

SYNOPSIS

The Allotment Task Force (2007) appointed by Bishop Fred Hiltz in September 2006 was tasked with the responsibility to review the current system of Allotment in the Diocese of Nova Scotia & Prince Edward Island and to make recommendations for its improvement. The Allotment Task Force (ATF) met over a 14 month period during which time consideration was given to a wide variety of submissions from within and beyond our own Diocese.

For the most part, issues and concerns related to Allotment within the Diocese are due to trends throughout the Diocese – declining numbers of parishioners, aging congregations, aging buildings and rising costs. Frustration around these issues in parishes leads congregations to blame Allotment for their hardship.

The total Allotment required to be received each year is driven by the requirements of the diocesan Budget. Parishes are not involved in the budget process so congregations want to know how their Allotment money is used and to be reassured that there is value in their efforts to raise money for Allotment. The process of applying for exemptions is felt to be onerous.

The overarching conclusion reached is there is little change which can be made to ease the burden of Allotment on parishes without a major reduction in the size of the Diocesan budget.

ATF determined from its study that the present Allotment system serves the Diocese and its parishes extremely well providing, through the Basic Exemption a desirable level of equity among parishes. Congregations will welcome the recommendation that Maintenance and Capital costs be exempt of Allotment. This change will reduce the paperwork required by parishes in regard to present related procedures and will remove the need to receive prior approval for work undertaken.

ATF strongly recommends to Diocesan Council that high-priority be given to developing plans which will lead to immediate reduction of the Allotment Rate to 15% with a compliance rate of 100%.

INTRODUCTION

The Allotment Task Force was appointed by Bishop Fred Hiltz in September 2006. The objective of the ATF was to pursue a fresh approach to allotment that would be easily understood, widely accepted, and based on the capacity of each parish to meet its

obligations. From these objectives, the ATF created a Terms of Reference for their work. (See Appendix #A: Terms of Reference)

Meetings took place on a regular basis through the winter and spring of 2007 and reconvened again in September 2007. Focus of the work was broken into areas:

1. Revision of the present allotment system in a way that addresses the concerns of parishes
2. Consideration of the implications of decreasing numbers of parishioners, aging buildings and increasing costs
3. The reality of Diocesan non-discretionary costs and the sustainability of the present Diocesan and parish structures.

The following process outlines the various aspects considered throughout the project period.

PROCESS

Review of Geoff Jackson's Discussion Paper re the Allotment System

Geoff Jackson met with ATF to provide details of his Discussion Paper for the Diocese. Upon review of the material, ATF found the following:

- This Discussion Paper recommends all parishes should pay at the same rate. ATF believes this is not appropriate for the Diocese of NS & PEI where there is a desire to bring equity between affluent and less prosperous parishes
- The Discussion Paper indicates that a minimum level of income is needed to run a parish is between \$100,000 and \$120,000. At that rate many parishes in the Diocese of NS & PEI would not be viable.
- Concern was expressed about the language used in the Discussion Paper – i.e. “mandatory” could be softened to “full participation”
- *The Diocese of NS & PEI already does all but a few of the things noted in the Discussion Paper, such as a standard percentage rate for Allotment*

ATF felt the Diocese of NS & PEI could not handle such a fundamental system as it does not allow for the variety of needs and issues across our varied parishes. There is a preference for our present system over the Jackson system.

However Geoff Jackson does raise matters which the Diocesan Council needs to seriously consider – that of 1) initiating discussions on Allotment which is being done through the work of ATF and 2) the concern that the Diocese is not communicating well with its stakeholders.

Review of Elizabeth Pooley's Paper 'Allotment Review: A Radical Proposal'

Elizabeth Pooley asked ATF to consider whether dissatisfaction with the Allotment System is itself the problem or rather a symptom of some other underlying problem – parochial isolation, ignorance and distrust of the Diocese. If the latter is true, she suggests that simply changing the system will not take care of the real issues. (See *Appendix #B: Allotment Review – A Radical Proposal*)

In order to review the system of Allotment it is essential to begin through consultation with parishes. She goes on to recommend that if education is undertaken as an essential part of allotment reform, it may be effective. She recommended a 4 step process:

1. Consultation with parishes which would answer a list of prescribed questions.
2. Matching parishes with similar issues for extended discussions for resolution of these issues.
3. Further discussion by a cross-section of parishes in the Diocese to consider how best to support each other.
4. Gathering of all feedback to lead to a revision of the system.

ATF agreed with the possibility that there may well be underlying issues that perhaps do not directly relate to Allotment. As for consultation, there has been early consultation with parishes through the recent work on visioning and the Diocese has received a great number of submissions from parishes and regions with recommendations on changing the Allotment System. Once ATF has direction for this work, parishes will have an opportunity to provide input into the recommendations.

Review of Dr. Lesley Jaeger's Proposal for Revising the Allotment System

Dr. Jaeger presented a proposal created by himself and R.E. (Ted) Johnson on Revising the Allotment System (See *Appendix #C: Proposal for Revising the Allotment System*)

- Review of the 6 highlights of the present system:
 - Flat rate for all parishes
 - Each parish receives a basic exemption
 - There are additional allowable exemptions
 - Allotment rate for the year is set on the basis of income from the previous year
 - Parish receives allotment for coming year by the end of November
 - Appeals are accepted from parishes
- Their proposal allows for
 - Greater simplicity
 - Reduction of burden on parishes

- Recommending
 - An allotment rate be established to remain constant
 - The allotment rate be 20%
 - Maintenance and restoration of buildings be allotment free

ATF had a favorable reaction to this proposal but felt before moving directly to this recommendation, further investigation and consideration of other options needed review.

Review of Ian MacDonald's Proposal for Allotment System Change

Ian MacDonald presented a proposal for Allotment System Change. (See Appendix #D – *A Modest Proposal for Allotment System Change*)

- The proposal is not dissimilar from that of Dr. Jaeger
- It suggests a 20% allotment rate in two parts – 10% plus 10%
- Two budgeting streams – one Episcopal and one stewardship
 - Episcopal budget - a Bishop centered church with related administrative expenses
 - Stewardship budget – second Bishop, grants and stewardship
- What would this look like in the parish?
 - 10% for Episcopal budget would be forwarded as happens for the present allotment system
 - 10% would be considered by parishes

It might be possible to establish an infrastructure to manage what parishes want and include it in the budget. However, there is a danger that next year the parishes would change their minds about what they wanted and a program could be left hanging without funding. To work, it would require a commitment from parishes for funding for several years.

Review of 1990 Allotment Task Force Report

The 1990 Task Force began with goals similar to the present Task Force. The Allotment system remains an equitable and fair procedure for managing allotment.

- In general, apart from the list of exemptions most basis for the system are still relevant
- ATF agrees that:
 - Income is the best basis for determining allotment payments.
 - This Diocese should continue with one system for all its parishes, regardless of size and location
 - Allotment payable should continue to be based on parish income from the previous year

- Present exemptions should include a basic exemption, flow through, Diocesan operating grants, designated funds and cemetery funds
- Simplify by reducing the number of exemptions
- System must be as fair as possible, easy to understand and simpler to reduce the sources of possible errors
- A system should remain for appeal of the annual Allotment through the Parish Relations Committee

Review of Work of Stewardship Resource Development

Bishop Sue provided background through her “Letting Down the Nets Stewardship Initiative Progress Report” which helped put the work in ATF in the context of the Stewardship Initiative. The Stewardship Resource Development initiative is focusing on all aspects of stewardship including the Stewardship of Giving. People will give to a clearly defined project, or a clearly stated vision, not to budget.

Payment of Allotment should be seen as a part of the spiritual discipline of stewardship. This reinforces the reality that we are all part of the whole where everyone works together to support the mission of the Diocese. It is critically important to emphasize the concept of “generosity” as Bishop Sue suggests.

Review of Data from Benchmark Study

Janet Marshall met with ATF providing data, charts and a cover document relating to the Diocesan Benchmark Study completed in summer 2006. A review of the data highlighted:

- Large parishes rely both on envelope giving and the ability to rent/use facility space for income
- Smaller parishes rely chiefly on envelope giving as rental of space is not a significant source income resource in smaller parishes
- The amount of fundraising done in small parishes is contributing to the sense of fatigue in these parishes
- Some of the most generous givers are in small parishes – strong sense of ownership – “My Church”
- The average annual gift is only \$619
- The number of youth compared to Sunday attendees is a concern
- For every 9 baptisms there are 11 funerals
- Total expenses as compared to total amount exempted show that the larger churches receive a higher percentage of exemptions
- 70% of income is through envelopes
- Appears to be some equity in that all parishes spend approximately 50% of expenses on staff – clergy and administrative

- Benchmark study indicated similarity of operating costs for all parishes, regardless of size

Review of Suggestions from Across the Diocese

Communication had been received at the Diocese making suggestions as to how Allotment might be changed. All of these were discussed in the course of the ATF assignment. (Appendix #E – Allotment Concerns Expressed by Several Parishes (synopsis))

- **Ministry with youth** – Even though this would move parishes in the direction of the Diocesan Vision, exempting staff salaries for Youth ministry would only benefit a few parishes.
- **Exemption of programs focused on Diocesan Vision** – As above.
- **Parishes of varying sizes and economies** - Benchmark study indicated similarity of operating costs for all parishes, regardless of size. Equality is built into the present Allotment system through the Basic Exemption
- **More than 1 clergy in a parish** - all parishes spend approximately 50% of expenses on staff (clergy and administrative)
- **Several parishes combined into one** – Parish Relations Committee already deals with each of these individually and the present process appears fair and reasonable.
- **Clergy stipends being exempt** - The result of such an exemption would mean the base Allotment Rate would raise for everyone.
- **Allowance for unforeseen fluctuations in revenues and expenses** – Presently a system is in place through appeal to the Parish Relations Committee for consideration of unusual circumstances in parishes.
- **Averaging Parochial Return of each Parish over three years to calculate Allotment** – Considered too unwieldy and time-consuming. Unusual circumstances can be addressed through appeal to the Parish Relations Committee, as situations occur.
- **Foundations** – Suggestion there might be a tendency to deflect money to Foundations instead of collections but we must trust those in management positions to administer these with integrity. Each Foundation would have specific criteria and therefore would require separate review and consideration. Bishop

Moxley removed consideration of Foundations being Allotment exempt, from the work of ATF.

- **Minimum amount of parochial income not be established** – Ascertained during review of Geoff Jackson's report, as noted above.
- **Implications of time lost due to clergy travel in geographically large parishes** – This issue would best be approached through some mechanism other than Allotment.
- **Collect funds for clergy Travel through Allotment** – This issue would best be approached through some mechanism other than Allotment
- **Providing equalization based on distance parish is from Synod office** – This is a reality of life in Nova Scotia and indeed Canada. The issue would best be approached through some mechanism other than Allotment

Although all suggestions have some merit, the effect of most of them would be to favour only a few parishes and would not create the equality and fairness the Diocese wishes to achieve. In many of these cases exemptions would create an overload of work for Diocesan staff and volunteers on committees.

Discussion re Impact of Tithing on Allotment

In some parishes, there is a feeling that some who can give chose not to give. Reflection on this subject led to discussions on "tithing" as an Anglican way of giving. In a perfect world one might hope that everyone would provide a tenth of their income to their Church. God provides and from that one might be expected to give in return. If every Anglican in the Diocese gave a tenth of their income to the parish, the parishes would be in a better position to fulfill their financial responsibilities.

By the same practice it may also be appropriate that parishes provide a tenth of their revenues, without exemptions, to the Diocese through Allotment. This would provide a simpler method of apportionment although it would not acknowledge the differences between parishes.

Consideration of a Two-Stream Budgeting Process

A two-stream budgeting process would incorporate an Episcopal & Administrative budget which might require a 10% allotment from Parishes and a Stewardship budget which would encourage a 10% allotment. This idea has arisen in the Diocese previously.

Several years ago General Synod had 2 budgets – one related to the Primate for which there was apportionment and one related to Program. It did not last long as it was found to be too complicated. Programs might be created in one year but in following years sometimes money did not come in and the process became difficult to manage. Instead General Synod moved to a concept of “fair share” asking for 26% apportionment from Dioceses.

The two-stream budgeting process has worked in some parts of the USA where a pledge is made in the fall with a commitment to pay. Although Lutherans in Canada do not use a 2-stream budgeting process, they do rely on a pledge (Benevolent Goal) from congregations to formulate the Synod budget each year. Communication with the Diocese of Ottawa and the Diocese of Huron determined that neither of them uses a two-stream budgeting process.

Consideration extended to the possibility of moving pieces that are highly fundable to a Campaign context, where the funds would be raised – i.e. Youth Ministry. ATF felt that if some projects were funded separately there is a risk the money will not come in and that project would then be lost. Still other aspects would never be able to support themselves even though it is important to ensure they are sustained

Review of Lutheran Procedure for Apportionment and Budgeting

The Rev. Dean Jim Slack joined the ATF meeting to discuss the procedures for budgeting and apportionment (allotment) used in the Lutheran Church. In the early 1970's a system of benevolence (Lutheran word for “allotment”) by apportionment was abandoned in favour of a pledge system in which congregations were asked each year to set a benevolence goal to support the work of the Lutheran Church.

During the Lutheran Bi-Annual Assembly, clergy as well as lay delegates from each congregation vote to adopt the budget but accept no formal responsibility for supporting it. Clergy and lay members are encouraged to enhance and achieve their benevolence goal by presentation of a narrative budget intended to engage the audience. Lutherans require that any increase to the proposed synodical budget also includes a corresponding reduction in another area. Last year \$2M was received in Benevolence from 60,000 parishioners.

Parishes establish their own goal or pledge for their Benevolence Goal. There are no exemptions in their apportionment and parishes pay their Rector directly. Benevolence accounts for 70% of total Lutheran Synodical revenues. (In our Diocese Allotment accounts for 85% of the Diocesan budget.)

As with the Anglican Diocese of NS & PEI, Lutheran congregational budgets have increased and total receipts of benevolence offerings have not kept pace with inflation. This led to significant changes in the ministries funded by the national church and its synods. Recent restructuring of the Lutheran Synod has reduced the numbers of complaints about Synod

An idea gathering momentum in the Lutheran Church (but not yet approved) is for pastors and lay delegates to send delegates to the Bi-Annual Assembly who would approve the budget and then become responsible to see that the congregational share is forwarded

It appears the issues for the Lutheran Church are similar to the Anglican Diocese of NS & PEI as they are experiencing a drop in the number of parishioners as well as aging congregations leading to reduced income at a time when there are increasing costs in the parish. As with our Diocese there is a desire by congregations to meet their obligations but they have having difficulty reaching their targets.

Review of Present Allotment System

The present Allotment system has evolved over time to meet the needs concerns of parishes. The system is equitable as parishes with less revenue pay lesser percentage. Every parish has opportunity to a fair share of services from Diocese and National Church. Several years ago the basic exemption was raised from \$5,000 to \$8,000. This was found to be a positive move and one that should be reconsidered in light of present realities in a few years time.

ATF has reviewed the present Allotment System of the Diocese and found it to be well founded, equitable and still appropriate for use in the Diocese of NS & PEI, with only minor adjustments.

Consideration of Adjustment to the Basic Exemption

The Basic Exemption was established to create greater equality between small less affluent parishes and larger more-prosperous parishes. Originally the Basic Exemption was \$5,000 and later it was raised to the present \$8,000. The group of Anglicans who recommended and adjusted this Basic Exemption did so through detailed analysis of financial data including the increase in cost of living.

Through graphs specifically prepared from Diocesan data, ATF studied the impact on percentage of overall expenses for allotment at various exemption rates - \$8,000 and \$12,000 etc. (*See Appendix #F - Statistics prepared from Diocesan data, by ATF members*). These graphs also show the implications of increased basic rates with no

other exemptions and increased basic rates with all capital projects and maintenance exempted.

Increasing the Basic Exemption would certainly assist smaller parishes but would have a potentially greater impact on more affluent parishes. If Basic Exemption was increased to \$16,000 (maximum calculated), the results would be that smaller/multi-point parishes would see a reduction in their Allotment of about \$500, mid-sized parishes would experience an increase in Allotment of \$500, while larger parishes would see a substantial increase of \$3,600.

Basic Exemption is still a valuable way of creating equity between parishes. Making changes would slightly assist smaller parishes but would have a larger negative impact on large parishes, thereby creating increased anxiety, disproportionate to the limited advantages.

ATF received no complaints or recommendations for change in the Basic Exemption. It was determined that changing the Basic Exemption was not warranted at present time. The distress caused by a change would not generate a substantial benefit

Consideration of Exempting all Maintenance

Requests for exemptions related to maintenance are the largest percentage of exemption requests received by the Parish Relations Committee each year. Ninety percent of these are regularly approved and represent approximately \$900,000. Maintenance exemption requests consume a great deal of time on the part local parishes in preparation of the request and on the part of the Parish Relations Committee in the detailed review given.

Removing all maintenance from Allotment could re-energize smaller parishes so that they can put their stewardship hat back on and know the Diocese is listening. It appears the loss to the Diocese due to exempting maintenance would be about \$60,000. There would also reduce the committee's workload and committee travel expenses. *(See Appendix #G - Impact of Exempting Maintenance on Allotment Rate)*

ATF Members reviewed the implications for their own Parish should maintenance be exempted. A look at previous years Parochial Returns did not bring any problems to light. There would be little or no negative impact for parishes. Parishes would benefit from the reduction in logistics of applying for an exemption. The effective allotment rate would rise slightly. The impact could be to create an incentive to keep up with maintenance on buildings

Maintenance exemption should not include regular janitorial services or outside maintenance such as plowing, paving, grass cutting

ATF determined there were many reasons for exempting all maintenance from allotment not the least of which is that exempting maintenance would have a tremendously positive psychological impact on parishes. It could create incentive in Parishes for fund raising and for active maintenance (stewardship) of buildings.

Capital costs are presently exempt. There is a requirement in the Canon to request permission for Capital projects. Permission is also required to set up a fund for Capital Expenses

Midway Consultation with Parishes

As ATF began to draw conclusions together, a letter was sent to parishes asking for their feedback as to how the suggested changes to the present Allotment System would affect them. All feedback was positive and encouraging. Several parishes made strong cases for reduction of the Diocesan budget.

OBSERVATIONS

Good News Stories

While much of the work of ATF focused on problems and frustrations, time was taken to reflect on the many good things which are happening at the Diocese. Such endeavors as those coming out of the Leap for Faith Campaign – Healthy Congregations and Congregational Development - are beginning to show positive results. A youth worker is already busy in parishes every week. The 5/3 Visits have been positive and encouraging. They are producing good will and have been an exercise in relationship building. There is however, concern that although these things are moving us in the right direction, there are still financial difficulties which Diocesan Council needs to address.

Non-Compliance and Unpaid Allotment

Frequently during this process discussions turned to the problem of parishes that do not pay their allotment. This non-compliance happens for several reasons. Some parishes find themselves unable to pay. Increasing costs mean some parishes are only able to pay a portion of their total Allotment. For very real reasons they are unable to fulfill their Allotment responsibilities as they simply do not have the money. These situations need individual consideration by a group within the Diocese tasked with the responsibility to provide help in a supportive manner.

There are other parishes which do not pay Allotment by their own choice, despite the fact that they are in a financial position to do so. Such circumstances cause extreme frustration throughout the Diocese as it creates a strain for others. The yearly shortfall on allotment compliance is hurting the parishes which pay their allotment annually. If a parish does not pay its Allotment this does not cause problems for the Diocese itself but rather for other parishes which must make up the difference. In deciding to not pay allotment a parish is essentially providing itself with a grant. It is refusing to acknowledge the importance of an Episcopal structure.

It appears the 5/3 Visits have been positive and it is anticipated the Diocese can expect a higher rate of compliance in this and future years. Compliance over the past 5 years has been 87.5% but this year it has increased to 90%.

There is concern about the attitude of some clergy in relation to Allotment. It is the responsibility of all clergy to speak positively about the need to support the Diocese.

It is imperative that the Diocese continue its work on such initiatives as the "5/3 Visits" and other formats which highlight the implications of unpaid allotment.

ATF recommends there be some consequences for parishes which do not comply with their Allotment responsibilities. Therefore clergy and lay leaders of a parish should be held responsible for unpaid allotment. As they must take responsibility, on behalf of the parish, to pay the oil bill so do they have an obligation to pay Allotment. Assistance to understand the impact of non-compliance should be provided by the Synod office in terms of appropriate educational material.

Situation for Parishes

Parishes are struggling under the pressures of declining numbers of parishioners, aging congregations, aging buildings and increasing costs (i.e. insurance, heat, salaries, etc.). For an increasing number of parishes, Allotment has therefore become an issue of affordability. When one cannot pay the bills, frustration turns toward the allotment system as the problem. There is a need to work toward a system where all bills are paid, including allotment.

The reality is the Diocese has many small parishes with aging parishioners. The Benchmark study shows that for every 9 baptisms there are 11 funerals. Although the number of parishioners in the Diocese has been decreasing steadily, giving's have increased 40%. Anglicans in our Diocese have shown themselves to be good stewards.

The Diocese is only as strong as its parishes. Due to limited resources, there is no room in parishes to exercise their own decision-making. The challenge is to empower and re-invigorate parishes which feel stifled and paralyzed by their financial situation. Energy and attitude within parishes is ultimately more important than its resources. Parishes need the resources to do things locally. Many feel untouched by Diocesan programs.

Present financial needs of the Diocese pose a problem for parishes that are already struggling to cope with diminishing resources. Diocesan Council should give immediate attention to this problem by continuing to trim the annual Diocesan budget, just as many parishes have been trimming theirs.

A large parish is not necessarily an affluent parish. In many parishes a small portion of regular church-goers are giving the majority of the money. In some cases there are parishes in decline.

In some small rural parishes Allotment feels punitive. In these parishes, parishioners are doing extra fund raising to find the money to pay their Allotment and then this fund raising is, in turn, treated as income that is subject to Allotment assessment.

There is a school of thought that believes smaller rural parishes have educated their children as Anglicans. These children have now moved away, where they swell the numbers of Anglicans in urban parishes. As these rural parishes become unable to form their children adequately (due to financial and population pressures), the churches of our urban centers will suffer. There is a school of thought which believes that there needs to be an acknowledgment of this trend, and assistance given to Christian education in rural areas.

Long Term Sustainability of Diocesan Structure and Budget

While there are a number of fundamental reasons why parishes are struggling financially (including, for example, aging congregations, movement of young people to urban centres or out of the province, lack of stewardship education, increased fuel and insurance expenses, higher expenses for maintaining old church buildings), the financial requirements of the Diocesan budget also put an additional strain on parishes finances. Parishes are working hard to reduce their own expenses in an effort to achieve balanced budgets, and the Diocesan Synod must likewise find ways to reduce Diocesan expenses, and thereby reduce what parishes contribute to the Diocesan budget through their allotment assessments. Reducing expenses may result in significant changes to the present Diocesan structure of committees, sub-committees, programs, services, and staff.

It is imperative that Diocesan Council take immediate steps to significantly reduce the Allotment Rate for all parishes and in so doing cut the size of the Diocesan budget to fit revenues.

There can be any number of Allotment Task Forces set up to make a difference for parishes but as long as the requirements of the Diocese remain so extensive, there is little that can be done to alleviate Allotment concerns except to shift the burden from one parish to another. Diocesan Council must act quickly to reassure parishes someone is listening to their concerns. Ultimately it depends on a reduction in the Diocesan budget to make a difference that will positively impact parishes.

RECOMMENDATIONS

1. Leadership on Sustainability

ATF recommends Diocesan Council take a strong leadership role on the issue of sustainability. Diocesan Council needs to make some strategic decisions. Changing allotment system is not enough. The problem is much greater and requires immediate action. It is imperative that Diocesan Council take positive steps to alleviate the pressures on parishes and this must begin with dramatically reducing the Diocesan budget. Doing this will reduce pressures on parishes and will indicate to Anglicans in Nova Scotia and Prince Edward Island that the Diocesan Council is addressing present day economies with as much responsibility as parishes themselves.

The Budget Sub-committee is presently expecting to reduce the allotment rate in 2008 to 20.5% and in 2009 to 20%.

It is the recommendation of ATF that Diocesan Council firmly resolve to reduce the Allotment Rate to 15% by 2013 starting in 2009 with a rate of 19% (a 1.5% reduction), in 2010 a rate of 18%, in 2011 a rate of 17%, in 2012 a rate of 16% and eventually a rate of 15% in 2013.

2. Building Maintenance

ATF recommends that all Building Maintenance and Capital Expenditures be Exempted from Allotment.

- There will be a line on the Parochial Return to report capital projects
- Parishes will be required to notify Diocese when setting up a special fund for capital projects

“Maintenance” should include all maintenance with the exception of such things as regular janitorial services or outside maintenance such as plowing, grass cutting.

3. Basic Exemption

ATF recommends that for the next 5 years, the Basic Exemption should be held at \$8,000.

4. Maintain an Allotment Appeals System

ATF recommends Diocesan Council ensure the continuation of the ability of a parish to request an appeal of their Allotment Quota for any given year. There will always be exceptions to normal procedures and expectations. Situations can periodically change in a single parish in such a way that the normal practice of calculating their allotment may require alternate consideration.

5. Diocesan Support for Parishes

ATF recommends Diocesan Council create a body whose mandate is to serve and support parishes. Their work must be based on an understanding that most parishes and parishioners do their best to meet their obligations. It is essential the Diocese move from an impression of taking care of parishes to one of collaboration with parishes. Making things easier is a critical piece for parishes.

Regular interaction between this body and parishes would ensure that when a parish is having difficulty the situation would be recognized early. The Diocese could then offer advice and encouragement in overcoming the situation. This could have an extremely positive impact for the Diocese as it would provide education and enable communication. This is what builds relationships

6. Stewardship

ATF recommends that parishes participate in the Stewardship Education program of the Diocese, "Companions on a Journey". Attention to developing a parish vision, a Planned Giving program and a narrative budget that tells the story of how the parish makes a difference in people's lives – these are critical. People will support a project or a vision, but not a budget. A Planned Giving program builds resources for a secure future. The narrative budget puts a face on the work that a parish is doing. Stewardship is a vital element of sustainability as it can help build Diocesan resources and create sustainability through endowments.

7. Education & Communication

ATF recommends that diocesan Council give direction for increased education and communication throughout the Diocese. Education is critical for congregations to understand the work and challenges of the Diocese. Parishioners ought to know how Allotment is used. Such education is needed in a face-to-face context so parishioners will be able to more effectively relate to members of Diocesan Council, Council committees and Synod office staff.

Parishes should understand the budget and how their Allotment contributions are used. This will require someone to explain finances and breakdown the budget through the use of pie charts and graphs instead of statements filled with numbers. There also needs to be clear messaging to the parishes so parishioners know what their parish Allotments finance (for example, Committee activities and expenses, Diocesan staff

salaries, chaplaincies, clergy medical plans, grants to parishes, the administration of the Consolidated Trust Fund, etc.)

The perception parishioners have of the Diocese impacts their attitude to Allotment and stewardship. Congregations must understand we are part of a Diocese and we all have a commitment to that Diocese.

Although ATF knows individuals are willing to represent the Diocese by visiting parishes, this does not seem to be known by parishioners themselves. It is important to reinforce this opportunity for visits.

The relationship between the parishes and the Diocese is a critical one which must be strengthened and the best way to strengthen this relationship is through in-person visits, not only from the Bishop but from Diocesan Council members, Committee Chairs and Synod staff.

8. Parish Responsibility

ATF recommends Diocesan Council emphasize the importance of all parish leaders – clergy and parish council - speaking positively about the need to support the Diocese through Allotment and ensuring their parishes do their best to meet their obligations. Diocesan Council must be firm with parish leaders who use a negative approach in their communications regarding the Diocese.

9. Canons

ATF recommends there be an index included with the Canons to make it easier for parishes to locate and cross-reference applicable Canons. For example, if one was looking for “Exemptions” one would realize it was necessary to refer to several different locations in the Canons.

10. Equality of Opportunity for Clergy Leadership

ATF recommends the Committee on Ministry and consider how to ensure that every parish has an equal opportunity to secure the services of any priest in the Diocese. Although monies are limited, Diocesan Council might consider re-establishing grants such as the Extension Fund intended for such purposes. The Diocese needs a mechanism to ensure each parish has equal opportunity in acquiring a rector.

11. Review of Clergy Housing

ATF did not review clergy housing allowances but propose it is soon time for A&F or one of its sub-committees to review appropriate data to determine if the present allowance for exemption on the first \$5,000 of clergy housing is still appropriate.

12. Communication to Parishes re Outcomes of Allotment Review

ATF recommends a comprehensive communication be sent to all parishes in the Diocese of NS & PEI. A draft communication is attached to this report for consideration of Diocesan Council. (*See Appendix #1 – DRAFT Communication to parishes re Outcomes of Allotment Review*)

Members of the Allotment Task Force 2007

Bishop Fred Hiltz & (later) Bishop Sue Moxley
Canon Gordon Redden, Diocesan Executive Director
Reg Beaver, St. Alban's, Dartmouth
Rory Frances, St. Peter's Cathedral, Charlottetown
Leslie Jaeger, St. John's, Jollimore
The Reverend Trevor Lightfoot, St. Andrew's Locks Rd, Dartmouth; Chair,
Administration & Finance
Ian MacDonald, Parish of the Holy Spirit, Dartmouth
Gretchen McCurdy, St. Stephen's, Chester
LeRoy Peach, Parish of Greater Glace Bay (Port Morion)
Elizabeth Pooley, Parish of Lockporte-Barrington
The Reverend Fred Rhymes, Parish of the Resurrection, Sydney

APPENDIX

- A Terms of Reference for 2007 Allotment Task Force
- B Allotment Review – A Radical Proposal – by E. Pooley
- C Proposal for Revising the Allotment System – by T. Johnson & Dr. L. Jaeger
- D Modest Proposal for Allotment System Change – by I. MacDonald
- E Allotment Concerns Expressed by Several Parishes (synopsis)
- F Statistics prepared from Diocesan data, by ATF members
 - F.1. 5 Scenarios for Allotment
 - F.2. Impact of Changing Basic Exemption
- G Impact of Exempting Maintenance on Allotment Rate
- H DRAFT Communication to parishes re Outcomes of Allotment Review

SUPPLEMENTARY REFERENCES

The following documents used in the work of the 2007 Allotment Task Force review and created by other individuals or committees are all filed at the Diocese of Nova Scotia and Prince Edward Island, Synod office.

- “Letting Down The Nets” strategy of General Synod
- “Discussion Paper re the Allotment System” (July 2006) written by Geoff Jackson, Senior Development Officer, Anglican Church of Canada for the Diocese of NS & PEI
- Submissions to Diocesan Council its Committees and/or Bishop Hiltz including those from:
 - Parish of Pugwash and River John
 - Clermont Regional Council
 - Christ Church, Dartmouth
 - St. John’s, Lunenburg
- Charts and statistics from the Benchmark Study (2006)
- “Letting Down the Nets Stewardship Initiative Progress Report”
- Report of 1990 Allotment Task Force

Appendix A

Allotment Task Force
Terms of Reference
December 2006

Purpose

To pursue a fresh approach to allotment by developing a new system - one that will be easily understood, widely accepted, and based on the capacity of each parish to meet its obligations – in consultation with parish leaders, to be in place by 2008

Accountability

To Bishop Fred Hiltz & Diocesan Council

Responsibility

1. To simplify the present allotment system
 - a. language of allotment
 - b. number of allotment exemptions
 - c. clarity on how assessable income is determined
2. To review Canon #16 and revise it where appropriate
3. To consider the relationship between the Diocesan budget and how parishes contribute to it through allotment
4. To consider the implications of various kinds of expenditures in relation to allotment and ministry
5. To consider the impact of declining congregations on allotment
6. To consider inequities between parishes as it relates to their types of expenditures – i.e. those with and those without staff
7. Upon completion of task, share with Diocesan Council and Diocesan Committees any observations and learning's that have arisen which might:
 - a. enhance stewardship education,
 - b. better enable the early identification of financial issues within parishes,
 - c. create better harmony between parishes and the Diocese, and
 - d. develop improved communication throughout the Diocese.

Term

To end before December 31, 2007

Appendix B

ALLOTMENT REVIEW – A RADICAL PROPOSAL

– Elizabeth Pooley

Background considerations:

ARE WE ASKING THE RIGHT QUESTIONS? ARE WE SOLVING THE RIGHT PROBLEM?

- Before we set about reviewing the allotment system, we need to be sure to what extent the *system* itself is the problem, and to what extent discontent with the system is a symptom of some other underlying problem. If the latter is true, then simply changing the system – however necessary change may (or may not) be – will not take care of the underlying problem. It may, instead, exacerbate it. I would suggest that *how* we go about reforming the allotment system is more important than *what* we decide to do about it.
- Historical Note: An administrative body decides to reform a previously lax and chaotic system of raising revenue. It imposes its newly rationalized system on the bodies which are under its administration. These bodies have not been consulted on the form which this new system takes, nor previously informed of the reasons for its creation. The resulting discontent is exacerbated by slow, and often poor, communications..... Sound familiar? I'm describing the beginnings of the American Revolution.
- If we agree that the parishes of this diocese distrust the diocesan administration, then we have to set about reforming allotment in a way that will alleviate that distrust. A committee appointed by the Bishop, meeting in Halifax, developing a “new” system of allotment is not going to achieve this. Imagine you are part of a family. Dad calls a family council and announces, “We are going to come up with a new, more democratic, way of assigning chores. This is how it’s going to work..... Any comments?” Consultation about a previously developed system, is not going to take away the sense that it has been imposed from above.
- It is essential that any attempt to revise the system of allotment *begin* with consultation among the parishes.
- One of the concerns expressed by the Letting Down the Nets interviewers was the general level of ignorance of parishes about the rest of the diocese. Unfortunately, any attempt to educate parishes about the way the diocese functions carried out in isolation is doomed to failure – hardly anyone is going to pay attention. However, if this education is undertaken as an essential part of allotment reform, it may be effective.
- Attached is a proposal for a multi-phase program, which is intended to deal with the underlying problem of parochial isolation, ignorance and distrust of the diocese, as an integral part of dealing with allotment reform.

Appendix B

The program:

Phase 1: “Who are we? What do we do?”

Each parish is invited to participate. Two members should be selected to represent them during joint deliberations. (One might be the treasurer, or someone with financial expertise, but it is essential that the parish have a free hand in selecting their representative.) Make it clear that there must be a commitment to see the process through.

Each parish answers a series of questions: (This could coincide with annual meeting preparations. Answers could be presented at the annual meeting for comment by individual parishioners)

- How many parishioners?
- What proportion of your budget is spent on:
 - Salaries
 - Operating expenses for buildings
 - Office expenses
 - Youth
 - Adult education and Anglican formation
 - Upkeep and maintenance
 - Outreach
 - Allotment
- What problems do you face?
- Describe your community, and the problems it faces
- What outreach activities do you undertake?
- Name five (or more) outreach activities that are needed in your community. Why are you unable to undertake these?
 - Money?
 - Personnel?
 - Never thought of them before now?
- Here is a description of the operations and personnel of the Diocese, please indicate whether you have had contact with each of them.
 - Was the interaction positive or negative?
 - What other services and resources might the Diocese offer? (e.g. an annual gathering for Sunday School teachers to discuss curriculum and teaching techniques.)

At the end of Phase 1, the Committee processes information gathered and sets up Phase 2

Phase 2: “Matching Like with Like”

- A get-together of parishes with similar issues (rural, suburban, urban) to look at the issues which they jointly face.
- Do this like Living Stones, with small groups discussing problems and their approaches to dealing with them. Feed-back from other parishes.
- These meetings should not be held in Halifax (except perhaps in the case of urban

Appendix B

- parishes – but even that would be better if it was held in a different urban center)
- A member or members of the Committee, and someone from the Diocese should attend.
- The Committee member should not be from any of the parishes attending – we are trying to build a sense of greater community in the diocese.
- Make sure that people present understand the working of the Diocese.
- At this meeting develop a case-study to carry forward to Phase 3.

How does the typical (rural/urban/suburban) parish operate?

Problems faced in community and parishes

Ways we have dealt with these, or think we might deal with them in the future.

What we need from the rest of the Diocese

At the end of Phase 2, the Committee meets to plan Phase 3.

Phase 3: “A Cross-section of the Diocese”

- Gather in diverse groups that represent a cross-section of the Diocese (e.g. one urban parish, two suburban, five rural – if that is the right proportion), with a member of the Committee and a representative of the Diocese.
- These meetings must not take place in Halifax (we are demonstrating that the Diocese is working up from the grass-roots)
- The Committee member should not be from any of the parishes attending.
- Compare case-studies, look at the role of the Diocese, ask the question, “How can we support each other?”

Monetary support – look at the nuts and bolts of present allotment system, what needs to be changed, what works

Other kinds of support

Phase 4: “Drafting a New System” At this point the Committee takes the ideas presented in phase 3. We may want to enlarge the Committee to include people who expressed clear or innovative ideas during phase 3.

- The resulting system should then be presented to the parishes for comment.
- We may find that people just want to tweak the present system.

Working this way, we can break some of the isolation between individual parishes, educate parish leaders about the working of the Diocese, and develop a system to provide funding for diocesan functions in which parishes have a sense of ownership. This method might be slower than simply having a committee draft a new system, but it could go a long way to healing some of the ills in our diocese.

Appendix C

January 9, 2007

ALLOTMENT TASK FORCE

PROPOSED REVISIONS TO THE ALLOTMENT SYSTEM OF THE DIOCESE

In accordance with our understanding of the terms of reference of the Allotment Task Force to undertake a detailed study of systems that might be applied to collection of Diocesan Allotments. We are pleased to present a proposal for significant “revisions” to the present allotment system.

These revisions set out in the attached report will reduce complexity and the burden on Parishes.

Respectfully submitted

L.G. Jaeger

R.E. Johnson

Appendix C

DIOCESE OF NOVA SCOTIA AND PRINCE EDWARD ISLAND

ALLOTMENT SYSTEM

INTRODUCTION

Effective January 1, 1991 the Diocese of Nova Scotia and Prince Edward Island adopted a New Allotment System. This allotment system has enabled the Diocese to cover the operating expenses, programs and ministries run by the Diocese for the past sixteen years.

The allotment system defines what is the fair share of allotment payable by each parish and ensures its timely return to the Diocese. **The highlights of the present system are:**

- 1. Flat allotment rate for all Parishes**
- 2. Each parish or parochial unit receives a basic exemption (standard exemption) of \$8,000 per year**
- 3. Other allowable exemptions:**
 - Capital (approved by Parish Relations committee)
 - Flow –through funds
 - Specific memorials
 - Cemetery funds
- 4. Allotment rate for the coming year set on basis of income of the previous year**
- 5. Estimated monthly allotment payable in the upcoming year sent to Parish Treasurer by end of November each year**
- 6. Appeals due by January 15 following year or date agreed to by Parish Relations Committee**

PROPOSED REVISIONS TO THE PRESENT ALLOTMENT SYSTEM

The revisions here proposed retain the good features of the present allotment system whilst introducing significant features aimed at:

1. Greater simplicity
2. Reducing the burden to parishes

These revisions are a result of having given careful consideration to the comments of Canon Jackson ,who identified a lack of understanding on the part of Parishes as a major flaw in our present procedures.

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A FIRST SIMPLIFICATION

At present Parishes are hampered in their forward planning by not knowing what future allotment rates will be. In order to alleviate this difficulty we make

Recommendation # 1

That Synod establish an allotment rate that will be constant year by year

It is noted that implementation of this recommendation will have a significant effect on the budgetary processes of the Diocese. The income from allotments will be known early instead of being decided late in the process, at the time of setting a (possibly different) allotment rate, as is presently the case.

It is noted also that adoption of the recommendation would tie the fortunes of the Diocese closely to those of the Parishes. Thus, if parish incomes raise so will the income of the Diocese; similarly for diminutions.

The recommended constant allotment rate

For many centuries the tithing of income has been a feature of Christian life, and double tithing has been an indication of very great commitment. At present our Diocese contributes a double tithe to the National church (in round figures \$520,000 out of a total budget of \$2,600,000) and this pattern leads to

Recommendation # 2

That the allotment rate, constant year by year, be 20%

It is noted that in recent years the allotment rate has been in the range of 21% to 22.5%. An allotment rate of 20% would be the lowest for the past 18 years. This is known to be in line with the Bishops' thinking.

A SECOND SIMPLIFICATION

At present there is a lack of clear understanding as to what kinds of expenditures on building maintenance are free of allotment and what are not. In order to remove this uncertainty we make

Recommendation # 3

That all income to Parishes for maintenance and rehabilitation of buildings be free of allotment

CONCLUSION

- **Adoption of revisions to the present allotment system set out above be effective January 1, 2008**
- **Administration and Finance Committee consider reviewing all exemptions set out in Canon 16 and A&F guidelines**
- **Revised Canon 16 and synod motion be prepared**

Appendix C

Proposal for Allotment System Review – Dr. Lesley Jaeger

The Allotment System as we have it now:

Diocese of NS and PEI - Draft 2007 Budget

Assessable Income (2005)	11,933,423
Exemptions	840,000
Net Assessable Income	11,093,423

Allotment Revenue = 11,933,423 x 21.25% = 2,535,852

$$\frac{\text{Allotment Revenue}}{\text{Net Assessable Income}} = \frac{2,535,852}{11,093,423} = 22.86\%$$

Formula for Allotment for each Parish

$$A = (\text{Parish Assessable Income} - 8000) \times 0.2286$$

This formula gives an effective allotment rate which is less than 21.25% if the Parish Assessable Income is less than \$113,652 and more than 21.25% if it is higher

Examples

(a) Low end. If Parish Income = \$40,000 then

$$A = 32,000 \times 0.2286 = \$7315.20$$

and effective rate is $\frac{7315.20}{40,000} = 18.29\%$

(b) High End. If Parish Income = \$258,000 then

$$A = 250,000 \times 0.2286 = \$57150$$

and effective rate is $\frac{57150}{258000} = 22.15\%$

TWO FORMULAE

Current Formula:

$$\text{Effective Allotment Rate} = \frac{\text{Net Parish Assessable Income}}{\text{Parish Assessable Income}} \times 22.86\%$$

For Parish

Possible New Formula:

$$\text{Parish Allotment} = \text{Net Parish Assessable Income} \times 0.2286$$

Appendix D

A Modest Proposal for Allotment System Change

Proposed by: Ian MacDonald, member Allotment Task Force

To: Chair and members of Allotment Task Force (2006)

In a resonance with Bishop Sue's reminder on more *emphasize needed on tithing* at the recent Dec 8th meeting and upon hearing Rory Francis's hope to *reduce the allotment rate to 10%* and as Elizabeth Pooley has stated in her paper re the questions - ARE WE ASKING THE RIGHT QUESTIONS? ARE WE SOLVING THE RIGHT PROBLEM and upon reflection on my own personal study 3 years ago surveying allotment rates in *other denominations* to fund their faith beyond the parish level (both Roman Catholics and United Church appear in my rough analysis *contribute 10%* to their "allotment"),

What If? The Diocese adopted a **tithing percent *(10%)** from each parish to support **the episcopal nature of the Anglican Church** and administrative necessities that the Diocese provides as services to all parishes. These services include the Bishop's visits, services and confirmations, etc. plus the Diocese continuation as the legal representative for all parishes in relation to Revenue Canada and other government bodies;

And What If a **parish based budgeting process** (a "ground up" approach) is used to determine and **to provide for the stewardship side of our faith**. This might include such things as at present: grants given out by the Parish Relations sub-Committee, a stewardship "officer", removal of the second bishop from the administrative section who would be in charge and be the leader of this stewardship section**, expanded ministries as Bishop Sue suggested – ministry to the blind, youth ministry - the portion sent to support the General and Provincial Synods, etc. The "stewardship" bishop might in fact be a retired clergy (or some person but not a stipendiary rector) that would be paid \$10 or 15K per year plus expenses without provision for a residence;

And What If **there were NO allotment exemptions** except 1) a basic parish exemption and 2) permanent, designated or specified memorials and 3) estate bequests***, gifts, etc

So in summary the Diocese would receive a tithing amount for the support of the episcopal and administrative section and the stewardship section with parish based budgeting receive support directed from each parishes determination.

And finally What If the **allotment arrears were reduced to 50% owing** based on the reduction of rate from approximately at present 20% to 10%. If **amalgamation** is occurring or in the process or being considered, then **consideration may be given for full forgiveness** as was done in the Sydney Amalgamation. The Bishops of course may decide for full forgiveness in 2010 as a gesture that was done in 1990(?) at the time of the 1990 Allotment Task Forces recommendations and Implantation and subsequently again in 2000 under the Millennium(?) Forgiveness.

Notes: * 1) **reducing the allotment rate substantially** has been voiced repeatedly during the 5/3 Visitations this past fall plus at any number of other gatherings through the Diocese throughout the years.

** 2) *comments made by many, many parishioners that the cost of one Bishop is enough* and

Appendix D

- ** 3) the amount of the allotment the Diocese gets “hurts” the local parish efforts
- 4) *the “Stewardship” bishop might be considered residing in a region outside metro Halifax region. Possibly alternating upon term expiration between PEI and Cape Breton to recognize further regional aspirations.*
- 5) Some number crunching - the episcopal budget allotment rate at 10% and with 100% compliance rate would be reduced to approximately \$1.2M from roughly \$2.15M for 2007. This reduction could come about with PRC grants of \$40,000 budgeted going to the stewardship section as well the second bishop going to the stewardship section for a reduction of say \$110,000 more. This would be \$150,000 bringing expenditures to the \$2M mark. A further reduction applied to get to the new \$1.2M budget is transferring the General and Provincial Synod amounts of \$540,000 to the “stewardship” budget. The budget then becomes \$2M minus \$540,000 to get \$1.48M. This is starting to get quite close to the \$1.2M. If the tithing percent concept of 120,000 were applied to the \$1.2M but appearing in the stewardship budget, then we have further applied the fundamental concept of tithing and could quite honestly ask for parishioner tithing. Obviously this could not be done unilaterally but over several years’ discussion with the National Church as there might be a reduction of their requirements such as a lesser need for consultants on staff for example, etc.
- 6) *The stewardship budget might be \$500,000 eventually which would be raised separately from the episcopal budget. Initially the \$540,000 would still be in the stewardship budget so that budget would start out as \$920,000. If there is an agreement with the National Church, the percentage would be 10% as a rough comparison to today’s allotment rate. This of course is a parish based process or “free will giving” and would start out at 10% and could be 6% if compared with the present system and ultimately might be 3 ½%. This incoming stream could either be higher or lower depending upon the perceptions and aspirations of those “free will” givers.*
- 7) A reduction in the number of Regional Deans and Archdeacons can effect some reductions in required expenditures. The trend of last 20 years has been a flattening of any organization whether government or business and perhaps the Diocese of Nova Scotia and P.E.I should consider this as well.
- 8) *And finally eliminate almost all allotment exemptions except for*
- a. *designated or specified or perpetual memorials*
 - b. *fire, safety and health aspects*
 - c. *larger donations, estate bequests and gifts that are not an annual or of reoccurring nature that exceed \$4,999*

Appendix E

Allotment Concerns Expressed by Several Parishes (synopsis) February 2007

1. Request to address the issue of some parishes not paying their allotment, thereby causing extra strain on other parishes? (Parish of Pugwash)
2. Request for a reduced rate for multi-point parishes due to maintenance and operation costs for several smaller churches being appreciably higher than for a single larger church, and the costs to the parish of Rector's (and officers) travel, administration and worship supplies, being significantly greater per parishioner. (Parish of Pugwash)
3. Diocese collect funds required for priest's salaries and benefits through the allotment system. Each parish will be charged the average base salary of all the priests in the Diocese for each authorized stipended priest in the parish. Priests will receive their salaries from the Diocesan Office. This would allow every parish to have an equal opportunity to secure the services of any priest in the Diocese. Parishes wishing to pay their priest(s) above the base levels, or to support extra full or part-time ministry, will pay the additional costs to the Diocese, which will pay these additional amounts to the priest(s). (Parish of Pugwash)
4. Diocese collect funds for clergy travel for all parishes through the allotment system. Each parish to pay an amount equal to the Diocesan average. The travel allowance will be paid to the priests by the Diocesan Office on the basis of a formula to be developed by the Diocese, which takes into account the geographical size of the parish, the number of churches and the number of parishioners. (Parish of Pugwash)
5. Request consideration of a formula by which the Allotment would be adjusted to equalize parish costs and compensate disadvantaged parishes in respect of the travel time associated with providing adequate ministry, on the basis of the size of a parish as well as the number of churches it serves. NOTE: parishes would not regain lost "ministry time" but reduced payments would enable the development of alternate ministries to help fill the void. (Parish of Pugwash)
6. Request consideration of a formula to adjust allotment payments to equalize the costs of providing ministry in parishes at various distances from Halifax. (Parish of Pugwash)
7. Request consideration of a formula for adjusting allotment payment in such a way that the cost of maintaining the infrastructure of parish ministry will be equalized among all parishes (from multi-point to single) in the Diocese. (Parish of Pugwash)
8. Request for Allotment paid annually by a Parish be determined by averaging the Parochial Return of each Parish for the preceding three years – due to significant fluctuation on a year to year basis in the revenues and expenses of a Parish as shown on its Parochial Return.
 - a. Amount of annual Allotment remain unchanged for a three year period.

Appendix E

- b. At the end of three years period a new calculation of the Allotment be determined by again averaging the Parochial Return of each Parish for the then preceding three years. (Christ Church, Dartmouth)
9. Request that all monies raised and expended by Parishes in connection with new program initiative that are consistent with the Diocesan Vision be exempt for purposes of calculating the Allotment – as exemptions are permitted for capital projects but no exemptions exist for programming initiatives and Parishes need to be able to begin new initiatives to Develop Healthy Congregations, Embrace Youth or begin other programs consistent with the Diocesan Vision, such as employing a Youth Worker. (Christ Church, Dartmouth)
10. Request that a minimum amount of parochial income not be established – as indicated in Geoff Jackson’s report sighting annual parochial income of \$100,000 - \$120,000 (Clermont Regional Council)
11. Request consideration of a system that recognizes different annual income brackets based upon the principle of economies of scale and progressive taxation, since proceeding simply on the basis of a proportional percentage disadvantages the smaller and poorer parishes and thereby runs the risk of foreclosing on part of their mission. (Clermont Regional Council)
12. Request consideration of a system that avoids any conflict between allotment and the clerical stipend through a flexible mechanism of exemptions that recognize years of service over and against annual revenues. (Clermont Regional Council)
13. Request consideration of reasonable negotiation between the Diocesan Synodical Corporation and parishes in the event of unforeseen changes that inevitably occur and beset institutions. (Clermont Regional Council)
14. Request consideration of repairs to capital assets be automatically exempt from allotment. (Clermont Regional Council)
15. Request consideration of allotment formulas that reflect other models of parish ministry. (Clermont Regional Council)
16. Request consideration of exemption for funds contributed by a Foundation to support the incremental costs associated with managing a National Historic Site (non-parish activities such as full time tour programs, associated music for tourists, added custodial costs, etc.). Funds from the Foundation not expended for these incremental costs would not be exempt. (St. John’s, Lunenburg)

Appendix F.1

5 Scenarios For Allotment Task Force Meeting (Mar 2nd, 2007)

Note: Quite detailed calculations were used to get this summary sheet. These are available for discussion with I. MacDonald.

Data used either 1) from assessable income for all parishes for year 2005 as supplied by Peter Fleming, Controller

Or 2) from Janet Marshall's Diocesan Benchmark Study done on the year 2005

Both sets of data based on the same Parochial Return Forms for 2005.

The following scenarios were from the Feb 13th ATF meeting. Other possibilities could be "...first of all fruits..." (Deu 26:1), tithing, etc. Finally, there is the quite determined view by many that any allotment rate should be no more than 20% (a psychological barrier perhaps).

Case I - **Effect of Varying Budget From Present \$2.2M by increments of \$100,000 down to \$1.2M:**

Total Assessable at \$11.9 M as used by Budget Sub to get present allotment invoices.

Allotment Rate drops from 20.66% to 11.2% at 90% compliance rating.

<i>In millions</i>	\$2.2	\$2.1	\$2.0	\$1.9	\$1.8	\$1.7	\$1.6	\$1.5	\$1.4	\$1.3	\$1.2
90.0%	20.66%	19.6%	18.6%	17.7%	16.8%	15.8%	14.9%	14.0%	13.0%	12.1%	11.2%

Case II - **Flat 15% rate with NO exemptions:** (Basically Not possible)(Also note the calculation base is no longer assessable income)

Diocesan Budget at \$2.1M for Allotment (not 2.2M now) and 100% compliance (highly unlikely).

Total Income for All Parishes in Diocese is \$14.2M (regular + Investment/Endowment Incomes) as in Janet Marshall's Diocesan Benchmark Study. This is not the present system for determining assessable income as done by Budget Sub.

Allotment Flat Rate = **15.5%** at a 100% compliancy rate for Allotment Revenue of \$2.2M

Allotment Flat Rate = **15 %** at a 92% compliancy rate for Allotment Revenue of \$1.96M (\$1.65M using \$11.9M '05 assessable inc)

Case III - **\$60,000 Flat Exemption Amount for rector salary, stipend and expenses with no other exemptions.**

Total Revenue through Allotment would be present \$2.2M

Allotment rate for 89 parishes would have to be set at average of **37%**. (14 parishes would pay no allotment; 89 would).

Both Kentville & Mahone Bay for example would rise by approximately \$22,000 or about 60% more than present!

Case IV - **All Maintenance Exempt** - would be \$100,000(presently rejected PRC applications) plus another extra \$200,000 (est) as a result

of ease of applying exemption as it becomes simply a matter of entering the amount on the annual Parochial Return form with no prior application to Parish Relations sub-Committee.

Or looking at say \$3,000 estimated per parish average for maintenance exemption, this also gives \$300,000 total.

At 92% compliancy with ALL Maintenance included and present \$8,000 basic exemption for \$2.2M revenue, Allotment rate is **22%**

Case V - **Basic Exemption Increase from \$8,000 (Case IV) to either \$12,000 or \$16,000.** and keeping Allotment Revenue at \$2.2M and including ALL maintenance, then Allotment rate becomes 23 % (\$12,000) & 24 % (\$16,000) at 92% compliancy rate.

Appendix F.2

IMPACT OF CHANGING BASIC EXEMPTION ON ALLOTMENT RATE

	0	4,000	8,000	12,000	16,000
Small & Multipoint Parish (2007 Target Allotment Rate by Budget Sub is 20.0%)	20.00%	19.76%	19.52%	19.26%	18.97%
Mid-Size Parish	20.00%	20.15%	20.31%	20.48%	20.67%
Large Size Parish	20.00%	20.51%	20.95%	21.48%	22.05%

		8,000	12,000	16,000
Net \$\$ Impact		0	-\$235	-\$488
		0	\$258	\$536
		0	\$1,742	\$3,622

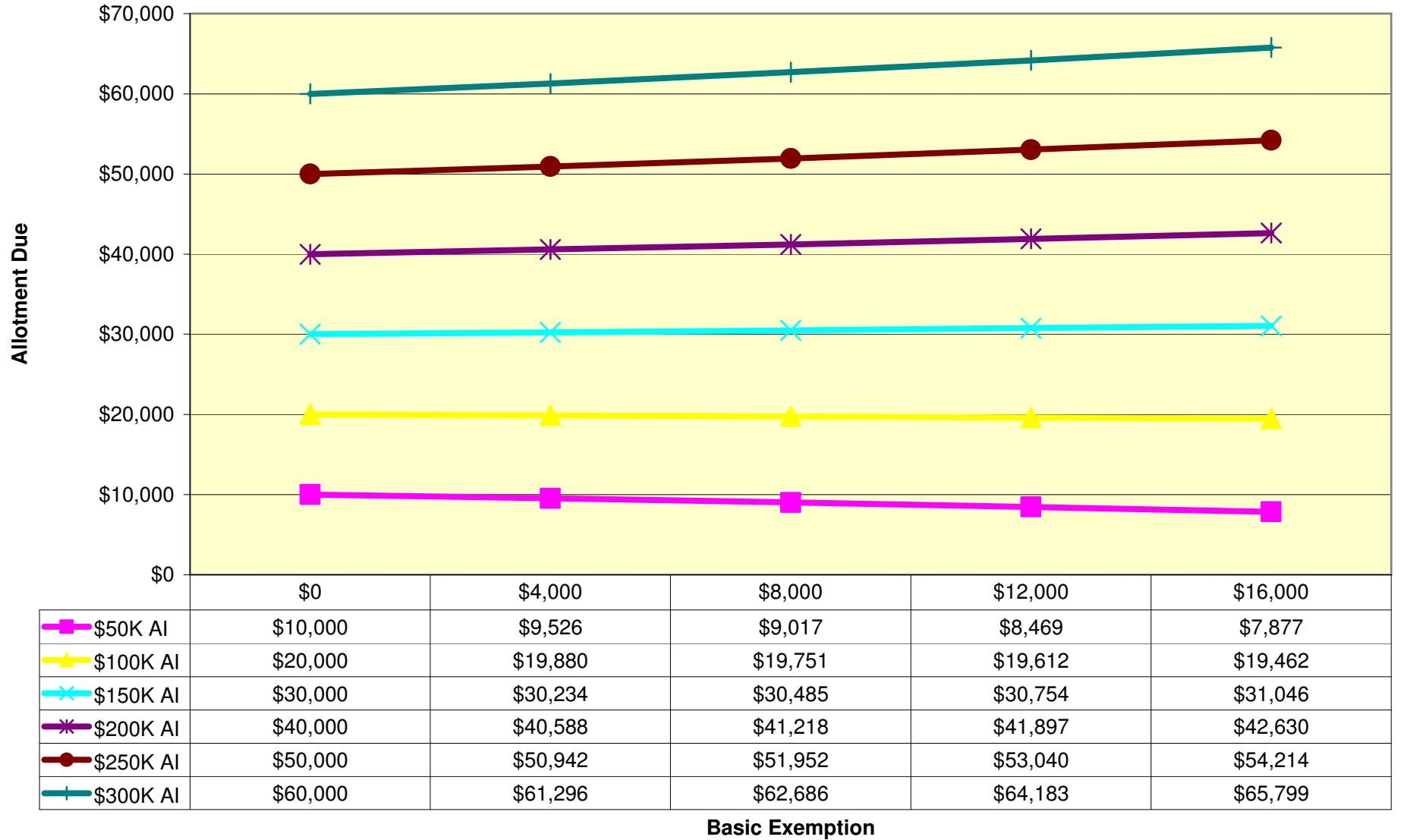
Parish Income to See No Change
 \$117,589.00 \$116,954.00 \$116,994.00

IMPACT OF BASIC EXEMPTION AND ASSESSIBLE INCOME ON ALLOTMENT

Assessable Income	\$0	\$4,000	\$8,000	\$12,000	\$16,000
\$50,000	\$10,000	\$9,526	\$9,017	\$8,469	\$7,880
\$100,000	\$20,000	\$19,880	\$19,751	\$19,612	\$19,469
\$150,000	\$30,000	\$30,234	\$30,485	\$30,754	\$31,026
\$200,000	\$40,000	\$40,588	\$41,218	\$41,897	\$42,600
\$250,000	\$50,000	\$50,942	\$51,952	\$53,040	\$54,269
\$300,000	\$60,000	\$61,296	\$62,686	\$64,183	\$65,790

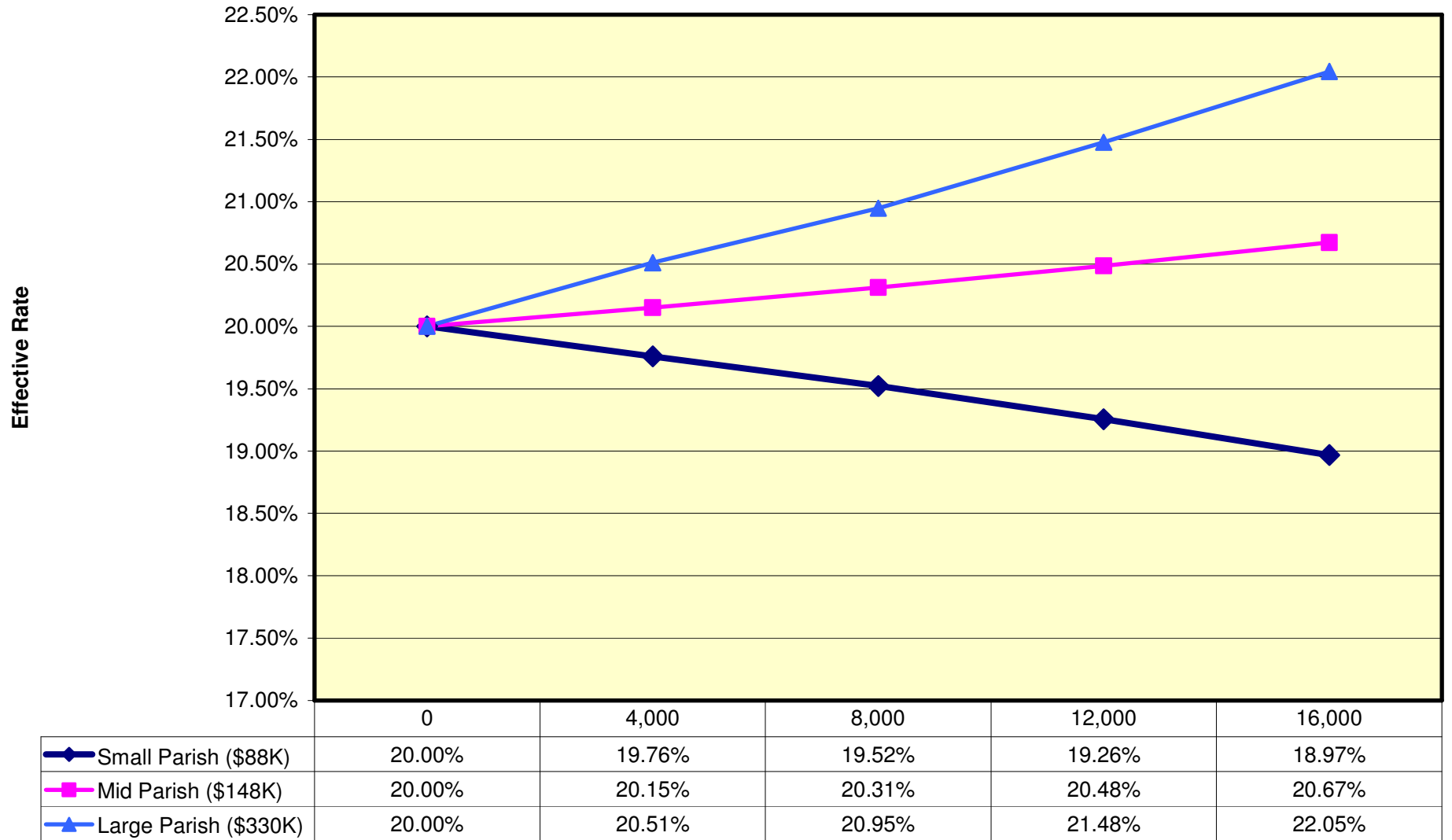
Appendix F.2

Impact of Basic Exemption on Allotment For Various Assessible Incomes



Appendix F.2

Impact of Varying Basic Exemption on Effective Allotment Rates



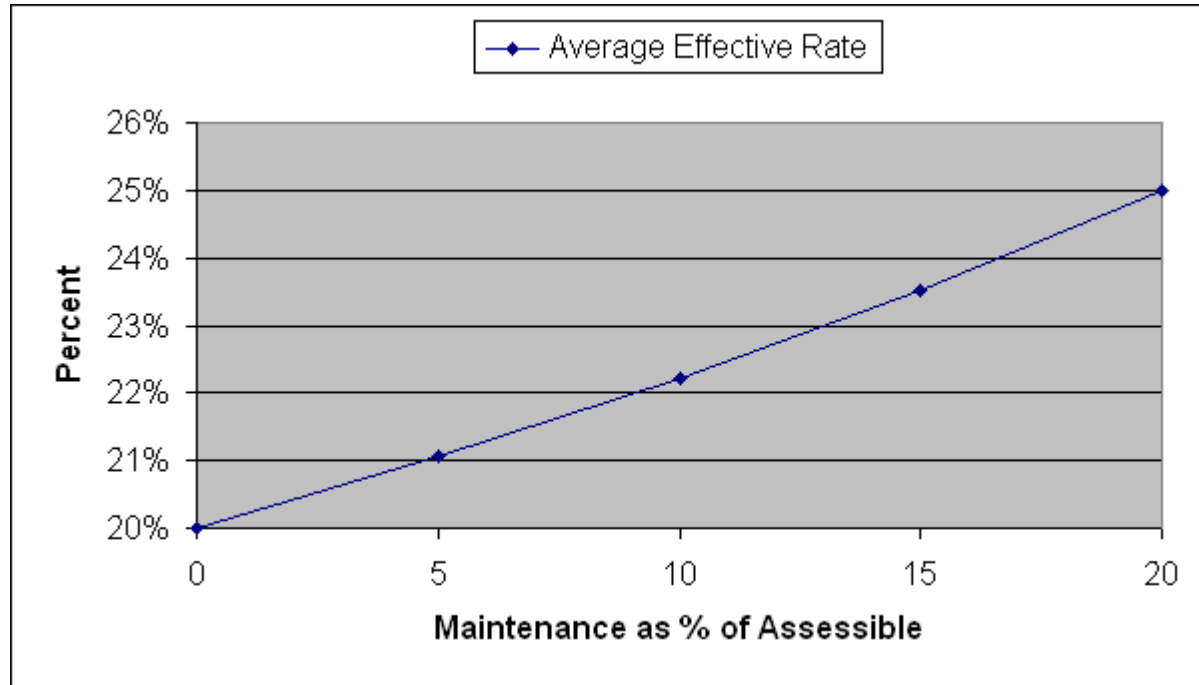
Basic Exemption

Appendix G

IMPACT OF EXEMPTING MAINTENANCE ON ALLOTMENT RATE

Total Assessible Income 2005	Minus Basic Exemption	Assumed Maintenance Cost as % of Total Assessible Income	Compliance	Diocesan Income	Req'd Allotment Rate
\$11,933,423	\$11,117,423	0	92.5%	\$2,207,683	20.00%
		5	92.5%	\$2,207,683	21.05%
		10	92.5%	\$2,207,683	22.22%
		15	92.5%	\$2,207,683	23.53%
		20	92.5%	\$2,207,683	25.00%

For Example	St Peters Cathedral	Total Assessible Maintenance	M/ Total AI
	2005	\$127,008	14.3%
	2006	\$140,000	10.7%



Appendix H

DRAFT Communication to Parishes re Outcomes of Allotment Review November 2007

To Whom It May Concern

The Allotment Task Force (ATF) has now completed its work which began in September 2007. The objectives of the work were to make recommendations for improvement in the present Allotment System. Over the work period the ATF has reviewed submissions from parishes, regions and individuals. ATF also discussed theories and practices with individuals within and outside the Diocese of Nova Scotia and Prince Edward Island.

ATF recognizes that parishes are struggling under the pressures of declining numbers of parishioners, aging congregations, aging buildings and increasing costs (i.e. insurance, heat, salaries, etc.). Anglicans in our Diocese are being good stewards as they are maintaining, with difficulty, their contribution to the Diocese.

The present Allotment System serves the Diocese well and has been determined to be the most equitable system available for the needs of this Diocese. Most suggested changes and adjustments to the present Allotment System would only serve a few parishes and would move the weight of Allotment requirements from one parish to another in an inequitable manner.

While parishes grapple with diminishing resources the financial requirements of the Diocesan budget also put an additional stain on parish finances. As long as the requirements of the Diocese remain so extensive, there is little that can be done to alleviate Allotment concerns except to shift the burden between parishes. It is imperative that Diocesan Council take immediate steps to significantly reduce the Allotment Rate for all parishes and in so doing cut the size of the Diocesan budget to fit reduced revenues.

ATF has made the following recommendations to Diocesan Council:

1. To reduce the Allotment Rate to 15% by 2012 .
2. That all building maintenance and capital expenditures be exempted from Allotment. "Maintenance" will include all maintenance with the exception of such things as regular janitorial services or outside maintenance such as plowing, grass cutting.
3. That for the next 5 years, the Basic Exemption should be held at \$8,000.
4. To ensure the continuation of the ability of a parish to request an appeal of their Allotment Quota for any given year.
5. To create a body whose mandate it is to serve and support parishes.
6. To encourage parish leaders take responsibility for paying the parish Allotment

Appendix H

Other recommendations focused on stewardship, creating a cross-reference index for the Canons, the need for equality of opportunity in securing the services of any clergy in a parish, review of the clergy housing exemption, education and communication with parishes.

Thank you to all parishes which responded to the June 2007 letter to parishes inviting their input into the proposed recommendations. All of these were taken into consideration when preparing the report for Diocesan Council. The final report of the Allotment Task Force 2007 is on record at the Diocesan office.