Covenant Shares Frequently Asked Questions

Updated January 2025

PLEASE NOTE: The answers to the frequently asked questions in this document are best efforts at interpreting and applying the covenant shares assessment method as proposed and adopted by General Synod in June 2019, and have no precedential value. They are based on the Alternate Funding Committee's work, its written proposal to the 2019 General Synod (which is available at MGS 2019, pp. 47-53), and recommendations adopted by the 2019 General Synod in response to the written proposal (MGS 2019, EC 19-9, p. 52). Further clarifications and interpretations may be necessary after the implementation of covenant shares. If a classis would like a formal opinion to clarify any aspect of covenant shares, they may seek advice from the General Synod's Commission on Church Order or the Covenant Shares Review Committee (which will begin its work in 2023, after implementation of covenant shares).

Why covenant shares? Covenant shares reflect four values:

- They are biblical, reflecting the Bible's emphasis on cheerful, generous, regular giving, and specifically on tithing as a percentage of income.
- They are equitable, allowing each church to support denominational work in accordance with its means.
- They are simple, reducing the risk of error and confusion by using a straightforward formula.
- They are congregationally supported, backed by churches throughout the RCA and easy for them to implement.

Definitions

Endowment Funds: Endowment funds refer to donations or gifts that are given to a church with the restriction that only the income or interest generated by the principal can be used, while the principal remains intact in perpetuity.

Grants: Grants refer to funds received from external sources such as government agencies, foundations, or other organizations that are designated for a specific purpose and are not considered contributions for the purposes of covenant share calculations.

What line of the Consistorial Report Form (CRF) is used as the basis to calculate covenant shares?

Line 21, "Contributions received." Contributions on this line shall be defined as any gift received by the church that is considered a charitable donation. Two exceptions are new endowment gifts and grants received, which are reported on other lines of the CRF.

What will the percentage be?

The General Synod covenant shares rate for 2025 will be 2.5%. This was approved by the General Synod in June 2024. Learn more about this decision here: https://www.rca.org/covenant-share-rate-set-at-2-5-percent-for-2025/

Use the calculator at rca.org/covenantshares to project your congregation's total. This tool includes adjustments for the 10% limit on change compared to the prior year.

Will the percentage rate change from year to year?

The rate will require General Synod's annual approval. Eventually, we hope that the percentage rate will stay the same year after year. It may fluctuate slightly in the first few years as we adjust to the new financial reporting on the CRF. However, the change in the total dollar amount of a church's covenant shares from year to year will be limited to no more than 10 percent, either up or down, over the previous year's assessments or covenant shares.

When did covenant shares become effective?

2024 was the first calendar year of using covenant shares as the RCA's funding method.

Why would the basis include all contributions? Did the committee consider using only general offerings?

Many of the concerns we heard about basing covenant shares on all contributions related to the inclusion of special contributions. Some examples of special contributions include capital campaigns, missions giving, and benevolence. The committee decided that it is best to use all contributions as a way to keep the formula simple and avoid confusion about defining general offerings, thereby reducing the risk of inaccurate reporting. Using all contributions is a way to ensure that the same basis is used consistently across the denomination. Using all contributions as the basis treats all contributions the same, regardless of how a church might record contributions for general and special purposes.

The committee feels that the limitations to increases from year to year alleviate much of the concern over a significant burden being added due to significant one-time increases, such as capital campaigns, in a church's contributions.

We encourage all churches to reference the calculator www.rca.org/covenantshares for more information.

Should pass-thru gifts be included with contributions?

Yes, as of now, the General Synod proposal defined contributions as any gift received by the church, except for new endowments or grants. In order to keep the method simple, the committee proposed a method with as few exceptions as possible. As we continue to learn more about the Covenant Shares Method, the review committee is reviewing feedback and recommendations regarding pass-thru contributions to help address questions and add clarification.

Why not use total income as the basis?

Some churches have other sources of income, such as building rental income, tuition fees for a daycare or school, investment income, thrift store income, or endowment distributions. These other sources of income do not necessarily increase a church's ability to pay covenant shares.

Will rental income be included in contributions?

No. Rental income should be reported separately on the CRF and is not included in Line 21 contributions. Covenant shares will not be calculated based on rental income.

How will we honor the donor's intent for designated gifts if a percentage goes to the denomination in covenant shares?

Using total contributions is simply the basis for which the denomination will calculate covenant shares. The church does not need to pay covenant shares directly from the contributions used in the basis for calculation. The church can pay it out as an expense just as they did under the current per-member assessment method.

Currently, newly organized churches gradually built up to paying full denominational assessments over a five-year period. Will this continue?

No. Under the new covenant shares method, the graduated formula has been eliminated based on F 23-2 approved by the General Synod in 2023, as assessments are based on contributions received, not membership.

How will this affect Canadian classes?

In order to remain consistent with the current practice for collecting assessments in Canadian dollars, Canadian churches will pay covenant shares at a rate of 50 percent of the currency differential between the U.S. dollar and the Canadian dollar. The RCA treasurer will calculate the exchange rate for the prior 12 months as of January 1 each year.

What about grants from a classis or government agencies?

Grants are not considered contributions and will not be reported on Line 21, which is used to calculate covenant shares. Grants from any agency should be reported on the "Other Income" line on the CRF.

Will some churches pay more under covenant shares?

Yes. Some churches will pay more, and some will pay less than the current per-member system. The 10% cap ensures that no church will experience an increase or decrease in covenant shares of more than 10% from one year to the next.

Will the denomination receive more income under the new method?

Under the new method, the income received by the denomination will fluctuate based on contributions received by the local church.

Will there still be a method for petitioning for relief from denominational assessments?

Yes. The petitioning process for aid adopted by the 1991 General Synod has been updated to apply to covenant shares.