

## Assessment Review Committee

February 26, 2020

### Minutes of the Zoom Meeting

Attending the meeting: Mally Lloyd, Rosalie Ballentine, Patty Downing Nancy Koonce, Mark Lattime, Mike Klusmeyer, Greg Rickel, James Taylor, Kurt Barnes, and Nancy Caparulo.

Mally called the meeting to order at 1:00 PM EST. Jim offered a prayer.

The agenda was reviewed moved, seconded and approved without changes.

The minutes from both the September and December meetings were moved en bloc, seconded and carried without opposition.

#### Updates

Mally noted that Taiwan needs a waiver for 2021 and that follow-up is required. They paid their waiver for 2020 (at 13.8%), 11.9% and 12% for 2019 and 2020 respectively had been approved, so payments exceeded the percentage approved. Fond du Lac is compliant at 13.5% and must be reminded to apply for a waiver for 2021.

The finances of TEC through 2020 are very strong and commitments for 2021 are coming in strong as well. There is a \$5 million surplus for 2020. Assumptions had been that there would be traveling and meetings in person during the 3<sup>rd</sup> quarter of the year, which that did not happen.

#### Waiver Applications Review

Colombia – Their 2020 assessment was adjusted to 0 and an application for 2021, citing financial difficulties, states the intent to pay \$3,000. Mike discussed the lack of rental income they have relied on from an office building they own. The **waiver was moved** (Klusmeyer), **seconded** (Koonce). Discussion observed that Bishop Duque, having reached 70, will be retiring soon. **Vote carried** the motion without opposition.

Convocation of Episcopal Churches in Europe – Their request is that their assessment be calculated at 15% of 65% of their income. Bishop Eddington has provided a great deal of information on the situation. Kurt noted their commitment will increase from their historic level. The Convocation has taken on a new approach since Bishop Eddington arrived. Discussion covered VAT vs sales tax in the US. For example, Idaho does not allow NFPs exemption from sales tax. Mally mused on the value of having a person in each non-US diocese write up the kind of comprehensive, informational summary that Bishop Eddington provided. Mike asserted that the Convocation wants to be a fair and equal partner. Kurt suggested approving the request for 2021 agreeing that additional consideration beyond 2021 would be given. Mally observed the precedent that would be set for other non-US dioceses to follow, which may not be a bad thing. Does VAT apply to payroll? Not setting a policy and not accepting the premise of the calculation – approve with additional work done on the concept. It was **moved** (Mike) to accept the assessment as calculated by bishop Mark and commit to exploring the ramifications of this becoming a permanent policy. Greg **seconded and the vote carried without opposition**. This will go to FIN for an additional look.

Honduras – Has applied for 2020 and 2021 for a waiver at 0. Their application came in August, written pre-hurricane, which exacerbated the existing conditions. A small EC group had looked into the finances of Honduras and some of the premises set forth in the letter from Bishop Allen, which over-estimated the possible income. Mike talked about this issue in greater depth. The situation is complicated to begin with, and the hurricanes have devastated the country. Kurt received a note from Bishop Allen concerning the commitment for 2020 promising to send the \$2000 no later than next week. Everyone was on board with a recommendation at 0 for 2021 and 0 for 2020 (unless the payment is received). PR came in at \$100K for 2020 after a 3-year waiver. **Motion** was made (Mike) and **seconded** (Patty) to approve a waiver at 0 for 2020 and 2021, allowing them to pay what they can. **Vote carried** unanimously.

Mississippi – The received a waiver in 2018 at 10%, with 12% and 13% for subsequent years in the triennium. They reduced the 12% to 6.75% in mid-year 2020. Mally does not recall an adjustment having been made and approved by vote of the committee. They now need a waiver for 6.75% for 2020 and 10% for 2021, 12% in 2022 and 13% in 2023. Review was made of their request materials. They had based their budget on the receipt of a waiver. They paid 6.7% in 2020 but no waiver application had been received for 2020.

Discussion in some depth included questions about amending their application to include 2020 and have it considered in May; their process in place should be used; they don't reference the pandemic but do cite the need to carry the parishes devastated by Katrina. One suggestion was to have the committee take up the waiver application for 2021 and let them know they are in violation of procedure for 2020 with no amended application. They would not be eligible for grants/scholarships in 2021 with the violation for 2020. The need to apply the rules to everyone equally was pointed out. This conundrum was discussed further and the observation made that the only "teeth" in the policy is the withholding of grants. Several grants are being held, contingent on full payment of 2020 Assessments/waivers. Canonically there is no leg to stand on since nowhere is it written in the application process that states that no new waiver will be considered a prior year's waiver has not been honored. The question arose as to whether this can be a recommended addition to the Canons and make it part of the application process. Group thought was to approve a 2021 waiver and consider them in arrears for 2020. Greg will try to get in touch with Bishop Seage.

It was agreed that an addition to the policy for the application process would be the statement that an application for current year will not be accepted if an Assessment is not current for a prior year or a waiver has not been approved. This policy draft will be considered in May along with re-considering Mississippi at that time. All believed that policy-writing needs to be narrow and tight. Jim would like to see more written policy passed by EC so that the rules are absolutely clear about the application process. As part of the application process, the new perfected language will appear on the Internet. EC will need to approve it in June for posting. Meanwhile, the pastoral part of this discussion is important. Agreed: if a diocese is in arrears from a prior year and not in contact with the ARC, a new application will not be considered. Jim and Nancy will work on policy language. They will also review what is on the Extranet to see if anything else should be added.

New York – requests a waiver at 11.25%, 25% of their income from diocesan Askings. Discussion covered a number of items including don't consent to having a suffragan if you can't meet the Assessment; the cause given as reduction of parish income/assessment; the episcopacy is getting a raise this year; basing the budget on getting a waiver; 2020 was a good stock market year. The suggestion was made to have someone from the diocese come speak to the committee because we want to hear more. Mike agreed to begin the conversation with the diocese. Patty offered to back him up. Kurt will participate if necessary. No decision was made about the waiver except to revisit it in May.

Mally announced that this would be her last meeting with this committee as well as Audit Committee. Nancy Koonce has agreed to take over as chair and Holli Sturm will be the FIN liaison to this group. Mally will hand over all files to Nancy and Holli. Kurt noted that every committee in the church has a consultant . . .

Follow-up list was reviewed:

Cuba – not going to discuss at this time. They have not applied. No payment has been received on their assessment. Whole situation is in turmoil and there may be applications coming for 2020 and 2021.

Dominican Republic – had a waiver in 2020 for \$8500, they said they'd pay \$10K and committed to \$17,000 for 2021. No application has been received for a waiver. The pledge is 2.3%, so they need to apply for a waiver. Will consider this again in May.

Ecuador Central – no need in 2021.

Fond du Lac – needs follow-up; with a 13.5% commitment, they should apply. Kurt will jog with a reminder and send to Mike to follow up.

PR – have paid \$100K.

Venezuela – a report might be forthcoming in May. No application was received. The infrastructure is such a tangle. Kurt will speak with Bishop Ousley. When approval is received, a waived amount is taken from their block grant. No audit or budget has been seen in years. This will be on the May agenda. Waiver was given in 2019 for \$1500. No further waivers have been approved.

Eastern Oregon – calculation was 14.8% and it was corrected.

Rio Grande – applied for a 2021 waiver and their increase progression didn't change. They didn't know when they could pledge 15%, which is a requirement of the application. Theirs was the single greatest increase in decades. They described a 30-year progression. This was thoroughly discussed and agreement reached that a plan is required and, as there is none, the committee will not consider future applications until there is a plan in place. It was pointed out that they said in a letter they'd get to 15% in 2024. The committee will 1) ask for the plan, 2) tell them there will be no approval until we see a plan; let them know we're not expecting anything more than we expect from any other diocese. A letter from Bishop Hunn in 2019 proposed a way forward to 15% in 2032. In 2021 they increase \$2000 a year (2% increase). It was noted that if the plan is made up, it might encourage an actual increase. Greg will call Bishop Hunn again. The new bishop in Colorado has accomplished a great deal. The parishes in that diocese have given all their money to DFMS to manage. There is now enough in there for the diocese to meet its obligation.

No further questions or issues were raised. The timeline for policy writing is the end of May.

Nancy K prayed a prayer for spring at 2:35 to conclude the meeting and Mally adjourned it at 2:35 PM.

Respectfully submitted,  
Nancy Caparulo  
Staff support to the committee