership, loss of congregations, withholding of per capita or inability to pay per capita by individual congregations, and more focus has been placed on designated or directed giving.

Four agencies were found to be sustainable because of access to resources and the autonomy to make changes to ensure sustainability, namely, the Presbyterian Foundation, the Board of Pensions, the Presbyterian Investment and Loan Program, and the Presbyterian Publishing Corporation. The other two are funded quite differently. The Presbyterian Mission Agency gains its income through (1) fundraising (Basic Mission/Shared Mission (unrestricted), designated giving from congregations, special offerings from congregations, specific appeals primarily from individuals, gifts and bequests), (2) income from investments and endowments, and (3) sales of resources, and is able to engage in mission interpretation and fundraise. The Office of the General Assembly receives income from (1) unrestricted (Basic Mission or Shared Mission) and designated contributions from congregations and individuals, (2) per capita income, (3) endowments, interest and dividends, and (4) sales of resources and program services. However, OGA's fundraising is restricted to the Presbyterian Historical Society, and the bulk of its income is derived from per capita. OGA is limited primarily to the will of the General Assembly - by requesting increases in per capita. This agency houses essential ecclesial functions of the church and the head of communion (see Appendix F: *Financial Sustainability Report* to the six agencies, ASG, MFIC, and Vision 2020).

While income to the PC(USA) (A Corporation), the legal corporation of the church that provides business and corporate services and receives all revenue for PMA and OGA, varies based on natural disasters and fundraising, it has been largely stable for the past four years as determined from available audited financials. Per capita income has been flat, overall, and over 80% of per capita is received at the national level. This does not reflect a crisis at the General Assembly level.

The signs of an unstable future for per capita show up in internal projections of per capita income based upon a 4.5% decrease in membership (see Appendix G: *Per Capita Projections*), and in the listening sessions with leaders from all mid councils.

Listening sessions with leaders from all mid councils show that while national-level receipts seem like the system is working quite well, it appears that there is wide variance across the church, and presbyteries are bearing the brunt of making up any shortfalls in congregational per capita remittances (see Appendix D).

From the listening sessions they identified the common values of a Denomination Funding Model (see Appendix D) and also identified the Adaptive Challenges related to the work and funding of the councils above the session. From these listening sessions, Values and Adaptive Challenges were identified (see Appendix B).

Mid councils are required to pay per capita, regardless of their receipts, while per capita payments are voluntary for congregations. This causes many mid councils, in order to fulfill their obligations, to cut costs over time. Many did so because they are committed to the connectional nature of the church. Participants in the listening sessions shared their commitment to ensuring per capita, saying such things as (paraphrased):

- It is our shared responsibility to the church at large.
- [Per capita is] the glue that binds us together as a connectional church; helps to educate new Presbyterians on what it means to be connectional.
- Respondent relayed a story about helping a congregation get a transitional pastor, and using the opportunity to remind the congregation that that help is funded by their per capita giving—the whole church family supporting one another.
- Sign of hope, long time members know that a portion of their giving funds the work of the wider church; goes to the greater good.

However, the feeling of being squeezed from both sides was expressed in such statements (paraphrased) as:

- Presbyteries are required to pay even when congregations don't.
- Churches aren't getting bigger, they're getting smaller, which means everyone's budgets are getting smaller.
- This constantly takes a hit on the presbytery staffing structures, their ability to give raises, etc. Meanwhile, OGA "sells" us on a method of growing our churches, and respondent hates seeing "our per capita at work" in the mid-council newsletters because nothing in those uses does anything for their particular mid-council nor their churches. They do get a high participation in per capita, but that lowers the amount of mission giving they receive. And they can no longer absorb the increases in per capita that they have to pay and that will cause them to pull back even more on the local presbytery level. Respondent is very upset that churches are not required to pay, but the presbyteries are.

Mid councils are left with a choice: reduce what they are able to offer and, along with member congregations, rely increasingly on the services provided by synod or GA, or encourage the council to be out of compliance with the BOO and not pay full per capita.

The team concluded that other models of funding may be possible that could create cultures within the mid-council communities that would help them to thrive, develop financial sustainability and provide resourcing and ministry to the congregations.

Already OGA is feeling the burden of fewer fully functioning mid councils, additional phone calls and assistance for lower councils and congregations as a direct result of what have been necessary reductions. We believe that the way to interrupt this cycle is through a release of the pressure on mid councils.

Mid council leaders want to help. However, they find the current per capita system difficult to fully interpret, given the various and many missions of all six agencies. It is confusing and time consuming to interpret at the presbytery level. Overwhelmingly, leaders said, “Can’t we have ONE cohesive mission?” Believing that money follows mission, a unified agency, with unified mission and budget becomes more easily interpreted.

Mid-councils feel financially squeezed between OGA and the congregations, which many expressed as both financially and structurally unsustainable.

Summary of Challenges

The appearance of relative stability and steady income hides the pressure on what is the actual donor to the national church. It is not the congregations, but the mid councils. While some regions pay per capita as a matter of tradition and commitment to the connectional nature of the church, others do not call it per capita, and others do not feel obligated or equipped to explain what per capita is or how it is an integral part of our shared ministry. Mid councils have adjusted the per capita they require to maintain their own budgets and ministries in order to cover the per capita that is owed, or they send on what they receive, leaving portions unpaid.

Per capita receipts do not include increases in costs, as costs do not necessarily pace with the membership levels of two years prior. The costs of doing business include salaries, events, travel, raises, Board of Pensions dues, special committees and commissions approved by the General Assembly, and materials. Per capita is also the only source of funding for costs that vary widely, such as all costs of special committees and commissions approved by the General Assembly, even if the scope of the mandate is inclusive of agencies or work external to agencies funded by per capita.

Additionally, OGA currently has only one way to raise funds: per capita. All other agencies have multiple ways to raise funds that do not require General Assembly approval. The one agency that provides eccesiastically necessary services and functions is held captive to GA and to what mid councils are able to provide.

Poor communication contributes to issues of lack of trust and collegiality with churches, and a lack of awareness among many about the ministries available to provide assistance for congregations.

Additionally, there is no systemic instrument or authority in place to ensure coordination and cooperation between agencies, particularly between PMA and OGA, or between Assemblies. ASG only exists as a service provider, and there are no facilitators for the relationship (including finances or mission) at a structural level. Additionally, mission priorities are set by biennial assemblies comprised of elected commissioners who often have little understanding of the outcome and true financial implications of their votes. This leaves staff and boards scrambling to meet the discerned needs and priorities of the body.

Appendices

Appendix A: Handoff Handbook
Appendix B: Adaptive & Technical Challenges
Appendix C: Timeline of Meetings
Appendix D: Per Capita Questions and Responses
Appendix E: Summary of Agency Responses
Appendix F: Financial Sustainability Report
Appendix G: Per Capita Projections