

Diocesan Assessment Policies

Creating Parish Goals for Diocesan Stewardship Appeal

Diocese of Rockford

March 2009

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Step 1: - New Fiscal Year Diocesan Budget

Parish goals for the annual Diocesan Stewardship Appeal (which takes place in April/May of each year) are determined after the diocesan budget-making process ends with the final approval by the Bishop of the new fiscal year diocesan budget (which begins on July 1.)

Step 2: - Adjustments to Parish Ordinary Income

Each parish's ordinary income, as of June 30 of the previous year, is reviewed to determine if any adjustments should be made according to the May, 1998 Policies for Capital Projects and the Parish Tithe. If qualified, the revenue for these expenditures is deducted from ordinary income before assessments are calculated. (Adjusted Income figures are also used to determine High School Assessments.)

Step 3: - Adjustments to Parishes that are deemed "Special Cases"

- 1) Christ the Teacher Parish – Diocesan Campus Ministry
- 2) New parish policy
- 3) Parish with an abnormally low assessment year after year

Step 4: - "Initial" Average Rate of Assessment

After all adjustments to ordinary income are finalized, the total amount of the Diocesan Budget is divided by the Adjusted Total Parish Ordinary Income. This calculation produces the "initial average rate of assessment." Each parish's (adjusted) ordinary income is multiplied by the average rate of assessment which produces the new assessment figure or parish goal.

Step 5: - 14% Growth Cap & Decrease Floor

For those parishes whose ordinary income is increasing dramatically (for whatever reasons), and in order to prevent unlimited growth in assessments from one year to the next, the 1992 and 1998 Assessment Policies limit the growth in assessments of parishes to a 14% increase from one year to the next. For those parishes whose Ordinary income is decreasing (for whatever reason), the new year's assessment will not decrease 5% lower than last year's assessment.

Step 6: "Actual" Average Rate of Assessment

The computer finalizes the "actual" average rate of assessment for each parish after all the upper and lower "caps" have been mathematically calculated, so that the exact amount needed to meet the diocesan budget is distributed to the parishes.

(Copies of the May, 1992 and May, 1998 Policies are available by contacting the Office of Stewardship Development, PO Box 7044, Rockford, IL 61125 (815) 399-4300.)

Step 3: - Adjustments to Parishes that are deemed "Special Cases"

Further descriptions of special case situations that are exceptions to the normal assessment rules:

1) Christ the Teacher Parish, DeKalb

This parish is both a canonically established parish and a diocesan funded campus ministry dedicated to serving college students attending Northern Illinois University. The parish is assessed using 90% of its Ordinary Income. Refer to the June 1991 correspondence between Fr. Potter/ Mr. Banovetz and Mr. Koplin/Mr. Hougan, and the Sept. 23, 1991 policy letter from Bishop O'Neill. The letter explains the rationale used to arrive at the 70% rate. This written policy was predated by a verbal agreement between the previous Director of the Campus Ministry and Bishop O'Neill. Under that agreement 50% of Ordinary Income was used. This policy was updated in 2003. Refer to correspondence between Fr. Knox and Mr. Hougan. At this time 90% of Parish Ordinary Income is used for determining the assessment.

2) New parish Policy

When a new parish is established, for the first three years of its existence the Diocese will assess the parish based on its reported Ordinary Income without applying the 14% growth cap rule. During the fourth, fifth and sixth years, the parish will be assessed like any other parish. During these years, if the assessment calculation would cause an increase of more than 14%, the 14% cap on the growth of assessments will be allowed. In the seventh year, if by calculating the parish's assessment using the normal system, there exists a significant gap between the average diocesan and/or the High School rate of assessment and the parish's assessment, the parish will be at least assessed at the 50% level of the average diocesan and or High School rate of assessment; in the eighth year at least at the 60% level; at the ninth year at least at the 70% level; in the tenth year at least at the 80% level; in the eleventh year at least at the 90% level and in the twelfth year at the 100% level.

A modification of this policy using the above-mentioned incremental process may apply to an existing parish, which has experienced rapid and large growth in its membership, but because of the 14% cap rule, the parish's assessment is significantly lower than comparable parishes in terms of size and median household income in the same area of the diocese.

3) Parish with an abnormally low assessment year after year

If a parish has a tradition of fund-raising using mostly non-Ordinary Income methodologies and, the Parish's reported Ordinary Income is consistently lower than comparable parishes in size and median household income in the same area, causing lower assessments than comparable parishes, upper incremental adjustments to that parish's assessments, not limited to the 14% cap rule, may be applied for a few years to bring the parish's assessment up to a comparable level.

Diocese of Rockford
Stewardship and the Assessment System
Approved on May 1, 1998
by Bishop Thomas Doran
Updated March 2009

Capital Projects

I. Basic definitions and observations

Capital projects are defined as the construction of new buildings, remodeling or repairing existing buildings, or the purchasing of new equipment, land or buildings which exceed \$12,500.

Normally, revenue for capital projects and debt associated with the project are raised through a combination of an approved capital campaign and supplemented with Parish Ordinary Income. Some parishes have paid for capital projects using Parish Ordinary Income only.

II. Diocesan Policy Statements

Implementation of Stewardship Goal

When parish leadership is conducting a campaign for capital improvements, new building projects or debt reduction, these types of projects should be presented to the people within the context of the Church's Stewardship teachings.

Statement of Diocesan Assessment Goal

To establish parity between parishes which choose either the "Parish Ordinary Income only" option or the "capital campaign" option.

Statement of Procedures

- 1) Capital projects must be planned in accordance with the *Uniform Procedures for the Purchase of or Contract for Land, Building Remodeling, and Improvements*. A letter of request must be submitted to the Diocesan Bishop outlining the project.
- 2) Capital projects are not capital projects until the Diocesan Bishop gives initial approval for the plan and it is entered into the Diocesan Capital Projects log. As part of the approval process the parish must indicate the means of fund raising by either: a) conducting a capital campaign and using Parish Ordinary Income as supplemental, or b) using Parish Ordinary Income only. The diocesan project approval letter will include a statement recognizing the fund-raising method to be employed by the parish. Three – five years will be the normal timeframe to conduct capital campaigns and to redeem pledges.
 - a) If the parish is approved to conduct a capital campaign, revenues from the drive will not be used in the calculations for the diocesan assessments. Parish Ordinary Income used toward the capital project will not be deducted from Ordinary Income before diocesan assessments are calculated.

- b) If the parish is approved to fund the capital project through Ordinary Income only, a maximum of 20% of the parish's Ordinary Income will be deducted from Ordinary Income before diocesan assessments are calculated.

For this "Parish Ordinary Income only" option the parish must have adopted most of the 8 Characteristics of a Stewardship parish and agrees to the following conditions:

- a) no capital campaign
- b) no special envelopes
- c) no other fund-raising activities for the capital project
- d) no other second collections (except a poor box)
- e) no formal memorial drives for non-endowment purposes
- f) parish must demonstrate ability to pay capital debt within 15 years.

[Note: While not reducing Ordinary Income, bequests or unsolicited special donations do not disqualify the parish for this deduction.]

- 3) If the Capital Campaign is initially chosen and when the three to five year capital campaign payment period is completed, the parish must formally decide which method it will choose to pay off the remaining debt. It may either choose the Parish Ordinary Income method, or choose to conduct a debt reduction drive and introduce a special envelope for that purpose. Written permission from the Vicar General is required.

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Projects below \$12,500

I. Basic definitions and observations

Projects valued below \$12,500 are considered important for the on-going maintenance and upkeep of facilities. Often these projects, as well as, debt associated with them are funded through a combination of revenues generated by Ordinary Income, special "building" envelopes, or second collections. Some parishes use Ordinary Income only for these types of projects.

II. Diocesan Policy Statements

Implementation of Stewardship Goal

Parish should strive to move gradually toward the elimination of second collections, special envelopes and special fund-raisers for expenses related to normal parish operating activities and ministries.

Statement of Diocesan Assessment Goal:

To establish parity between parishes that choose either the "Parish Ordinary Income only" option or the "special fund-raising" option.

Statement of Procedures

- 1) The preferred source of revenue for these types of projects is Parish Ordinary Income.
- 2) If a pastor wishes to initiate a second collection or introduce a special envelope for this class of projects, he must request permission from the Bishop in writing. The written request must:
 - a. describe the purpose for the second collection or special envelope and
 - b. define the limited timeframe that the extra collection or special envelope will last.
- 3) The parish will report revenues from approved special fund-raising sources or envelopes for these types of projects to "Special Purpose Envelope-Collection Account #30750 of the Parish Uniform Accounting System.
- 4) Either method will be considered Ordinary Income and will be used to calculate diocesan assessments.

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Parish Tithe

I. Basic definitions and observations

The *Parish tithe* is the practice of designating a portion of the Sunday collection to be given as a gift in the name of the parish to a diocesan, community, national or world-wide charity. Parishes choose to institute this practice for three reasons: 1) to reach out and go beyond the parish's own needs in order to serve "the least among us"; 2) to evangelize, to give witness to others in wider community; and 3) to provide an example to the individual members to give to the parish in a planned, sacrificial and proportionate manner.

II. Diocesan Policy Statements

Implementation of Stewardship Goal

The parish contributes a portion of their Sunday offertory collection to worthy diocesan, community, regional, national and international programs.

Statement of Diocesan Assessment Goal

To encourage parishes to adopt the parish tithe and to assist diocesan and parish entities that are of special concern.

Statement of Procedures

- 1) Parish tithes up to 10% of Parish Ordinary Income will be deducted (by diocesan staff) from Ordinary Income before diocesan assessments are calculated.
- 2) When determining the recipients of the parish tithe, parish leaders are **strongly encouraged** to support the special concerns of the diocesan family. These include but not limited to:
 - * United in Faith Endowment Funds
 - * Poor parishes and schools needing special assistance
 - * Diocesan Social Ministries for the following purposes:
 - Direct financial assistance to poor people
 - One-time capital needs
 - Past due debt
 - Specific short-term special programs - projects
 - * Aurora Central Catholic High School Fund
 - * General Diocesan Financial Liabilities
 - * Other emergency needs as they arise and defined by the Diocesan Bishop

For more information, contact the Diocesan Director for Financial and Administrative Services.

- 3) When considering non-diocesan organizations, parish leaders must ensure that only legitimate not-for-profit organizations that uphold identifiable Catholic moral and social teachings are supported.
- 4) The parish will record these contributions under Apostolic Works line items: 47050-Direct Assistance or 47100-Donation in the Parish Uniform Accounting System.
- 5) Parish support to its own elementary, area high school, or payments of current or past-due diocesan assessments will not be considered as a deduction to Ordinary Income before diocesan assessments are calculated.