



The Arkansas Tithe Initiative:
A New Way to Share Ministry



Frequently Asked Questions

Why do we need to change the apportionment formula AGAIN?

Our goal is that this is the last change we will make in how apportionments are collected. For those who do not appreciate the constant and confusing tweaking of the apportionment formula, we hope this will be a simple, straightforward, and easy-to-explain method. While our current formula is working fine, it can be difficult for congregations to understand. We hope that this change be easy to understand and will also encourage further conversation about tithe-based stewardship in our local churches.

As we talk about the Arkansas Tithe Initiative, what do we mean by the words "apportionment," "tithe," "gross revenue," and "adjusted revenue?"

An **apportionment** is the United Methodist connection at work. Each church offers a predetermined portion of their income to the district, conference, and general church. This money goes towards a variety of things, like supporting your district office, funding conference ministry, and global missions. In our current system each church is assigned an apportionment based on previous expenses, a formula that can be difficult to understand. This is why we are looking to move to a simpler tithe.

We understand from scripture that for the individual a **tithe** is 10% of his or her earned income. For the church, a **tithe** is understood to be 10% of contributions given to support the church's annual budget or spending plan.

Gross Revenue is ALL revenue received by the local church: Offerings, donations, fees, rents,

bequests, distributions from endowment funds, memorials, pledges, and tithes, whether by cash, credit card, check, stock, or transfer of assets.

Adjusted revenue will be determined by gross revenue minus certain deductions in keeping with line 63 of the Table III year-end statistical report: income for capital campaigns and direct costs for fund-raising; income for memorials, endowments, and bequests; pass-through funds; income from the sale of church-owned real estate (if not used for operating expenses), and income from tuition-based services (preschool, daycare, etc). The resulting amount is the **adjusted revenue** upon which the tithe will be based.

Why recommend the tithe to replace our current apportionment formula?

- The tithe is a biblical pattern that can be a model for talking stewardship in our congregations. A church budget can be a model for how individuals can budget personally, with 10% set aside for the church. We hope to create a culture of tithing at all levels of the church.
- A tithe of adjusted revenue will directly tie each local church apportionment to its individual financial situation and directly tie the conference budget to the financial health of the local churches, thus enhancing the sustainability of future conference and local church budgets.
- Basing apportionments on a tithe of the adjusted revenue of local congregations will be more direct, clear, and transparent than the current "expense-based system we use.

- It is simple to apply, easy to understand, and fair to all.
- A tithe of adjusted revenue will base the local church apportionment on the total revenue *available* to that congregation to spend on normal operating expenses (and thus their ability to pay apportionments) without penalizing them for decisions on *how* they will spend their revenue.
- Every church will use the same calculation rather than a complex structure that can feel unjust even it is not.

What is the role of the local church in the Tithe Initiative?

It is the responsibility of pastors and local church leaders to keep the Arkansas Tithe Initiative and its importance before their congregation by teaching and preaching the biblical call to tithe as the scriptural way of giving to and caring for God's church and God's children. The local church is also the instrument through which 10% of the contributions made to it are remitted to the conference.

How will my church determine its tithe?

Beginning in 2017 each church will determine its tithe *of the previous month's adjusted revenue*. A new remittance form will help churches make the appropriate calculations. The tithe is then sent to the conference. Because this will be a big change for all concerned, and we anticipate questions and issues are likely to arise, monthly reporting of adjusted revenue will begin in July 2015. This will give churches and CFA ample time to adjust to the new approach and to make any needed modifications before full implementation of the plan begins in 2017.

How will the tithe affect my local church budget preparation?

Each congregation will be expected to give a tithe of monthly adjusted revenue. This will need to be taken into account as budgets are formed. For example:

Anytown UMC estimates that they will receive \$100,000 in revenue in the coming year. As they form a budget of their operating and ministry expenses they will include a 10% tithe, or \$10,000. They would then budget the other \$90,000 to cover the coming year's expenses.

However, the ***actual tithe paid to the conference is adjusted up or down depending on actual contributions given to the church.***

If actual contributions are \$120,000 (greater than the budget), the tithe to the conference would be \$12,000. If contributions fell short of the budget - say \$90,000 - the tithe to the conference would be \$9,000.

What about income for building projects, memorials and such?

We understand that not all money received by the church becomes part of the general budget. To honor the intention of these gifts they are **excluded** from the calculation of your church's tithe. Excluded funds include: capital campaigns; memorials, endowments and bequests; and amounts received from Special Sundays, General Advance Specials, World Service Specials, Conference Advance Specials and other forms of directed benevolent (charitable) giving. A full list of excluded items will be shown on the *Arkansas Conference Monthly Revenue Report* form.

What will tithing enable local churches and the conference to do?

Tithing will enable all of us to be good stewards of God's resources, create a culture that draws individuals to spiritual maturity and leads us into a sense of abundance rather than scarcity. We can move forward with confidence to fulfill the ministry God has placed in our hands.

The apportionment model was effective at a different time in our past, but it has not allowed the conference to be as vital as it should be as we reach new

generations. Tithing will define more accurately what is expected of our congregations so each of us can fulfill our connective ministries.

What will be the effect of the Arkansas Tithe Initiative on our conference program of ministries?

We believe tithing will stimulate a new understanding of stewardship and discipleship for our members, churches and conferences. If at first funding from churches is reduced, then our conference-level programming will be also be reduced. In time, as United Methodists grow toward tithing, ministry will increase as our spiritual growth deepens. As a result we will be better able to plan the programs and ministries of the churches of the Arkansas Conference. We believe that this new approach to funding our connective ministries will help our conference follow a fiscally sustainable path well into our future.

How will this affect our district apportionments?

Initially the Arkansas Tithe Initiative will be used only to support Conference, Jurisdiction, and General Conference Ministries. Each district will continue to designate an amount for local churches to send to support the work of their district. Eventually we hope to include district apportionments within the tithe, but are not able to do so at this time.

Have other conferences moved to the tithing approach and what have been the results?

Yes, we have been in contact with the Upper New York, Great Plains (formerly Kansas East and West), Kentucky, Rocky Mountain, Indiana, California-Nevada, Iowa and Dakota Conferences. Each conference has based their apportionments on revenue models, although there are differences among the conferences. Most base their apportionment on a percentage of adjusted revenue, but to our knowledge we will be the only conference able to budget on a true tithe of adjusted revenue. All have reported increased goodwill among their churches, especially when moving to prior-month reporting. Much of what we are

proposing comes from lessons learned from their experiences.

Will this disproportionately affect smaller, newer, or historically ethnic churches?

There is no discernible pattern that will predict how a particular group of churches will be affected. It seems whenever the apportionment formula changes about one third of the churches have a lower apportionment, one third have about the same apportionment, and one third see an increase. Each of these groups contain large and small, new and old, rural and urban, and ethnic churches. This will be true as we move to the tithe.

The tithe proposal is based on operating income whereas the current formula is based on operating expenses. In theory, there shouldn't be a great difference. In reality, some churches show a significant difference between their operating income and operating expense. This could be a reporting error or it could be the reality for some churches. If the conference decides to make this change in apportioning, we will work closely with any congregation that might experience a dramatic change in their apportionment to make the transition as smooth as possible.

How can I learn more?

We encourage you to visit our page on the conference website at www.ac2015.arumc.org. There you will find the resolution in its entirety, supporting documents, remittance forms and instructions.

We also encourage you to attend one of the pre-conference district meetings which are being scheduled in May. The schedule of meetings will be available online and in the May issue of the *Arkansas United Methodist*. These meetings will give you an opportunity to hear more about The Arkansas Tithe Initiative and to ask questions.

If you have questions or concerns please contact:

Todd Burris at (501) 324-8024 or tburris@arumc.org

Jim Polk at (870)246-2493 or jim.polk@arumc.org