

Stewardship and the Diocese of Newark

As a Diocese we remain committed to the belief that every good thing that we have and are is a gift from God. Our stewardship of treasure, time and talent is the way that we respond to God’s love. In 1990 the Diocese of Newark changed the method by which congregations support the common ministry of our Diocese to create a system of congregational giving that was more consistent with our stewardship principles and to establish a more direct relationship between diocesan and congregational finances. This stewardship or proportionate giving approach is more popularly known as 50/50 giving.

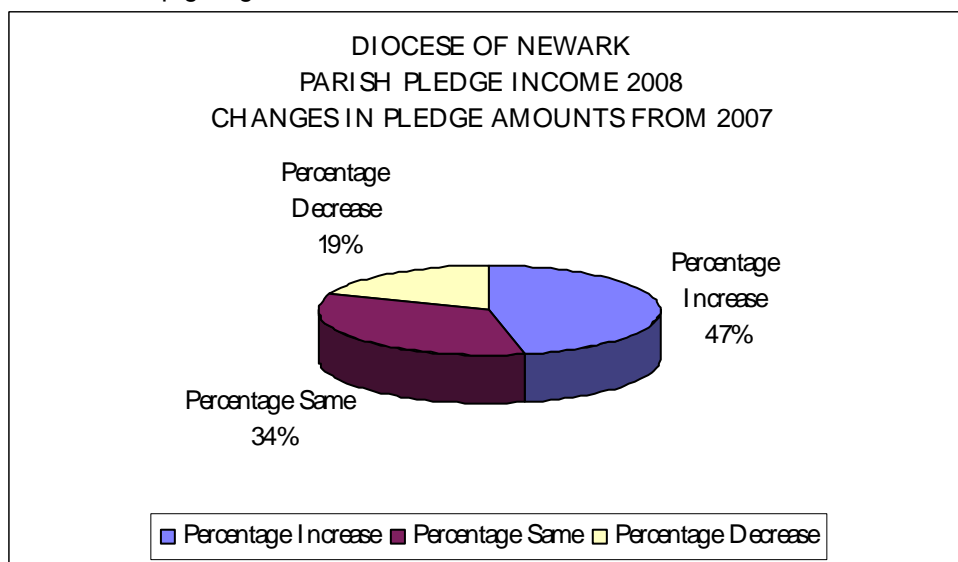
Each church has a goal of ultimately giving 25% of its general purpose income to the Diocese and 25% to other outreach. General purpose income is defined as all income not donor restricted, including pledge, plate, investment income, and any rental income net of rental expenses.

The idea is for churches to give an additional 1% of their income each year as they moved towards those goals. The Diocese has a similar goal of giving 25% to The Episcopal Church and 25% to other outreach. Below is a chart that highlights the distribution of stewardship pledges from churches do 2008

Pledge Income 2008: Distribution by Percent of General Purpose Income

2008 Pledge %	Number of Pledges	% of Total Pledges
20% & Above	5	5%
15% – 19%	16	15%
12% – 14%	17	15%
10% – 11%	31	28%
6% – 9%	34	31%
5% and below	7	6%
TOTAL	110	100%

At the same time, the chart following shows the significant commitment by churches in the Diocese to increase their stewardship giving:



The Stewardship Pledge Process for Churches

1. In accordance with Diocesan canon, pledges for a calendar year should be received in the Finance Office by December 1st of the prior year. From a practical standpoint this means that the vestry/executive committee must take action no later than its November meeting.
2. First, in accordance with a theology of proportional giving, the vestry/executive committee determines its percentage pledge for the coming year. The goal is a pledge at least $\frac{1}{2}$ to 1% higher than the current percentage pledge. The vestry/executive committee should act on the percentage pledge no later than its November meeting and then ask the Treasurer and/or Finance Committee to determine the dollar estimate prior to December 1st.
3. The major difficulty that congregations report in complying with the pledge deadline is estimating the dollar giving. This does not have to wait until the budget is approved. All that is necessary to submit a diocesan pledge is the congregation's percentage pledge and an estimate of income. Every church currently gives a percentage of its income to the Diocese. An additional $\frac{1}{2}$ of 1% of income given to the Diocese will not have that significant an impact on the parochial budget. For every \$1,000 of income in a parochial budget, $\frac{1}{2}$ of 1% is \$5. Thus for a church with \$75,000 in income this would equate to an additional \$375 in giving to the Diocese. For a church with a \$150,000 budget it would mean an additional \$750.
4. With the percentage pledge in hand, the Treasurer or Finance Committee estimates a dollar amount. This is an estimate, not an iron clad commitment. The actual dollars given will vary as income varies.

Typically the greatest difficulty in estimating income is estimating pledges for the next year. The simplest approach is to take the pledges in hand, estimate the pledges outstanding, take a reserve for non-payment and then calculate total projected pledge income. Some churches are reluctant to estimate outstanding pledges, but a realistic estimate is necessary to project income. A pledge estimate can be made by including outstanding pledges at the current year's level of giving with adjustments for outstanding pledges that have moved or left for whatever reason.

Once the estimate of pledge income is complete, other income categories must be estimated. The Diocesan budget process needs realistic dollar estimates, not estimates that are unduly pessimistic or optimistic.

5. With the income estimates complete the final step is to apply the percentage pledge to the estimated income. This information along with the percentage pledges to the Diocese and other outreach should be entered on the pledge card. The card should be received in the Diocesan Finance Office by December 1st. Should there be a problem submitting the completed pledge card by December 1st, the percentage pledge and the dollar estimate should be communicated to the Diocesan Chief Financial Officer, by voice mail, 973-430-9983, email, or by fax, 973-622-6511. All options are available 24 hours a day.

6. The Diocesan Finance office will bill congregations monthly for current year pledge amounts as well as for any outstanding prior year pledges. Churches are urged to pay their pledges as timely as possible to allow the Diocese to fund its outreach and other commitments.

7. At the end of each year every church should reconcile its giving to the Diocese. If there is an underpayment that amount should be paid to the Diocese. If there is an overpayment the church leadership should decide whether to leave the overpayment as a further step towards the 50/50 goal or ask that the amount be applied to the next year. Overpayments will be applied to the next year upon request of the church.

8. As part of the annual reconciliation, a form provided by the Diocese is completed and sent to the Finance Office. By Diocesan Convention resolution, information on annual pledge payments is printed in the VOICE, normally in October of the following year. The data is taken from the form if it is supplied, otherwise, the Finance Office uses parochial report data, which may understate a church's giving to the Diocese.

9. If any congregation needs assistance in completing its dollar giving or any aspect of making its pledge, assistance is available from the CFO in the Diocesan Finance office.

Frequently Asked Questions about Stewardship

1. What is 50/50 Giving?

Every congregation and the diocese has a goal of giving one dollar of income outside itself for every dollar of income spent inside itself - 50/50 giving. Within the goal of giving 50% outside itself every congregation has a goal of giving 25% of its income to the diocese and 25% of its income to other outreach. The diocese in turn has a goal of giving 25% of its income to the Episcopal Church and 25% to other outreach.

2. What rules and penalties are there?

Very few. Under 50/50 giving every congregation is to make its pledge to the Diocese for the following year by December 1; this is a canonical requirement. The pledge is to consist of a percentage pledge and an estimate of the dollar amount to be given. The percentage pledge is to be a firm commitment; the dollar estimate is just that - an estimate that will be higher or lower depending on actual income.

A basic expectation of 50/50 giving is that no congregation will reduce its percentage pledge. If a congregation's finances are such that the elected leadership feels that it must reduce its percentage pledge it is expected that this will be done through prior consultation with the Diocese. It is also expected that any congregation giving less than 10% of its income to the Diocese will give the full percentage increase to the Diocese. Once a congregation is giving 10% of its income to the Diocese it is the congregation's choice as to how to allocate the increase.

3. How can a church make a pledge by December 1 when the budget isn't set until late December or January?

This practical question is really at the heart of theory of the 50/50 giving approach. Under this system the pledge can be made prior to preparing the parochial budget. The only firm commitment is the percentage pledge. The dollar estimate is just that and can change as the actual results come in. Any vestry or executive committee knows or should know the percentage

of income going to outreach or the Diocese. They should decide no later than their November meeting the extent to which the percentage of income going to outreach can increase. The treasurer or the finance committee then estimates the next year's general purpose income. The percentage pledge multiplied times the income estimate is the estimated dollar pledge.

The lack of pledge data or any other kind of data need not delay making the income estimate and the diocesan pledge. This is really at the heart of the 50/50 system because the whole concept of proportionate giving is based upon the idea of committing a percentage of income outside of ourselves and then using what is left to meet our responsibilities. The difference between the current year's giving and a higher level for the next year is relatively insignificant in terms of total dollars. If a church has \$100,000 in general purpose income, an additional 1% is \$1,000. In the course of any year churches make adjustments of that magnitude in their budgets as a matter of course.

4. If the dollar pledge is just an estimate how are churches to make pledge payments?

The Diocese sends out bills based upon the dollar estimate, churches can make pledge payments in a number of different ways including the following:

- At the end of each month take the general purpose income received, apply the percentage pledge to that amount and pay the result to the Diocese.
- Pay monthly against the dollar amount pledged and then adjust with the final payment that can be made in early January.
- Pay a monthly amount of the church's choosing that can be adjusted in the final payment.

At the end of each year diocesan pledge reconciliation forms are sent to each congregation. This form should be returned to the Diocesan Finance office s soon as possible once the church closes its books for the year. The data on the form is used in the annual reporting of diocesan giving which is published in the VOICE.

5. What income is subject to the percentage pledge?

General purpose income less any income received from the Diocese such as mission investment or ACTS/VIM or Ward J. Herbert grants. General purpose income is basic undesignated operating income which would normally include pledge and plate, undesignated investment income, rental income net of expenses and other undesignated income. Designated income is income designated by the donor not by the vestry or executive committee.

6. What is outreach giving?

Outreach giving is the money given by a church outside of itself where the church does not expect any tangible benefit to itself from the gift. This includes giving to the Diocese and any other outreach cause that receives parochial income. Funds spent on evangelism would not be considered outreach because the church hopes to generate tangible benefits in the form of new members who will in turn commit time, talent and treasure to the church.

For additional information contact the Diocesan Finance Office.