

**Finance and Stewardship Committee
Report to the 96th International Assembly
(for decision by Proxy Expression)**

January 2010 Final Version for publication and distribution

Changes to the Present Financial System as currently listed in the 95th *International Assembly Minutes* (pp. 72–77)

Preamble

Since our last Assembly, we have experienced unprecedented times (i.e., except for the Great Depression) through the course of events that occurred in the fall of 2008, resulting in a worldwide economic decline. Our Church members have not gone untouched by these developments. Indeed, several are enduring financial setbacks because of unemployment, the reduction of their working hours, the closing of businesses, etc. Nevertheless, many are discovering that these are the times to rededicate ourselves to the exercise of responsible stewardship, which includes tithing and giving. Notwithstanding a slight decline (i.e., just under four percent) in the total tithes received annually at the International Offices, there have been some record-breaking months during this period (i.e., April 2009 is one of the top five months on record for most tithes paid). Quoting our Stewardship Ministries Director, “Faithful stewards do not give less in tough economic times; they give more. Numerous pastors have shared with me that their churches are experiencing record tithing and giving. . . . The International Offices are currently receiving record amounts of tithes from the local churches. This blessing rises from pure hearts and clean hands of faithful stewards, who have learned that tithing and giving is the only confident way to journey through recessions, bailouts, and daily reports of financial ruin occurring all around us” (Jan Couch, “Tithing and Giving Brings Peace,” *White Wing Messenger*, Vol. 87, No. 12, July 2009, pp. 4, 5). The Finance and Stewardship Committee expresses our gratitude to all of our members, ministers, and churches that are tithing faithfully and giving generously into the Present Financial System of our Church. Let us stand together on the promises of God’s care for us as mentioned by the psalmist David: “I have been young and now I am old. And in all my years I have never seen the Lord forsake a man who loves him; nor have I seen the children of the godly go hungry. Instead, the godly are able to be generous with their gifts and loans to others, and their children are a blessing” (Psalm 37:25, 26 TLB). Too, as we collectively face the challenges now before us, let us together resolve to pray for the following: 1) for God to reveal to us His plan: “Surely the Lord GOD will do nothing, but he revealeth his secret unto his servants the prophets” (Amos 3:7, KJV); 2) for God to instruct us: “Call unto me, and I will answer thee, and shew thee great and mighty things, which thou knowest not” (Jeremiah 33:3 KJV); 3) for godly wisdom to be manifested among us: “And of the children of Issachar, which were men that had understanding of the times, to know what Israel ought to do . . .” (1 Chronicles 12:32 KJV); and 4) to stand in the council of God: “But if they had stood in my council, they would have proclaimed my words to my people and would have turned them from their evil ways and from their evil deeds” (Jeremiah 23:22 NIV).

Overseer and Pastoral Compensation

Rationale: When an increase in an allotment is considered for an overseer or pastor, it is currently to be 1) studied and approved via a task force of ministers (i.e., chosen by tithe-paying ministers at the convention) or a task force of members (i.e., seated by the church conference) who are serving for a two-year period or 2) if recommended by the Finance and Stewardship Committee, any increase is to be approved in the national/regional/state convention (i.e., by tithe-paying ministers) or at the local church conference, respectively (pp. 72, 73 of the 95th *Assembly Minutes*). Some conventions and conferences have found this procedure to be functional for them and continue to use it effectively; however, this additional layer of accountability has been shown for most to be inconvenient, impractical, and cumbersome. As a result, 75 percent of the National/Regional/State Offices surveyed (source: Finance and Stewardship Committee, Financial “Snapshot” Survey, November 2008) and many local churches

have sought out more efficient methods. In fact, it has proven more feasible for them to instead empower their Finance and Stewardship Committee (or its equivalent) to authorize an appropriate compensation package for the overseer or pastor, correspondingly, independent of their convention or conference. Furthermore, they have demonstrated successfully that accountability may still be achieved using this or a similar alternative approach. With this in mind, perhaps it is now appropriate to officially give the intermediate offices and the local churches more flexibility when considering compensation packages for the overseer or pastor. Specifically, the convention and/or conference could imbue their Finance and Stewardship Committee (or its equivalent) to function as their fiduciary agent of accountability, as is already efficiently happening in many nations/regions/states and local churches. In this manner, such conventions and/or conferences may elect to facilitate this process while simultaneously meeting the accountability standards of the intermediate office or church being served.

Recommendation: On pages 72, 73, of the *95th Assembly Minutes*, in the section **Overseer and Pastoral Compensation**, delete the 4th sentence of the 3rd paragraph, as it is presently listed:

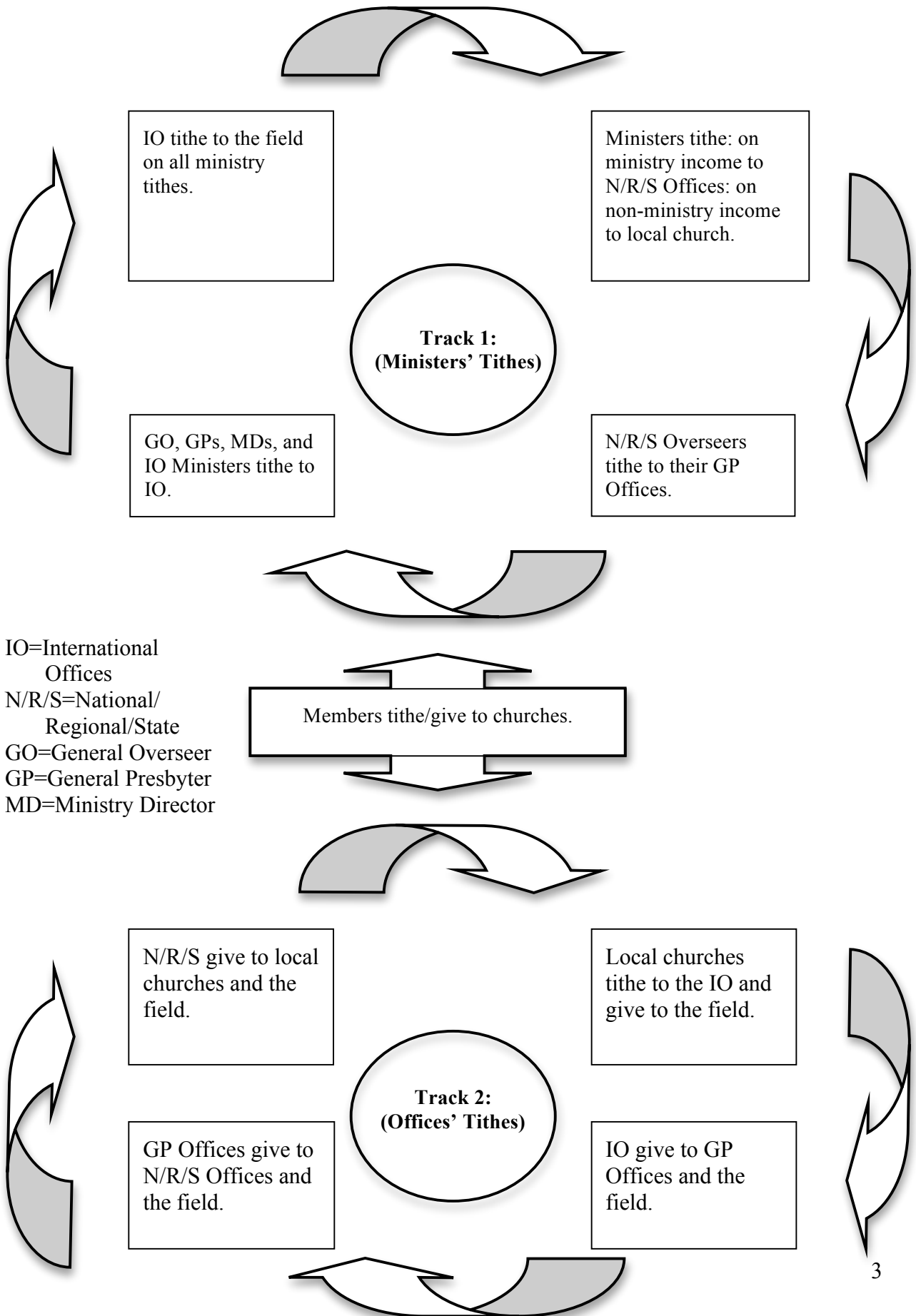
“. . . If the Finance and Appropriations Committee (now Finance and Stewardship) for the nation, region, state, or local church is used to consider pastoral or overseer compensation, any increase in compensation, merit, or cost of living adjustment should be approved by the ministers paying tithes to that office (nation, region, or state) at their convention . . .” and insert the following sentences in its place: “. . . If the Finance and Stewardship Committee (or its equivalent) for the nation, region, state, or local church is vested with the delegated authority of the convention or conference, correspondingly, to consider overseer or pastoral compensation, then any increase in compensation, merit, or cost of living adjustment may be approved by this same commissioned group, who is serving as the fiduciary agent of accountability for the convention or conference being served; otherwise, any increase in compensation, merit, or cost of living adjustment should be approved by a task force as explained above via the ministers paying tithes to that office (nation, region, or state) at their convention or by the members paying tithes to the local church at their regular conference, respectively. However, the Finance and Stewardship Committee (or its equivalent) is not authorized to increase overseer or pastoral compensation in cases when and where the national, regional, state, or local offices have personnel who are supplemented from sources external to their offices and/or conventions/conferences. In such cases, said personnel are subject to the decisions of the Finance and Stewardship Committee (or its equivalent) of the offices supplementing them with funds. . .”

Flowchart/Diagram of Present Financial System

Rationale: The following Diagram of the Present Financial System is offered as an additional visual aid to the existing Flowchart of the Present Financial System. The focus of the diagram is to bring more clarity about the tithing/giving procedures among the ministers and various church offices. These illustrations (i.e., flowchart and diagram) are to be updated automatically by the Assembly Finance and Stewardship Committee as approved changes occur.

Recommendation: On page 77, of the *95th Assembly Minutes*, in the section **Flowchart/Diagram of Present Financial System**, place the new illustration (the following diagram) that will complement the current illustration (the existing flowchart) that is now located on page 77 of the *95th Assembly Minutes*.

Diagram of Present Financial System



Study of the Present Financial System

Rationale (Reason for Study): The Finance and Stewardship Committee has been studying the Present Financial System during the last four years. This current system was adopted in 1994 and transitioned to full implementation over a seven-year period (1994–2000). This was an effort to restructure (i.e., streamline) the International Offices and concurrently decentralize more of the ministries and resources to local churches, who were to become more vibrant and equipped to discover and fulfill their unique mission in the community where they are situated. The result of this transition significantly redirected and/or reduced the percentages of tithes and key offerings away from the intermediate offices (i.e., National/Regional/State Offices) and International Offices and toward the local churches. Although not reflective of every change, the following summary includes the major changes that have occurred from 1994 to date:

Local Church

- Gain of ten percent in local church tithes (from 80 percent to 90 percent)
- Gain of 35 percent in local surplus tithes (from 65 percent to 100 percent)

National/Regional/State Offices

- Loss of all local church tithes within the nation/region/state (from ten percent to zero percent)
- Loss of all surplus tithes from local churches within the nation/region/state (from 25 percent to zero percent)
- Loss of a percent of Mission Offerings within the nation/region/state (from ten percent to zero percent)
- Gain of all ministry tithes from the ministers within their national/regional/state area
- Gain of all Harvest and Leadership Development Offerings

General Presbytery Offices

- Gain of all ministry tithes from the National/Regional/State Overseers in their respective General Presbytery Area

International Offices

- Loss of a percent of surplus tithes from all local churches (from ten percent to zero percent)
- Loss of all ministry tithes from the ministers serving the nation/region/state
- Loss of all ministry tithes from the National/Regional/State Overseers
- Loss of the Church Ministries Support Offerings
- Retained ten percent of tithes from all local churches
- Retained all tithes from ministers under general appointment (at International Offices and General Presbyters)
- Retained 100 percent of Heritage Ministry (formerly CPMA) Memberships
- Gain of 100 percent of Missions and Harvest Partner Offerings

Although the local churches and the International Offices have been successful in adapting to these changes, the intermediate offices (i.e., in particular, the North America National/Regional/State Offices) have been adversely impacted by them. Indeed, it is from North America that the Finance and Stewardship Committee continues to receive information and requests from overseers who express concerns about how the current system is negatively impacting them. Because of these raised concerns at these intermediate offices, the focus of our surveys has been directed at North America, as opposed to the Church at large. Notwithstanding, during the course of our study, we all experienced a global economic downturn in the fall of 2008, further exacerbating the situation.

Rationale (Reliability of Study): Since 2006, the Finance and Stewardship Committee has conducted four surveys to solicit input from the “field” about the Present Financial System and whether or not it is

operating successfully. Primarily targeted have been the North America National/Regional/State Offices for input on the impact of the Present Financial System among these intermediate offices. Recently queried have also been the local pastors for input on the impact at the local level (i.e., the survey invited international participation but defaulted to a reflection of North America pastors by virtue of limited international responses). The names and reliability of these four surveys in our study are given below:

1. *Annual Financial Statements for 2006 From North America (February 2007)* has a confidence level of 90 percent with a +/- 11.1 percent margin of error.
2. *North America National/Regional/State Offices Input on Present Financial System (February 2007)* has a confidence level of 90 percent with a +/- 11.8 percent margin of error.
3. *North America National/Regional/State Offices Financial Snapshot Survey (November 2008)* has a confidence level of 90 percent with a +/- 13.5 percent margin of error.
4. *Pastors' Internet Survey (North America Pastors) (June 2009)* has a confidence level of 90 percent with a +/- 5.3 percent margin of error.

The confidence levels associated with these surveys are figured from the available population to participate as compared to the actual participants in the survey. These reliability statistics were generated from a sample-size calculator (i.e., www.custominsight.com/articles/random-sample-calculator.asp). The way to interpret this reliability is explained thusly: If there is a 90 percent confidence level with a margin of error of +/- 5.3 percent, then the same survey, conducted 100 times, would yield the same results, 90 times out of 100, within a +/- 5.3 percent margin of error. As evident from these confidence levels and margins of error, these surveys are reliable reflections of the actual situations now found at the local and intermediate offices in North America.

Rationale (Results From Study): The following major facts and comments were garnered from our study via these four surveys of the “field”:

Survey 1, Annual Financial Statements for 2006 From North America (February 2007):

The key revelations in this survey show that a significant number (to date, five of 28 offices or 18 percent have become insolvent) of intermediate offices in North America are in danger of financial collapse via insolvency. The data supports this dire projection:

1. Thirty percent of the North America National/Regional/State Offices reported that their annual deficit (i.e., expenses exceeding income) is depleting their reserves and that three or four would become insolvent within two to four years (i.e., 2008–2010), and five or six of them would become insolvent by 2016. (In 2008–2009, five of these offices became insolvent and required a “bailout” from the International Offices and the North America General Presbytery Offices.)
2. The only reason that many North America National/Regional/State Offices have survived the transition or paradigm shift to the Present Financial System without selling valuable properties is due to them having begun it with huge cash reserves.
3. Several (about 1/3) of the North America National/Regional/State Offices are now “mission status” or in need of financial support since the inception of the Present Financial System in 1994.

Survey 2, North America National/Regional/State Offices Input on Present Financial System (February 2007):

Most intermediate offices believe that the Present Financial System is working against them, not for them. This survey reveals that a majority of overseers would like to see some changes to the current financial structure.

1. Nearly 2/3 (61 percent) of all North America National/Regional/State Offices reported that the Present Financial System is working poorly (or fair at best) for them and that something must be introduced by the 2008 Assembly and implemented immediately to prevent them from becoming insolvent.
2. The North America National/Regional/State Overseers recommended that their paying tithes to their respective General Presbytery Offices, in lieu of the International Offices, may generate some funds to help their fellow struggling North America National/Regional/State Offices.
3. The overseers underscore that ministers tithing to their National/Regional/State Offices are the principal source of funding at the intermediate level and those ministers taking excessive or questionable expenses should be challenged. Too, ministers not tithing to their National/Regional/State Offices should be persuaded to do so.
4. Several overseers shared ideas about how to reapportion the percentages of tithes from the local church. The following are the three most prominent suggestions:
 - a. Have churches send ten percent of tithes to National/Regional/State Offices; have National/Regional/State Offices send ten percent of tithes to International Offices. (Calculations project this option would increase the budget at the National/Regional/State Offices overwhelmingly by about 1,700 percent and reduce the current International Offices budget by about 90 percent. This option seems to be too extreme as it drastically diminishes the funds for the International Offices.)
 - b. Have churches send five percent of tithes to National/Regional/State Offices and send five percent of tithes to International Offices. (Calculations project this option would increase the budget at the National/Regional/State Offices by about 800 percent [except in cases where a supplementary percentage is now being received at the intermediate level, in which case the projected increase would be less] and reduce the current International Offices budget by about 50 percent. This option seems impractical as it would require massive restructuring and downsizing at the International Offices. Furthermore, it seems unfair in that the ministry tithes would all be sent to the intermediate offices. If a 50 percent-50 percent sharing of church tithes would be equitable between the intermediate offices and the International Offices, then it would also seem in order to equally share the ministry tithes now sent to the intermediate offices with the International Offices, via 50 percent-50 percent).
 - c. Have churches send 6.5 percent of their tithes to International Offices and 6.5 percent of their tithes to National/Regional/State Offices. (Calculations project this option would increase the budget at the National/Regional/State Offices by about 1,100 percent and reduce the current International Offices budget by about 35 percent. Too, it would have some impact at the local church, with an additional loss of three percent tithes. This option, or one similar to it, seems more equitable and realistic. However, the International Offices would be

challenged to expand their restructuring and downsizing over a prescribed period of years to accommodate such a reapportioning of percentages.)

5. Redirect 100 percent of the Church Ministries Support Offering to each of the General Presbytery Offices for operations and outreach. (This offering was ultimately discontinued and replaced by the Harvest and Leadership Development Offering, which is sent 100 percent to the National/Regional/State Offices.)

6. Allow North America National/Regional/State Offices who are struggling financially to be viewed and designated as a mission and eligible as a Harvest Partner for other nations/regions/states to connect with and send them Level One (i.e., basic operational) funds, in addition to Level Two (i.e., special projects) funds that may now be sent. (This option was initially to be introduced to the 95th International Assembly, but, after much debate, it was removed from the Finance and Stewardship Report.)

7. Increase accountability of the use of financial resources at all levels.

8. The National/Regional/State Overseers participating in this survey are unanimous in their agreement that more funds need to flow to the North America General Presbytery Offices and to the National/Regional/State Offices. These overseers further suggest that the International Offices conduct a review of the current organizational structure (i.e., polity and finances) and the various ministries (i.e., mission and function) at all levels. The goal would be to identify which ministries would optimally operate at which level (i.e., local, intermediate, Presbytery, international). Too, such a review would possibly become a catalyst for some reformation or modification of our current organizational configuration along with a possible redefinition of the mission and scope of some of our operational ministries. Any ministries that might be in duplication with one another could be identified and either redefined or reassigned to the level(s) at which they would function most efficiently and practically.

9. The overseers surveyed are divided equally (50 percent-50 percent) on their support of a pastor/overseer concept for smaller states. Those who have tried it in practice tend to oppose it as quite impractical while those who are embracing it in theory are open to giving it consideration. The overwhelming favorable comments of a pastor/overseer concept for a smaller state are these benefits: 1) the area retains its identity, destiny, mission, and uniqueness; and 2) there are some financial savings in that a strong church could provide the allotment for the pastor/overseer thereby freeing up other common area funds for operational or outreach use. The major objections for the pastor/overseer concept are these concerns: 1) the merging of the distinct roles, missions, and responsibilities of the local pastor with those of a trans-local overseer; 2) the frustrations, conflicts, and hindrances that arise from being both a pastor with a local focus mission and having a congregation with needs (e.g., a family in crisis needing urgent pastoral care) juxtaposed with the time necessary as an overseer to build relationships, open new fields, plant churches, and be available to scores of pastors within a broad geographical area who also have pressing needs (e.g., a church in crisis who needs a pastor).

Survey 3, North America National/Regional/State Offices Financial Snapshot Survey (November 2008):

The main insights gained by this survey are the following:

1. A majority (75 percent) of intermediate offices have elected to use alternative accountable methods (other than current International Assembly rulings) when designating the compensation package for their National/Regional/State Overseer.
2. The intermediate offices continue to struggle financially and report concerns of becoming insolvent; this concern is largely due to their being supported almost exclusively from the ministry tithes via the ministers within their respective national/regional/state area.
3. Approximately 71 percent of the pastors reporting are tithing per International Assembly guidelines.
4. The intermediate offices receive the bulk (75 percent) of their support via ministry tithes.
5. Those intermediate offices that have convention-approved supplements have increased their monthly receipts by an average of 27 percent.
6. The Harvest and Leadership Development Offering, although 100 percent is sent to the National/Regional/State Offices, has not yet been taken advantage of fully.
7. Approximately 61 percent of North America pastors are bi-vocational and receive an allotment from their churches that is significantly less (on average, 52 percent less) than the current suggested base pay; however, the data also shows that the average bi-vocational pastor actually makes approximately 13 percent more (i.e., non-ministry income plus the ministry income) than the average pastor who is supported solely from the ministry.
8. The non-ministry tithes of the pastors, if redirected to the National/Regional/State Offices, would dramatically increase the receipts at these intermediate offices (i.e., an average increase of 95 percent in tithes, yielding an overall average increase of 73 percent in total receipts). Doing this would not adversely affect the International Offices, provided that the National/Regional/State Offices would then tithe on their tithes to the International Offices. However, the local church and the local pastor may be affected, depending on their financial situation. The bi-vocational pastor's current allotment would be reduced (i.e., by the loss of the 90 percent of the non-ministry tithes now returned to him/her). Therefore, redirecting the pastor's non-ministry tithes away from the church could present a significant loss for some of the pastors. Furthermore, it could have an effect on the local church, in the case where the bi-vocational pastor shoulders some, most, or all of the local church expenses (i.e., utilities, mortgage, insurance, etc.). If this modification were to be considered, then perhaps the National/Regional/State Overseers could exempt, on an annual basis, those pastors who demonstrate adverse circumstances in extenuation or mitigation for themselves or their church.

Survey 4, Pastors' Internet Survey (North America Pastors) (June 2009):

Principally, the following disclosures demonstrate the ethos and convictions of the pastors regarding tithing practices. Also, we see the enormous burdens carried by many local pastors in order to sustain the operations and maintain the facilities of the local church:

1. Sixty-six percent of pastors tithe on their gross income.
2. Thirty-four percent of pastors tithe on their net income.
3. Twenty-nine percent of pastors report no non-ministry income and are presumed to be solely supported from the ministry. (This number is ten percent less than the previous survey, presumably a result of the economic downturn.)
4. Seventy-one percent of pastors report non-ministry income and are presumed bi-vocational. (This number is ten percent more than the previous survey—again, presumably a result of the economic downturn.)
5. Ninety-seven percent of pastors with a non-ministry income tithe on the same to their local church per International Assembly guidelines.
6. Three percent of pastors with a non-ministry income voluntarily elect to tithe on the same to their National/Regional/State Office.
7. Forty-one percent of pastors personally pay **no expenses** of the local church.
8. Fifty-nine percent of pastors personally pay some, most, or all of the expenses of the local church:
 - a. Thirty-three percent of pastors pay **some** expenses of the local church.
 - b. Thirteen percent of pastors pay **most** expenses of the local church.
 - c. Thirteen percent of pastors pay **all** expenses of the local church.
9. The following statement was given to solicit the current beliefs of the pastors on the “field” regarding the current Assembly ruling, respecting non-ministry tithes:

“In my opinion, a pastor who tithes on his/her non-ministry income into his/her church and then receives 90 percent back in the form of compensation has biblically tithed.”

 - a. Eighty-three percent of pastors agree with this statement.
 - b. Seventeen percent of pastors disagree with this statement.

Rationale: (Resolutions From Study): The 95th International Assembly adopted resolutions to amend the Present Financial System in order to primarily assist the General Presbytery Offices, the intermediate offices, and the local pastors. The following is a brief summary of these resolutions:

- Tithes of National/Regional/State Overseers: Now, the National/Regional/State Overseers tithe to their respective General Presbytery Office. This action has redirected funds away from the International Offices and toward the General Presbytery Offices, thereby allowing for more funds to assist with struggling intermediate offices and to be used for church-planting and evangelization.

- Discontinuation of the Church Ministries Support Offering: This action has redirected funds away from the International Offices and toward the National/Regional/State Offices via the creation of the Harvest and Leadership Development Offering.
- Establishment and Implementation of a Harvest and Leadership Development Offering: Now, an offering to help the National/Regional/State Offices with operations, harvest outreach, church-planting, and leadership training is to be received monthly at the local church and then 100 percent sent to the respective National/Regional/State Offices. This offering has a great potential to bless the intermediate offices.
- Supplementary Funds for the National/Regional/State Offices: When there is a need for more operational funds at the National/Regional/State Offices beyond the ministerial tithe, the respective conventions of these intermediate offices may now adopt resolutions (i.e., that are not in contradiction to the current Assembly rulings or the present financial system) to have their local churches send in an additional amount (i.e., equivalent to a certain percentage of the tithe sent to the International Offices) in order to provide them with much-needed additional financial support. As mentioned earlier, those intermediate offices who are receiving supplementary funds from their churches have increased their monthly receipts by an average of 27 percent.
- Fiscal Responsibility: An annual report of all Pastors, Overseers, Presbyters, and General Appointees is now to be given from the supervising office to the local church or office being served that affirms whether or not the minister is faithful in reporting and tithing. This practice should promote transparency and accountability and encourage our ministers to both model and mentor faithful tithing, per International Assembly guidelines.
- Retirement Planning: All ministers under appointment have been encouraged to participate in a retirement plan in conjunction with their local churches or National/Regional/State/Presbytery/International Offices, allotting a portion of their annual budget to include some amount to give to their respective Pastor, Overseer (National/Regional/State), General Presbyter, General Overseer, or International Offices' Ministry Director, as matching funds for retirement. Where no retirement plan currently exists, the National Overseers, in coordination with the International Offices (i.e., Stewardship Ministries) and their respective General Presbyter, are asked to establish an appropriate retirement plan for their ministers under appointment who serve as Pastors, Overseers, or Presbyters within the existing laws of their sovereign nations.
- Parsonage Allowance: each local church or National/Regional/State/Presbytery/International Offices, with respect to the laws of their sovereign nations, are to now designate a reasonable portion of the monthly allotment as a housing or parsonage allowance for their respective Pastor, Overseer (National/Regional/State), General Presbyter, General Overseer, or International Offices' Ministry Director, to assist him/her in the upkeep of his/her residence (whether owned personally or by the church) to defray the costs of maintenance, repairs, rent/mortgage, utilities, furnishings, etc. In some cases, designating most or all of the compensation as a parsonage allowance may be reasonable and may also have a tax advantage (depending on the nation/state) for the pastor, overseer, presbyter, ministry director, etc.

Rationale: (Responses With Study): The following is a brief summary of just some of the actions taken by various offices to help the economic situation on their respective levels:

- The International Offices: The International Offices has made significant adjustments through the elimination or consolidation of ministry positions, the reduction of their operating budgets, the closing of the White Wing Publishing House Press Operations, the transition of the Voice of Salvation ministry to the International Center of Spiritual Renewal, the financial rescue of struggling National/Regional/State Offices that were insolvent, etc.
- The General Presbytery Offices: The North America General Presbytery Offices has assisted the International Offices with financial supplements for National/Regional/State Offices that are

insolvent or on the brink of insolvency. In North America, consolidating several states or nations into regions has become, by necessity, the default solution to bring illiquid offices into solvency. Since 2006, the North America Intermediate Offices have decreased by ten percent through the merging of regions/states (from a total of 31 to 28 offices).

- The National/Regional/State Offices: In retrospect, it appears that the cuts made in 1994 were too deep and drastic at the intermediate levels. It seems that National/Regional/State Offices would have fared better had they retained at least five percent of the tithes from the local church. The National/Regional/State Offices now primarily exist on the ministry tithes (within their respective area) that are received each month, which alone have proven insufficient. Many of these offices have reduced their ministry staffs and allotments, consolidated staff positions, sold valuable properties, depleted cash reserves, and still potentially face insolvency looming on the horizon. It should again be emphasized that those National/Regional/State Offices whose conventions have approved supplementary percentages from their local churches are realizing an increase (i.e., an average of 27 percent) in their budget.
- The Local Pastors: It appears that approximately 1/3 of our pastors and ministers on the “field” are able to live on the allotments provided by their local churches. However, there are approximately 2/3 of our pastors and ministers who must supplement their church allotments with non-ministry income. The data shows that between 61–71 percent of the North America pastors are bi-vocational and receive from the church an average of only 48 percent of the current recommended monthly base pay. Often, these same pastors must operate and maintain their local churches by reinvesting in them a significant amount of the pastoral compensation that they receive (i.e., 59 percent of the North America pastors pay some, most, or all of the expenses at their local church). Nevertheless, in North America, there is a very high rate (71 percent) of tithing among the pastors/ministers, with 66 percent of these tithing on the gross amount.
- The Local Churches: A 2007 study, “Church Reporting Analysis,” by the Ministry Director of Finance and Publications, for the fiscal year 2006–2007 revealed that in North America, 57 percent of churches report and tithe faithfully, 20 percent of churches report and tithe inconsistently, and 23 percent of churches do not report or tithe to the International Offices. Therefore, just more than 3/4 (i.e., 77 percent) of our churches are tithing all or some of the time. Nevertheless, if the 43 percent of our churches that are either not tithing or doing so inconsistently would be faithful, then a projected 40 percent increase in the budget could be realized at the International Offices! However, it is also important to note that a small number of these churches included in this study are inactive and would not be able to contribute any significant amount of tithes.

Rationale (Review of Study): Our Present Financial System currently appears to be serving all levels of the Church sufficiently, with the one exception of the intermediate levels (i.e., National/Regional/State Offices). The transition to our existing financial system, in retrospect, redirected too much funding away from the intermediate offices. The challenge before us now is to determine how to correct this error without adversely impacting other levels within the system. As you can see by the previous surveys in our study of the Present Financial System, it appears that when consideration is given to adjusting percentages or redirecting the flow of tithes, what changes may benefit one level (i.e., local church, National/Regional/State Offices, General Presbytery Offices, International Offices) disadvantage the other one(s). Nevertheless, if nothing is done, then the National/Regional/State Offices are on a dangerous path toward insolvency!

Ideally, the collective action of all of our members, ministers, and churches faithfully tithing per International Assembly guidelines could potentially resolve these financial shortfalls at all levels with little or no need for any intervention or major change in the current financial system. Of key importance to recall, the Present Financial System, to which we all agreed (or submitted, or abstained) and to which we transitioned between 1994 to 2000, has at its foundation the principle of faithful tithing. It is, for that

reason, incumbent upon all members, ministers, and churches to tithe faithfully within the system to ensure the system operates efficiently and provides sufficient resources at all levels.

Obviously, any interim solution to the crisis at the intermediate offices must be initiated by the National/Regional/State Offices. Therefore, it may be prudent and beneficial if every National/Regional/State Overseer and their plurality of leadership would consider one or more of these strategies: 1) emphasizing the modeling and mentoring of sound financial stewardship principles (i.e., including tithing and giving within our financial system) in their respective areas; 2) appealing to pastors not tithing per International Assembly guidelines (i.e., about 29 percent in North America) to support the National/Regional/State Offices with their ministry tithes; 3) requesting supplementary percentages from the local churches via the National/Regional/State Conventions (i.e., an average budget increase of 27 percent has been realized at National/Regional/State Offices that are receiving supplements from their local churches); 4) promoting and targeting the Harvest and Leadership Development Offering to assist with operations and outreach (i.e., 100 percent of these funds remain at the National/Regional/State Offices); 5) minimizing expenses and deficits through the frugal budgeting of resources and the well-organized staffing of personnel; 6) having stronger churches to help weaker churches via the establishment of interchurch financial assistance programs (e.g., the Sharing and Caring program in Florida, the Hands Across Carolina in North Carolina, and the Assistance in Ministry (AIM) , in the Mid-West); and 7) requesting stronger churches to support their National/Regional/State Offices with Harvest Partner Level 2 Funds.

Additionally, we believe that the time has now come for a comprehensive evaluation of the Present Financial System, with the goal of addressing the disproportionate lack of funding at the intermediate offices, and concurrently, the ministries and services provided by the supporting echelons (i.e., National/Regional/State Offices, General Presbytery Offices, International Offices) in the backing of the mission of the local churches. An internationally blended representation from all levels of the “field” comprised of pastors, overseers, presbyters, and ministry directors would be appropriate for such a tasking. In fact, the standing Assembly Committees (i.e., Administrative Committee, Biblical Doctrine and Polity Committee, and Finance and Stewardship Committee) offer such an international and multilevel composition of personnel. Such a task force could evaluate the ministries and services provided by these supporting echelons and determine the optimum office level(s) where these ministries and services should be located. Too, once these ministries and services have been either reaffirmed at or reassigned to particular office level(s), then a clearer picture would emerge about how much funding to direct to each supporting echelon. At that time, a decision could be made to reapportion and/or redirect funding either within the Present Financial System or by means of a different financial system as appropriate. This task force could report back to the Assembly within a reasonable period (i.e., two to four years) with their findings and recommendations, including a timeline during which any adjustments would be made.

Recommendation: We recommend that a task force be formed by the General Overseer that is comprised of the standing Assembly Committees (i.e., Administrative Committee, the Biblical Doctrine and Polity, Finance and Stewardship) and other competent individuals that he may judge appropriate to collaboratively 1) evaluate each of the principal ministries and services provided at the supporting echelons (i.e., National/Regional/State Offices, General Presbytery Offices, and International Offices) that are currently in support of the local church mission and then either reaffirm or reassign to the appropriate office level(s) where these main ministries and services should be operated; 2) identify the most efficient apportioning of the percentages of tithes and the flowing of all funds between each office level that would best serve the active mission of the local church and the ministries and services of all these supporting echelons (i.e., National/Regional/State Offices, General Presbytery Offices, and International Offices); 3) determine, in light of this evaluation, whether revisions to the existing financial system are feasible, or if a transition to another financial system altogether is warranted in order to satisfy

any redirection or reapportioning of funds; and 4) bring to the International Assembly for its consideration, within two Assembly periods (i.e., no later than 2014), the findings and recommendations of a) any reassignments to the principal ministries and services provided at the supporting echelons; b) any revisions in the apportioning or direction of tithes or other funds to the Present Financial System (or the design of a more efficient financial system reflecting an optimal flow of funds among the local churches and all supporting echelons); and c) a timeline strategy (i.e., over a reasonable period of years) to facilitate the education about, the implementation of, and the full transition to any revised (or newly designed) financial system.

Non-Ministry Tithes Pilot Program for National/Regional/State Offices:

Rationale: The ongoing financial crisis at the intermediate levels may require some more creative efforts for them to survive. During the study of the Present Financial System by the Finance and Stewardship Committee, it was projected that a redirection of the pastors' non-ministry tithes from the local churches to the intermediate offices could readily provide additional funds for the National/Regional/State offices that are struggling financially. In fact, the data shows that the tithes could increase at the National/Regional/State Offices by about 95 percent with an overall increase of 73 percent in receipts at these offices (these calculations assume maximum participation by all pastors). With the urgency of the needs at the intermediate offices to stave off insolvency, this simple solution seems worthy of our immediate consideration. With this in mind, we could passionately appeal to all pastors to consider voluntarily paying all their tithes (from the ministry and from non-ministry sources) to their respective National/Regional/State Offices. This benevolent action by the pastors could preclude the alternative solution of the merging of their nation/region/state with another nation/region/state. Presently, three percent of all pastors are voluntarily paying all of their tithes (ministry and non-ministry) to their intermediate office. Those pastors who would be adversely affected by such a redirection of non-ministry tithes simply could elect not to participate due to circumstances preventing the same. In the New Testament, we see a spirit of charitable giving modeled by the Macedonian churches toward the saints in Jerusalem who were in need (2 Corinthians 8:1–9:15). Although the relief to be sent to Jerusalem was for the support of members in the midst of famine (and not directed toward particular churches or offices), their generous deed demonstrates the principle of “cheerful giving” that is further emphasized in this passage by the apostle Paul, regardless of the situation. Perhaps, our pastors could embrace this same spirit of charitable giving for their supervisory offices and likewise send to them some funds during their “financial famine.”

2 Corinthians 8:1–15 (TLB)

Now I want to tell you what God in his grace has done for the churches in Macedonia. Though they have been going through much trouble and hard times, they have mixed their wonderful joy with their deep poverty, and the result has been an overflow of giving to others. **They gave not only what they could afford, but far more; and I can testify that they did it because they wanted to, and not because of nagging on my part.** They begged us to take the money so they could share in the joy of helping the Christians in Jerusalem. Best of all, they went beyond our highest hopes, for their first action was to dedicate themselves to the Lord and to us, for whatever directions God might give to them through us. They were so enthusiastic about it that we have urged Titus, who encouraged your giving in the first place, to visit you and encourage you to complete your share in this ministry of giving. You people there are leaders in so many ways—you have so much faith, so many good preachers, so much learning, so much enthusiasm, so much love for us. Now I want you to be leaders also in the spirit of cheerful giving. **I am not giving you an order; I am not saying you must do it, but others are eager for it. This is one way to prove that your love is real, that it goes beyond mere words.** You know how full of love and kindness our Lord Jesus was: though he was so very rich, yet to help you he became so very poor, so that by being poor he could make you rich. I want to suggest that you finish what you started to do a year ago, for you were not only the first to propose this idea, but the first to

begin doing something about it. Having started the ball rolling so enthusiastically, you should carry this project through to completion just as gladly, giving whatever you can out of whatever you have. Let your enthusiastic idea at the start be equalled by your realistic action now. If you are really eager to give, then it isn't important how much you have to give. God wants you to give what you have, not what you haven't. Of course, I don't mean that those who receive your gifts should have an easy time of it at your expense, but you should divide with them. Right now you have plenty and can help them; then at some other time they can share with you when you need it. In this way each will have as much as he needs. Do you remember what the Scriptures say about this? "He that gathered much had nothing left over, and he that gathered little had enough." So you also should share with those in need.

Furthermore, with the implementation of this pilot program, the National/Regional/State Offices would send the tithe on the increase (i.e., non-ministry tithes) to the International Offices (the intermediate offices presently reinvest their tithe on the ministry tithes back into their respective areas). Doing so would offset the losses sustained at the International Offices (via the redirection of the non-ministry tithe away from the church and to the intermediate offices). Nevertheless, depending upon the financial crisis at a national/regional/state level, it may be necessary for an intermediate office to have a temporary reprieve of sending a tithe on the non-ministry tithes to the IO until it is solvent. Once on solid financial ground, the intermediate office could transition to paying tithes on the non-ministry tithes received to the International Offices. Such details would be coordinated between the Administrative Committee and the respective intermediate offices.

Recommendation: On page 76, of the 95th *Assembly Minutes*, after the section **Retirement Planning and Housing/Parsonage Allowance**, add the following section titled **Non-Ministry Tithes Pilot Program for National/Regional/State Offices**, as indicated:

Non-Ministry Tithes Pilot Program for National/Regional/State Offices: National/Regional/State Offices who are in a financial crisis with insolvency looming may seek authorization from the Administrative Committee and approval from their respective national/regional/state convention to participate in a pilot program that redirects the pastors' non-ministry tithes away from the local church and toward the intermediate offices. This program is not mandatory for the pastors; rather, it appeals to the pastors to voluntarily follow the New Testament example of the Macedonians (who came to the financial aid of their Jerusalem brethren) by coming to the financial aid of their intermediate office (2 Corinthians 8:1–9:15). The pastors would voluntarily elect to send all of their tithes (from both ministry and non-ministry sources) to their respective National/Regional/State Offices. Any pastor who genuinely believes he/she cannot participate in this program because of financial hardship may simply inform his/her respective overseer that he/she is exercising his/her prerogative of self-exemption from this program and continue paying tithes as currently directed via the **Tithing** section (p. 72, of 95th *Assembly Minutes*) of the Present Financial System (i.e., ministry tithes to N/R/S Office and non-ministry tithes to local church). The intermediate offices would, in turn, tithe on all non-ministry tithes received at their offices to the International Offices as soon as it is mutually determined that they are financially solvent by the Administrative Committee and the respective intermediate office. This would require the participating pastors to differentiate their non-ministry tithes from their ministry tithes on their monthly report to the intermediate offices. The national/regional/state convention could review the progress of this program annually at its convention and either renew or rescind it as the situation merits.”

Fiscal Responsibility:

Rationale: The financial crisis at the intermediate office levels persists. The National/Regional/State Offices continue to experience overages in their budgets and shortfalls in their income. Many of these intermediate offices are presenting with a need of financial assistance; however, it is becoming apparent in some cases that there is also a need of additional training in stewardship. The International Offices (via

the Office of the Ministry Director of Finance & Publishing and/or the Stewardship Ministries Department) are available to assist any local or intermediate office with guidance on how to establish and operate within a sound budget. Furthermore, perhaps, a yearly objective glance by the appropriate supervisory office at the Presbytery level would be helpful in affirming that the intermediate office is 1) is equipped with the proper knowledge, skills, and training to establish a reasonable budget; and 2) is operating fiscally responsibly within those budget parameters. Each year, coinciding with the convention of the nation, region, or state, the intermediate office could submit its financial statement (i.e., budget, income and expense statement, and balance sheet) to its respective General Presbyter's Office. In this way, the Presbyter could have an idea of the financial situation and solvency at the supervised offices and, hopefully, quickly discern if a financial crisis is threatening. Too, the respective Presbyter could render or request both educational and/or financial assistance promptly and optimistically divert a financial crisis at any intermediate office level.

Recommendation: On page 75, of the 95th *Assembly Minutes*, in the section **Fiscal Responsibility**, add the following sentence at the end of the first paragraph, as indicated:

“ . . . Furthermore, the National/Regional/State Offices will submit to their respective General Presbyter's Office a copy of their annual financial statement that is reported to their National/Regional/State Convention within 30 days following the said convention. This financial statement is to reflect at a minimum, the following information: 1) National/Regional/State Offices Budget for the previous and current convention years (with columns showing items budgeted, actual and variance); 2) an *income and expense statement*; and 3) a *balance sheet report* showing the total assets and liabilities.”

Local Church Ministries Responsibilities:

Rationale: Whereas there is no longer a Church Ministries Support Offering, we should update the language of our *Minutes* to reflect the same.

Recommendation: On page 73, of the 95th *Assembly Minutes*, in the section **Local Church Ministries Responsibilities**, delete the following phrase, in the second sentence, of subparagraph four, as it is presently listed: “. . . Church ministry offering (formerly known as education and evangelism offerings) . . .” and insert in its place the following phrase: “. . . Harvest and Leadership Development offering. . . .”

Postscript

We lamentably acknowledge the passing of Bishop L. J. Dotson (1943–2009) who was a member of the Finance and Stewardship Committee since 2000 and the chairman from 2006–2009. His faithful service and visionary leadership will leave a lasting vestige on our Church.

Respectfully submitted,

L. J. Dotson, Chairman, in Memoriam
Benjamin M. Duncan, Interim Chairman
John Newson, Interim Secretary
Gary Adkins

Franklin M. Ferguson
Van Sullivan
Jesse Yañez

Version: Revised January 2010

With questions or comments related to these Recommendations, please contact the Finance and Stewardship Committee by e-mail at f&s@cogop.org.