

## Data-Informed Decision-Making

Decisions, decisions, decisions! One decision might lead to improvement while the other to impairment. Two essential ingredients contribute to decisions which improve, prosper and serve the community for the future: data and discernment.

### Case in Point

In the late 1990s and early 2000s, some suburbs in the Archdiocese of St. Paul and Minneapolis repeatedly asked one question, “Should we build a new church/school?” and if so, “How big?” Consideration of the following data points occurred at the time:

- ◆ Gross Domestic Product (GDP) rose 4.3% on average in real terms from 1996-2000. (bea.gov)
- ◆ Labor productivity increased by 2.6% in services and 2.3% in manufacturing from 1995-2001. (Brookings Institute)
- ◆ Minneapolis-St. Paul metro grew 16.8% from 1990 to 2000 or from 2.6 million to just over 3 million people. (US Census)
- ◆ Churches and schools were running out of space and/or improvements were deemed necessary.

These facts led many parishes to the logical conclusion to take on high levels of debt to build for the future. Meanwhile, GDP growth averaged 2.5% from 2001-2005 and dipped to under 1% from 2006-2010. In addition, these significant events transpired:

- \* Beginning of the clergy sexual abuse crisis with settlements in Louisville and Boston
- \* Bursting tech bubble      \* 9/11
- \* War on terror              \* Iraq war
- \* Hurricane Katrina        \* Bank crisis
- \* Financial crisis            \* Stimulus Act
- \* Affordable Care Act

Few people could have anticipated the events experienced in that decade. However, with hindsight there were a few other data points that parishes and schools may have considered:

- ◆ The decline in the percentage of Catholics attending Mass every week from 39% in 1990 to 22% in 2000. (Gallup/CARA)
- ◆ Student numbers in US Catholic schools dropped from 3.36 million (1970) to 2.22 million (1980) to 1.98 million (1990) to 1.80 million (2000). (CARA)

The result in many cases was 15-20 years and 6 or more capital campaigns to pay down mortgage debt incurred from the overbuilding of churches and schools. The point of this article is not to review or second-guess previous decisions, but rather to examine the decision-making process and how to improve upon it. Data is a vital component of the decision-making process, but not the only determinant.

### Data-Driven vs. Data-Informed

Using data to inform decisions is preferred to making decisions then looking for data to support those decisions. Also, there is a difference between data-driven decision-making and data-informed decision-making.

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## Data-Informed Decision-Making (continued)

**Data-driven** decision-making primarily reviews available data and bases decisions on “just the facts.” The data-only model often underestimates the various non-data information sources to be considered.

**Data-informed** decision-making also utilizes **discernment**, as well as organizational consultation and collaboration to set a course for the future and to set mileposts (called Key Performance Indicators or KPIs) along the way to measure our progress toward that future. If our church’s primary goal is to save souls, then measuring those souls involves measuring the bodies where those souls reside. One way to measure a church’s impact on saving souls is to calculate how many “bodies” or people are being served through our sacraments, programs, classes or ministries and to ask the following questions:

- ◆ Do we track mass counts to measure impact?
- ◆ What is the ratio of Baptisms to funerals and what is the trend?
- ◆ Are we seeing a growth in births in our area? A corresponding number of baptisms? And,
- ◆ Where does prayerful discernment, consultation, and collaboration lead us?

Data-informed decision-making allows for the Holy Spirit to work in the decision-making process while also accounting for necessary data points. The outcomes are these:

- ◆ Discernment guides decisions vs. the loudest voice in the room.
- ◆ Facts impact the course ahead vs. emotions ruling the day.
- ◆ Consensus decision-making carries more weight than the “wheel that squeaks the loudest.”
- ◆ Discernment provides for planning vs. a retroactive response to the latest crisis or circumstance.

Using data to make decisions generally leads to better conclusions, but we cannot get caught in the trap of letting the data be the only consideration as God calls us to do His work.

Let us know how Catholic Finance Corporation might be of assistance as you incorporate data-informed decision-making into the life of your parish or organization. Having a pastoral plan and specific ways to measure how you are doing against that plan aids in the “Saving of Souls.”

*For I know the plans  
I have for you,  
declares the Lord,  
plans to prosper you  
and not to harm you,  
plans to give you  
hope and a future.*

*-Jeremiah 29:11*

## Budget Risks: Are There Vulnerabilities in Your Parish Revenues?

### Major Revenue Sources Are Great, But Do You Have Diversity?

Major donors are often the anchor to stable Sunday giving. If they are *the* key source for keeping a parish solvent, it may put a parish at great risk. An unexpected event (death, loss of income, relocation, or losses in the financial markets) can lead to serious financial distress for parishes that have narrow revenue bases. If a relied-upon source goes away, do you have alternatives to fill the gap?

This concern is equally true if a parish is relying on significant outside (non-donor) revenue, such as facility rental payments from a charter school. In the short-term parishes should accumulate reserves to create a hedge against the interruption or loss of this revenue. In the long run, parishes are well advised to work toward diversifying revenue streams and keeping an eye on where vulnerabilities lie.

### Weathering a Change in Pastor

Most parishes develop a very close bond with their pastor. Unfortunately, when that pastor retires or leaves for another parish, it can result in a decline in giving. Hopefully this is temporary as the parish builds ties with the new priest. The trend observed in parish Sunday collections is sometimes a decline by as much as 25% after the departure of a pastor. This may make it financially difficult for the parish to continue to deliver mission and ministry to parishioners, especially if it results in an erosion of the parish membership base. Maintaining a healthy financial reserve can provide the means to weather a period of transition.