



The following blogs are by The Rev. Loren Mead, founder of the Alban Institute and instrumental in urging the formation of the Consortium of Endowed Episcopal Parishes. As a statesman of the Church, he wrote the following Blogs for the Consortium in the Fall of 2011 as a way of encouraging future leaders of the Church to look at the financial issues that face all of us both now and in the future.

With the recent numbers in from the Hartford Institute for Religion FACT 2010, on the more rapidly declining numbers in the Episcopal Church, these perspectives become even more urgent. If you are interested in following up with Dr. Mead about any of the issues he raises, he would be delighted to enter into conversation with you. [lorenmead@aol.com](mailto:lorenmead@aol.com)

- 1) The Truth About Numbers: Denial is Not a River – p.2
- 2) Dependence on Aging Donors – p.4
- 3) Deferred Maintenance – p.6
- 4) Is there a Shortage of Priests? Or of Salaries? – p.8
- 5) The Truth About Dioceses – p.10

### Blog #1, Autumn, 2011

#### THE TRUTH ABOUT NUMBERS: DENIAL IS NOT A RIVER....

In a recent study published by the Presbyterian Endowed Parish Network, they reported a drop in bequests over the last several years. I asked Cynthia at the Consortium if the same were true of Episcopal Churches. But reports of financial things from denomination to denomination are almost never comparable. The Episcopal Church has tried HARD to make definitions the same from place to place, but there are gaps. Statistics are gathered locally using precise formats for the annual reports, but who can tell how the local people decide what to count? What IS a 'member,' for example? Someone who's confirmed or not? Somebody who comes to church or whose momma and daddy came to church in the 40's? Somebody who 'transferred in' (a strange description that used to be current in the 50's but that isn't even known about by many younger folk)? Somebody who was confirmed here but hasn't been seen since he or she left for college 20 years ago? Most places I go, the "number of members" is a fiction, counting different things based on what people were counting years ago -- with few subtractions even for deaths and none for people who just 'haven't been around.'

The financial data Churches report is equally uncertain. I used to say that the 'attendance' figures were the lies the church ushers told and the 'contribution' figures were the church treasurer's lies. Just try to find out how many pledgers pledged last year and are current this year? Bequests? How are they handled? One 'high steeple, important parish' I know for years treated bequests as windfalls and spent them up on important repairs or projects.

And that's just within the Episcopal family! Each of the other families -- Presbyterian, Methodist, Congregational, etc -- has their own system and set of definitions. Presbyterians DO have the Presbyterian Foundation that tries to ride herd on such in the denomination -- but it's not trusted in many arenas (When I was trying to locate Presbyterian congregations with endowments I had to go through their national figures and try to guess why a parish had a much higher income or outgo in comparison to "pledged income plus donations). Methodists tend to have conference foundations in every conference, and in my experience many congregations tend to hide their endowments from the conference. And all of them ignore 'inflation,' rarely giving comparable figures 'adjusted for inflation.'

So dealing with finances and membership, each denominational family has its own private language, and each is not stated in ways that one can compare with its own record or that of those outside the family. My conclusion-- DENIAL. Nobody really WANTS to know what the facts are. If we KNEW what the facts were, it would scare us to death. Not only THAT, but we'd HAVE to start trying to be responsible.

Take budgeting for example. Almost EVERY Episcopal congregation under-budgets by about 25% (their budgets should be about 25% higher to truly cover their costs -- especially upkeep of property, paying living wages to staffs, funding un-funded liabilities, and setting up reserves for the future). I tried to name some of this in one of my more recent books, FINANCIAL MELTDOWN IN THE MAINLINE, but I don't think many Episcopalians paid any attention to it. Big issues facing every parish I know are these:

## Blogs by The Rev. Dr. Loren Mead Autumn, 2012

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- 1) Dependence on aging donors (most major donors are over 60 now - what do we do 20 years from now?)
- 2) Lack of strategy of securing and growing new donors
- 3) Deferred maintenance (hotels renovate their buildings every 10 years -- when were YOUR buildings renovated?)
- 4) Inflation is rapidly decreasing the number of parishes who can pay a salary and benefits for a priest
- 5) Escalating costs of dioceses and diminished funds from their parishes
- 6) Continually escalating elements in our budgets -- medical insurance, legal costs, etc.

Now. I bet you're sorry you asked! But maybe you see some of why I have such a stake in the Consortium. It won't fix ANY of these problems, but endowments will give parishes that have them a little time for the major changes that lie in the future for all of us. Churches without endowments will hit the wall faster and more catastrophically.

<http://www.presbyterianendowment.org/presbyterian-bequests-2010>

And here's the link to their graph:

<http://www.legacycongregations.org/PCUSA%202010%20Bequest%20Stats.html>

- *The Venerable Mead*

### **Blog #2, Autumn, 2011 DEPENDENCE ON AGING DONORS**

I was teaching at Lake Junaluska in the mountains of North Carolina some years ago – it's the Methodist conference center like – but much larger than – Kanuga. I'd been asked to share some insights from my book, FINANCIAL MELTDOWN IN THE MAINLINE.

At the break, a pastor came up to me with a worried look on his face. After opening pleasantries, I said something like, "You seem to be worried or concerned. Was it something I said? Are you all having financial difficulties?"

"Well, no," he replied. "Not at all. We've got great givers and a good spirit, and we're usually in the black."

"Congratulations," I replied. "Lots of people I talk to are having a pretty hard time. What's going well where you are?"

"Well," he replied, "I've got to admit that what you said shook me up a bit. You see, my highest giver is really generous – pledges over \$20,000 a year. By himself he puts a good solid floor on our budget"

"Count your blessings," I said. "What are you worrying about?"

"He's 93." He said.

You get the point, I'm sure. Our financial systems in our congregations and right on up the ladder depend on the faithful, one by one, voluntarily deciding to be generous to his church.

In my teaching that day in North Carolina's mountains, I was trying to help people look way down a tunnel, and I was trying to let them know about a train that had entered the other end of the tunnel and was headed our way. That pastor saw a light down there.

Most of our parishes are having stressful times 'making the budget.' Some are lucky enough or smart enough still to be in the black year after year. Like that pastor.

But he realized in that anecdote I shared the uncomfortable fact that so much depended on a giver – or many givers – who are aging. Most big givers are among our silver-haired saints, and they have known generosity as stewards from Sunday school years and they plan to continue right up to when their casket is carried out of the church.

The fact is that we've become more and more dependent on that older generation – and we don't think about it.

## Blogs by The Rev. Dr. Loren Mead Autumn, 2012

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Think about those generous people. They face years in which they are retiring. Many may move to another place to cut back on costs or find a less stressful kind of life. Some of them are entering years of increased illness, and eventual death. What they can give is likely to change. Even if they're not 93.

So, the first fact I encourage parishes to look at that they don't generally look at is this – quietly think about your parish leaders. Name 6 or 8, or 2 or 3, depending on your parish size – where will they be five years from now?

The point is simple. The church, overall, has become dependent upon the income from a population that is getting older each year. That income is certain to decrease in a few years, and one day it will cease.

Point number one: recognize this about yourself and your parish. Think about it. That locomotive is already in the tunnel. It may be an express train, or it may dawdle – but it's in the tunnel, headed your way.

Point number two: get some leaders in the parish thinking and scheming about what this means for you (later blogs will have an idea or two to kick around).

Meanwhile, be grateful, enormously grateful, that you have been privileged to be associated with such wonderful, generous people in the meantime. Take time to thank them.

- *The Venerable Mead*

### **Blog #3, Autumn, 2011 DEFERRED MAINTENANCE**

I hate to admit how many times I've gone into a parish church and been embarrassed by the condition of the place.

What do I find? The space is often grim. Dark. Not always well-kept. Often with great piles of equipment or other stuff just crammed here and there. Light switches that don't work. Doors locked where nobody knows where the keys are.

That's not the worst. Often it's clear the furnace or the air conditioning is on its last leg. Windows are stuck and haven't been cleaned in a long time. Paint is peeling and obviously old.

Why do we do this to our buildings so often? Honestly, part of it is because we really do feel other things are more important – getting the educational program going; making sure the outreach commitments are being met.

Let me state it differently – to people in congregations that are trying to learn to use their endowments more creatively.

Your buildings **ALREADY ARE YOUR MOST PROMINENT ENDOWMENT**. For most of us, our church building was built by faithful people of the past – sometimes from several generations ago. People – like us – built this church with pride and sacrifice. They handed it on to their next generation and then on to ours.

And we have dishonored that gift of sacrifice and commitment. We've burned up its value, not taking care of it as it was given – and never really thinking how what we should add to what was given us.

We've let our buildings deteriorate.

We've wasted the gifts of those who went before us.

Look at your local hotel. Most of them plan to renew their buildings every 10 years at the most – fully repainting, fixing up, and even getting new furniture. They consider that simply the cost of doing business.

Most churches do not budget funds to keep their buildings in decent repair. This is not the 'cost of doing business,' if that image bothers you: it's the cost of honoring the gifts of former generations. In my estimate – most parishes work with a budget that's 25% below actual cost, and they make up that 25% by several strategies – letting maintenance be neglected; by under paying professional staff; and by stealing from Peter to pay Paul.

Our buildings are the keystone resources to support our ministries – they are our infrastructure and our capital.

## Blogs by The Rev. Dr. Loren Mead Autumn, 2012

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In most places we are burning up the endowments we've been given, letting our physical plants deteriorate. If we did that with a financial endowment, we'd say we were being fiscally negligent. The lawyers on the vestry would be on our case ASAP.

We know it's irresponsible to spend up the capitol in our endowments – we are just as irresponsible with letting our endowments of buildings lose their value. Where are our lawyers when we need them?

We need to budget adequately to care for the gifts of previous generations of stewards. Beginning this year.

- *The Venerable Mead*

### Blog #4, Autumn, 2011

#### IS THERE A SHORTAGE OF PRIESTS? OR OF SALARIES?

Is there a shortage of clergy in the Church?

People have told me for years about how we need to see that more people are called and equipped for the ministry. Whenever I asked about it, if I were impolite enough to ask, I was told of the many congregations in the diocese who had no clergy, or who only had one when they'd had three a decade ago.

If I pursued the issue, I'd be told we needed to beef up – 1) seminary enrollment; 2) the leadership of the bishops; 3) the dedication of parish education leaders; 4) the work of college chaplains; 5) the 'clergy calling process'; 6) the church's 'spiritual leadership;' 7) clergy salaries.

When I switched roles and started a non-profit organization to work with the churches (it was called the Alban Institute), I learned more about the issue.

First simple thing – I learned that if I wanted to hire somebody to do something for the Institute, I had to PAY a heck of a lot more than the employee got to take home. I mean, I had social security to pay, unemployment insurance; if the person was a clergyperson I had to pay something on 'housing', and clergy or lay, pension costs. So the money I could offer to pay for the job turned out to be a lot less than my employee took home in the pay check. I'd try to hire somebody and I could only offer, say, \$40,000 a year (it sounded like a lot to me, but it's peanuts in middle-class America these days). That's what my potential employee would think. But I'd scratch my head because I knew he/she would GET just that much, but I'd have to PAY maybe \$65,000. What the church has to pay a clergyperson is a lot more than that clergyperson receives in a monthly check. Parishes have to face that every time they hire clergy. That was learning number one.

Second thing I found out was that the situation had changed radically since I came into the clergy. I came in when jobs and clergy were somewhat in balance. I came into the church employment system when there was a numerical shortage of clergy. (In 1955, the Episcopal Church had 7,400 'clergy,' and 7,400 'parishes' – by whatever definitions that writer was using. But in 1995, there were, 15,000 'clergy.') The number of clergy had DOUBLED; The definitions ARE imprecise, but even with that – WHAT a change! In a relatively short time – 40 years.

The problem was no longer a shortage of clergy; it was a shortage of JOBS for clergy – or, to be precise, SALARIES for clergy. One-pastor churches had changed to 'half-time clergy' or 'part-time' clergy; three to five-pastor congregations had changed to one or two clergy; and many part-time clergy no longer had anything more than occasional opportunities for service. And every judicatory head or bishop was aware of able people in the wings, eager for a job, already trained, and often quite able.

## Blogs by The Rev. Dr. Loren Mead Autumn, 2012

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Meanwhile, parish JOBS were changing, too. Clergy had to deal with many changes in society – from a time when parish volunteers handled many parish ‘jobs on a regular basis,’ but now those volunteers – particularly the women – had migrated into full time professional jobs elsewhere. So jobs lay leaders used to fill had to be covered by the clergy, or done differently. Which meant the clergy JOB changed – from ‘managing and deploying lay volunteers’ to figuring out how to re-design and manage a new kind of personnel system. And pay for it. More change, probably, than they’d been trained for or had wanted or expected.

The ‘clergy’ job became more intense (more communicants per clergy staff person, more program responsibility per clergy staff person) and more expensive (as costs escalated and income often didn’t keep up).

One bottom line – fewer and fewer local congregations could afford to pay what it cost to ‘keep’ a full time clergy person. That has been a net decline of paying jobs.

Another bottom line – more and more stress on the clergy who HAVE full time jobs, and pressure to take on more things and learn to ‘manage’ instead of to ‘do.’

Another bottom line – more and more pressure on Episcopal and judicatory offices and staffs to cover the gaps and supervise a more stressed out community of clergy. And trying to help congregations transition to fewer – or no – clergy leadership.

Another bottom line – more and more pressure on systems of theological education and continuing education – the “market” for which they prepare clergy has a harder and harder job generating salaries for graduates, and the jobs those clergy head toward are requiring skills and abilities that are outside the skill sets seminaries are accustomed to teaching. Or equipped to teach.

Those issues are part of a major challenge in front of every congregation and every clergyperson now and for the foreseeable future. At the heart is the problem that we don’t have a shortage of clergy, (even though there is ALWAYS a shortage of the highest quality of clergy leadership). What we have now is a church-wide lack of the financial ability to pay for the trained leadership we’ve committed to training already. And a need to extend the range of skills of those we are training.

Inflation and loss of donors is rapidly decreasing the number of parishes who can pay for the salary and benefits of the clergy they feel a need for.

Changes in society have shifted how local congregations work, requiring new skills and new flexibility in those in clergy roles. Neither judicatories nor clergy training at present seem able to meet the challenge.

- *The Venerable Mead*

### **Blog #5, Autumn, 2011 THE TRUTH ABOUT DIOCESES**

This issue is larger than ‘the diocese,’ but I figured that naming the blog this way will ensure that a lot of people read it! This is about that regional body that all denominations have whatever they name it. Functions vary somewhat – but for our purposes it is that church body located right next to the local congregation. It’s where bishops and executives and such like work, trying to hold together the disparate themes of church work and support the congregations and clergy.

Everybody in churches has a picture in our heads about what the body is, how it works, what we think our relationship to it is. In many cases the picture is a myth, and in fact things have changed so much that even the myth no longer connects very well with what’s going on the ground.

First – the picture. It’s fictitious, in most cases, but it drives how we think. Every diocese, in our Anglican myths, exists to support and strengthen ministry in the area, primarily by strengthening congregations. That’s the goal, the purpose. Note the assumption that may or may not be true: that most congregations are actively supporting ministry. Note the ‘left out’ problem of ‘ministry’: What precisely IS it, and how do you determine how a parish’s program really adds up to ‘ministry.’ And how, pray tell, do you ‘strengthen’ it or ‘make it more effective.’ The definition in our clerical institution focuses on being sure a theologically trained and ordained priest is appointed to lead it. Indeed many denominational regional offices operate primarily to be sure that a rightly licensed clergyperson is in place in a congregation – the assumption being that if that is true, then authentic ministry will result.

In many places that assumption is questionable.

Second – the relationship. Every diocese is made up of congregations (parishes, missions, etc), each one of which provides it’s ‘fair share’ of the costs of the diocesan infrastructure (the bishop, the staff, the headquarters, the ‘diocesan’ mission activities, and the diocesan ‘fair share’ of the costs of the national infrastructure, including the national and international mission activities. Each denomination has its own way of quantifying and administering this ‘assessment,’ from systems that seem almost like ‘dues,’ to systems that approach ‘begging.’

It doesn’t work that way. In fact, most parishes do not pay the proportionate ‘fair share,’ partly because most parishes cannot come up with it on top of whatever the clergyperson costs. Many try heroically, and some do; but more and more can’t make it. Indeed, some dioceses recognize the fact by quietly adopting financial plans that expect more of the larger parishes. ‘More’, that is, than a strictly defined share. In the final analysis, most diocesan budgets are primarily funded by a very few parishes who can and do carry the bulk. Sometimes 5 or 10 parishes carry the load for the diocese. And often the diocese or judicatory has already fudged the figures, suggesting a budget that already accepts underfunding of real costs.

## Blogs by The Rev. Dr. Loren Mead Autumn, 2012

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Carrying on the myth of democracy, we come up with a system that was called the ‘rotten borough’ system of parliamentary representation in 17<sup>th</sup> and 18<sup>th</sup> Century Britain, vastly over representing rural areas and under representing heavily populated areas. In voting on budgets the small congregations are usually given more weight in the decisions than is really proportional to their size. Further skewing the representation issue in the clerical direction – usually all clergy get to vote and a few lay representatives do the same. And, clergy are paid to be at the meetings where the vote is taken and laity are not – so decision-making is done at meetings where clergy are present and voting disproportionately. Double that dynamic with the fact that the largest cost of congregations usually involves personnel costs – with the primary personnel in the budgets are voting on minimum pay and fringes for themselves. Clericalism is built into the structures.

In such a system, it should be no surprise that the financial underpinnings of the diocesan structures are having trouble.

Budgets are hard to work, when the ‘large’ parishes find themselves pitted against the ‘small’ parishes – when the controversial issues facing dioceses are – these days – often issues that ‘city and suburban’ residents see quite differently from residents of rural areas (issues of marriage, sexuality, environment, etc.)

It is also true that how we do church today at the diocesan level often includes roles and expenses far beyond what we experienced even in our own memories – the definition of ‘diocesan headquarters’ now includes costs for a building to house a staff. A ‘diocesan staff’ often now has multiple professional associates, not just a half-time secretary.

In more and more cases, very small dioceses find it difficult to fund a diocesan budget. In the flush of baby boom growth in the 40’s, 50’s, and 60’s we added and subdivided dioceses across the country. We may soon have to make way for consolidations of dioceses and even for bishops going back to being rectors of parishes.

Anybody elected bishop or executive of a diocese, presbytery, conference, classis, or whatever today can know this – he or she will probably have less staff than the predecessor; there will be less flexibility in choosing program direction that was true a decade ago; and the requests for help will be sharper than they were for the predecessor. Not only that, the newly elected person will have immediate needs for management skills, fund-raising skills, and conflict management skills that he or she probably does not yet have.

This blog is not to describe changes that must happen – but simply to make a bit clearer how and why the ‘old’ system is creaking a bit. And point to some spots that need attention.

- *The Venerable Mead*

