

GENERAL QUESTIONS

Why are we changing to a new giving plan?

The Board of General Superintendents' (BGS) recommendation to change the missional funding plan was the result of requests from pastors, laity, and district superintendents. The USA Caucus at the 2005 General Assembly created the Budget Appropriations Committee (BAC). This group was charged with suggesting a "tithe concept" formula for raising funds. The BGS made its recommendation based on the request of the General Assembly resolution and the work of the BAC.

What is meant by "tithe concept"?

Just as Christians are encouraged to set aside a portion of their income for ministries of the local church, local churches are encouraged to support the work of the Church of the Nazarene globally. Each local church is committed to give proportionately to several mission causes worldwide, including the World Evangelism Fund, their ministerial pension system (P&B), their regional college or university (EDU), and their district. As the church raises funds to accomplish its mission, it shares a percentage with the connectional ministries of the entire church.

Does the new giving plan apply to the entire world, or only to the USA?

Yes. In February 2009, the General Board voted unanimously to establish a global formula of 5.5 percent for World Evangelism Fund. Under the new plan, Nazarene churches around the world will give the same percentage toward the same goal. Percentages for P&B and EDU were set by action of the USA National Board. These percentages apply only to churches in the USA and create an example for global giving toward these institutions.

Who sets the percentage amounts for our missional funding plan?

The *Manual* indicates that the Board of General Superintendents, along with the General Board, is authorized and empowered to apportion the World Evangelism Fund to the district assemblies (Par. 317.12 and Par. 334.8). Percentages for P&B and EDU are established by the USA Board. Each district will establish, by vote of the district assembly, a missional funding plan for district financial needs.

Why are USA district funding plans not included in the USA "ten percent" concept?

The "ten percent" concept applies only to churches in the USA. Ministries and financial strength of USA districts vary significantly. To set an arbitrary standard for districts is contrary to Church of the Nazarene polity and practices. Each district determines its needs and how to fund ministries to meet those needs. While USA district allocations average 4.4 percent of total raised, the range is actually between 2 percent and 9 percent. To set a single percentage for district support would involve structural changes that were not part of the allocation resolution.

Is this new plan more complicated than the old system?

The old formula, with decades of changes and deductions, had the reputation for being confusing, as well as unfair. The BAC intended to develop a simple, fair, and equitable system to finance the global mission of the church. Simplification of the budget system has been a driving force for change among pastors and district superintendents in various studies conducted across many years.

Isn't this more like a tax than the old system was?

Funding the mission of the Church of the Nazarene globally is driven by a passion for evangelism and a heart of generosity for disciple-making. In a system of taxation, the taxpayer desires to pay as little as possible. Churches and members passionate about making Christlike disciples in the nations are motivated to give as much as possible. The "deductions" of the old formula tended to remind some leaders in the USA of "itemized deductions" on annual tax forms. The new plan, based on a percentage of current year income, resembles tithe.

Is the 20 percent budget cap still in effect?

While the proposal does not specifically address a cap, the new plan renders it practically useless. Many districts will essentially have caps from 12 percent to 18 percent. No district could propose a district allocation of 10 percent or more without agreement of its constituent churches, its members, and the awareness of the general superintendent in jurisdiction. For a district to propose a funding plan of 10 percent or more would be rare.

Missional Impact

Will this system provide more financial resources for the World Evangelism Fund?

No. Most leaders project that allocations for World Evangelism Fund in the USA alone will decline about 16 percent (about \$13.5 million USD) with full implementation of the new funding method. Overall, Nazarene colleges and universities in the USA will receive a moderate decrease with some variance from school to school. P&B should receive a minor increase in funding with the new plan.

How can the mission of the church be accomplished with such a large decrease in funding?

In order to provide more money for local and global ministry, general superintendents have asked all Global Ministry Center (GMC) and regional directors to reevaluate all ministries and services. As in all local churches, global ministry offices must prioritize ministries based upon current financial realities. As a part of the new missional funding plan, the general superintendents are asking all Churches of the Nazarene worldwide to give 5.5 percent to the World Evangelism Fund. With full participation around the world, this would have raised an additional \$4 million USD last assembly year.

Will this system provide more funding for Pensions & Benefits?

Perhaps. Based on real concerns, the general superintendents recommended an increase in pensions giving for the USA, as well as a review of international pension plans. However, as the plan matured in 2009, modifications have reduced that increase to nearly the same level as the old allocation. Increased revenue for P&B will depend on the level of participation by churches. Recent actions by the Board of Pensions and Benefits USA were based on the previous funding realities of declining revenue through official and unofficial changes to the standard formula. The new giving plan strengthens the pension board's ability to meet current obligations and future liabilities.

Will this system provide more money for my regional college/university?

The goal of the new plan was to retain the present level of support for USA colleges and universities; however, most will realize a decline in support.

Will decline in the World Evangelism Fund hurt our missionaries or their work?

The Global Mission (formerly World Mission) Department is reprioritizing how to use funds in the most efficient model possible. These refined strategies will allow our mission to be advanced even if the total investment in mission is temporarily reduced during this transition.

Will overpayment of the World Evangelism Fund still provide support for new works and new world areas?

Yes. For years, World Evangelism Fund overpayment has opened new world areas and to started new works in the USA and Canada. This strategy will be extended and expanded globally..

Will a decrease in World Evangelism Fund giving result in recalling any missionaries?

The Global Mission Department has significantly adjusted its expenditures to limit the impact of this funding reduction on missionaries and field ministries. These adjustments include considerable reduction in staffing at the GMC. The Global Mission Department is also aggressively reducing its operational expenses at field, regional, and global levels. All of these changes in strategy are designed to lessen the direct impact on missionaries.

Nevertheless, the Global Mission Department will, at least on a temporary basis, need to reduce the number of active missionaries. This reduction will be achieved as follows:

1. For the present time, open missionary positions, which would have soon been filled, will remain open.
2. Every year, for a variety of normal, predictable reasons (retirements, health issues, life transitional events, etc.) missionaries choose not to return to ministry assignments. For the present time, these positions will remain open.
3. Missionaries will only be recalled if these first two strategies do not achieve the required budget reductions.

AY10-11: A New Beginning

If this is such a good idea, why wait until our 2010-2011 assembly year to start?

In March 2009, the BGS sent an email stating that "it is very important districts do not make any changes in the formulas until the 2010 district assemblies." The decrease in available mission dollars, generated by the new formula, will be even more dramatic than the decrease brought on by the global economic crisis to date. A funding change this significant can happen, but the necessary reductions in spending must be made strategically over the 18 months preceeding full implementation in the USA.

Can NewStart churches phase into the new giving goals?

At this time, the plan has no provision for phase-in accommodations for NewStart churches. New churches have the opportunity to involve themselves in the global mission of the Church of the Nazarene from the beginning, establishing generosity as a core value. NewStarts, like other churches, have the opportunity to apply for an adjustment through the Rare Circumstance Adjustment committee.

Is there a phase-in accommodation for churches whose giving goals will increase?

Yes. The plan will offer a phase-in opportunity to any church that would experience a 25% or more increase based on AY10-11 reports. Across the USA, about 75 of 100 Nazarene churches will notice a decrease in their total giving goals. Of the remaining 25 percent, many will experience only small increases. The churches that will experience larger increases tend to have unusual situations, such as extremely large debt.

Making It Work

Is the new giving plan based on income or expenses?

Income. First announced as a recommendation of the BGS on December 18, 2008, the new giving plan is simply a percentage of current year income. Any contributions to the World Evangelism Fund or approved Mission Specials are deducted from total income prior to the application of apportionment percentages.

Is the new giving plan based on the current-year or the previous-year income?

Current-year income. First announced as a recommendation of the BGS on December 18, 2008, the new giving plan is simply a percentage of current year income. Any contributions to the World Evangelism Fund or Approved Mission Specials are deducted from total income prior to the application of apportionment percentages.

How can I track my church's progress on its giving goals?

An online reporting tool has been developed to assist churches with calculation and recordkeeping. Church pastors and treasurers will have the opportunity to report income weekly or monthly. Up-to-date information, such as total contributions to date and percentages for WEF, P&B, and EDU, will be immediately available. This tool will also provide up-to-date information on a local church's progress toward Ten Percent giving goals.

Will there still be Ten Percent Mission Specials and Stewardship Honor Roll?

Stewardship Ministries is committed to continuing the Ten Percent Approved Mission Specials along with the Stewardship Honor Roll. This year, 17 churches on the Roll achieved at least 50 consecutive years. Six churches are at 61 consecutive years, which is every year since the program was invented by Louise Robinson Chapman. All of the recognition awards will be overhauled to fit the new missional funding plan. The new Stewardship Honor Roll has a facelift, but is recognizable and has continuity.

How can I establish a goal for our Faith Promise convention?

Even without a predetermined budget allocation amount, local churches can prepare to participate in our global mission by budgeting and planning.

How will awards parallel the old standards like Award of Excellence and Honor Roll?

The Global Mission Department, Nazarene Missions International and Stewardship Ministries value recognizing and honoring churches and districts that meet their goals for World Evangelism Fund. Award levels have been retrofitted around the specifics of the new funding plan. Churches that reach – or give beyond – the 5.5 percent for World Evangelism Fund will be recognized as follows:

World Evangelism Church: formerly the Faithful Stewardship Church award

World Evangelism Church of Excellence: formerly “WEF Overpayment”

Mission 10 Percent Church: formerly Honor Roll Church award

Additionally, churches that give higher percentages of their income to World Evangelism Fund will be recognized for every increment of 5 percent beyond Mission 10 status, i.e. Mission 15, Mission 20, etc.

Can a church save its money and give a lump sum at the end of the year?

Most churches would experience a cash flow crisis if every member held their tithe until the end of the year. If churches delay their contributions to denominational interests, it would have devastating consequences. The Manual instructs churches to submit regularly (Par. 130) and monthly (Par. 38.2).

The Cost

Are my giving goals going up or down?

More money stays in most local churches. About 75 percent of Nazarene churches in the USA will experience a decrease in overall fund allocation. This is an analysis of old formula to the new giving plan and does not represent any modifications that may have been made to the old formula at the district level.

Does this plan benefits large churches?

There is little pattern of benefit for any particular sized church. One of the quirks of the old formula was that very small churches (those raising less than \$20,000 for all purposes annually) could be assigned as little as \$0 USD in allocations. The percentage-based allocation system would obviously bring our smallest churches closer to a tithe level of participation.

It seems like our budgets are always going up. Is that true?

In fact, the formula changes since 1980 have consistently lowered –never raised – the amount requested from local churches. If the 1980 formula had been in place in 2008, WEF allocations would have been nearly \$68 million USD, about \$20 million USD more than what was actually received. As the church has added more deductible items to the budget formula, the direct impact has been a significant reduction in global giving over the past 30 years as a percentage of local church income.

Will our giving goals go up if we participate in Work and Witness?

Churches involving themselves in short-term mission trips typically handle a mixture of funds, some of which are church income and some of which are not. In general, project money and money donated to a travel expense fund are considered a charitable contribution while individuals paying for their own travel expenses are not. Any part of the W&W event that is a charitable contribution to the church is considered church income. However, Work and Witness expenses are approved Mission Specials, so they are deducted from income prior to the application of allocation percentages. The result is that participation in Work and Witness will never cause an increase in allocations.

Are capital campaigns and building fund income included in church income?

Yes. The original BGS recommendation for the new giving system is based on all church income with no deductions. In September 2009, the BGS recommended that all contributions to World Evangelism Fund and approved Mission Specials be excluded from total church income prior to the application of allocation percentages. The new plan reduces the current World Evangelism Fund allocation to USA churches about \$13.5 million USD. Exempting capital expenditures, a chief criticism of the old formula, would reduce the already-lowered World Evangelism Fund an additional \$5.4 million USD and would additionally lower contributions to P&B by over \$1.9 million USD.

If we receive a very large gift, will our giving goals go up?

Yes. However, a procedure has been developed to benefit the local church in these cases.

Are designated funds included in church income?

Yes. Designated gifts, those received by a church with a stated purpose, such as building fund, Alabaster offering and benevolence funds are charitable contributions and used to accomplish the church's mission.

Are revival offerings included in church income?

Yes. Contributions received for a revival fund, like other designated giving, are charitable contributions and used to accomplish the church's mission.

Should churches pay budgets on the income from ministries such as daycares and Christian schools?

No. Only charitable contributions to the local church are included in church income. It is hoped that if a local church realizes significant revenue from alternative sources that generosity would be expressed through mission giving. See the section on "Definition of Church Income."

Will giving for to the World Evangelism Fund and Mission Specials be included as income in the new giving plan?

Yes. Mission giving is to be reported in total income, however, amounts contributed to WEF and Mission Specials are excluded from total income prior to the application of allocation percentages. Collecting an offering that benefits World Evangelism Fund, such as the Easter Offering or Faith Promise, helps the church achieve its giving goals. The new plan, as modified by the BGS in September of 2009 is an encouragement to all churches for missional giving.

Will district giving goals go up because of these changes?

Nothing in the BGS recommendations affects district giving goals. District assemblies approve their own giving goals. Most districts are creatively looking at ways to decrease their operational expenses for the benefit of the local church.

Are contributions of stocks, real estate or other non-cash items considered church income?

Non-cash donations are charitable contributions. For the simplicity of reporting and recordkeeping, only non-cash donations valued at least \$5,000 USD need to be included in church income

Modifications

May districts modify the definition of income or the percentages, establish deductions, or otherwise alter the new mission funding strategy in order to suit their situation?

Although there is presently an acknowledged “standard formula” for the USA Church of the Nazarene, there have been major deviations from this standard for many years. The original instruction, formed by the BGS, was that district modifications to the standard formula must yield equal dollars for general interests. By the AY08-09, over 70 districts had modified the standard formula and 42 districts had significantly changed to the standard formula. These changes resulted in about \$2.5 million USD reduction in World Evangelism Fund allocation last year. The success of the new mission funding plan depends on all USA districts utilizing these percentages equitably, without modification. Districts should implement this plan without modification and all share equitably in the funding of our global mission.

Should districts collect funds for World Evangelism Fund and P&B and then send the money to Global Treasury Services?

General funds should be sent by the local church to Global Treasury Services directly rather than through the district, as is indicated in the *Manual* (Par. 136.2 and Par. 413.17) and NMI Constitution (Article VII, Section 1.A.1). In addition to expediency, recordkeeping, reporting and budgeting are enhanced at Global Treasury Services when there is a direct relationship with the local church.

What if our church decides to use a different system to calculate their giving goals?

Churches, like districts, are being asked to willingly participate in this mission funding plan without modification. There have never been any punitive measures built into the mission funding polity of the Church of the Nazarene. However, only churches that follow the giving plan adopted by the general and national boards will be credited with full participation in giving goals. The *Manual* clarifies the duties of the church board: “The church board, together with the pastor, shall follow plans adopted by the General Assembly and agreed to by the district assembly for raising WEF and District Ministries Fund apportionments made to the local church, and shall raise and regularly pay these apportionments,” (Par. 38.2 and Par. 130).

Where can I find answers to my other questions?

- When the new plan is in operation (AY10-11) the staff at the Global Ministry Center will be able to assist and provide solutions to your questions through the various departments: Global Treasury Services, Stewardship Ministries, Nazarene Missions International, and Donor Services.
- Comments and questions concerning implementation of the new plan may be directed to stewardship@nazarene.org.