Finance overview for the Regional Church Council

Christian Church in Ohio July 15, 2018

Let's start with the hardest of hard numbers for the Ohio Region:

2016	In	713,194		(Five months figures)	
	Out	795,397	- 82,203		
2017	In	820,667		139,449 (to 31 May)	
	Out	842,141	- 21,474	342,186	- 202,737
2018	In			181,668 (to 31 May)	
	Out			273,151	- 91,483

2017 shows "increased" income, but this is mostly due to the revised formula of 70% to the region from June 1, 2017 from the standard (for Ohio) 40%. This decreased to 60% as of June 1, 2018. Currently, ***total*** Disciples Mission Fund (DMF) giving year-to-date is 30% lower than the same period last year; variability in the DMF giving from congregations across 2014 to 2017 makes it difficult to create reliable projections.

Giving projections are one of two key variables in planning a future course for the Ohio Region; the other being Camp Christian's ability to generate revenue as well as controlling costs. The giving variables include five elements – basic DMF giving by congregations to the wider work of the general & regional church (now at 60% to regional budget, 40% to general ministries), the Christmas Offering from individuals in congregations to the regional budget at 100%, the Leadership (annual fund) campaign for the region, 1 in 1,000 (annual fund) campaign for Camp Christian, and designated giving for Camp Christian.

As you can see below, total DMF from Ohio churches is unambiguously down.

2014

$103,542	DMF		
$ 13,541	Christmas		
$136,754	Designated Operating		
$ 70,899	Week of Compassion		total $324,736

2015

$134,302	DMF	^ 30%	
$ 18,002	Christmas	^ 33%	
$ 86,278	Designated Operating	V 37%	
$ 64,426	Week of Compassion	V 10%	total $303,108

2016

$186,330	DMF	^ 39%		
$ 22,896	Christmas	^ 27%		
$145,147	Designated Operating	^ 68%		
$ 69,141	Week of Compassion	^ 7%	total $423,514**(pg. 3)	

2017

$ 96,540	DMF*	V 48%	
$ 11,345	Christmas	V 50%	
$ 84,249	Designated Operating	V 42%	
$ 65,782	Week of Compassion	V 5%	total $257,956

2018

$ 67,375	DMF*	V 30% (vs. same period last year)
$ 18,695	Christmas	^ 65% (ditto)

*DMF to Ohio is 70% from 6-1-2017 to 5-31-2018, up from 40% previously

A further challenge in projecting on any but the most restrictive assumptions is the status of congregational finances in the Ohio Region. Before I outline my concerns in this area, I will note that there are three major objections raised to this limitation. Objection number one is that negative giving trends can and should be seen as a statement of mistrust between the churches and the region, and until trust is restored by confidence building measures and those are clearly communicated to the churches and clergy, giving will continue to be constrained. That objection has to be seen in light of a very long trend line downwards; it is possible that this all reflects a long term lack of trust in regional stewardship, but that would also imply a depth of mistrust that will take at least a longer period to restore than one year, or even two. There's also an open question about why the many confidence building measures shared with the region over the last year and on a monthly or more basis have only resulted in a greater decrease in giving.

A second objection to constrained income projections is that we've done very little in terms of development work to invite increased giving over the last decade and more. Or in other words "we haven't really asked for much, so that's what people have given." There's strength to that question that's appealing, although it still leaves unanswered the capacity of our giving units to respond to an appeal. This leads directly to the third common objection to a pessimistic view of future income, which is that we are too focused on church and individual giving for regional income, and that we need to explore alternative sources of income. This writer would never reject the idea that Camp Christian or even regional operations could realize new sources of income from beyond Ohio Disciples, but he and others in regional leadership would note that this is a common hope of non-profits of many sorts, seeking grants and foundation gifts and outside engagements to support the budget – but it is shown again and again, in arts, education, social service, and faith-based organizations, that unless your core constituencies will give consistent support to the mission of the organization, you will struggle to maintain operations at previous levels. Operating costs famously are not going to come from grants and similar sources of funds; what they do is open up areas of new engagement that allow you in the process to grow your core constituencies or membership, from which you then start to gather in direct gifts for longer term support.

So even with a highly optimistic expectation of stewardship education and donor development engagement over the next few years, along with cultivation of external sources of income, the challenge is to accurately forecast what member support will be as a solid baseline for the next two years of operations. That's what we have existing relationships to count on and standing data to work from.

Like most of our member congregations in relationship to their own membership giving, we are dependent on a relatively small number of congregations for a significant amount of our income. Three churches are almost a quarter of our DMF/Christmas Offering income, fifteen are close to half of the total amount. An anomaly in the figures above (**) is due to one church, the single largest in fact, making their primary gift to DMF (and I presume their Christmas Offering remittance as well) for 2015 in 2016, so they basically show up as giving twice in 2016 and not "at all" in 2015, so the numbers reflect a bulge in 2016 that of course does not recur in 2017. Other special one-time gifts make it complicated to compare across years and project forward, but digging into the details can help make trends clearer.

The facts of the matter are that across three capital campaigns over thirty years, we have seen that congregational giving to the region has tended to be a zero-sum game. Part of what made the results of the region's "Keep the Fire Burning" campaign so confusing was that in usual practice, a well run three year capital campaign brings in pledges and gifts and at the same time increases regular ongoing support. This was not the case for our campaign. The goal was not reached (we were about halfway when it was concluded five years on) and gifts to the campaign appeared to directly impact regional/DMF giving; additional special gifts had to be solicited to attempt to balance out the regional budget.

By 2006 these impacts had stabilized, and staff was added with plans to better utilize Camp Christian for income on that side of the budget as well. Those steps resulted in a better balance and relative increases in giving into 2008 (a year that's as close to "even" as we've had since 2000), but the global financial crisis at the end of 2008 cratered our investments, and those of everyone, including of course our churches. 2009 showed a shocking decrease in the value of our investment holdings simply due to market devaluation, and also a sharp drop in giving to DMF and other regional funds.

While those decreases stabilized, they did so at a lower level of income, and with a distinct downwards trend continuing. Laid alongside of a steady decrease in number of reporting churches, number of DMF contributing churches, total membership, and average worship attendance, it makes sense that in general giving would decrease as well. And that is giving to churches decreasing, not just to the region.

Using the 2001 and 2017 Yearbook information for Ohio, showing the year end numbers for 2000 and 2016, we go from 36,522 to 18,897 in participating membership; 17,733 to 8,464 for average worship attendance; $874,620 to $412,323 in DMF from churches; $1,919,148 to $1,242,742 in “Total Disciples Outreach” which includes areas like designated gifts to Camp Christian and Week of Compassion, two areas that churches with discontent towards the region have shifted giving to -- and perhaps most significantly, “Local Operating Receipts” went from $21,978,231 to $18,601,552.

All of those key measures decreased. They did, in fact, decrease by different amounts, at varying rates. Participating membership in total for the region’s churches decreased over 48%, while average worship attendance declined more than 52%; DMF giving declined almost 53%, while all Disciples outreach giving “only” went down 35%. We also went from 147 to 114 “reporting” churches in Ohio during this period, and in 2016 less than a hundred of those gave to DMF (less than 90 in 2017).

Local operating receipts went down just over 15%, and this is the basis for the (in my opinion) too often made claim that congregations are “selfish” in their stewardship of missions giving. Speaking as a parish pastor myself, what these figures alone don’t include would be the increased operating costs of congregational life, especially regarding personnel costs such as health care insurance. Yes, regional operating costs have increased in the same areas along the same time period, but the fact that churches are paying their staff costs first shouldn’t be surprising. “Spending it on themselves” is not an accurate summary of how congregational giving has changed.

In fact, a very interesting counterweight to that view: “Local Capital Receipts” went from $5,690,878 to $5,668,900 over that period, which is basically what the churches spend on their physical plant. It has remained effectively the same across our region through this period of overall decline (though an increase per church property due to the decrease in the number of participating congregations).

For 2016 DMF from churches, 40 top congregations contributed 70% of the total. The top 40 in 2000 were 50% of the total, showing a certain shift towards a smaller number of congregations giving a larger percentage of the total. Focusing even more closely, the 2000 top 6 were 24% — the top 3 were 14% of the total DMF giving; in 2016 the top 6 were 43% — the top 3 were 32% of our DMF contributions.

Spot checks of the congregational giving data for intervening years shows that some of the most dramatic decreases by the leading contributor churches happened in the first half of the period under review here, but with declines continuing steadily from

2009 through this 2016 and the 2017 data available. Overall, congregational capacity has decreased throughout this period.

An additional complication for this writer in making forecasts: the process of explanation and interpretation over the last year of the region's financial plight has led me into a number of conversations with parish ministers who have shared with me that, in fact, their congregations are spending into named and permanent funds, operating on a deficit basis for many years, and reaching an end of even the "non-spendable" reserves they realize they have been spending. I have offered what advice and counsel I can as to how they can present such information to a leadership/governance group like their elders or trustees or church board, and how to start a plan back towards stability. Usually, the next part of that conversation is about how they can go about cutting staff, and what that means for them and their ministry; it tends to include an expectation that the minister will have to accept cuts to salary and benefits as well.

While this is not the case for all or even a majority of the forty "top DMF" congregations, it is a significant percentage of them. Call it a dozen. And if at least of a third of the churches that are currently providing 70% of the DMF income are experiencing deficit balance sheets and internal financial stresses over past expenditures and deferred maintenance, this is a serious brake on any enthusiasm I can muster for near-term fiscal improvement.

It is for the reasons stated above I would recommend that any plans moving forward be based on a likely **$250,000** net income for **regional operations**, and **$325,000** for **camp** net income. This **$575,000** total Ohio Region income is markedly less than the stated $821,000 net income from 2017, and even the $713,000 net income from 2016, but as we work back towards the 40% share of DMF to the region, and look candidly at trends and immediate prospects for congregations at the heart of our common work, I believe that the most solid basis for our planning over the 2018-2020 period will rely on no more than **$575,000** in total income. Receipts beyond that amount, should we be so blessed, should be used to help close out some of our other sources of indebtedness both external (mortgage) and internal (trust/permanent funds).

And I would close this otherwise gloomy forecast by saying I see $575,000 not as a ceiling, but as a floor. A solid floor on which we can gather, meet, dialogue, discern, and pray together so that our plans for growth and vitality and outreach and missions can extend from that basis to increased possibilities that are already appearing on our horizon.

Respectfully submitted,

Jeff Gill
Regional Records Researcher