The National Council of Churches: Is there life after 50? Dark shadows on an anniversary week

by Jean Caffey Lyles in the Nov 10, 1999 issue

This month the National Council of Churches of Christ in the U.S.A. and representatives of its 35 member communions will journey to Cleveland, the city of the NCC's founding in 1950, to celebrate (a few months early) its golden anniversary. But despite the upbeat tone of the 50th anniversary brochure and Web site, some church leaders are wondering whether the council is likely to survive for very long after the ambitious celebration and, if so, in what form.

The New York-based NCC will end the year with a deficit approaching $4 million—$3.987 million, according to one council report, in a budget of $68 million. Deficits are not new for the NCC, but this time it faces an especially severe crisis. Having repeatedly borrowed from reserve funds, its unrestricted reserves are now exhausted.

To retire the deficit, the council is asking denominations to make special one-time gifts totaling $2 million. It is also requesting a gift of $1.45 million from its largest unit, Church World Service and Witness, the relief organization which has its own funding streams and whose credit rating would enable it to secure a bank loan. With a budget of $54 million and staff of 267, CWSW dwarfs the rest of the council operations, which together have a budget of $14.3 million and 122 employees. At an October meeting, CWSW executive Rodney Page said that the request for $1.45 million is "on the negotiating table." How the remaining $537,000 of the deficit will be made up is not known.

Will the denominations come forward with the extra cash? The early signs are not promising. The United Methodist Church not only declined in October to consider giving an emergency gift to the council, but voted to suspend all financial support of the NCC, citing uneasiness with the NCC's debt load and financial operations.

Though part of the United Methodists' $670,000 annual assessment for the year has already been paid, the remaining $342,919 will be withheld, at least for now.

The United Methodists appear to be turning the financial screws to force the council to face questions about its short-term survival, long-term viability and past management practices, and to force it to adopt a balanced budget. But United Methodists are not the only ones asking why the NCC should be bailed out if there is no evidence that the same sort of crisis—and another demand for funds—won't arise next year.

Bishop William Grove, ecumenical officer of the UMC's council of bishops, who had proposed making an emergency $700,000 donation to the NCC, said he hoped the suspension would be brief. But the church's ecumenical commission said funding will not be restored until it sees a credible plan for financial recovery. Among other things, the United Methodists want to see a recovery plan that includes:

- A budget and spending plan for the year 2000 with a surplus to rebuild operating reserves;
- A process for making needed staff cuts;
- A report on prior and proposed transition costs;
- A resolution of issues involving failures to comply with NCC financial policies and procedures;
- An assurance that church representatives will be able to receive and review the 1998 external audit; and
- A full report on the council's liabilities.

The NCC's general secretary, Joan Brown Campbell, said, "We understand this suspension to be a prod to swift action."

NCC leaders are also under fire for planning, at a time of financial shortfall, a four-day event (budget: $764,500) to mark the anniversary, and for asking church bodies to kick in with extra gifts to help pay for it. Council staff say most of the cost is being underwritten by foundations, Cleveland business interests, NCC units that sponsor workshops, and participants' registration fees. Council spokesperson Randall Naylor said $500,000 in cash and pledges have come in, and 700 registrations (including both full- and part-time) are assured. (The council's Web page originally envisioned a crowd of 2,000.) Part of the projected income is to come from generous souls who pay $5,000 for a "corporate table" or $500 for a "regular table" at a black-tie

optional banquet following the installation of a new president.

The management of money at the NCC has been a major concern for some time, though few church leaders close to the NCC were willing to speak on the record about the situation—hence the large number of unattributed sources in this report, which is based on conversations with two dozen church leaders and NCC insiders. Evidence of mismanagement and inefficiency prompted the NCC's executive board, with Campbell's full agreement, to bring in an outside consultant in early 1998. Pappas Consulting Group, Inc., of Greenwich, Connecticut, was hired to review financial operations. The firm was recommended by the NCC's president, Episcopal Bishop Craig Anderson, who had used the company during his tenure as president of General Theological Seminary.

By May 1998 the group had been asked also to provide "interim financial management team assistance" and to strengthen practices in cash management, pension fund management, grants management and financial-management reporting. At that point, Alceste Pappas, president of the firm, said the project would take four more months to complete and would cost the council a maximum of $562,120, including fees and expenses.

But the Pappas consultants stayed for more than a year. Their work—and the $2.5 million the NCC eventually paid for their services, after an original authorization of $750,000—has been yet another source of controversy within the council. The firm's mandate was subsequently enlarged to include reviewing the management of the Burned Churches Fund for rebuilding black churches in the South; installing Pappas firm members as NCC interim executives in key trouble spots (including Pappas herself as "interim general manager"); putting new policies and practices in place; and trying to resolve systematic and structural issues "that have plagued the council for years."

Presbyterian News Service quoted one church official's charge that the expenses run up by the consulting firm were partly to blame for the cash-flow crisis. The Pappas Group was given low marks by some church representatives who insist that the firm never understood the culture of this very complicated organization. The firm itself said the council was the most complex in the long list of institutions it has scrutinized, which includes the United Nations.

Alceste Pappas, head of the firm and communicant of an NCC-member Orthodox Christian body, served several months as interim general manager, and in the months after the firm's extended mandate and funding ended, she continued to do pro bono work. Pappas for a time wielded authority over administration and finance departments and over other units of the council, including the General Assembly, departments of inclusiveness and justice, human resources, business services and information systems.

Some leaders have wondered whether Pappas's position as executive presented a conflict of interest with her role as consultant, and some also suggested that the Pappas Group assumed decision-making authority that belonged to denominational representatives. Campbell's decision to leave her post at the end of 1999 rather than at the end of 2000 was interpreted in some quarters as a reaction to the executive board's decision to place limits on her managerial authority. Others thought that she had concluded that this time of transition was a good time to leave.

So, as it marks its 50th year, the NCC enters yet another period of restructuring. This redesign comes at a time when denominational interest in the NCC appears to have waned and frustration with financial management is high. The good work that the units of the council do—in efforts to advance church unity in faith and order, in Bible translation projects that have resulted in the Revised Standard Version and the New Revised Standard Version, in forming friendships with churches overseas, in advocacy for the disenfranchised, and in countless missions of relief and mercy—often gets overshadowed by wrangling over issues of finances, authority and accountability. The Pappas report says that deficiencies in financial management are "decades old." Among the Pappas findings:

- The financial information issued to staff and board lacks "credibility." The result has been "a sense of distrust within the council and between and among its member communions."
- Appropriate financial oversight and accountability have been lacking. A preliminary report cites a need not only for "data with integrity," but also "clear policies and procedures and a system of internal controls that can be implemented, evaluated and reported." The precarious financial imbalance has "eroded the trust" of member church bodies.
- Heads of departments sometimes cannot decipher the information they receive from the financial end of the operation or figure out just how much money they have to work with. (Therefore, flying blind, they may spend more than they

have.)

- A bank refused to grant the NCC a line of credit in 1997 because of drawdown of cash balances several years in a row, "apparent lack of [NCC] concern to rectify unbalanced budgets," and lack of cash-flow reports.
- There is a "balkanized and turf-driven culture" at the council.

The consultants reported that the NCC lacked the "technical expertise" to solve its problems in three areas—financial management, human resources and information technology. Given the market rates for hiring such expertise, the NCC cannot fund such a staff; but trust will continue to erode without such qualified personnel, the report says. "Staff changes must be undertaken. . . . Failure of staff to carry out their duties effectively has contributed to the deficit of trust within the council by eroding confidence in information."

To afford high-powered computer and finance experts in the pricey New York job market, the council must jettison some of its cargo. Council officials, while stating that "some programs will have to go" and "some people will be fired," declined to speculate on the programs or positions that might disappear.

Other problems the Pappas consultants mention are inadequate documentation of expenditures, unanticipated writeoffs of inventory by the council's Friendship Press, and inappropriate investment of funds. An $8 million loss from an ill-advised investment of pension funds in the Bank of Bohemia a few years ago did nothing to enhance the NCC's credibility, though $5.5 million was subsequently recovered.

Turf issues are persistent at the council, and the largest involves Church World Service and Witness, which accounts for 80 percent of the council budget (including pass-through government money headed for relief work and the NCC's impressive AmeriCorps program, the largest effort in the country to use youthful volunteers in the federal "domestic Peace Corps"). Church World Service sponsors the annual CROP walks for hunger relief held in communities around the nation.

In a long-running impasse, CWS leaders have contended that they are being overcharged for "common services" provided by the council's central administration (each unit pays 6.8 percent of the previous year's program expenses). There has been a recurring suspicion that too many dollars that people give for disaster relief are helping subsidize other council programs.

Those other programs include, within the General Secretariat: Christian unity, interfaith relations, faith and order, inclusiveness and justice, ecumenical networks, communication, Friendship Press, and the publication of the Yearbook of American & Canadian Churches. Within the third major unit, National Ministries, are programs in environmental justice, Bible translation and utilization, education for mission, evangelization, justice for women, ministries in Christian education, professional church leadership, racial justice and reconciliation, urban service, and AmeriCorps.

Though CWS is, on paper, a unit of the NCC, in reality the NCC is a junior partner—what some have called the tail on the dog. Said one CWS proponent: "There was a time when this whole thing amounted to taxation without representation—the tail [the council] was wagging the dog [CWSW] to the extent that the dog was becoming unfriendly." Another leader called CWSW "the council's 900-pound gorilla" but added, "It's vital for us to stay together."

The latest development in the CWS-NCC conflict is an all-but-accomplished restructuring that distances CWS from the NCC. The primary document of the restructuring shows only dotted lines connecting Church World Service to NCC governance, the general secretary's office and three other council units. "A healthy council probably requires a more separate CWSW—the energies of the council were getting skewed by this debate," said Leonid Kishkovsky of the Orthodox Church in America at one board meeting.

The original plan was to build a "firewall" between CWS and the rest of council to keep the funds given for disaster relief and development of Third World countries from funding unrelated programs. The new model, designed by a transition team, assumes "the self-management of CWSW financial and support services." That last statement is not surprising in light of the Pappas Group's praise of the computer technology and financial systems software at CWS offices in Elkhart, Indiana, as superior to the scissors-and-paste systems of other council units.

One official said the "dotted-line" relation meant that legal counsel would be needed to determine if a future general secretary would even have authority to fire an executive director of Church World Service and Witness. The transition team also calls for interrelated boards and a Communications and a Public Witness office (based in Washington) to continue serving both NCC and CWSW. One council insider said, "That dotted line is a face-saving device. As time goes by, the dots will become fewer, and eventually CWS will be completely separate."

Size disparity comes into play in another dimension of the NCC. The 35 member churches vary widely in membership size, budget and ability (or willingness) to help fund the council. Together, the United Methodist Church and the Presbyterian Church (U.S.A.) have in previous years given more than two-thirds of the Ecumenical Commitment Fund, which supports the general secretary's office and the six small units that deal closely with ecumenism or interfaith relations. Add the contributions of six other denominations—the Episcopal Church, the Christian Church (Disciples of Christ), the Reformed Church in America, the United Church of Christ, the Evangelical Lutheran Church in America and the American Baptist Churches in the U.S.A.—and the total will account for more than 95 percent of the council's basic budget.

In recent years, from 11 to 16 communions—mostly Orthodox churches and historically black churches--have given no money. One ecumenist says that those "churches that have the money" and the staff to support various parts of the council have "shaped the culture" of the organization. Yet as one council official points out, "We rely very heavily on the Orthodox and African-American churches for leadership." And the council would suffer enormously in stature as an ecumenical body if it did not include the Orthodox and African-American churches, however small their financial gifts. (It is probably due to Campbell's persuasive negotiations that the Orthodox, who suspended membership in 1991, returned in 1993.)

A complicating and somewhat ironic factor in the NCC's effort to put its fiscal house in order is that its support staff (71 workers in New York) is unionized. The NCC has been a longtime supporter of the rights of workers to organize, and has spoken on out behalf of farm workers and garment workers. It would have been inconsistent for the NCC to have fought unionization when the support staff organized in 1979. Nevertheless, keeping faith with a union contract makes staff-cutting and restructuring more difficult. The local of the United Auto Workers which represents NCC workers issued a passionate letter warning that the move toward separating CWS from the NCC was a "looming tragedy," and it expressed doubt that either organization could "survive a split."

In the debate over funding, church leaders have struggled over how to use money designated for the council's ongoing Bible translation project and over whether such funds are restricted or unrestricted. An NCC unit owns the copyright to both the Revised Standard Version and the New Revised Standard Version, and sales of these Bibles generate income for the council. Some church leaders have grumbled that a

portion of the $3 million in the NRSV Bible fund has been used for other purposes.

A church leader who attended the October board meeting said members were scrambling to get information so they could make informed decisions about the Bible translation funds: "The fund has been assumed to be sacrosanct, but the income is part of the NCC and usable. That means trouble for the new [Bible] translation. They have to have money in hand to start the project." But Randy Naylor said, "Restrictions must be placed by the donor, not the user. NRSV income from the sale of Bibles has historically been used for future translations. . . . When it comes time for a new translation, the funds will be there."

One unanticipated project that ran up the Pappas meter was the firm's investigation of the $11 million Burned Churches Fund, administered by the NCC. The money was donated to rebuild the many African-American churches that had been torched, largely in the South. Questions were raised as to whether the money had been used for other purposes. For example, a video costing $100,000 was produced to promote the fund, and opinions differed over whether that was an appropriate use of funds. A grant to a Washington group promoting legislation to allocate federal money for rebuilding burned churches was ruled by council leaders to violate church-state strictures, and the group immediately returned the money.

After a quarter-million dollars worth of investigation, the Pappas investigators accounted for all but 1 percent of the fund and largely exonerated the fund's stewards, saying there may have been errors of judgment but no malfeasance. (The Pappas report was handed out to board members, but copies were retrieved.) "Still," says one board member, "I don't feel good about spending a quarter of a million on a search-and-find operation." Campbell said that the council was determined to track down the final 1 percent. The distrust was "frustrating," she said. "I said to the board, 'This program is absolutely solid.'" She added, "The fund paid for rebuilding 145 churches. But areas of racial justice always draw the klieg lights and a higher level of national visibility."

The Pappas investigation did find some irregularities in how finances were handled. American Express bills and travel expenses were not always given close scrutiny by the appropriate supervisor, and some employees took advantage of the laissez-faire atmosphere.

Another embarrassment for the council was the Ecumenical Development Initiative, a joint fund-raising project with the World Council of Churches, initiated in 1993, of which much was expected. Unfortunately, EDI expenses often exceeded funds raised. Its finances were handled independently. EDI was a sore point, especially with the WCC, which negotiated its demise in late 1998.

The Pappas group has focused on a fundamental problem in the nature of the general secretary's job description (something already obvious to church leaders): the general secretary is expected not only to be a charismatic leader—who builds networks of ecumenical friends, makes overseas visits to trouble spots, and acts as cheerleader-in-chief for the ecumenical movement—but also to be the chief manager and financial leader, who pores over the balance sheets and is closely involved in day-to-day review of administrative and financial details. That combination is hardly possible. A council official noted that until recently the General Secretariat had an "operations officer" for those details, but she was not given necessary authority, and it was only a part-time position.

General secretaries have, in fact, long been targets for critics who are frustrated by the systemic malfunctions. As one executive board member observed, regarding complaints about Campbell's performance: "People criticize Joan for the very qualities we knew about when we hired her. We knew what we were getting."

The Pappas restructuring plan called for adding the position of "general manager" to oversee finances, information technology and human resources. The council has adopted this model and hired Barbara Ellen Black for the job. She was previously executive vice-president and treasurer at Dowling College in Oakdale, New York. A comptroller and a director of human relations who will report to Black have also been hired. Black has been given an 18-month contract so that the next general secretary can have a hand in choosing a permanent general manager.

Under the new structure, the general secretary will be the council's chief executive officer, major spokesperson, chief ecumenist, networker, traveler and media personality. The general manager (chief operating officer) will be an expert in managing information technology, finances and human resources for a nonprofit organization. At last report, a firm decision had not been made on whether the general manager would report directly to the president of the council or through the general secretary. Concerns have been raised about setting up competing centers of power.

As a result of the restructuring and financial recovery plan adopted in October, the NCC will, among other things:

- End the practice (in the case of "new hires") of providing postretirement health care insurance.
- Establish a new Conference of the Heads of Communions, primarily for discussing and discerning future ecumenical directions, but with no specific governance function for the top church leaders.
- Replace "commissions" with "working groups" and replace current ministries with "clusters" that will be subject to periodic review as to their effectiveness and whether they fit NCC mission priorities.
- Break down departments that function semiautonomously (the popular term is "silos") to encourage coordination and "synergy."

Completing the transition may take up to a year. The new structure is expected to make it easier to stay within budget, once the actual expenses of the changeover (severance pay, etc.) are out of the way.

As council supporters prepared to travel to Cleveland for the November 9-12 anniversary week, their visions for the future of the council differed. A few wanted to tear it down and start over, working with Roman Catholics and Pentecostals and evangelicals to build a more broad-based ecumenical forum.

Most say it's not likely the NCC will close its doors. But for it to be a vibrant organization, "it will take a major commitment and renewed passion by the churches," says Clifton Kirkpatrick, stated clerk of the Presbyterian Church (U.S.A.) and a key player in the committees looking to the future. But he too looks to some "larger expression" that would bring in a broader range of U.S. Christians.

"If the National Council died today," said Bishop Grove one Friday afternoon, "there would be a meeting on Monday of the heads of communions to re-create it, or something like it. While the form may be different, I look forward to the next 50 years."

The Cleveland event will include a concert by the Cleveland Symphony, appearances by Anglican Archbishop Desmond Tutu, Children's Defense Fund leader Marian Wright Edelman, former Congressman Louis Stokes, Surgeon General David Satcher and Harvard University's gifted preacher Peter Gomes.

Former UN Ambassador and former Atlanta Mayor Andrew Young, who started his career working in the youth department at the NCC and who is an ordained United Church of Christ minister, will be installed as president. (He has postponed surgery for early-stage prostate cancer until December.) Church leaders disagree on whether he will be an activist or a figurehead leader. He will be installed at the Roman Catholic Cathedral of St. John the Evangelist, where local Catholic Bishop Anthony M. Pilla will "speak a word of unity." Young will speak at a banquet afterward, and it's expected that Jesse Jackson will also speak and that one of Jackson's daughters will sing. The Cleveland event also features seminars for seminarians and young pastors and a variety of forums, luncheons, denominational dinners, and caucuses.

Before the celebration is over, a nominating committee is expected to bring forward a name for a new general secretary, first to the executive board and then to a larger delegated assembly, whose approval is required.

Also scheduled is a "Great Conversation" on the future of Christian unity. Representatives of many constituencies have been invited to speak, and announcements say the results will be "carefully processed." Perhaps a draft of the future is already on somebody's diskette, ready for revision and printing. In any event, the brochure says the conversation will lead to a "Millennium Committee" to explore "an ecumenical vessel that more fully expresses our unity in Christ." With that and a balanced budget, who could ask for more?