

February 19, 2010

Dear Pastors, Pastoral Leaders and Parish Finance Council Members,

For some time now it has been my intention to do a thorough review of the way that funds are raised for church life and ministry at the diocesan level. Parishes together form a local church around their bishop, giving rise to a shared responsibility for more than just individual parish needs and activities. A significant part of diocesan funding comes from parish assessments, and I want to ensure that our assessment policies are in accord with Canon Law and that they are equitable and reflective of today's needs.

To this end, I appointed a committee chaired by the Episcopal Vicar which included five pastors and two business managers representing parishes of different sizes and configurations, as well as our diocesan Finance Officer. The committee deliberately deleted the names of all parishes, and worked with figures only, to ensure the greatest objectivity.

On the basis of the committee's recommendation regarding the diocesan assessment formula, I held further consultations with both the Diocesan Finance Council and the Priests' Council. With the positive endorsement of both bodies, and after making several adjustments as a result of their input, the following changes will be effective as of July 1, 2010.

Diocesan Assessment

The formula for arriving at the assessment will be as follows:

- The diocesan assessment will be based on parish income from all its Sunday and Holyday collections (including Christmas and Easter).
- The assessment rate will be 10% for parishes without schools, and 5% for parishes with schools.
- The so-called school "head-tax" will be eliminated.
- If the new assessment formula creates more than a 10% increase or decrease in a given parish's present rate of assessment, then it will be phased in over two years.

This new assessment formula:

- **is "revenue neutral" for the diocese, that is to say, net assessment income to the diocese will remain basically unchanged;**

- brings the Diocese into compliance with canon 1263 of the *Code of Canon Law* by basing the assessment on the income of the parish rather than our present practice of basing the assessment on certain parish expenses;
- reflects the *Christian Formation Directive* of the last Diocesan Synod which directed that parishes with schools should be assisted in some way by those without schools.

Scholarship Fund Assessment

In my recorded message to the whole diocese on the state of our schools I underscored the importance of the scholarship fund in the Catholic Foundation that was created by the *One Faith, Many Blessings* Campaign. A recent study of Catholic education concluded that on a diocesan level the most effective thing that can be done is to assist parents, on the basis of need, with the cost of tuition. This is exactly what our scholarship fund does.

Scholarships are allotted on the basis of deaneries to ensure that the whole diocese is equitably covered. Since 2006, \$430,000 has been distributed, but this falls far short of the need. Last year over 1,000 applications were received, with money enough for only 208 scholarships.

In light of these considerations, **an assessment of ½% will be added to the diocesan assessment described above, using the same formula.** This applies to all parishes, with or without a school. Half the money raised each year will go directly to scholarships, and the other half will be invested in the scholarship fund to increase its ability over time to provide even more scholarships.

Priests' Retirement Fund Contribution and Annual Collection

For some time now, both the Diocesan Finance Council and the Priests' Retirement Board have been very concerned that the annual contribution to the Priests' Retirement Fund is significantly less than what is indicated by the actuarial studies. Although the lay employees' plan is fully funded, the priests' plan is only 64% funded. At their meeting on January 20 the Priests' Retirement Board raised the possibility of increasing the contribution of parishes towards the retirement fund.

In order to remedy this situation, the current parish formula for priests' retirement will be replaced.

As with the diocesan assessment, parish income from all its Sunday and Holyday collections (including Christmas and Easter) will be the basis of **a 4% contribution to the Priests' Retirement Fund from each parish. This will be phased in over three years, with the first year at 2½%, the second year at 3¼ %, and the third year at the full 4%.**

The 4% figure is based on the amount of money that needs to be raised annually, using a ten-year average of what the actuarial studies have indicated. With a changing investment market,

and other actuarial factors, the percentage is subject to evaluation and possible adjustment in the future.

In order to help meet this important and significant contribution, parishes will be able to rely on the recently instituted annual Priests Retirement Collection. The diocese will continue to help raise awareness about this collection and provide technical assistance for making it more successful. **Whatever money a parish raises in this collection will be applied directly toward its priests retirement contribution, and only the remaining balance will be billed to the parish.**

Annual Catholic Appeal

Given the track record of the ACA and the current economy, the 2010 ACA campaign goal will be reduced from \$2,600,000 to \$2,250,000. Since becoming your Bishop, I have cut almost \$2,000,000 from the annual diocesan budget, and I want to assure you that we have been pared down to providing only the essential services that are appropriate at the diocesan level.

On the basis of last year's results, the reduced ACA goal should significantly increase the number of parishes who reach their assigned goal, hopefully giving more parishes a greater sense of accomplishment and increased incentive.

As a further incentive, we will return to the practice of the DDF prior to *One Faith... Many Blessings*, that is, there will be a rebate system to the ACA. Seventy-five percent of any funds collected over and above the assigned ACA goal will be returned to the parish for its own use. A significant number of parishes will receive a refund in 2010 if they match what they raised for the ACA in 2009.

As with the new assessment formula, individual parish ACA goals will be based on Sunday and Holyday collections (including Christmas and Easter), relative to both the parish itself and to the total sum of these collections in the diocese as a whole. So for example, if a parish's yearly collection represents 2% of the sum of all such parish collections in the diocese, then the parish's ACA goal will represent 2% of the total ACA goal.

So that our local Church as a diocese can continue to carry out works of charity and service even with a greatly reduced ACA goal, there will be a **5% tithe to the Diocesan Charitable Ministry Fund on all non-restricted bequests to parishes.** "Bequest" means just that, a legacy left by someone who is deceased, and only a bequest to which no restriction has been attached by the donor. The tithe is a modest step that does create a steady stream of income to the Charitable Ministry Fund, but does bring a diocesan-wide dimension to charitable legacies that may be received from time to time.

Accompanying this letter is a worksheet that indicates what these changes *would* have meant for your parish if they had gone into effect last July. On this basis you can have a better idea of what to anticipate for fiscal year 2010-2011.

I am most grateful for your cooperation and for all that you and your parishioners do so generously to support the work of the Church.

Sincerely yours in Christ,

+ Leonard P. Blair

Most Reverend Leonard P. Blair
Bishop of Toledo

Enclosure