

# Parish Assessment Policy – Archdiocese of Pittsburgh and Western Pennsylvania

## 1. Purpose and Scope

This policy determines the financial obligation of parishes, missions, monasteries, and institutions (hereafter referred to as “Archdiocesan Entities”, or simply “Entities”) of the Archdiocese of Pittsburgh and Western Pennsylvania (the Archdiocese), a Diocese of the Orthodox Church in America (OCA)

- a. This policy applies to all chapels, parishes, missions, monasteries, and institutions (Entities) of the Archdiocese.
- b. This policy describes an assessment policy of the Archdiocese as it moves away from a “dues” or “head tax” based system to a percentage-based proportional assessment method of parish support to the Archdiocese and the OCA. The single percentage-based assessment will provide financial support for both the Archdiocese and the OCA

## 2. Policy Statement

The financial obligation of Archdiocesan Entities described in this policy shall be for the financial support of both the Archdiocese and the OCA. These Archdiocesan Entities shall remit a percentage of their prior year Eligible Income in twelve monthly increments to the Archdiocese. The Archdiocese will remit her own financial obligations to the OCA from those remittances in a manner prescribed by the All-American Councils of the OCA.

Parish treasurers shall calculate their Eligible Income based of the following formula:

**Total Gross Income** from all sources **minus Eligible Deductions**

**Eligible Deductions** are:

- Capital Campaign Contributions (Building Fund);
- Donor Restricted Contributions;
- Cemetery Upkeep Contributions;
- Candle/Flower Donations;
- Pass-Through Recorded Income;
- Charitable Expenses;
- Investment Income recorded to respective Restricted Fund
- Debt Payments

The year’s assessment calculation shall be based on the prior year’s Eligible Income. This shall be calculated on a form supplied by the Archdiocese, and submitted no later than the third Friday in March each year. It is the responsibility of each Entity to accurately and correctly calculate their assessment. The Archdiocese trusts that all Entities will truthfully submit this information.

### 3. Methodology

The assessment payments shall be based on a progressive system for all Entities. This is being done rather than a single flat percentage for all Entities because a single percentage would be unfeasible for our particular situation at this time, as it would either place too heavy a burden on those with smaller revenue (too high a percentage) or significantly reducing Archdiocesan revenue to an unsustainable level (too low a percentage).

The rate schedule is:

Archdiocesan Entities Rate Chart	
<b>8%</b>	\$0 to \$50,000
<b>12%</b>	\$50,001 to \$100,000
<b>15%</b>	\$100,001 to \$150,000
<b>18%</b>	\$150,001 to \$200,000
<b>20%</b>	\$200,000 and up

The calculation works much like the US income tax, in that the percentage is only applied to the money within its bracket. This means that according to the above schedule the first \$50,000 of your Eligible Income is assessed at 8%; the next \$50,000 (\$50,001 through \$100,000) of income is assessed at 12%; the next \$50,000 (\$100,001 through \$150,000) of income are assessed at 15%; the next \$50,000 (\$150,001 through \$200,000) of income is assessed at 18%; and any Eligible Income of \$200,001 or above is assessed at 20%.

In order to not create too heavy a burden on parishes whose income falls into the 20% bracket, no matter the final effective rate based on calculation, the actual effective rate will be capped at **no more than 15%**

Here are a few Examples to show how the calculation works.

#### Example A

A Parish with **\$220,000 Eligible Income**, the breakdown would be:

<b>Bracket &amp; Amount</b>	<b>Calculation</b>	<b>Rate</b>	<b>Due</b>
1 <sup>st</sup> Bracket: \$50,000	\$50,000	8%	\$4,000 +
2 <sup>nd</sup> Bracket: \$50,000	(\$100,000 – \$50,000)	12%	\$6,000 +
3 <sup>rd</sup> Bracket: \$50,000	(\$150,000 – \$100,000)	15%	\$7,500 +
4 <sup>th</sup> bracket: \$50,000	(\$200,000 - \$150,000)	18%	\$9,000 +
Final Bracket \$20,000	(\$220,000 - \$200,000)	20%	\$4,000 =

Total Assessment Due = **\$30,500**  
 ÷ **12 Months**

**Monthly Assessment Payment = \$2,541.66**

In this example, the Effective Rate of the Eligible Income is **13.86%**

## **Example B**

A Parish with **\$120,000 Eligible Income**, the breakdown would be:

<b>Bracket &amp; Amount</b>	<b>Calculation</b>	<b>Rate</b>	<b>Due</b>
1 <sup>st</sup> Bracket: \$50,000	\$50,000	8%	\$4,000 +
2 <sup>nd</sup> Bracket: \$50,000	(\$100,000 – \$50,000)	12%	\$6,000 +
3 <sup>rd</sup> Bracket: \$20,000	(\$120,000 – \$100,000)	15%	\$3,000 +
4 <sup>th</sup> bracket: \$0	\$0	18%	\$0 +
Final Bracket	\$0	20%	\$0 =

$$\text{Total Assessment Due} = \mathbf{\$13,000} \\ \div \mathbf{12 \text{ Months}}$$

$$\mathbf{\text{Monthly Assessment Payment} = \$1,083.33}$$

In this example, the Effective Rate of the Eligible Income is **10.83%**

## **Example C**

A Parish with **\$99,000 Eligible Income**, the breakdown would be:

<b>Bracket &amp; Amount</b>	<b>Calculation</b>	<b>Rate</b>	<b>Due</b>
1 <sup>st</sup> Bracket: \$50,000	\$50,000	8%	\$4,000 +
2 <sup>nd</sup> Bracket: \$49,000	(\$99,000 – \$50,000)	12%	\$5,880 +
3 <sup>rd</sup> Bracket: \$0	\$0	15%	\$0 +
4 <sup>th</sup> Bracket: \$0	\$0	18%	\$0 +
Final Bracket: \$0	\$0	20%	\$0 =

$$\text{Total Assessment Due} = \mathbf{\$9,880} \\ \div \mathbf{12 \text{ Months}}$$

$$\mathbf{\text{Monthly Assessment Payment} = \$823.33}$$

In this example, the Effective Rate of the Eligible Income is **9.97%**

## **4. Transition and Stability**

Due to the nature of this change, Archdiocesan revenue could fluctuate wildly, both during the transition away from the old assessment system, and in the years to come. Therefore, regardless of the newly calculated effective rate percentage, the change will be no more than 15% real dollar change from the prior year assessment. This limitation expires three years past the implementation.

## 5. Effective Date

This policy will be effective January 1<sup>st</sup>, 2018, upon approval by an Archdiocesan Assembly and the Hierarchy.

## 6. Definitions

**Gross Income** – All forms of income received by the chapel, parish, mission, monastery, or institution. This includes donations, pledges, dues, stocks or bonds (the value on the date of reception). Net income from bookstore sales, candle sales, fundraising activities, hall or facility rentals. In-kind (non-cash) donations are excluded, as are funds received toward the principle of a loan given by the parish (Interest proceeds are to be considered as part of the gross income).

**Eligible Income** – Gross income minus all Eligible Deductions. This is the amount that determines the bracket rates.

**Effective Rate** – The average rate at which all eligible income is taxed. Calculated as total assessment payment divided into total eligible income. Essentially, the percentage of eligible income paid to the Archdiocese for the year.

**Capital Campaign Contributions** – Donations to the parish for the acquisition of land or buildings and/or major restorations (equal or greater to \$15,000).

**Donor Restricted Contributions** – Donations given to the parish for the acquisition of donor specified items to beautify the Church and for specific items or activities including donor contributions for external charities. Although a parishioner may choose to donate funds for utilities, repairs or other operating expenses, these donations may NOT be considered donor restricted under this policy.

**Candle/Flower Expense** – costs for candles and/or flowers used in conjunction with worship services or programs.

**Pass Through Income** – Transfers of capital, if transfer-in was considered income to the parish or cash for convenience of organizations or parishioners and the disbursements do not result in material benefit to the parish.

**Charitable Expenses** – Expenses paid out to a charity over and above the amount collected for a charity.

**Investment Income recorded to respective Restrictive Fund** – Interest earned by any Restricted Fund shall be considered an eligible deduction. Endowment funds, income contributed specifically to the endowment funds, and income generated by the endowment funds, shall also be considered eligible deductions.

**Debt Payments** – Any payments made to any outstanding debt obligations, including payments over and above the minimum payment due.