

Report of the Standing Committee on Constitution and Canons 2006

Introduction

The Committee took up the issue of revisions to the Financial Canons that was referred back to this Committee in 2004 and on which action was deferred last year, and reviewed other requests for changes in the constitution and canons of the diocese.

Part I Canon 31

This canon was addressed in last year's report. Diocesan Canon 31 defines the structure and functions of the Commission on Ministry. Resolution A111 of the 2003 General Convention extensively revised National Canons III.1-9, which deal with ordination and ministry of presbyters and deacons. One of the significant changes from prior canon was to require that deacons be part of the membership of the required diocesan Commissions on Ministry. Our diocesan Canon 31 already provides for such membership through the Committee on the Diaconate, but it was further examined for consistency with the changes made by General Convention and with National Canons generally. Several minor errors were noted, and a draft revision was forwarded to the Commission on Ministry and Bishop Council. Our Committee was advised, however, that Bishop Council is in the process of reorganizing the structure of our Commission on Ministry, such that the current canon would not accurately describe its structure. That restructuring is not yet completed, and so we have been requested to defer action on this canon for another year. The Committee sees no difficulty in again agreeing to this request. Accordingly, no action is proposed with respect to this canon at this year's convention.

Implementing Resolution: *Resolved*, That the Standing Committee on Constitution and Canons defer action on revisions to Canon 31 until the 2007 Diocesan Convention.

The Standing Committee on Constitution and Canons recommends the adoption of this implementing resolution.

Part II Canon 22

As reported last year, John Goldsack, Esq., has noted that our diocese has no set term for the office of treasurer. Article IV, Section 3 of the diocesan Constitution provides: "A Treasurer shall be elected by the Convention, who shall perform the duties of the office as provided by Canon until a successor is elected." Canon 22, Section 1, provides in part: "The Treasurer, elected by the Convention, as provided by the Constitution of the Diocese of New Jersey, shall serve as the executive financial overseer of trust funds and other funds for which the Convention is responsible." (The rest of 22(1) deals with the Chief Financial Officer and the bonding of both officers.) Canon 22, Section 2 provides: "The tenure of office of the Treasurer or of the Chief Financial

Officer may be ended by action of the Convention. In the interim between meetings of the Convention the tenure of office of the Treasurer or of the Chief Financial Officer may be terminated, by a two-thirds vote of the Standing Committee, the Bishop recommending or concurring." Thus once a treasurer is elected, there is no provision for replacing him or her except for a resignation or a removal. After consulting with Bishop Councill, Mr. Goldsack proposes that a one-year term without restriction on re-election would give the Convention the flexibility to review the Treasurer's performance on a regular basis without locking itself or the candidates for this office into a term of indefinite or excessive length. This could be accomplished simply by inserting the word "annually" into the first sentence of Canon 22(2). Any dangers of possible lack of continuity in the office of the Treasurer are made up for by the continuance in office of the Chief Financial Officer of the diocese, an appointive position.

Implementing Resolution: *Resolved*, That the first sentence of Diocese of New Jersey Canon 22, Section 1 be amended to read as follows (insertion shown by underline):

"The Treasurer, elected annually by the Convention, as provided by the Constitution of the Diocese of New Jersey, shall serve as the executive financial overseer of trust funds and other funds for which the Convention is responsible."

The Standing Committee on Constitution and Canons recommends the adoption of this implementing resolution.

Part III Canons 14, 15 & 16

Last year the Committee at the request of Bishop Councill deferred action on revisions to the financial canons of the diocese to conform to the proposals of the report of the Task Force on Finances approved at the 2003 Convention. After further consultation with the Bishop, the Committee now proposes the revised Canons 14, 15, and 16. At the request of Bishop Councill, and with the consent of at least some of the members of the former Task Force, these proposals differ from the Task Force report in that (a) the one-percent asking for New Work has been omitted, since the Bishop felt that once such New Works had been identified, a more effective fundraising mechanism could be devised, and (b) the structure for the Appeal Process for congregations unable to pay the ten-percent asking has been omitted, since this was deemed to infringe upon the pastoral responsibilities of the Bishop for such congregations. The logical organization of the three canons has been improved, and the text somewhat shortened and simplified.

The implementing resolution below sets forth the text of the proposed revised canons. Appendix A to this Report shows the changes in this proposal from the existing canons including the moving of provisions from one location to another.

Implementing Resolution: *Resolved*, That the following replace the text of current Canons 14, 15 & 16:

CANON 14

Diocesan Budget

SECTION 1. There shall be a Budget for the Diocese for each calendar year. The purpose of the Budget is to enable the Diocese to carry on ministries, provide support to the Diocesan Congregations, meet its obligation to the national Episcopal Church, and finance its administration. Each Diocesan Budget shall include a comparison of appropriations with actual prior year expenditures, a comparison of income items with actual income for the prior year, and a narrative explanation for each appropriation.

SECTION 2. At each annual meeting, the Convention shall adopt a Preliminary Diocesan Budget for the ensuing calendar year. In January of that ensuing year, the Diocesan Council may change the Preliminary Diocesan Budget and will adopt a Revised Preliminary Diocesan Budget. The Convention in March of that ensuing year may further modify the Revised Preliminary Diocesan Budget and shall adopt such Budget as the Affirmed Diocesan Budget for the then current calendar year.

SECTION 3. Each Diocesan Congregation's Fair Share Asking shall be shown in and be a part of the Preliminary Diocesan Budget. The actual Fair Share Pledges for each Diocesan Congregation shall be shown in and be a part of the Revised Preliminary Diocesan Budget and the Affirmed Diocesan Budget.

SECTION 4. Diocesan funds shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council. Appropriations not spent during the calendar year, or required as of the end of any year to be spent in the future for outstanding liabilities, shall not be carried over or considered authorized to be spent in a succeeding year, without specific approval of the Diocesan Council.

CANON 15

The Finance and Budget Committee and the Budget Process

SECTION 1. There shall be a Finance and Budget Committee of the Diocese consisting of the Treasurer, two members appointed annually by the Diocesan Council, at least one of whom is a member of the Council, and nine members elected by Convention. The term of office for elected members shall be three years. There shall be three classes in the nine elected members so that three members are elected in each year. Vacancies among the elected members shall be filled by the Committee until the next annual meeting of the Convention when a member shall be elected by the Convention to fill the unexpired term. Vacancies among the appointed members may be filled by the Diocesan Council. The Chair of the Committee shall be the Treasurer. The Ecclesiastical Authority may designate members of the staff to assist the Committee who may speak at all Committee meetings but shall have no vote.

SECTION 2. The duty of the Finance and Budget Committee shall be to assist the Diocesan Council in all phases of the preparation of the Diocesan Budget. The Committee may also consult with the Audit Committee of the Diocese, the Trustees

of the Diocesan Trust Funds, other committees of the Diocese, and such others as it deems appropriate. The duty of the Finance and Budget Committee shall further be to maintain general supervision over the financial affairs of the Diocese in the following ways:

- (a) To designate the security to be given by the Chief Financial Officer of the Diocese, and the Treasurers of the Convention and of all Boards, Trusts, Funds and Committees over which the Convention has authority;
- (b) To designate or approve the depositories of the funds, securities, and valuable property in the custody of such Treasurers;
- (c) To secure simplicity, accuracy, and uniformity in the collection, distribution and accounting of all funds and accounts of any diocesan or congregational entities including discretionary accounts and funds;
- (d) To advise the Bishop, officers of the Diocese and the Diocesan Council in financial and business matters;
- (e) To designate the persons who are authorized to sign checks or otherwise make withdrawals from all diocesan accounts.

The Finance and Budget Committee shall at all times comply with the provisions of Title I, Canon 7, Sections 1 and 2 of the Canons of the Episcopal Church.

SECTION 3. Each Diocesan Congregation shall identify its rector or vicar and the treasurer of that Congregation ("Identified Representatives") to the Chief Financial Officer of the Diocese. Whenever required under the Canons, or by operating procedures, mailings shall be sent to each Identified Representative.

SECTION 4. The Preliminary Diocesan Budget shall be established pursuant to the rules in subsections (a) through (d) below:

- (a) Each January, the Finance and Budget Committee shall prepare and present to the Council a draft of the Preliminary Diocesan Budget for the ensuing year. The Preliminary Diocesan Budget shall include the Fair Share Asking established under Canon 16, Section 1(a) and (b) for each Congregation.
- (b) The Diocesan Council, taking into consideration all information then available, shall adopt a proposed Preliminary Diocesan Budget for the ensuing year in which the appropriations are equal to the anticipated Fair Share Pledges and other sources of revenue which may be applied to appropriations. A copy of the proposed Preliminary Diocesan Budget for the ensuing year shall be mailed to each member of the Convention. In the materials provided to the members of Convention the Diocese shall provide a balance sheet, which shows the assets and liabilities of the Diocese as of both the beginning and the end of the most recent calendar year. The amount of cash and investment type assets and the fair market value of investments or reinvestments held by each fund, trust or account shall be disclosed.
- (c) The Convention shall consider the proposed Preliminary Diocesan Budget, make whatever changes it deems appropriate, and adopt a Preliminary Dioce-

san Budget for the ensuing year. A copy of the Preliminary Diocesan Budget for the ensuing year adopted by the Convention shall be mailed to each Identified Representative.

(d) A copy of the audited diocesan financial statements for the calendar year ended prior to the Convention and the related management letter prepared by the independent public accountant engaged by the Diocese shall be sent to any member of the Convention when available upon that member's request.

SECTION 5. The Affirmed Diocesan Budget shall be established pursuant to the following rules and administered in accordance with Section 6 of this Canon 15:

(a) In January of each year, the Chief Financial Officer of the Diocese shall provide the Finance and Budget Committee an accounting of the Fair Share Pledges which have been paid by the Diocesan Congregations for the year just completed and the amount of Fair Share Pledges to which Diocesan Congregations have committed for the current year.

(b) The Finance and Budget Committee shall prepare and present to the Council a draft Revised Preliminary Diocesan Budget for the current year. The total amount of the appropriations in the Revised Preliminary Diocesan Budget shall be equal to the total amount of anticipated revenue from all sources.

(c) The Diocesan Council shall make whatever changes it deems appropriate and shall adopt a Revised Preliminary Diocesan Budget for the current year, a copy of which shall be mailed to each member of the Convention.

(d) The Convention shall consider the Revised Preliminary Diocesan Budget and make whatever changes it deems appropriate. The Revised Preliminary Diocesan Budget as adopted by Convention shall be the Affirmed Diocesan Budget for the current year.

(e) A copy of the Affirmed Diocesan Budget for the current year shall be mailed to each Identified Representative.

SECTION 6.

(a) The Diocesan Council shall direct the Chief Financial Officer of the Diocese to make necessary expenditures in each calendar year until the Diocesan Budget for that year has been affirmed. The rest of the year, funds appropriated in accordance with the Affirmed Diocesan Budget for that year shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council. The Diocesan Council shall monitor the finances of the Diocese throughout the course of the year to maintain a balanced budget. The total amount expended through the Affirmed Diocesan Budget in any year shall not exceed the total amount of the receipts, unless a deficit either has been approved by a majority vote of all members of the Diocesan Council to permit the Diocese to timely prepare its financial statements or has been authorized by the Convention.

(b) The Chief Financial Officer or the Treasurer shall have the authority to use funds appropriated for one purpose for another purpose specified in a different

line item of the Diocesan Budget so long as the aggregate of all expenditures does not exceed the total expenditures provided in such Budget. The exercise of such authority shall be subject to the review and affirmation or disapproval of the Diocesan Council. This provision shall apply to all funds available for paying expenses contemplated in the Budget, including surplus funds, balances carried forward from previous years, reserves carried forward from previous years in support of line items, all funds received during the course of the year from sources enumerated in the Diocesan Budget and all funds received from other sources. The Diocesan Council must approve in advance any expenditure of funds for new ventures or initiatives not contemplated in the Diocesan Budget construction and approval process.

CANON 16

Fair Share Pledge

SECTION 1. Each Diocesan Congregation shall be asked to support the Diocesan Budget with a Fair Share Pledge, which shall be determined as follows:

(a) A tithe, which shall be ten percent of each Diocesan Congregation's Income Base, shall be requested to support the basic obligations of the Diocese, which shall include the cost of supporting the Bishop, the diocesan staff and facilities, legal and insurance requirements, direct support payments to mission congregations, funding for social and ethnic ministries, gatherings in the Diocese and of the church, and an amount equal to a tithe of total Fair Share Pledges to the Domestic and Foreign Missionary Society ("the National Church".) Each Diocesan Congregation shall pay its tithe unless for good cause prevented.

(b) An additional amount of each Diocesan Congregation's Income Base shall be requested as an offering to support the mission and ministry of the Diocese, which shall be equal to three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$50,000, plus an additional three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$100,000. Such mission and ministry shall include all programmatic activities and ministries that are not included in Section 1(a), support for the development of clergy, the amount by which the asking from the national church exceeds the amount allocated in Section 1(a), and such other initiatives as are approved by the Bishop and the Diocesan Council or by the Convention. The percentages and the income breakpoints of this subsection may be changed by majority vote of the Convention.

(c) The requests to Diocesan Congregations in these subsections (a) and (b) shall be collectively the Fair Share Askings.

SECTION 2. By March 1 of each year, each Diocesan Congregation shall submit an annual Parochial Report for the prior year to the Diocese, as required by national canons. Each Diocesan Congregation's Income Base at any time shall be determined from the Congregation's most recent annual Parochial Report. The Income Base shall include all income received by that Congregation and used to meet the Congregation's regular operating expenses; however, the Income Base

shall not include income received from the Diocese or amounts spent for principal and interest on obligations for real property held for non-investment purposes. If a Congregation has not submitted its Parochial Report for the Council to use in making its determination of the Fair Share Asking, that Congregation's Income Base shall be estimated by the Council.

SECTION 3. By October 1 of each year, the Chief Financial Officer of the Diocese shall mail to Identified Representatives a report on the Income Base and Fair Share Askings of all Diocesan Congregations for the ensuing year, and will include in that mailing a pledge commitment form to be used by each Diocesan Congregation in submitting its Fair Share Pledge for the ensuing year. No later than December 31, each Diocesan Congregation shall advise the Chief Financial Officer or the Treasurer of the amount of its Fair Share Pledge to which it will be committing for the ensuing year.

SECTION 4. Each Diocesan Congregation shall pay its Fair Share Pledge in accordance with the billing procedure established by the Chief Financial Officer and approved by the Diocesan Council.

SECTION 5. No part of these canons shall be construed to require or permit the imposition of penalties against any congregation that fails to pay all or part of its Fair Share Pledge.

The Standing Committee on Constitution and Canons recommends the adoption of this implementing resolution.

Part IV Canon 2

Canon 2 provides for certifying the credentials of clergy and lay representatives to Convention. Section 2 of the canon sets forth a form of certificate for congregational officials to report to the diocese on the election of deputies and alternates to Convention, setting a date of October 15 for its submission. Since many congregations have their annual meetings in December or January, this deadline is generally violated. In practice, the form used by the diocese does not precisely correspond to the text of the canon, and it is mailed out in November and is expected to be returned in January. While the canon provides for printing a copy of the form in the printed copy of the Journal, this is less useful as the diocese moves toward distributing the Journal on CD-ROM or the diocesan website. In addition, the canonical role given to the Committee on the Credentials of Lay Deputies is currently undertaken in large part by diocesan staff, so that the functions of this committee need to be reevaluated and possible conforming amendments considered at a later time. At this time, the Committee recommends amending section 2 of the canon by removing the form text, changing the submission date from October 15 to January 15 (or within 3 days after the annual meeting if after that), and clarifying the persons who are to sign the form.

The revised form of certificate appears as Appendix B to this Report.

Implementing Resolution: *Resolved*, That Diocese of New Jersey Canon 2, Section 2, be amended as follows (insertions underlined, deletions stricken through):

"SECTION 2. The certificates of the election of Lay Deputies shall be in a form approved by Convention and shall be forwarded to Diocesan Congregations during the month of November in each year. ~~the following form:~~

~~Names of the Congregation, the Place and Date.~~

~~This Certifies, that at a meeting of the Congregation for the purpose of electing the Congregation's Officers and Deputies to the Convention (or for the purpose of electing Deputies to the Convention, if the meeting be for that object alone) _____, and _____, being members of Congregation and communicants of the Church, were duly chosen to represent the Parish in the Convention, for the year ensuing. In testimony whereof, I have hereunto set my hand (or if the two Wardens subscribe, we have set our hands), the day and year above written.~~

~~This~~ The completed certificate shall be signed by the Rector, or by the Vicar, or, if there be no Vicar, then by the Archdeacon or by the secretary clerk of the vestry, or by the two Wardens or any two trustees of the Congregation. , and transmitted to the Secretary of the Convention no later than the fifteenth day of October next preceding the annual meeting of the Convention, and the above form shall be annually inserted in the printed Journal of the Convention; provided, that where a Congregation shall have been organized under Trustees, the certificate above described may be signed by two Trustees in lieu of the Wardens. The signed certificate shall be returned to the Secretary of Convention care of the diocesan offices by the later of (a) January 15 or (b) three days following the annual meeting of the Congregation."

so that the amended section reads as follows:

"SECTION 2. The certificates of the election of Lay Deputies shall be in a form approved by Convention and shall be forwarded to Diocesan Congregations during the month of November in each year. The completed certificate shall be signed by the Rector or Vicar or clerk of the vestry, or by the wardens or any two trustees of the Congregation. The signed certificate shall be returned to the Secretary of Convention care of the diocesan offices by the later of (a) January 15 or (b) three days following the annual meeting of the Congregation."

and be it

Further resolved, That the form of certificate appearing as Appendix B to this Report be approved by this Convention.

The Standing Committee on Constitution and Canons recommends the adoption of this implementing resolution.

Part V
Canon 15(1)

The Rev'd Elmer L. Sullivan has proposed that Canon 15, regulating the Finance and Budget Committee, be amended to remove the Treasurer as an ex-officio member and chair of the Committee, to be replaced by a chair appointed annually by the Ecclesiastical Authority every April. His statement in support of this proposal is as follows:

"The finances of the Diocese are in the doldrums. New leadership could bring a breath of fresh air to the Finance and Budget Committee. If this amendment is adopted, the Treasurer of the Diocese would no longer be the ex-officio Chair of the Finance and Budget Committee. Instead, a Chair would be appointed annually by the Bishop or Ecclesiastical Authority."

His implementing resolution is as follows: *Resolved*, That the first sentence of Diocese of New Jersey Canon 15, Section 1 be amended to read as follows (insertion shown by underline, deletion by strikethrough):

There shall be a Finance and Budget Committee of the Diocese ~~consisting of the Treasurer elected by the Convention,~~ comprised of a Chair appointed by the Ecclesiastical Authority each year in April for a one-year term, two members appointed annually by the Diocesan Council, one of whom is a member of the Council, and nine members elected by Convention.

and be it

Further resolved, That the next-to-last sentence of such Section ("The Chair of the Committee shall be the Treasurer.") be deleted.

(This proposal is not affected by any changes that may be made in Canon 15 by enactment of Part III of this Report.)

Upon consideration, the Standing Committee on Constitution and Canons recommends against the adoption of this proposal. Aside from the grammatical misuse of the verb "comprise", the Committee questions the factual premises of Fr. Sullivan's rationale. Even if change is needed on the Finance and Budget Committee, Diocesan Council and Convention have the power to effect change, either by electing different persons to the Finance and Budget Committee or by electing a different Treasurer, without having to involve the Bishop. Finally, we believe that the Treasurer's functions cannot reasonably be fulfilled unless he or she is a functioning member of the Finance and Budget Committee. We believe that this change is unnecessary and wrong.

*The Standing Committee on Constitution and Canons recommends **against** the adoption of this implementing resolution.*

Part VI
Canon 75(1)

Section 1 of Canon 75 currently provides:

"All proposed amendments of the Constitution or Canons shall be submitted to the Standing Committee on Constitution and Canons for its study, report and recommendation, if any, at least sixty days prior to the Convention at which it is to be considered. No proposed amendment of the Constitution or Canons shall be considered by the Convention unless such proposed amendment shall have been referred to the Standing Committee on Constitution and Canons."

Fr. Sullivan proposes that the canon be amended to specify the form of report of the Committee and the procedure for presentation of such report by adding the following:

"The Committee's report may include, in addition to material submitted by the proposer, the Committee's comments and recommendations, but it shall not include any enabling resolutions. When the Committee has concluded its report on a proposed amendment, the President of Convention shall recognize the proposer of the amendment for the purpose of moving its adoption."

His statement in support of this proposal is as follows:

"For many years it was the accepted practice at Diocesan Convention that when an amendment of the Canons was offered, the proposer was given the opportunity to move its adoption.

"This changed at the 2005 Convention when the Committee on Constitution and Canons arrogated to itself the power to block proposed amendments from coming to the floor. Two amendments were offered in 2005 and although they were included in the Committee's Report, in both instances they were disapproved by the Committee and accompanied by 'enabling resolutions' that the proposals 'be disapproved.' Thus, the proposed amendments were blocked from reaching the floor by the Committee's newly-asserted power to offer resolutions to disapprove, and this novel practice was tolerated by the presiding officer.

"The purpose of the proposed amendment, the text of which appears above, is to put a stop to these gag tactics. It will prevent the Committee on Constitution and Canons from vetoing proposals with negative enabling resolutions — an unhealthy practice — and it will require the President to recognize members so that they can move the adoption of their canonical amendments. It is merely a return to the kind of healthy, participatory democracy that we used to take for granted in this Diocese."

The Standing Committee on Constitution and Canons recommends against the adoption of this proposal, on several grounds. Implementing resolutions are strongly favored by *Robert's Rules of Order Newly Revised, 10th Edition*, in order to clarify exactly what a committee report is asking the assembly to do: "A board or committee is usually best fitted to prepare resolutions to carry out its recommendations, and it should never

leave this responsibility to others" (p. 487). Every board or committee report to Convention ought to contain implementing resolutions; prohibiting this to just one committee is contrary to the principles of openness and full disclosure mandated by Canon 76(1).

Furthermore, any such procedural regulation should properly be contained in the Rules of Order for Convention rather than canon. Fr. Sullivan himself successfully argued to Convention several years ago that provisions regarding the Committee on Resolutions be kept in the Rules of Order rather than in diocesan canons. This proposal is no different in kind.

The proposal is unnecessary. As regards last year's report of this Committee, the only "negative" implementing resolutions were in Part III, where the proposal was subsequently withdrawn by Mr. Hausman prior to Convention, and in Part VI, Fr. Sullivan's proposal on Canon 75(4). Fr. Sullivan did not in fact attend last year's diocesan convention; had the procedure he now proposes then been in place, no one would have been present to move the proposal before Convention. This year, this Committee is presenting all proposals with implementing resolutions in "positive" form whether or not the Committee recommends their adoption, and had adopted a policy of doing so in future reports. This way, the proposal can come before Convention without the proposer having to be present or even having to obtain a second for his or her proposal. The Committee's position on the proposal is clearly stated in any event.

Fr. Sullivan claims that he is prejudiced by not being accorded the right to reply in debate accorded to a "mover" under Rule X(2) of the Rules of Order. But clarification or interpretation of the Rules is outside the province of this Committee.

Finally, some members of the Committee take issue with Fr. Sullivan's statements on this proposal. Last year's report put fairly before Convention all proposals timely received by the Committee on Constitution and Canons and not withdrawn by the proposer. There was no "veto" by the Committee and no secretive suppression of proposals by failing to report on them, such as had been the practice of Fr. Sullivan when he chaired the Committee. The charge of "gag tactics" and undemocratic procedures is wholly groundless and reprehensible.

Implementing Resolution: *Resolved*, That Diocese of New Jersey Canon 75, Section 1 be amended by adding the following sentences at the end of the paragraph:

"The Committee's report may include, in addition to material submitted by the proposer, the Committee's comments and recommendations, but it shall not include any enabling resolutions. When the Committee has concluded its report on a proposed amendment, the President of Convention shall recognize the proposer of the amendment for the purpose of moving its adoption."

*The Standing Committee on Constitution and Canons recommends **against** the adoption of this implementing resolution.*

Part VII

Canon 75(4)

Two years ago, the Convention added a new Section 4 to Canon 75, which governs amendments of canons and the work of the Standing Committee on Constitution and Canons:

"SECTION 4. Following each meeting of the General Convention, the Standing Committee on Constitution and Canons must (a) review any changes to National Canons approved by such meeting and (b) propose to the next Diocesan Convention amendments to Diocesan Canons so as to conform them to such changes In National Canons."

As he did last year, when his proposal was voted down by Convention, the Rev'd Elmer L. Sullivan again proposes that this section be deleted, offering the following explanatory statement:

"This provision was added to Canon 75 at the Convention in 2004. At the time, the proposer alleged that there were numerous inconsistencies between our Diocesan Canons and the Canons of the National Church that required immediate correction. This assertion was repeated in the Committee's report in 2005. The Committee also claimed that the 2003 General Convention had adopted legislation that required changes in our Diocesan Canon 31. Now two years have passed, no discrepancies have been uncovered, and it is clear that no changes are needed in Canon 31.

"The implementation of directives from the General Convention should be left to the policy making bodies of the Diocese. It is not a proper function of the Committee on Constitution and Canons. The danger in Section 4 is that it opens the door for members of the Committee to interfere in matters that are none of their concern. It is time to close that door.

"Moreover, the time frame set forth in Section 4 is unrealistic. It is not possible for anyone to propose action at 'the next Diocesan Convention' after a General Convention. There simply is not enough time for proper deliberation on authoritative information. It opens the door for the Committee to make claims based on gleanings from the internet that are difficult for the average person to verify, rather than relying on official, printed documents that anyone can verify. The incorrect claims made about Canon 31 by some Committee members after the last General Convention are a case in point.

"Section 4 serves no legitimate purpose and opens the door to too much mischief. It should be repealed."

Upon consideration, the Standing Committee on Constitution and Canons disapproves of the deletion of this provision. Our analysis is the same as in last year's report. Fr. Sullivan's statement that the Committee should not make policy is accurate, and the Committee continues to illustrate that philosophy by having sought the guidance of the

Bishop and of Convention in its ongoing work. The balance of the assertions in Fr. Sullivan's statement, however, are inaccurate: (a) Inconsistencies remain in diocesan canons that will be addressed hopefully in the next year; (b) as noted in Part I of this Report, diocesan Canon 31 does need some minor changes to comply with the National Canons revised at the last General Convention but is awaiting further changes resulting from Bishop Cancell's pending reorganization of the Commission on Ministry; (c) in any event, no "fishing expedition" has arisen from the amendment last year or this; (d) this Committee has consulted with policy-making bodies in the diocese at all steps in its work this past year, as demonstrated in this Report; and finally (e) through the medium of the Internet, the actions of General Convention are known at the close of its meetings, and final texts of resolutions are available to bishops and deputies in booklet or electronic form within two months thereafter, in time for their November committee meetings; waiting for publication of the printed restatement of National Canons is unnecessary. The Committee recommends that the amendment passed in 2004 remain in force until more cogent reasons appear for changing it.

Implementing Resolution: *Resolved*, That Diocese of New Jersey Canon 75, Section 4, which reads:

"SECTION 4. Following each meeting of the General Convention, the Standing Committee on Constitution and Canons must (a) review any changes to National Canons approved by such meeting and (b) propose to the next diocesan Convention amendments to Diocesan Canons so as to conform them to such changes in National Canons."

be deleted in its entirety.

*The Standing Committee on Constitution and Canons recommends **against** the adoption of this implementing resolution.*

Respectfully submitted,

The Reverend Terence Blackburn
The Reverend Frank B. Crumbaugh, III
John Wood Goldsack, Esq., Vice-Chair
The Reverend Dr. Henry Jansma, Secretary
Paul Ambos, Esq., Chair

Appendix A to Report

Comparison of Proposed Financial Canons to Existing Financial Canons

The following comparison starts with the existing text of the Financial Canons. Insertions are indicated by underlined text, deletions in square brackets. Notes on text that is moved from one section to another are within curly braces.

CANON 14

Diocesan Budget

SECTION 1. There shall be a Budget for the Diocese for each calendar year. The purpose of the Budget is to enable the Diocese to[:] carry on ministries, provide support to the Diocesan Congregations, meet its obligation to the national Episcopal Church, and finance its administration. [SECTION 2.] Each Diocesan Budget shall include [be comprised of: anticipated income from Voluntary Pledges by each Diocesan Congregation and other sources as applied to line item appropriations, appropriations of money to be spent for a particular purpose or group of purposes identified as a line item,] a comparison of [the] appropriations with actual prior year expenditures [for that line item], a comparison of income items with actual income for the prior year, and a[n appropriate] narrative explanation for each appropriation.

[SECTION 3. Appropriations shall include but not be limited to: support for Diocesan Congregations, grants, employee compensation and benefits required by canon or otherwise, taxes, insurance, utilities, maintenance, the purchase or lease of equipment, the improvement of Cathedral House and other property owned or managed by the Diocese, and other necessary overhead expenditures. {Substance of following sentence moved to 14(4)} Appropriations not spent during the calendar year, or required as of the end of any year to be spent in the future for outstanding liabilities, shall not be carried over or considered authorized to be spent in a succeeding year, without specific approval of the Diocesan Council.]

SECTION [4] 2. At each annual meeting [in March], the Convention shall adopt a Preliminary Diocesan Budget for the ensuing calendar year. In January of that ensuing year, the Diocesan Council may change the Preliminary Diocesan Budget and will adopt a Revised Preliminary Diocesan Budget. The Convention in March of that ensuing year may further modify the Revised Preliminary Diocesan Budget and shall adopt such Budget as the Affirmed Diocesan Budget for the then current calendar year.

[SECTION 5. The Diocese will request a suggested Voluntary Pledge as determined under Canon 16 from each Diocesan Congregation which, when combined with other sources of revenue, will fund the appropriations in the Preliminary Diocesan Budget.]

SECTION [6] 3. Each Diocesan Congregation's [suggested Voluntary Pledge] Fair Share Asking shall be shown in and be a part of the Preliminary Diocesan Budget. The actual [Voluntary] Fair Share Pledges [received from] for each Diocesan Congregation shall be shown in and be a part of the Revised Preliminary Diocesan Budget[. A projection of Pledge payments shall be shown in and be a part of] and the Affirmed Diocesan Budget.

SECTION [7] 4. [As provided in Canon 15, Section 6,] Diocesan funds shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council. Appropriations not spent during the calendar year, or required as of the end of any year to be

spent in the future for outstanding liabilities, shall not be carried over or considered authorized to be spent in a succeeding year, without specific approval of the Diocesan Council.
{Substance of preceding sentence moved from former 14(3)}

[SECTION 8. In the materials provided to the members of Convention the Diocese shall provide an unaudited balance sheet which shows the assets and liabilities of the Diocese as of both the beginning and the end of the most recent calendar year. The amount of cash and investment type assets shall be shown for the operating surplus of the Diocese and for the major trust funds, memorials or other categories of designated monies which have been established canonically or by practice. The fair market value of investments or reinvestments held by each fund, trust or account holding designated monies at year-end shall be disclosed.] {Substance moved to Canon 15 Section 4(c)}

[SECTION 9. A copy of the Diocesan audited financial statements for the calendar year ended prior to the Convention and the related management letter prepared by the independent public accountant engaged by the Diocese shall be sent to any member of the Convention, when available subsequent to the Convention, upon that member's request.] {Substance moved to Canon 15 Section 4(d)}

[SECTION 10. Each Diocesan Congregation shall identify its rector or vicar and the treasurer of that Congregation ("Identified Representatives") to the Chief Financial Officer of the Diocese. Whenever required under the Canons, or by operating procedures, mailings shall be sent to each Identified Representative.] {Substance moved to Canon 15 Section 3}

CANON 15

The Finance and Budget Committee and the Budget Process

SECTION 1. There shall be a Finance and Budget Committee of the Diocese consisting of the Treasurer [elected by the Convention], two members appointed annually by the Diocesan Council, at least one of whom is a member of the Council, and nine members elected by Convention. The term of office for elected members [of the Finance and Budget Committee] shall be three years, [, provided, however, that there] There shall be three classes in the nine elected members for the initial Committee so that three members are elected in each [subsequent] year. Vacancies among the elected members shall be filled by the Committee until the next annual meeting of the Convention when a member shall be elected by the Convention to fill the unexpired term. Vacancies among the appointed members may be filled by the Diocesan Council. [The election process shall determine which persons will serve less than a full three-year term under this rule. Those persons receiving the most votes shall enjoy the longer terms. If a member should fail to serve out his or her term, the Committee shall elect a replacement member to serve until the next annual meeting of the Convention when a member shall be elected by the Convention to fill the unexpired term.] The Chair of the Committee shall be the Treasurer. The Ecclesiastical Authority may designate members of the staff to assist the Committee who may speak at all Committee meetings but shall have no vote.

SECTION 2. The duty of the Finance and Budget Committee shall be to assist the Diocesan Council in all phases of the preparation of the Diocesan Budget. [The Committee shall work in consultation with the Diocesan Council, the persons who carry on the ministries of the Diocese, the Bishop, the Chief Financial Officer of the Diocese and other members of the Bishop's staff.] The Committee may also consult with the Audit Committee

of the Diocese, the Trustees of the Diocesan Trust Funds, other committees of the Diocese, and such others as it deems appropriate. The duty of the Finance and Budget Committee shall further be to maintain general supervision over the financial affairs of the Diocese in the following ways:

[a.] (a) To designate the security to be given by the Chief Financial Officer of the Diocese, and the Treasurers of the Convention and of all Boards, Trusts, Funds and Committees over which the Convention has authority;

[b.] (b) To designate or approve the depositories of the funds, securities, and valuable property in the custody of such Treasurers;

[c.] (c) To secure simplicity, accuracy, and uniformity in the collection, distribution and accounting of all funds and accounts of any diocesan or congregational entities including discretionary accounts and funds;

[d.] (d) To advise the Bishop, officers of the Diocese and the Diocesan Council in financial and business matters;

[e.] (e) To designate the persons who are authorized to sign checks or otherwise make withdrawals from all diocesan accounts.

The Finance and Budget Committee shall at all times comply with the provisions of Title I, Canon 7, Sections 1 and 2 of the Canons of the Episcopal Church.

SECTION 3. Each Diocesan Congregation shall identify its rector or vicar and the treasurer of that Congregation ("Identified Representatives") to the Chief Financial Officer of the Diocese. Whenever required under the Canons, or by operating procedures, mailings shall be sent to each Identified Representative. {moved from former Canon 14(10)}

[The Affirmed Diocesan Budget for the year ended December 31, 1996 (the "1996 year") shall be established pursuant to the rules in subparagraphs (a) and (b) below and administered in accordance with Section 6 of this Canon 15:

(a) The 1996 Budget adopted by the Convention held in November 1995, as balanced by Diocesan Council based on Voluntary Pledges received, shall be considered the Affirmed Diocesan Budget for the 1996 year.

(b) The Budget adopted in November 1995 stated a "Fair Share" amount for each Diocesan Congregation. In response to the request of the Chief Financial Officer each Diocesan Congregation will advise the Chief Financial Officer of the amount of the "Fair Share" it will pay during 1996. This amount shall be that Congregation's Voluntary Pledge for 1996.

Each Diocesan Congregation shall pay its Voluntary Pledge for 1996 in quarterly payments remitted to the Chief Financial Officer of the Diocese pursuant to a Diocesan billing procedure on or before March 31, June 30, September 30 and December 31.]

SECTION 4. The Preliminary Diocesan Budget [for each year ended after December 31, 1996] shall be established pursuant to the rules in [subparagraphs] subsections (a) through (f) below:

(a) [On a date in January established by the Diocesan Council,] Each January, the Finance and Budget Committee shall prepare and present to the Council a draft of the Preliminary Diocesan Budget for the ensuing year. The Preliminary Diocesan

Budget shall include the [suggested Voluntary Pledge] Fair Share Asking established under Canon 16, Section 1(a) and (b) for each Congregation.

(b) [By January 24 the] The Diocesan Council, taking into consideration all information then available, shall adopt a proposed Preliminary Diocesan Budget for the ensuing year in which the appropriations [do not exceed the anticipated Voluntary Pledges] are equal to the Fair Share Pledges and other sources of revenue which may be applied to appropriations.

[(c) No later than January 31, the Diocesan Council shall mail a] A copy of the proposed Preliminary Diocesan Budget for the ensuing year shall be mailed to each member of the Convention. {Substance of following sentence moved from former Canon 14 Section 8} In the materials provided to the members of Convention the Diocese shall provide a balance sheet which shows the assets and liabilities of the Diocese as of both the beginning and the end of the most recent calendar year. The amount of cash and investment type assets and the fair market value of investments or reinvestments held by each fund, trust or account shall be disclosed.

(c) The Convention shall consider [this] the proposed Preliminary Diocesan Budget, make whatever changes it deems appropriate, and adopt a Preliminary Diocesan Budget for the ensuing year.

[(d) No later than April 1, the Secretary of the Convention shall mail a] A copy of the Preliminary Diocesan Budget for the ensuing year adopted by the Convention shall be mailed to each Identified Representative. [Included in the mailing shall be a communication by the Bishop to each Congregation in support of the Preliminary Diocesan Budget for the ensuing year.]

(d) A copy of the audited diocesan financial statements for the calendar year ended prior to the Convention and the related management letter prepared by the independent public accountant engaged by the Diocese shall be sent to any member of the Convention, when available upon that member's request. {Substance moved from former Canon 14 Section 9}

[(e) By September 1, the Chief Financial Officer of the Diocese shall mail to Identified Representatives a report on the Income Base of all Diocesan Congregations compiled from annual Parochial Reports for the prior year and will include in that mailing a pledge commitment form to be used by each Diocesan Congregation in submitting its Voluntary Pledge for the ensuing year.

(f) No later than December 1, each Diocesan Congregation shall advise both the Chief Financial Officer and the Stewardship Committee of the amount of its Voluntary Pledge for the ensuing year.] {Substance of former subsections (e) and (f) moved to Canon 16 Section 3}

[Each Diocesan Congregation shall pay its Voluntary Pledge in quarterly payments remitted to the Chief Financial Officer of the Diocese pursuant to a Diocesan billing procedure on or before March 31, June 30, September 30 and December 31 of the ensuing year.] {Substance moved to Canon 16 Section 4}

SECTION 5. The Affirmed Diocesan Budget [for each year ended after December 31, 1996] shall be established pursuant to the following rules and administered in accordance with Section [6] 7 of this Canon 15:

(a) In January of each year, [By December 31,] the Chief Financial Officer of the Diocese shall provide the Finance and Budget Committee an accounting of the [Voluntary] Fair Share Pledges which have been paid by the Diocesan Congregations for the [current year] year just completed and the amount of [Voluntary] Fair Share Pledges to which Diocesan Congregations have committed for the current year [made for the ensuing year]. [The Finance and Budget Committee will then project the amount of Voluntary Pledges that it reasonably anticipates will be paid during the ensuing calendar year.]

(b) [On a date in January set by the Diocesan Council, after considering the amount of Voluntary Pledges made for the current year, the] The Finance and Budget Committee shall prepare and present to the Council a draft Revised Preliminary Diocesan Budget for the current year. [If the total amount of the Voluntary Pledges the Council anticipates will be paid, together with other sources of revenue for the current year is less than the] The total amount of appropriations in the draft Revised Preliminary Diocesan Budget [, the Diocesan Council shall reduce the appropriations until the total amount of the appropriations is] shall be equal to the total amount of anticipated revenue from all sources, subject to the provisions of Section 6 of this Canon 15.

(c) [On a date in January set by the Diocesan Council, the] The Diocesan Council shall make whatever changes it deems appropriate and shall adopt a Revised Preliminary Diocesan Budget for the current year, a copy of which shall be mailed [and promptly mail] to each member of the Convention [a Revised Preliminary Diocesan Budget for the current year].

(d) The [March] Convention shall consider the Revised Preliminary Diocesan Budget and make whatever changes it deems appropriate. The Revised Preliminary Diocesan Budget as adopted by Convention shall be the Affirmed Diocesan Budget for the current year.

(e) [No later than April 1, the Secretary of the Convention shall mail a] A copy of the Affirmed Diocesan Budget for the current year shall be mailed to each Identified Representative.

SECTION 6.

(a) The Diocesan Council shall direct the Chief Financial Officer of the Diocese to make necessary expenditures during the first quarter of each calendar year until the Diocesan Budget for that year has been affirmed. The rest of the year, funds appropriated in accordance with the Affirmed Diocesan Budget for that year shall be expended through the Chief Financial Officer subject to the supervision of the Diocesan Council. The Diocesan Council shall monitor the finances of the Diocese throughout the course of the year to maintain a balanced budget. The total amount expended through the Affirmed Diocesan Budget in any year shall not exceed the total amount of the receipts, unless a deficit either has been approved by a majority vote of all members of the Diocesan Council to permit the Diocese to timely prepare its financial statements or has been authorized by the Convention.

(b) The Chief Financial Officer or the Treasurer shall have the authority to use funds appropriated for one purpose for another purpose specified in a different line item of the Diocesan Budget so long as the aggregate of all expenditures does not exceed the total expenditures provided in such Budget. The exercise of such authority shall be subject to the review and affirmation or disapproval of the Diocesan Council. This

provision shall apply to all funds available for paying expenses contemplated in the Budget, including surplus funds, balances carried forward from previous years, reserves carried forward from previous years in support of line items, all funds received during the course of the year from sources enumerated in the Diocesan Budget and all funds received from other sources. The Diocesan Council [by a majority vote of all members] must approve in advance any expenditure of funds for new ventures or initiatives not contemplated in the Diocesan Budget construction and approval process.

CANON 16

[Voluntary] Fair Share Pledge

SECTION 1. [The Diocesan Council shall propose annually to Convention a giving percentage and the suggested Voluntary Pledge for the ensuing calendar year for each Diocesan Congregation, which shall be part of the proposed Preliminary Diocesan Budget for the ensuing calendar year.] Each Diocesan Congregation shall be asked to support the Diocesan Budget with a Fair Share Pledge, which shall be determined as follows:

(a) A tithe, which shall be ten percent of each Diocesan Congregation's Income Base, shall be requested to support the basic obligations of the Diocese, which shall include the cost of supporting the Bishop, the diocesan staff and facilities, legal and insurance requirements, direct support payments to mission congregations, funding for social and ethnic ministries, gatherings in the Diocese and of the church, and an amount equal to a tithe of total Fair Share Pledges to the Domestic and Foreign Missionary Society ("the National Church".) Each Diocesan Congregation shall pay its tithe unless for good cause prevented.

(b) An additional amount of each Diocesan Congregation's Income Base shall be requested as an offering to support the mission and ministry of the Diocese, which shall be equal to three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$50,000, plus an additional three percent of the amount of each Diocesan Congregation's Income Base that exceeds \$100,000. Such mission and ministry shall include all programmatic activities and ministries that are not included in Section 1(a), support for the development of clergy, the amount by which the asking from the national church exceeds the amount allocated in Section 1(a), and such other initiatives as are approved by the Bishop and the Diocesan Council or by the Convention. The percentages and the income breakpoints of this subsection may be changed by majority vote of the Convention.

(c) The requests to Diocesan Congregations in these subsections (a) and (b) shall be collectively the Fair Share Askings.

SECTION 2. By March 1 of each year, each Diocesan Congregation shall submit an annual Parochial Report for the prior year to the Diocese, as required by national canons. {Substance of preceding sentence moved from former Canon 16 Section 4} Each Diocesan Congregation's Income Base at any time shall be determined from the Congregation's most recent annual Parochial Report. [Each Diocesan Congregation's suggested Voluntary Pledge shall be calculated by applying the giving percentage to its Income Base. The Income Base shall be determined from the Congregation's annual Parochial Report filed in the prior calendar year.] The Income Base shall include all income received by that Con-

gregation [for General Purposes as shown on its Report. However,] and used to meet the Congregation's regular operating expenses; however, the Income Base shall not include income received from the Diocese [, and] or amounts spent for principal and interest on obligations for real property held for non-investment purposes. If a Congregation has not submitted its Parochial Report for the Council to use in making its determination of the Fair Share Asking, that Congregation's Income Base shall be estimated by the Council. {Substance moved from former Canon 16 Section 4}

SECTION 3. [After considering the suggested Voluntary Pledge proposed by Diocesan Convention, information disseminated in accordance with Canon 15, Section 4(e) and the proposed Ministries of the Diocese, each Diocesan Congregation shall support the Diocesan Budget for the ensuing calendar year with a Voluntary Pledge. Each Diocesan Congregation shall communicate the amount and pay its Pledge in accordance with Canon 15, Section 4.] By October 1 of each year, the Chief Financial Officer of the Diocese shall mail to Identified Representatives a report on the Income Base and Fair Share Askings of all Diocesan Congregations for the ensuing year, and will include in that mailing a pledge commitment form to be used by each Diocesan Congregation in submitting its Fair Share Pledge for the ensuing year. No later than December 31, each Diocesan Congregation shall advise the Chief Financial Officer or the Treasurer of the amount of its Fair Share Pledge to which it will be committing for the ensuing year. {Substance moved from former Canon 14 Sections 4(e) & (f)}

SECTION 4. [Each Diocesan Congregation shall submit an annual Parochial Report for the prior year to the Diocese before February 1. If a Congregation has not submitted the Report for the Council to use in making its determination of the suggested Voluntary Pledge, that Congregation's Income Base shall be estimated by the Council.] {Substance of preceding sentence moved to Canon 16 Section 2} Each Diocesan Congregation shall pay its Fair Share Pledge in accordance with the billing procedure established by the Chief Financial Officer and approved by the Diocesan Council. {Substance of preceding sentence moved from former Canon 15 Section 3}

SECTION 5. No part of these canons shall be construed to require or permit the imposition of penalties against any congregation that fails to pay all or part of its Fair Share Pledge.

[See also: Canon 17, Section 3; Canon 15, Section 4.]

**Appendix B to Report
Form of Lay Deputies Certification (Canon 2)**



Diocese of New Jersey
808 West State Street
Trenton, NJ 08618
(609) 394-5281 Fax (609) 394-8015

LAY DEPUTIES CERTIFICATION

*This certifies that at a meeting of the Congregation of _____
Church Name and Town
on _____ for the purpose of electing Deputies to the Convention,
Date of Meeting*

DELEGATES:

Name - Delegate 1 - Chair

Address

Name - Delegate 2

Address

Name - Delegate 3

Address

ALTERNATES:

Alternate 1 _____ Address _____

Alternate 2 _____ Address _____

Alternate 3 _____ Address _____

being voting members of this Congregation and communicants of the Church, were duly chosen to represent the Congregation in the convention for the year ensuing. In testimony whereof, I (we) have hereunto set my hand (our hands) the day and year below written.

Signature and Title

Signature and Title

Date

Canon 2, Section 2: "The completed certificate shall be signed by the Rector or Vicar or clerk of the vestry, or by the wardens or any two trustees of the Congregation."

Please return this form by January 15 to:
Secretary of Convention, Certification of Deputies, Diocese of New Jersey, 808 West State Street, Trenton, NJ 08618