

Special Committee on Financial Sustainability and Per Capita Review

Adaptive Challenges For Per Capita and Financial Sustainability

As part of the work of the Per Capita and Financial Sustainability Team we were to identify adaptive challenges and technical challenges. The teams used these identified challenges to develop their recommendations and rationale.

Adaptive Challenge definition

“Adaptive challenges refer to situations where there are no known solutions to the problem or cases where there are too many solutions but no clear choices. Adaptive challenges are by nature, adaptive, which means they are fluid and change with circumstances. Adaptive challenges are volatile, unpredictable, complex and ambiguous in nature. Solutions to this type of challenge usually require people to learn new ways of doing things, change their attitudes, values and norms and adopt an experimental mind-set.”

Technical Challenge Definition

Technical Challenges are problems are easily defined, solutions are solved by the knowledge of expert and existing resources, and the implementation of the solution is clear.

*(*Definition from Leadership on the Line and The Practice of Adaptive Leadership by Heifetz, Grashaw and Linsky)*

Identified Adaptive and Technical Challenges

The following were identified by the team. This information is based on information gathered through Mid Council leaders listening sessions, financial and narrative information from all agencies and A Corp, meeting with Agency leadership and OGA and PMA staff.

Per Capita As A Funding System for the PCUSA

The History of 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.

In the past generation the culture of Per Capita and Unified Mission giving has shifted because of declining membership, loss of congregations and more focus on designated or directed giving. For a variety of reasons and in different regions Mid-Councils have had to find various and creative ways to fund their work and ministry. In a few regions Per Capita continues to function as viable form of funding. Overall in most Mid-Councils the Per Capita Funding System no longer works to provide sustainable funding streams for administration, mission and/or ministry.

We learned that the elements which many valued about Per Capita over the years has evolved or faded from the community understanding of Per Capita.

Mid Councils feel squeezed between collecting per Capita and paying per Capita to OGA. Because of several GAPJC rulings and authoritative interpretations over the last few decades, the congregational contribution to has been solidified as voluntary. The Mid council contribution to the General Assembly is not. Mid Councils have had to make difficult choices in order to comply with the mandatory nature of the Per Capita. The choices have including cutting staff or programs, reducing resourcing and support, closing office space, using mission gifts or reserves to make up the difference between what is collected and what they are required to remit.

We did identify common values about Per capita or shared funding

- Connectionalism
- Community Participation
- Fair/equitable
- Shared Mission
- Services provided that couldn't without Per Capita (CLC, judicial, GA)
- Diversity
- Theology
- Abundance
- Mutual benefit to all Mid Councils

There were many concerns shared about Per Capita Funding.

- Regressive – smaller congregations pay a larger portion of their budget to Per Capita
- No consequences for not participating in per capita
- Squeezing the Presbytery – “between and rock and a hard place”
- Seen as a “tax” on the congregation.
- Mixed feelings on whether it is equalizer or fair.

Adaptive and Technical Challenges

- Unclear use of the funds
- Lack of Communication from the Presbytery, Synod and General Assembly about Per Capita and its use.
- Lack of transparency on budgeting

Adaptive Challenges

Development of a Community funding model that represents the common values of a shared funding model and the development of a strategy for implementation the model over a period of years in order to facilitate conversation and fine tuning of the system.

Communication

We heard over and over issues around Communication. Some issues come from Mid Council leaders so overwhelmed with other issues that there wasn't time or capacity to communicate per capita. Some presbyteries just don't communicate about per capita at all for a variety of reasons. Issues of communication were expressed in the sense of disconnect between "Louisville" and the Mid Councils. Many leaders felt that their concerns were not being heard.

We identify some common concerns and patterns about communication between the mid councils and higher councils.

- Communication is lacking in understanding of the work of the Mid Council.
- Mid council leadership does not or under communicates concerns or issues around Per Capita, Budgets, and Mission Giving
- Many Mid Council leadership don't have the resources to communicate information around Per Capita, finances, budgeting or Mission Giving.
- OGA statistical reporting doesn't provide a realistic picture of Mid Council financial health.
- There is a perceived disconnect between Louisville and Mid Councils
- There is a perceived lack of transparency and/or communication from OGA/PMA on budgeting process and use of Per Capita funds.
- Communication comes from "Louisville" but there is not mechanism for communication to reach Louisville.

Adaptive and Technical Challenges

- A need to provide clear, transparent and understandable information about finances, budget and Per Capita in a timely fashion for Mid Council leaders, GA commissioners and others.
- The collaborative development between OGA/PMA staff and Mid Council leaders of a communication program/protocol that provides for input and feedback from Mid Council leadership.

- Development and implementation of Statistical Reports that captures the reality of congregations and Mid Councils.
- Innovation with Communication Technology that reflects where the culture communicates and interacts. This should include an integrated website that is easy to use, search and navigate.

PMA – OGA – Louisville are all one

PMA and OGA are separate entities within the PCUSA structure and with mostly separate funding systems. The perception from many Mid-council leaders and most congregations is that PMA and OGA are one entity housed in a big building in Louisville.

We identify some reoccurring patterns and comments about “Louisville”

- Lack of distinction between the two entities
- Perception that there is a “power struggle” between OGA and PMA
- Louisville is not in touch with modern technology or applications of technology
- Per Capita covers the cost of all admin of entities within the Louisville office
- Some Mid Council Leaders and many congregational leaders do not see a difference in the two entities. Or they wonder why there are two entities.

Adaptive and Technical challenges

- Create a structure or plan where the two entities work together on shared projects, administration, resourcing and resources with the outcome of PMA and OGA working together as one unit.
- PMA and OGA along with the appropriate agencies or entities work to develop a plan over the next years of PMA and OGA becoming one agency/entity.

Budgeting

Many concerns were raised over the budgeting process for the PMA, OGA and for Mid Councils. There were also concerns over the use of per capita for PMA, the lack of clarity on use of Foundation funds, the lack of other revenue streams for the OGA and the perception that there is little communication between the OGA and PMA when it comes to budgeting. Most expressed confusion on how A Corp relates to the budgeting process and how they interact with PMA and OGA and other agencies. From the financial sustainability review concerns were articulated the overall budgeting process and the lack of clarity within the process.

We identified many concerns and questions about the OGA and PMA budgeting process.

- Lack of clarity in use/spending of Per Capita money
- Lack of understanding on how the OGA and PMA plan their biannual budgets. Perception is that it is haphazard and lacks any protocols or process.
- Confusion on use of reserves for unbudgeted projects/programs
- Questions about use of funds for programs that are similar.
- Lack of understanding of how PMA designated funds are different from Per Capita, different from Unified Mission Giving, different from Special offerings and so forth. Most see budgeting and funds go to "Louisville".

Adaptive Challenge

- Development of Budgeting process for both agencies that is transparent and timely and the budgeting process be communicated in a timely fashion.
- OGA and PMA work with other agencies, as appropriate, to develop other streams of revenue to fund the work of OGA and PMA.

Pandemic Update: Additional Adaptive and Technical Challenges have been identified specifically related to the Pandemic.

- The definition of and meaning of membership – The definition of membership in the church is being questioned with people engaging with the congregation that live away from the particular congregation's location. What is membership in the pandemic and post pandemic environment and what does it mean to be engaged with life of a congregation.
- Pastor and Congregational Leadership Development – Pastors and Congregational leaders found themselves in unknown and unfamiliar territory during the pandemic and are concerned and anxious about life after the pandemic.
- Post Pandemic Church in a Digital Season – How will the digital world continue in the post pandemic environment.
- Post Pandemic Financial realities – At this time it is very unclear and causing significant anxiety what the financial reality of presbyteries and congregations will be in as we near the edge of the pandemic season.