

QUEEN OF ANGELS PARISH TRANSFORMATION FINANCE WORK GROUP

Minutes of the Discussion on October 24, 2013

Present: Bill Brennan, Parish Business Manager
Anne Butzen, Fred Butzen, Jim Hohner, Ladime Ramirez, and Veronica Siegle

Absent: Chris Callahan (Steering Committee) and Jack Recinto

Bill Brennan reported:

- The Parish Finance Committee meets quarterly and consists of eight members including the Pastor, the School Principal, and himself. The other members are from diverse parts of the parish community including two from the Hispanic community. That Committee does review potential maintenance/repair projects to target as well as reviewing financial statements.
- A comprehensive financial report will be provided to the parish in November for the first time since 2007(?).
- Queen of Angels will begin to implement a “Capital Campaign” early in 2014. The funds raised will primarily create a cash reserve for future capital projects and unexpected repairs. The funds could also be used for parish programs.

Mr. Brennan also distributed two documents for consideration:

- A “Benchmark Report” (6 pages) which summarized the financial reports for the year ended June 30, 2012 and compares the parish’s revenue/expenses to other similar parishes with the goal of identifying “opportunities” for additional revenue or cost savings.
- A “Finance Action Guide” (14 pages) which included many “assessment questions” in four areas: Church Revenue, Church Revenue for Parishioners New to the U.S., Church (Non-Personnel) Expenses, and Parish Capital

The total of 65 questions asked for one of four responses:

“Not applicable”, “We already do this well”, “We do this but program needs improvement”, or “Yes, this an opportunity”

BENCHMARK REPORT

Each parish is placed in one of several different statistical cohorts (peer groups) based on:

- Median household income (ours \$54,519; cohort \$50-59k)
- October count of mass attendance (ours 1,035 average weekend; cohort 1,000-1,499)
- Non-school square footage of plant (ours 39,555; cohort 20-39k)
- School enrollment (ours 420; cohort 400-499)
- School share footage (ours 36,210; cohort 20-39k)

An opportunity is identified if the parish is significantly performing below its peer group.

Key takeaways (from the report and Mr. Brennan):

1. The report is for the fiscal year ended June 30, 2012 (i.e., data is 15+ months old). Mr. Brennan promised to work to get information for the year ended June 30, 2013 hopefully by email to work group members before the next meeting. The Parish Overview report given previously to the Transformation Committee has 2012-2013 financial data.
2. For each of major financial categories the opportunity is “small” except for school staffing (“large”) and other school expenses (“medium”). Care must be taken in trying to compare parishes/schools. For example, our school has a significant summer camp program which would increase expenses

compared to the regular enrollment totals. A “medium” opportunity is \$50-100,000 and a “large” opportunity is more than \$100,000.

3. For church revenue, the report says that the opportunity is “small” as we are performing about average for routine collections (\$478 per Sunday attendee vs. our household medicine cohort of \$444). However if we were to perform at the 25th percentile (1/4th from the top or \$602), we would have over \$100,000 in additional donations. Bill Brennan believes there is as substantial opportunity regarding church collections. About 50-60% of mass attendees give nothing or little (\$1 or less).
4. The most recent annual “Catholic Appeal” collections included about \$30,000 directly to our parish. Archdiocesan collections (e.g., seminaries) total about \$21,000 and are included in both extraordinary revenues and expenses. Bequests to the parish are also “extraordinary income”.
5. Mass attendance is trending slightly down, but the Hispanic 12:30 mass may have a significant decrease(?).
6. School enrollment has shown increases (364 in 2007-2008 compared to 429 in 2012-2013). CCD enrollment also continues to increase (171 in 2008-2009 to 229 in 2012-2013).
7. For the school, another pre-school class is in planning, but only the upper grades have any real capacity for growth. The students per teacher ratio is low (13.9 vs. 16.0 for the peer group).
8. Books/supplies revenue is much larger than for the cohort which may be due to the annual summer camp program (about \$40,000 profit).
9. The parish (“church revenue” and “church expenses”) pays for the full cost of the Guild Hall and Voss Center although there is substantial use of the gym for school classes and functions. The Guild Hall and Voss Center cost about \$95,000 in property/liability insurance alone.
10. Property insurance is allocated to parishes based on the “replacement value” of building (i.e., insured valued). Our church alone has a replacement value of over \$19 million.
11. Repairs and maintenance receive a lot of attention. Cleaning services at the school are contracted, but cleaning of the other parish properties are done by staff or volunteers.
12. Overall capital plant is in “good shape” per Mr. Brennan and inspections, repairs, and replacements are done proactively when reasonable. In the past five years or so, the parish has made significant capital investments (parking lot, gym floor, boilers, etc.). Roofs have an average life of 20 years and the Guild Hall / Voss Center roof is the next to be replaced (13 years old now).
13. Significant efforts have been made to hire qualified, honest contractors most of which are recommended by the archdiocese.
14. Salaries and benefits of the music program (cantors, musicians, and choir members) are included in Church salaries and benefits.

ACTION REPORT

The responses are given only for the sectional summary questions, not all 65 questions and sub-questions. Opportunity items are *italicized*.

A. Church Revenue Opportunities

1. Communicate with parishioners on financial status of our parish / “Yes, this is an opportunity.”
Provide periodic reports on collections vs. budget and prior year?
Finance Committee laypersons provide oral reports at Sunday Mass (annual? quarterly?)
Financial report in November is a good first step to financial transparency.
Ask for giving ranges for Sunday collections (hour of work? spend on discretionary expense?)
Encourage higher participation by communicating impact of even small gifts?
2. Encourage an annual giving program not tied to individual Sunday gifts AND
3. Encourage electronic giving program / “We do this, but can improve”.
An electronic giving program is an indirect annual giving program not tied to mass attendance

- Are there other forms of communication other than Sunday announcements and Guide articles?
Have lay leader give their own experiences/benefits in choosing electronic payment.*
4. Consider a “large gifts program” to high potential donors (e.g., receptions with pastor)
“Yes, this is an opportunity.”
*Review similar programs with previous pastors and pastors in other parishes
Involve fundraising professionals from archdiocese and parishioners to assist pastor in such efforts.*
 5. Consider a “giving society” recognizing donors for particular needs of the parish
“Yes, this is an opportunity.”
*Donors to the capital campaign in 2014 could become a “giving society.”
Review opportunities for mini fundraising campaigns for specific programs (e.g., adult education).*
 6. Launch special fundraising event / “We already do this well.”
*Continue to review efficiency of fundraising events... Winter Toast and Fall Festival /
Have fundraising volunteer leadership communicate best practices to each other.*
 7. Impart ownership and impact in outreach to new parishioners. / “We do this, but can improve”.
*Better job of registering new parishioners > evangelization and community
Better job of providing volunteer opportunities > communion*
 8. Benefit from annual Catholic Appeal / “We already do this well.”
 9. Encourage estate and planned giving opportunities / “Yes, this is an opportunity.”
*Involve fundraising professionals from archdiocese and parishioners to plan such efforts.
Hold a planned giving seminar?
Create a fundraising volunteer group focused on individuals (see #4, #5, and #9)*

An additional series of questions focused on fundraising with populations new to the United States who may need education on how much it takes to operate a parish and the need for contributions from parishioners.

While not much time was available to discuss in depth, in general, “Yes, this is an opportunity.”
*What are the differences in behavior and attitude for populations from Central and South America?
We should develop a team of lay persons who can help communicate those messages.
Focus could be on envelope giving and parish registrations > communion.
Would such populations be more open to fundraising events or fundraising for specific projects?
Would programs for those populations help build community and spiritual stewardship.*

B. Church (Non-Personnel) Expenses Opportunities

This section and the next section “Parish Capital” were reviewed immediately after the Parish Transformation meeting by interviewing Mr. Brennan:

1. Use of group purchasing provided by the Archdiocese: / “We already do this well.”
Various supply and services group purchasing contracts are used by the parish including “Give Central” electronic fundraising. School cleaning services are obtained at lower cost than through parish staff.
2. Reduction of utilities expenses: / “We do this, but can improve”.
Recent investments have been made in pipe insulation and environmental controls at the school/church.
Some of the improvements have funded by Archdiocesan rebates or government grants.
In the past ten years there have been at least three utilities assessments to guide our efforts.
Boilers are being kept clean and are inspected annually.
Within the last few years all the school windows and environmental controls were replaced (systems were 12 years old after school renovation in late 1990s.
Gym lighting will soon be replaced.

A major environmental/utilities review and update is needed for the Guild Hall and Voss Center where there are multiple heating/cooling systems with various replacement needs.

3. Reduce other church, rectory, Guild Hall and Voss Center expenses? “We already do this well.”
Many purchases have been consolidated with one vendor and recently bids have been requested from multiple vendors for services to the school.
Do we have any opportunities for using volunteers?

C. Parish Capital Opportunities

1. Do we have an understanding of capital needs and a plan in place? / “Yes, this is an opportunity.”
The last formal buildings assessment by the Archdiocese Department of Buildings and Construction was done eight years ago. We have used architectural firms as consultants for some projects.
Obtain a more current buildings assessment in preparation of the 2014 Capital Campaign?
That may be obtained at no cost per Mr. Brennan.
Should we develop a master capital plan where a professional firm helps us evaluate all our capital and space needs and develop a long-term plan?
Implement a planned “Building Commission” of parish volunteers to monitor the health of our buildings, to help prioritize projects, and to advise the parish on building services.
2. Are we ensuring we have the funding we required to meet our capital needs? / “Yes, this is an opportunity.”
A “rule of thumb” is provided that a parish should set aside \$2.36 per square foot each year for capital needs which would be about \$93,350 per year for our almost 40,000 square feet.
Note that amount exclude school square footage which would about double the “rule” amount.
A “Capital Campaign” is planned for early 2014 (see #5 under Church Revenues).
Should there be a fundraising committee to plan and implement the campaign?
The same committee could focus on individual fundraising (see #4 under Church Revenues).
3. Can we better utilize space (repurpose, consolidate, or eliminate)? / “Not applicable” for now
4. Do we have a good process for selecting contractors? / “We already do this well.”
We use archdiocesan identified contractors for projects over a certain dollar amount.
Multiple bids are routinely obtained by the Business Manager.
5. Are we managing leases effectively? / “Not applicable” as parish does not lease space to others

D. School Revenues and Expenses Opportunities

There is a separate Finance Action Guide for the School. The Work Group understood that review was to be done by the School Work Group.

ADDITIONAL ITEMS OF NOTE

Fr. Ron Kalas, Vicar of Vicariate II, was present at the Transformation meeting and noted to all that there was a recent letter from the Archdiocese of Chicago to all parishes about financial planning. He recommends to our pastor that the letter be shared with the Parish Finance Committee.

Finance Contacts for Vicariate II Staff: Judy Keefe (Secretary) and Joe Lange (Finance Support)

Submitted respectfully, *Jim Hohner*