



JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH  
 CONSEIL JUDICIAIRE DE L'EGLISE METHODISTE UNIE  
 RECHTSHOF DER EVANGELISCH-METHODISTISCHEN KIRCHE  
 CONSELHO JUDICIAL DA IGREJA METODISTA UNIDA  
 CONSEJO DE LA JUDICATURA DE LA IGLESIA METODISTA UNIDA



**Petition for Declaratory Decision**

This form is to be used by the Secretary of the body authorized to petition the Judicial Council for a ruling in the nature of a declaratory decision as to the constitutionality, meaning, application, or effect of (please check one):

- The Book of Discipline 2016* or any portion thereof (§ 2610.1)
- any act or legislation of a General Conference (§ 2610.1)
- any proposed legislation (§ 2609.2)

Name of body authorized to make a Petition (§ 2610.2): GCFA  
 Date of session: March 27, 2020 (month/day/year) Location: Teleconference  
 Name of Secretary: Christine Dodson (Acting Recording Secretary)  
 Address: 1 Music Circle North City: Nashville  
 State/Province: TN ZIP/Postal Code 37203 Country: USA  
 Phone: 615-369-2333 Fax: \_\_\_\_\_ E-mail: bmills@gcfa.org

To be reviewed (indicate paragraph number, title of legislation and/or act where applicable):

Book of Discipline: Paragraph 806.1

Legislation: \_\_\_\_\_

Act of General Conference: \_\_\_\_\_

Signature: *Christine Dodson*  
 Secretary of the Conference/Body

Date: 07/14/2020  
 (month/day/year)

**The following must be attached:**

- o Text of the written Petition for Declaratory Decision as originally presented
- o Minutes of proceedings (relevant portions only)
- o List of names and addresses of interested parties, including e-mail
- o Other relevant materials (e.g. conference rules, resolutions, policies, reports)

Send electronic copy of this form and all materials in PDF and Microsoft Word format to:  
 secretaryjudicialcouncil@gmail.com

Mail eight (8) sets of hard copies to: Clerk of the Judicial Council, 5556 N Sheridan Road, #  
 610; Chicago, IL 60640 USA

**BEFORE THE JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH**

IN THE MATTER OF A REQUEST FOR A )  
DECLARATORY DECISION ON THE MEANING, )  
APPLICATION, OR EFFECT OF ¶ 806.1 OF THE )  
*2016 BOOK OF DISCIPLINE* ON 2021 GENERAL )  
CHURCH APPORTIONMENTS )

**REQUEST FOR DECLARATORY DECISION ON THE MEANING, APPLICATION,  
OR EFFECT OF ¶ 806.1 OF THE 2016 BOOK OF DISCIPLINE  
ON 2021 GENERAL CHURCH APPORTIONMENTS**

The General Council on Finance and Administration of The United Methodist Church (“GCFA”) submits this request for a declaratory decision as to the meaning, application, or effect of ¶ 806.1 of the *2016 Book of Discipline* (“*Discipline*”) on 2021 general Church apportionments.

Jurisdiction

The Judicial Council has jurisdiction in this matter pursuant to ¶ 2610.1 of the *Discipline*.

Standing

GCFA has standing to request this declaratory decision pursuant to ¶ 2610.2c of the *Discipline*. GCFA’s board of directors voted to request this declaratory decision on March 27, 2020. (See Exhibit A.)

Factual Background

Paragraph 806.1 directs GCFA to “submit to each quadrennial session of the General Conference, for its action and determination, budgets of expense for each of the general funds of the Church, as listed or defined in ¶ 810.1, and such other general funds as the General Conference may establish.” Those “general funds” – which are sometimes also referred to as “general Church funds” – are the World Service Fund, General Administration Fund, Episcopal Fund, Interdenominational Cooperation Fund, Ministerial Education Fund, Black College Fund, and the

Africa University Fund, as well as numerous special churchwide financial appeals. These general Church funds are the primary – and, in some instances, exclusive – source of funding for the activities of the general Church, which include: most general agencies; the Council of Bishops (“COB”), including salaries and benefits of active bishops, COB meeting expenses, and costs associated with the COB’s ecumenical functions; Africa University; the General Conference; and the Judicial Council. Prior to each quadrennial General Conference, GCFA develops proposed budgets for each of the general Church funds.<sup>1</sup> Those proposed budgets are then submitted to the General Conference as a series of “reports.” After adoption by the General Conference, the reports establish the budget of the general Church for the upcoming quadrennium and become The Financial Commitment of The United Methodist Church (“Financial Commitment Book”). The 2017-2020 Financial Commitment Book is enclosed as Exhibit B.

Additionally, as required by ¶ 806.1c, GCFA submits recommended apportionment formulas to the General Conference. These recommendations are also included in a report to the General Conference which, once adopted, becomes a part of the Financial Commitment Book and sets the formula for calculating general Church apportionments for the upcoming quadrennium.

Based on the budgets and apportionment formulas adopted by the General Conference, GCFA annually calculates the apportionments to the annual conferences for the general Church funds. For the 2017-2020 quadrennium, the 2016 General Conference established the following as the apportionment formula for annual conferences in the jurisdictions:

$$A = E * (P + i)$$

Where:

A represents an annual conference’s general Church apportionment,  
E represents the annual conference’s “Net Expenditures,”

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<sup>1</sup> For the World Service, Ministerial Education, Black College, Africa University, and Interdenominational Cooperation Funds, GCFA develops proposed budgets in consultation with the Connectional Table.

P represents the “Base Percentage,”  
i represents the annual conference’s “Percentage Adjustment” for economic factors.<sup>2</sup>

In establishing the overall formula to be used, the General Conference also adopts a specific Base Percentage to be applied during the quadrennium.<sup>3</sup> For the 2017-2020 quadrennium, the 2016 General Conference established the following Base Percentages:

2017:	3.2771189%
2018:	3.3359512%
2019:	3.2834683%
2020:	3.2778880%

For apportionments to annual conferences in the central conferences, the 2016 General Conference adopted the following formula:

$$A = (J * M) * i$$

Where:

A represents a central conference annual conference’s General Church Apportionment,  
J represents the Jurisdictional Apportionments per Professing Member for each of the Episcopal and General Administration Funds,  
M represents the number of Professing Members in the Central Conference Annual Conference,  
i represents the central conference’s “Economic Adjustment Factor.”<sup>4</sup>

Thus, GCFA used a Base Percentage of 3.2778880% to calculate the 2020 apportionments to annual conferences in the jurisdictions, and those calculations were in turn used to determine the 2020 apportionments to annual conferences in the central conferences. In developing its recommendations for the 2021-24 quadrennium, GCFA proposed a Base Percentage of

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<sup>2</sup> See Report No. 8, 2017-2020 Financial Commitment Book.

<sup>3</sup> The Net Expenditures and Percentage Adjustment portions of the formula are calculated annually by GCFA based on actual data.

<sup>4</sup> See Report No. 8, 2017-2020 Financial Commitment Book. Annual conferences in the central conferences are only apportioned for the General Administration Fund and the Episcopal Fund.

2.70060834%, which, if adopted by the General Conference, would go into effect as of January 1, 2021 and be used to calculate 2021 apportionments to the annual conferences.

Thus, under normal circumstances, GCFA would only use the apportionment formulas and budgets adopted by the 2016 General Conference through December 31, 2020. However, due to the unprecedented impacts of the COVID-19 virus, the General Conference will not meet prior to the start of the new quadrennium, which means the General Conference has not yet set the budgets and apportionment formulas that would have otherwise gone into effect on January 1, 2021.

In light of the delay in the General Conference establishing a budget and apportionment formulas for the 2021-2024 quadrennium, GCFA has determined its only course of action is to calculate 2021 apportionments by continuing to use the most recently adopted directives of the General Conference – *i.e.*, the budgets and apportionment formulas (with the 2020 Base Percentage) that were adopted by the 2016 General Conference. This has resulted in calculated apportionments that significantly differ from the calculations that would have been based on the recommendations GCFA was to submit to the now-postponed 2020 General Conference.

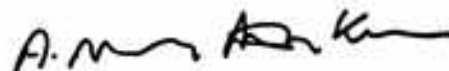
#### Requested Decisions

GCFA respectfully requests the Judicial Council for a declaratory decision on the following questions:

- (1) Whether the use of the budgets and apportionment formulas (with the 2020 Base Percentage) adopted by the 2016 General Conference in calculating 2021 apportionments – and for subsequent years, should it become necessary as a result of any additional delay in holding the next General Conference – is consistent with ¶ 806.1 of the *Discipline*;

- (2) Whether the use of the budgets and apportionment formulas (with the 2020 Base Percentage) adopted by the 2016 General Conference in calculating 2021 apportionments – and for subsequent years, should it become necessary as a result of any additional delay in holding the next General Conference – violates any other provision of the *Discipline*;
- (3) Whether GCFA can use the Base Percentage it recommended to the General Conference for use during the 2021-24 quadrennium to calculate 2021 apportionments to the annual conferences, if that Base Percentage has not yet been approved by the General Conference; and
- (4) What would be the effective date – 1/1/2021, 1/1/2022, or some other date – of the budgets and apportionment formulas adopted by the General Conference for the upcoming quadrennium (which will now occur after the quadrennium has already begun)?

Respectfully submitted,



Appadurai Moses Rathan Kumar  
General Secretary and Treasurer

### **Interested Parties**

#### **Connectional Table**

8765 W Higgins Rd. Suite 404  
Chicago, IL 60631  
connectionaltable@umc.org

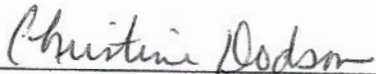
## EXHIBIT A

**Excerpt from the minutes of the  
March 27, 2020 teleconference  
of GCFA's Board of Directors:**

Mary Daffin made a motion that the staff draft and submit a petition to Judicial Council for a ruling in the nature of a declaratory decision, pursuant to paragraph 2610 of the 2016 Discipline, on the use by GCFA of the apportionment formula and allocations adopted by the 2016 General Conference to calculate general Church apportionments for 2021.

The motion was seconded by Kenneth Ow.

The motion was approved.

  
\_\_\_\_\_  
Christine Dodson  
Acting Recording Secretary

# The Financial Commitment of The United Methodist Church 2017–2020



As approved by the **2016 General Conference**



*Prepared by*  
**FINANCE & ADMINISTRATION**

General Council on Finance and Administration

THE UNITED METHODIST CHURCH





June, 2016

Greetings,

The following pages represent the FINANCIAL COMMITMENT BOOK of The United Methodist Church. This booklet, produced each quadrennium, outlines for you the decisions of the General Conference related to the budget of the Church. The General Council on Finance and Administration (GCFA) holds the responsibility for publishing the financial plan of the Church based upon the recommendations and vote of the General Conference. Information contained within this book is the result of months of collaborative efforts of the Connectional Table (CT), GCFA and the general agencies. It reflects the actions of the 2016 General Conference.

When we give to support the missions and ministry of the Church, we create a climate of giving that causes the whole United Methodist Church connection to do *more* good. In the words of the founder of the Methodist movement, John Wesley, if we “look upon the whole world as my parish,” we certainly do more to make disciples of Jesus Christ for the transformation of the world.

The explanations and calculations on the following pages serve to provide you with detailed information about how your Church dollars are dispersed. We are grateful to the delegates of the General Conference for their diligence, hard work, sacrifice and commitment to excellence in determining where to fund the Church’s ministries and support the Church’s mission.

If you need additional resources regarding the Church’s finances, or need additional contact information from GCFA, you can visit [www.gcfa.org](http://www.gcfa.org), or send your questions or requests by email to [gcfa@gcfa.org](mailto:gcfa@gcfa.org).

The board members and staff of GCFA are ready and available to help you understand, interpret and put to good use the resources of the Church.

A. Moses Rathan Kumar  
General Secretary and Treasurer

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**Therefore Go:  
The 2017-2020 Denominational Financial Spending Plan and Its Focus on the Ministry of  
Making Disciples of Jesus Christ for the Transformation of the World**

*Ephesians 4:16 From him the whole body, joined and held together by every supporting ligament, grows and builds itself up in love, as each part does its work...*

As United Methodists, we are called upon to make disciples of Jesus Christ for the transformation of the world. To do that, we must interact with our neighbors, support each other in ministry, and be intentional about our actions and work with the realization that together we make a difference in the world.

The United Methodist Church is the embodiment of working in connection and going into the world to be the Church. Because of our connection, we are able to do more together than we can do alone. When we work together in ministry with the poor, we provide resources and encouragement around the world. When we work together to train principled Christian leaders, we provide spiritual guidance to a hurting world. When we create new and revitalize existing places of worship, we bring the presence of God and can touch communities in need. When we work together in ministry to eradicate the occurrence of malaria, we improve the health of all God's children around the world.

We are doing all of this and more as a connectional Church. In 2014 alone, 25 jurisdictional conferences paid 100% of the general Church apportioned funds. In 2014, the Church received 90.8% of the apportioned funds – a record high percentage. In the past quadrennium, conversations were held with central conference leadership to develop opportunities for Central Conferences to expand their participation in the general Church apportionment structure.

The General Council on Finance and Administration (GCFA) is called to be in ministry with local churches, annual conferences, and general boards and commissions of the United Methodist connection. In 2014, we implemented a shared services model to our ministry of administration. GCFA is charged with performing “defined responsibilities of review and oversight on behalf of the General Conference in relation to the other general agencies and to perform other assigned functions.” We are accountable in all matters relating to the receiving, disbursing, and reporting of the general funds of the Church. Annual reviews are conducted of proposed spending plans of all treasuries receiving general Church funds to confirm that they are fiscally responsible. Policies are established governing the functions of banking, payroll, accounting, budget control and internal auditing. GCFA provides some or all of these functions for many of the general agencies receiving general Church funds, the Connectional Table, the Council of Bishops, and several other related entities. The *Book of Discipline* paragraphs outline, but do not limit, the areas in which the agency works in the ministry of administration.

Since the last General Conference, we have expanded shared services offerings to include more than 40 areas through which we work throughout the United Methodist connection. Because of our commitment to serving the Church:

- The Travel and Meeting Planning Department was able to assist annual conferences with meeting planning and online registration for 100 meetings, including 15 annual conference sessions in 2014 alone.
- Combining resources of the Church, the Travel and Meeting Planning Department working with other agencies, researched travel agencies to locate one source for travel planning. Several general Church agencies are participating in the program that has generated cost savings for business travel.
- We found non-traditional revenue streams to supplement church donations. The Avis/Budget Rental program can be used by annual conferences, churches, United Methodist affiliated organizations and local church members for reduced cost vehicle rentals for business and personal needs. The Staples® Advantage program allows churches to make purchases at discounted prices. Additional support for ministries is provided through this program as a percentage of each purchase is donated to the United Methodist Committee on Relief (UMCOR). Cost Stewardship provides a review of spending on health care and other recurring costs that provides cash back refunds to local churches.
- United Methodist Insurance (UMI) can provide property and liability insurance coverage to protect the people and properties of local churches and other United Methodist church entities.
- The Information Technology (IT) Department has developed and continues to refine the Ezra program to provide easy entry of conference statistics for the collection of essential data for annual conferences. As the Church's official database on leadership and churches, Ezra fuels information for the Data Sync process providing one-time/real-time access to statistics.
- The United Methodist Church Development Center works throughout the connection with United Methodist, being a fundraising partner to general Church agencies, caucuses and other entities.

Because of the commitment to serving the Church through the ministry of administration and our commitment to be part of the body of Christ through our work, we continue to develop processes that enable us to be The Church – the connection of United Methodists. When United Methodists work together, it has a major impact on the world.

There are several proposals affecting the ministries of The United Methodist Church and which will require review and consideration by GCFA in its reports to the General Conference. The Council responded to the decisions of the past General Conference, and the following reports reflect the decisions of the General Conference and the prayerful consideration of the Church's finances and ability to support the mission and ministry of The United Methodist Church in the next quadrennium.

**Local Church Expenditures 2002 - 2014 (US)**  
(in \$ Millions)

	2002		2006		2010		2014		Percent Change 2002-2014	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Nominal Dollars	Adjusted for Inflation
<b>Local Church</b>	<b>\$4,952.1</b>	<b>84.79%</b>	<b>\$5,080.4</b>	<b>84.52%</b>	<b>\$5,197.0</b>	<b>84.48%</b>	<b>\$5,380.4</b>	<b>85.20%</b>	<b>8.65%</b>	<b>-17.40%</b>
Major Capital Expenditures and Debt Liquidation Current Program, Operating, and Staff Expenditures	\$1,274.0	21.81%	\$1,179.2	19.62%	\$1,075.0	17.47%	\$1,054.4	16.70%	-17.24%	-37.08%
Pastors' and Associates' Salaries	\$2,293.1	39.26%	\$2,470.8	41.10%	\$2,650.0	43.08%	\$2,792.2	44.21%	21.77%	-7.43%
Pastors' and Associates' Expense Allowances	\$887.3	15.19%	\$865.3	14.40%	\$912.0	14.82%	\$920.9	14.58%	3.79%	-21.09%
Benevolences Paid Directly (not via Annual Conference Treasurer)	\$294.8	5.05%	\$310.5	5.17%	\$292.0	4.75%	\$286.6	4.54%	-2.78%	-26.09%
\$203.0	3.48%	\$254.6	4.24%	\$268.0	4.36%	\$326.3	5.17%	60.75%	22.20%	
<b>Jurisdiction, Area, Annual Conference, District Apportionments, Benevolences, and Direct-Billed Pension and Health Benefits</b>	<b>\$694.0</b>	<b>11.88%</b>	<b>\$743.4</b>	<b>12.37%</b>	<b>\$770.0</b>	<b>12.52%</b>	<b>\$774.8</b>	<b>12.27%</b>	<b>11.64%</b>	<b>-15.13%</b>
<b>General Apportioned Funds</b>	<b>\$132.8</b>	<b>2.27%</b>	<b>\$133.0</b>	<b>2.21%</b>	<b>\$134.0</b>	<b>2.18%</b>	<b>\$135.4</b>	<b>2.14%</b>	<b>1.94%</b>	<b>-22.50%</b>
Clergy Support	\$43.0	0.74%	\$43.8	0.73%	\$42.0	0.68%	\$44.3	0.70%	2.96%	-21.73%
Connectional Administration	\$7.8	0.13%	\$7.8	0.13%	\$7.0	0.11%	\$8.2	0.13%	5.63%	-19.70%
World Service Fund	\$69.0	1.18%	\$69.4	1.15%	\$71.0	1.15%	\$69.5	1.10%	0.76%	-23.40%
Other Apportioned General Benevolences	\$13.1	0.22%	\$12.0	0.20%	\$14.0	0.23%	\$13.4	0.21%	2.60%	-22.00%
<b>Other General Funds</b>	<b>\$35.3</b>	<b>0.60%</b>	<b>\$54.1</b>	<b>0.90%</b>	<b>\$51.0</b>	<b>0.83%</b>	<b>\$24.7</b>	<b>0.39%</b>	<b>-30.08%</b>	<b>-46.84%</b>
Gifts	\$27.0	0.46%	\$25.4	0.42%	\$45.0	0.73%	\$19.1	0.30%	-29.35%	-46.29%
Other General Benevolences	\$8.3	0.14%	\$7.5	0.12%	\$6.0	0.10%	\$5.6	0.09%	-32.46%	-48.65%
<b>Total Local Church Expenditures</b>	<b>\$5,814.3</b>	<b>100.00%</b>	<b>\$6,010.9</b>	<b>100.00%</b>	<b>\$6,152.0</b>	<b>100.00%</b>	<b>\$6,315.3</b>	<b>100.00%</b>	<b>8.62%</b>	<b>-17.43%</b>
<b>Consumer Price Index 2014 = 1)</b>	131.5%		117.3%		108.7%		100.0%			

This table presents data showing changes in the total amounts spent by local churches for all purposes for four selected years (the second year of each of the last four quadrennia), as reported on the Local Church report to the Annual Conference. Total dollar amounts reported, in millions of dollars, are shown in the first column for each year, and the second column for each year shows the same data as a percentage of all local church expenditures for that year.

The last two columns show the percentage by which expenditures in each reporting category have changed during the 2002-2014 time period in nominal dollars, and as adjusted for inflation.

**GENERAL APPORTIONED FUNDS, BY QUADRENNIA  
APPORTIONMENTS AND RECEIPTS, YEARS 1997-2012**

This table shows the relationship of apportionments and receipts on the apportioned general funds for the past four quadrennia.

FUND	1997-2000		2001-2004		2005-2008		2009-2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>World Service Fund</b>								
Apportioned	\$ 253,639,000	52.8%	\$ 278,389,000	53.8%	\$ 320,797,582	55.4%	\$ 324,520,420	54.3%
Paid	229,462,363	53.2%	247,495,939	54.2%	281,253,704	55.3%	283,140,704	54.6%
Percent Paid	90.5%		88.9%		87.7%		87.2%	
<b>Ministerial Education Fund <sup>(1)</sup></b>								
Apportioned	82,162,527	17.1%	84,847,500	16.4%	84,191,665	14.5%	82,633,256	13.8%
Paid	71,302,420	16.5%	72,963,640	16.0%	72,708,498	14.3%	69,395,036	13.4%
Percent Paid	86.8%		86.0%		86.4%		84.0%	
<b>Black College Fund</b>								
Apportioned	43,682,000	9.1%	45,128,000	8.7%	44,779,867	7.7%	43,950,409	7.4%
Paid	37,781,601	8.8%	38,799,024	8.5%	38,707,456	7.6%	37,719,991	7.3%
Percent Paid	86.5%		86.0%		86.4%		85.8%	
<b>Africa University Fund</b>								
Apportioned	10,000,000	2.1%	10,100,000	2.0%	10,023,254	1.7%	9,836,444	1.6%
Paid	8,922,533	2.1%	9,003,829	2.0%	9,013,501	1.8%	8,815,733	1.7%
Percent Paid	89.2%		89.2%		89.9%		89.6%	
<b>Episcopal Fund</b>								
Apportioned	61,700,269	12.8%	65,405,000	12.6%	82,822,699	14.3%	91,782,766	15.4%
Paid	57,513,722	13.3%	59,739,189	13.1%	75,383,183	14.8%	82,308,869	15.9%
Percent Paid	93.2%		91.3%		91.0%		89.7%	
<b>General Administration Fund</b>								
Apportioned	18,466,000	3.8%	24,815,000	4.8%	28,077,657	4.8%	35,941,349	6.0%
Paid	16,329,613	3.8%	21,502,571	4.7%	24,294,041	4.8%	30,303,889	5.8%
Percent Paid	88.4%		86.7%		86.5%		84.3%	
<b>Interdenominational Cooperation Fund</b>								
Apportioned	6,457,000	1.3%	8,724,000	1.7%	8,779,325	1.5%	8,615,553	1.4%
Paid	5,624,869	1.3%	7,494,433	1.6%	7,545,812	1.5%	7,281,030	1.4%
Percent Paid	87.1%		85.9%		85.9%		84.5%	
<b>Other Apportioned Funds <sup>(2)</sup></b>								
Apportioned	4,760,000	1.0%	-	-	-	-	-	-
Paid	4,179,058	1.0%	-	-	-	-	-	-
Percent Paid	87.8%		-	-	-	-	-	-
<b>Totals, Apportioned General Funds</b>								
Apportioned	\$ 480,866,796		\$ 517,408,500		\$ 579,472,049		\$ 597,280,197	
Paid	431,116,180		456,998,625		508,906,195		518,965,252	
Percent Paid	89.7%		88.3%		87.8%		86.9%	

<sup>(1)</sup> Excludes funds apportioned and retained by annual conference.

<sup>(2)</sup> Includes Mission Initiatives Funds for 1997-2000.

**GENERAL APPORTIONED FUNDS, BY YEAR  
APPORTIONMENTS AND RECEIPTS, 2013-2016**

Fund	2013			2014			2015			2016		
	AppORTioned	Paid	% Paid	AppORTioned	Paid	% Paid	AppORTioned	Paid	% Paid	AppORTioned	Paid Est.	% Paid Est.
World Service	\$ 76,946,704	\$ 69,276,043	90.0%	\$ 76,763,946	\$ 70,030,636	91.2%	\$ 76,140,945	\$ 69,898,679	91.8%	\$ 75,520,128	\$ 69,100,917	91.5%
Percentage Change	-3.0%	-3.2%		-0.2%	1.1%		-0.8%	-0.2%		-0.8%	-1.1%	
Ministerial Education (1)	26,417,000	23,288,993	88.2%	26,354,253	23,349,852	88.6%	26,140,031	23,500,383	89.9%	25,927,571	23,205,176	89.5%
Percentage Change	0.3%	0.4%		-0.2%	0.3%		-0.8%	0.6%		-0.8%	-1.3%	
Black College	10,537,000	9,302,182	88.3%	10,511,972	9,393,383	89.4%	10,427,514	9,523,959	91.3%	10,342,762	9,411,913	91.0%
Percentage Change	0.3%	-1.4%		-0.2%	1.0%		-0.8%	1.4%		-0.8%	-1.2%	
Africa University	2,358,000	2,163,940	91.8%	2,352,398	2,151,427	91.5%	2,333,278	2,185,212	93.7%	2,315,295	2,164,801	93.5%
Percentage Change	0.3%	-1.3%		-0.2%	-0.6%		-0.8%	1.6%		-0.8%	-0.9%	
Episcopal	22,298,296	20,428,715	91.6%	22,414,933	20,936,622	93.4%	22,836,331	21,285,860	93.2%	24,344,746	22,640,614	93.0%
Percentage Change	-7.7%	-8.7%		0.5%	2.5%		1.9%	1.7%		6.6%	6.4%	
General Administration	9,285,000	8,170,408	88.0%	9,263,947	8,231,701	88.9%	9,190,620	8,297,138	90.3%	9,117,884	8,206,096	90.0%
Percentage Change	2.5%	3.1%		-0.2%	0.8%		-0.8%	0.8%		-0.8%	-1.1%	
Interdenominational Cooperation	2,065,000	1,805,154	87.4%	2,060,098	1,813,790	88.0%	2,045,329	1,833,679	89.7%	2,028,705	1,815,691	89.5%
Percentage Change	-0.9%	-0.8%		-0.2%	0.5%		-0.7%	1.1%		-0.8%	-1.0%	
<b>Total</b>	<b>\$ 149,907,000</b>	<b>\$ 134,435,435</b>	<b>89.7%</b>	<b>\$ 149,721,547</b>	<b>\$ 135,907,411</b>	<b>90.8%</b>	<b>\$ 149,114,048</b>	<b>\$ 136,524,910</b>	<b>91.6%</b>	<b>\$ 149,597,091</b>	<b>\$ 136,545,208</b>	<b>91.3%</b>
	<b>-2.6%</b>	<b>-3.0%</b>		<b>-0.1%</b>	<b>1.1%</b>		<b>-0.4%</b>	<b>0.5%</b>		<b>0.3%</b>	<b>0.0%</b>	

(1) Apportionments and receipts for the Ministerial Education Fund include amounts retained by the annual conferences (25%).

## Summary of Apportioned General Funds, 2017-2020

This table summarizes the amounts recommended to the 2012 General Conference for the seven apportioned funds which will support connectional ministries at the general Church level during the 2017-2020 quadrennium. Detailed provisions related to each of these funds are found in Report Numbers 1-7, found on pages 607-629 of the Advance Edition of the Daily Christian Advocate (the "ADCA").

<b><u>Fund</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Total 2017-2020 (2)</u></b>	<b><u>Total 2013-2016</u></b>
<b>World Service Fund</b>	\$ 77,682,103	\$ 77,682,103	\$ 77,682,103	\$ 77,682,100	\$ 310,728,409	\$307,786,816
Percent Change	1.0%	0.0%	0.0%	0.0%	1.0%	-6.5%
<b>Ministerial Education Fund (1)</b>	26,237,412	26,237,412	26,237,412	26,237,411	\$ 104,949,647	105,668,000
Percent Change	-0.7%	0.0%	0.0%	0.0%	-0.7%	-6.6%
<b>Black College Fund</b>	10,465,864	10,465,864	10,465,864	10,465,863	\$ 41,863,455	42,150,000
Percent Change	-0.7%	0.0%	0.0%	0.0%	-0.7%	-6.6%
<b>Africa University Fund</b>	2,342,218	2,342,218	2,342,218	2,342,218	\$ 9,368,872	9,433,000
Percent Change	-0.7%	0.0%	0.0%	0.0%	-0.7%	-6.6%
<b>Episcopal Fund</b>	23,004,834	23,004,834	23,004,834	23,004,833	\$ 92,019,335	92,649,184
Percent Change	-7.3%	0.0%	0.0%	0.0%	-0.7%	-4.3%
<b>General Administration Fund</b>	9,224,114	9,224,114	9,224,114	9,224,111	\$ 36,896,453	37,149,000
Percent Change	-0.7%	0.0%	0.0%	0.0%	-0.7%	-3.5%
<b>Interdenominational Cooperation Fund</b>	2,051,955	2,051,955	2,051,955	2,051,955	\$ 8,207,820	8,264,000
Percent Change	-0.7%	0.0%	0.0%	0.0%	-0.7%	-6.6%
<b>Total</b>	\$ 151,008,500	\$ 151,008,500	\$ 151,008,500	\$ 151,008,491	\$ 604,033,991	\$603,100,000
Percent Change	-0.9%	0.0%	0.0%	0.0%	0.2%	-6.0%

(1) Includes amounts apportioned, but retained by annual conferences (25%).

(2) These amounts reflect estimated apportionment amounts proposed to the 2016 General Conference. These amounts actually approved by the 2016 General Conference will be used to establish the apportionment formula's base percentage for the upcoming quadrennium.



## Report No. 1

### WORLD SERVICE FUND

#### Introduction

When United Methodist congregations give their share of apportioned funds, they participate in God's work. The World Service Fund is the heart of our collective Church ministry. Through this fund individuals partner with church agencies to be in mission and ministry at home and around the world. World Service ministry truly makes a difference across the globe.

World Service is God's people reaching out in love and compassion in the name of Christ. It represents a call and a challenge to each United Methodist. As *The 2012 Book of Discipline* states, the full payment of the World Service Fund is each congregation's "first benevolent responsibility." (§ 812)

#### Overview

For the 2017-2020 quadrennium the program agencies will continue their programmatic emphasis centered around four areas of focus: (1) leadership development; (2) church growth; (3) ministry with the poor; and (4) global health.

The proposed budget of \$310,728,409 represents a nominal dollar increase of \$2,941,593, or 1.0%, compared to the previous quadrennium. In terms of real dollars (accounting for the impact of general inflation), the proposed budget for 2017-2020 reflects a 5.6% decrease from the budgeted amount for 2013-2016. Furthermore, it represents a \$16,788,591 decrease, or 5.1%, from the 2009-2012 quadrennium.

The most significant change is an increase of \$5.0 million for the Central Conference Theological Education Fund. All other world service programs decreased in funding by .7%.

#### World Service Fixed Charges

**General Council on Finance and Administration ("GCFA").** GCFA is accountable to The United Methodist Church through the General Conference for receiving, disbursing, and reporting all general funds. (§ 806) This line item is an estimate of the World Service Fund's share of GCFA's expenses for the quadrennium.

**The Connectional Table ("CT").** As part of the total mission of the Church, CT facilitates the Church's program life as determined by the General Conference. Its task is to discern and articulate the vision for the church and the stewardship of the mission, ministries, and resources of The United Methodist Church. (§ 904)

**Interpretation Resources.** Along with producing materials to interpret United Methodism's connectional funds, the Connectional Giving Team of United Methodist Communications ("UMCom") uses money from this section of the budget for "Promotion of Giving," a joint effort of UMCom, GCFA, and the General Board of Discipleship ("GBOD"). The "Promotion of Giving" goal is to develop comprehensive financial stewardship tools, leading to improved financial support of ministry at all levels of the connection. "Promotion of Giving" resources are financed through the World Service Fund.

## **Program Agencies**

The World Service Fund provides basic financial support to program-related general agencies, which are especially important to the common vision, mission, and ministry of The United Methodist Church. Through World Service funding, agencies support annual conferences and local congregations in living out God's mission for the worldwide Church. General agencies also provide essential services and ministries beyond the scope of individual local congregations and annual conferences through services and ministries that are highly focused, flexible, and capable of rapid response.

## **2020 VISION for The United Methodist Church – STRATEGIC DIRECTIONS FOR 2017-2020**

Whenever United Methodism has had a clear sense of mission, God has used our Church to save persons, heal relationships, transform social structures, and spread scriptural holiness, thereby changing the world. (§ 121) For 2017-2020, The United Methodist Church has a clear sense of mission discerned by the Council of Bishops and CT.

Our vision is clear for 2017-2020 – to double the number of highly vital congregations worldwide to make disciples of Jesus Christ for the transformation of the world. United Methodist disciples will engage in mission and ministry throughout the connection to live out God's vision for a world where poverty is reduced and poor people and communities flourish; a world where children live to their full potential; a world where Christian leaders heed God's call to discipleship; and a world where new faith communities offer God's love and grace worldwide. The following collaborative Christ-centered strategies will anchor our connectional ministries so that they are specific, measurable, achievable, relevant and time-bound for the transformation of the world.

**Our UMC Mission: VITAL CONGREGATIONS.** *Our 2020 Vision looks forward to a United Methodist Church that doubles the number of highly vital congregations worldwide.*

A vital congregation is the body of Christ making and engaging disciples for the transformation of the world. Rooted in our understanding that local congregations provide the primary arena through which Christian disciples are called, formed, and nurtured, our goal is to double the number of highly vital congregations worldwide by 2020. Five markers of vitality – disciples in worship, new disciples (professions of faith), disciples in small groups, disciples in mission, and giving to mission – help us gauge our progress together through a shared approach.

The real measure of our missional impact will not be in membership increases or improved giving but in the lives that will be touched and drawn to Christ as disciples because these vital congregations were able to reach people with the gospel of Christ who might otherwise not be reached.

**Our Missional Strategies: THE FOUR AREAS OF FOCUS.** *Vital congregations are shaped by and witnessed through four focus areas: calling and shaping principled Christian leaders; creating and sustaining new places for new people; ministries with poor people and communities; and abundant health for all.*

1. Calling and Shaping Principled Christian Leaders: *Our 2020 Vision looks forward to a United Methodist Church **creating a culture of call** in every faith community, equipping leaders as they help shape disciples' faith for the transformation of the world.*

The United Methodist Church needs leaders – clergy and laity – to fulfill God’s mission for the Church and the world. Nurturing God’s call to Christian leadership is essential and is happening throughout all levels of the connection. Local churches, annual conferences, and general agencies are directing energy and resources toward this effort, but more can be done. We celebrate the many innovative approaches to developing principled Christian leaders, but also see the need to strengthen a culture of call throughout the Church so that every disciple’s leadership potential can be realized. We will align our strategies throughout the connection to address the immediate leadership needs in the next four years and work to create a culture of call Church-wide.

2. Creating and Sustaining New Places for New People: *Our 2020 Vision looks forward to a United Methodist Church with **1,000,000 new disciples** who profess their faith through renewed and new faith communities around the world.*

Creating new, vital, faith communities is critical to the task of making new disciples and transforming the world. A **faith community** is a group that gathers under the lordship of Jesus Christ to worship, engage, and send. It is within faith communities that we receive new disciples through professions of faith and increase professions of faith. This multilayered strategy focuses on increasing the number of new faith communities in annual conferences across the world.

3. Ministry with Poor People and Communities: *Our 2020 Vision looks forward to a United Methodist Church with **400 vibrant, flourishing, and transforming communities addressing issues of poverty and ministry with the poor**, particularly with children.*

Vital congregations reflect God’s transforming love into their communities and around the world. As faithful disciples, we are called to love our neighbors – to walk, worship, and witness so that all may enjoy God’s vision of abundant life. As United Methodists, we will challenge and transform broken systems and structures that create and perpetuate poverty. Leveraging connections and partnerships within and beyond The United Methodist Church, we can transform communities and open doors for children to a more promising future. We envision the people called Methodists engaging in at least 400 partnerships that focus on ministry with poor people and communities.

4. Abundant Health for All: *Our 2020 Vision looks forward to a United Methodist Church that can **reach 1 million children with life-saving interventions**.*

Every child is a life filled with promise and potential, yet, every five seconds a child dies from preventable causes. The United Methodist Church has a sacred calling to ensure abundant health for all children, engaging disciples to be agents of God’s healing transformation in the world. Jesus said, “I have come that you might have life and have it abundantly.” (John 10:10)

There is a global movement to significantly improve health for all people by 2035, with a specific goal of saving the lives of 15 million children by 2020. The United Methodist Church will

join this movement and commit to a goal of reaching 1 million children. It will do this through education, direct health services to those in need, and increased access to medical care.

## **2012 General Conference Action**

The 2012 General Conference approved the following two new initiatives, which are funded through the World Service Fund:

**Commission on Central Conference Theological Education.** Paragraph 817 provides for a Commission on Central Conference Theological Education, elected by the Council of Bishops, to determine policies and procedures for the fund established to further this initiative. It has the authority to approve disbursements from this fund. The Commission includes one person from each central conference, and also includes members of the Council of Bishops and Boards of Ordained Ministry, and representatives of theological schools, the General Board of Higher Education and Ministry (“GBHEM”), the General Board of Global Ministries, and the Standing Committee on Central Conference Matters.

Proceeds from this fund are to be used in central conferences at the discretion of the Commission to: (1) develop theological schools; (2) develop courses of study; (3) develop libraries and contextually developed resources; (4) provide scholarships and faculty development; (5) support associations and networks of faculty and schools; and (6) support new and innovative approaches to theological education. GBHEM administers this designated fund.

**Young Clergy Initiative Fund.** This Fund provides support to increase the number of young clergy among the jurisdictional conferences. This is a three quadrennium effort, which began in 2013, to enable The United Methodist Church to focus efforts on encouraging young adults responding to the call to ordained ministry by providing a strong theological education in the United Methodist tradition. This initiative is in addition to the funds that the church already has budgeted for discernment, recruitment, nurturing, education, and support of young clergy leaders.

The boards and commissions, in collaboration with annual conference boards of ordained ministry, seminaries, bishops, and cabinets, will continue to determine the most effective use of the Young Clergy Initiative Fund in response to the needs of young clergy leaders. GBHEM administers this designated fund.

## **2016 General Conference Action**

**Commission on Central Conference Theological Education.** The 2016 General Conference increased the funding for this initiative from \$5.0 million in 2013-2016 to \$10.0 million in 2017-2020.

## **Other Ministries**

**Contingency Fund.** The Contingency Fund for World Service provides funding for emerging needs in the World Service Fund areas that occur during a quadrennium. These funds are allocated

to program agencies for new programs to address unanticipated needs. Contingency fund allocations must first be approved by both CT and GCFA.

**WORLD SERVICE FUND**

	<b>2009-2012</b>	<b>2013-2016</b>	<b>2017-2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Fixed Charges</b>					
Interpretation Resources	\$ 1,544,000	\$ 1,442,000	\$ 1,432,197	\$ (9,803)	-0.7%
Connectional Table	2,307,000	2,155,000	2,140,350	(14,650)	-0.7%
General Council on Finance and Administration	7,947,000	7,423,000	7,372,537	(50,463)	-0.7%
<b>Total Fixed Charges</b>	<b>\$ 11,798,000</b>	<b>\$ 11,020,000</b>	<b>\$ 10,945,084</b>	<b>\$ (74,916)</b>	<b>-0.7%</b>
<b>On-Ratio:</b>					
General Board of Church and Society <sup>(2)</sup>	\$ 12,402,000	\$ 11,178,712	\$ 11,021,677	\$ (157,035)	-1.4%
General Board of Discipleship <sup>(2)</sup>	39,355,000	35,497,388	34,952,169	(545,219)	-1.5%
Native American Comprehensive Plan	1,208,400	1,080,664	1,073,317	(7,347)	-0.7%
Strengthening the Black Church	2,226,000	1,989,960	1,976,432	(13,528)	-0.7%
General Board of Global Ministries	124,863,600	112,100,584	111,338,501	(762,083)	-0.7%
Asian American Language Ministry <sup>(1)</sup>	1,638,000	1,408,000	1,398,428	(9,572)	-0.7%
Korean Ministry Plan <sup>(1)</sup>	3,300,000	3,082,000	3,061,048	(20,952)	-0.7%
National Plan for Hispanic/Latino Ministry <sup>(1)(2)</sup>	2,795,000	2,382,000	3,143,830	761,830	32.0%
Pacific Island Ministry <sup>(1)</sup>	-	544,000	540,302	(3,698)	-0.7%
General Board of Higher Education and Ministry <sup>(2)</sup>	30,579,500	27,512,708	26,932,588	(580,120)	-2.1%
Central Conference Theological Education Fund	-	5,000,000	10,000,000	5,000,000	100.0%
Young Clergy Initiative: Jurisdictional Conferences	-	7,000,000	6,952,413	(47,587)	-0.7%
General Commission on Religion and Race	7,658,000	7,404,806	7,354,467	(50,339)	-0.7%
Minority Group Self Determination Fund	3,319,000	2,505,812	2,488,777	(17,035)	-0.7%
General Commission on the Status and			-		
Role of Women	4,188,000	3,984,606	3,957,518	(27,088)	-0.7%
General Commission on United Methodist Men	1,650,000	1,487,084	1,476,974	(10,110)	-0.7%
United Methodist Communications	80,036,500	72,141,492	71,651,059	(490,433)	-0.7%
<b>Total On-Ratio - Program Agencies</b>	<b>\$ 315,219,000</b>	<b>\$ 296,299,816</b>	<b>\$ 299,319,500</b>	<b>\$ 3,019,684</b>	<b>1.0%</b>
<b>Other Ministries</b>					
Contingency Reserve	500,000	467,000	463,825	(3,175)	-0.7%
<b>Total Other Ministries</b>	<b>\$ 500,000</b>	<b>\$ 467,000</b>	<b>\$ 463,825</b>	<b>\$ (3,175)</b>	<b>-0.7%</b>
<b>Total On-Ratio</b>	<b>\$ 315,719,000</b>	<b>\$ 296,766,816</b>	<b>\$ 299,783,325</b>	<b>\$ 3,016,509</b>	<b>1.0%</b>
<b>Grand Total</b>	<b>\$ 327,517,000</b>	<b>\$ 307,786,816</b>	<b>\$ 310,728,409</b>	<b>\$ 2,941,593</b>	<b>1.0%</b>

(1) During the 2009-2012 quadrennium, these items were included in the General Board of Global Ministries line item.

(2) The programmatic support and funding for the National Plan for Hispanic/Latino Ministry that was provided by the General Board of Church and Society, the General Board of Discipleship, and the General Board of Higher Education and Ministry, was moved solely to the plan operated by the General Board of Global Ministries. The Funding for this plan in total decreased by .7%.

**WORLD SERVICE FUND**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Fixed Charges</b>				
Interpretation Resources	\$ 358,049	\$ 358,049	\$ 358,049	\$ 358,050
Connectional Table	535,088	535,088	535,088	535,086
General Council on Finance and Administration	1,843,134	1,843,134	1,843,134	1,843,135
<b>Total Fixed Charges</b>	<b>\$ 2,736,271</b>	<b>\$ 2,736,271</b>	<b>\$ 2,736,271</b>	<b>\$ 2,736,271</b>
<b>On-Ratio:</b>				
General Board of Church and Society	2,755,419	\$ 2,755,419	\$ 2,755,419	\$ 2,755,420
General Board of Discipleship	8,738,042	8,738,042	8,738,042	8,738,043
Native American Comprehensive Plan	268,329	268,329	268,329	268,330
Strengthening the Black Church	494,108	494,108	494,108	494,108
General Board of Global Ministries	27,834,625	27,834,625	27,834,625	27,834,626
Asian American Language Ministry	349,607	349,607	349,607	349,607
Korean Ministry Plan	765,262	765,262	765,262	765,262
National Plan for Hispanic/Latino Ministry	785,958	785,958	785,958	785,956
Pacific Island Ministry	135,076	135,076	135,076	135,074
General Board of Higher Education and Ministry	6,733,147	6,733,147	6,733,147	6,733,147
Central Conference Theological Education Fund	2,500,000	2,500,000	2,500,000	2,500,000
Young Clergy Initiative: Jurisdictional Conferences	1,738,103	1,738,103	1,738,103	1,738,104
General Commission on Religion and Race	1,838,617	1,838,617	1,838,617	1,838,616
Minority Group Self Determination Fund	622,194	622,194	622,194	622,195
General Commission on the Status and	0	-	-	-
Role of Women	989,380	989,380	989,380	989,378
General Commission on United Methodist Men	369,244	369,244	369,244	369,242
United Methodist Communications	17,912,765	17,912,765	17,912,765	17,912,764
<b>Total On-Ratio - Program Agencies</b>	<b>\$ 74,829,876</b>	<b>\$ 74,829,876</b>	<b>\$ 74,829,876</b>	<b>\$ 74,829,872</b>
<b>Other Ministries</b>				
Contingency Reserve	115,956	115,956	115,956	115,957
<b>Total Other Ministries</b>	<b>\$ 115,956</b>	<b>\$ 115,956</b>	<b>\$ 115,956</b>	<b>\$ 115,957</b>
<b>Total On-Ratio</b>	<b>\$ 74,945,832</b>	<b>\$ 74,945,832</b>	<b>\$ 74,945,832</b>	<b>\$ 74,945,829</b>
<b>Grand Total</b>	<b>\$ 77,682,103</b>	<b>\$ 77,682,103</b>	<b>\$ 77,682,103</b>	<b>\$ 77,682,100</b>

**Report No. 2**  
**MINISTERIAL EDUCATION FUND**

**Background**

The Ministerial Education Fund was established by action of the 1968 General Conference. Its mission is to engage the membership of the Church in an effort to equip annual conferences, theological schools, and the General Board of Higher Education and Ministry (GBHEM) to meet the need for increased resources for the recruitment and education of persons for ordained ministry. Since 1976, programs related to both diaconal and ordained ministry have been eligible for funding. Since 1996, programs related to recruitment and education of both deacons and elders have received support.

Every clergyperson who has served in The United Methodist Church over the past 48 years has been shaped in part by the ministries and institutions supported by the Ministerial Education Fund. Support is provided for the thirteen United Methodist seminaries in the United States and global initiatives through GBHEM, as well as local pastor courses of study, continuing education, and other programs that strengthen the ministry of every local church. The 25% retained by each annual conference directly supports ministerial education in that conference.

**Recommendations**

The Ministerial Education Fund was first apportioned in 1970 to the annual conferences as one of the Church's general funds. During the forty-year period through 2014, more than \$758 million has been raised to support this important work. The Council recommends that the General Conference approve that the amounts apportioned for the 2017-2020 quadrennium as follows:

**MINISTERIAL EDUCATION FUND**

	<b>2009-2012</b>	<b>2013-2016</b>	<b>2017-2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Fixed Charges</b>					
Interpretation Resources	\$ 271,000	\$ -	\$ -	\$ -	0.0%
<b>Total Fixed Charges</b>	<b>\$ 271,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>On-Ratio</b>					
Annual Conferences	\$ 28,282,500	\$ 26,417,000	\$ 26,237,412	\$ (179,588)	-0.7%
General Board of Higher Education and Ministry	84,576,500	79,251,000	78,712,235	(538,765)	-0.7%
<b>Total On-Ratio</b>	<b>\$ 112,859,000</b>	<b>\$ 105,668,000</b>	<b>\$ 104,949,647</b>	<b>\$ (718,353)</b>	<b>-0.7%</b>
<b>Grand Total</b>	<b>\$ 113,130,000</b>	<b>\$ 105,668,000</b>	<b>\$ 104,949,647</b>	<b>\$ (718,353)</b>	<b>-0.7%</b>

	2017	2018	2019	2020
<b>Fixed Charges</b>				
Interpretation Resources	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>On-Ratio</b>				
Annual Conferences	\$ 6,559,353	\$ 6,559,353	\$ 6,559,353	\$ 6,559,353
General Board of Higher Education and Ministry	19,678,059	19,678,059	19,678,059	19,678,058
<b>Total On-Ratio</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,411</b>
<b>Grand Total</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,412</b>	<b>\$ 26,237,411</b>

Amounts received by the annual conference treasurer for this fund will be distributed as described in *The 2012 Book of Discipline*, ¶ 816. Promotion and interpretation of the Ministerial Education Fund will be in accordance with ¶ 816, the cost being a charge against that portion of the Ministerial Education Fund administered by GBHEM, and within a budget approved by GBHEM and GCFA.

### Report No. 3

#### THE BLACK COLLEGE FUND

#### Background

The 1972 General Conference established the Black College Fund as one of the apportioned general Church funds. The objective of the fund is to provide financial support for institutions of higher education that have historically served the educational needs of black students. This support helps the institutions maintain academic quality and financial stability while limiting individual student tuition costs. More than \$285 million has been raised to assist the programs and ministries of these schools since the Fund was established.

#### Recommendations

The General Council on Finance and Administration (“GCFA”) recommends:

1. That the 2017-2020 apportionments be set as follows:



**BLACK COLLEGE FUND**

	2009-2012	2013-2016	2017-2020	\$ Change	% Change
<b>Fixed Charges</b>					
Interpretation Resources	\$ 313,000	\$ -	\$ -	\$ -	0.0%
<b>Total Fixed Charges</b>	<b>\$ 313,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>On-Ratio</b>					
General Board of Higher Education and Ministry	\$ 44,815,000	\$ 42,150,000	\$ 41,863,455	\$ (286,545)	-0.7%
<b>Total On-Ratio</b>	<b>\$ 44,815,000</b>	<b>\$ 42,150,000</b>	<b>\$ 41,863,455</b>	<b>\$ (286,545)</b>	<b>-0.7%</b>
<b>Grand Total</b>	<b>\$ 45,128,000</b>	<b>\$ 42,150,000</b>	<b>\$ 41,863,455</b>	<b>\$ (286,545)</b>	<b>-0.7%</b>

	2017	2018	2019	2020
<b>Fixed Charges</b>				
Interpretation Resources	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>On-Ratio</b>				
General Board of Higher Education and Ministry	\$ 10,465,864	\$ 10,465,864	\$ 10,465,864	\$ 10,465,863
<b>Total On-Ratio</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,863</b>
<b>Grand Total</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,864</b>	<b>\$ 10,465,863</b>

2. That GCFA remit monthly receipts for this fund to the General Board of Higher Education and Ministry (“GBHEM”) for distribution to the colleges using the formula described in *The 2012 Book of Discipline* ¶ 815. Promotion of the Black College Fund shall be by the Division of Higher Education and in consultation with the Council of Presidents of the Black Colleges, in accordance with ¶ 815.3.

3. That an annual conference may make direct and/or designated gifts for current expense or capital funds purposes to one or more of these colleges, but only after it has met its full Black College Fund apportionment. There may be reasonable exceptions to this restriction, but such exceptions will be negotiated with GBHEM prior to implementation.

## **Report No. 4**

### **AFRICA UNIVERSITY FUND**

#### **Background**

The 1988 General Conference approved a report of the General Board of Higher Education and Ministry (“GBHEM”) providing for the establishment of a United Methodist university on the continent of Africa. By the time the 1992 General Conference convened, the site selection process was complete, the Zimbabwe Annual Conference had gifted the university with a large tract of land on which to establish the main campus, and the university had been granted a charter by the government of Zimbabwe. On March 23, 1992, the College of Theology and the College of Agriculture and Natural Resources opened on a site near Old Mutare to 40 students from six African countries.

Subsequent General Conferences have heard and affirmed reports on the continuing development of this university for all of Africa. The vitality of the university was evidenced by the creation of additional colleges (now six, plus an Institute of Peace, Leadership and Governance), increases in the number of faculty members and students, and the growth of the physical plant.

#### **Current Realities**

The student body has reached an enrollment level of around 1,500 full-time students from 25 African countries, with an additional 1,000 students studying part-time. All 14 Africa Central Conferences, where The United Methodist Church is experiencing rapid growth, are well-represented in the student body. The contributions of the Institute of Peace, Leadership and Governance include mediating a conflict within the church in Burundi (East Africa Conference), and equipping mediators and peace-builders who are bringing greater stability to conflict zones across Africa. This is truly a university for all of Africa, focused on the Church’s priorities and underpinning its mission needs.

Africa University’s more than 6,200 alumni have solidified the university’s status as a leadership preparation institution. They are college and seminary presidents, faculty members, district superintendents, communicators, hospital and clinic managers, farmers and agricultural extension workers, and leaders in every walk of life.

Africa University’s fourth vice chancellor (president) has prioritized fiscal accountability, resulting in the eradication of an \$800,000 budget deficit incurred in 2013 and moving the university to positive numbers in the 2014 audit.

The Africa University Fund supports the ministry’s core needs and amounts to 17 percent of the institution’s \$12 million annual budget. Africa University is deeply thankful to the local churches for their ever faithful and generous contributions, leading to a record number of annual conferences paying 100 percent or more of their asking in 2014. With 91.5 percent in overall giving in 2014, the Africa University Fund continues to be actively supported within the Church. We urge local churches and annual conferences to continue their faithful giving to the fund.

World Service Special Gifts have also been sought since 1988. These gifts have been held and invested by the GBHEM and the General Council on Finance and Administration (“GCFA”) as permanent endowment funds for the University. As of 2015, contributions and investment earnings

have resulted in an endowment fund of \$65 million, with the proceeds going primarily to pay for student scholarships.

The Africa University Board of Directors, Development Office, GBHEM, and GCFA are working to expand the basic infrastructure of the main campus and increase the permanent endowment fund to \$100 million to provide greater support to the institution. To that end, a \$50 million Africa University Endowment Campaign is currently in the silent phase. More than \$16 million in cash and pledges has already been committed to the campaign. The campaign targets increased income to fund scholarships, academic support, and infrastructure.

A recent challenge grant allowed the institution’s primary stakeholders – alumni and local and regional constituents – to invest in the stability of the University. By engaging African donors, Africa University exceeded the challenge amount of \$500,000, and generated more than \$1 million. A fully staffed alumni office was established in order to engage alumni, as well as to launch and charter associations in countries where the graduates are located.

### Recommendations

GCFA has deep appreciation and respect for all who have worked diligently and successfully to bring the university to this point in its development: members and staff of GCFA, GBHEM, and the General Board of Global Ministries (“GBGM”); the Africa University Board of Directors; administration, faculty, alumni and students of the university; and all of the persons, churches, conferences, and other organizations who have supported the University with their time, energy, talent, and gifts. GCFA believes the university will continue to enjoy enthusiastic support. GCFA recommends the following:

1. That the 2017-2020 yearly apportionments be set as follows:

#### AFRICA UNIVERSITY FUND

	2009-2012	2013-2016	2017-2020	\$ Change	% Change
<b>Fixed Charges</b>					
Interpretation Resources	\$ 415,000	\$ -	\$ -	\$ -	0.0%
<b>Total Fixed Charges</b>	<b>\$ 415,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>On-Ratio</b>					
General Board of Higher Education and Ministry	\$ 9,685,000	\$ 9,433,000	\$ 9,368,872	\$ (64,128)	-0.7%
<b>Total On-Ratio</b>	<b>\$ 9,685,000</b>	<b>\$ 9,433,000</b>	<b>\$ 9,368,872</b>	<b>\$ (64,128)</b>	<b>-0.7%</b>
<b>Grand Total</b>	<b>\$ 10,100,000</b>	<b>\$ 9,433,000</b>	<b>\$ 9,368,872</b>	<b>\$ (64,128)</b>	<b>-0.7%</b>

	2017	2018	2019	2020
<b>On-Ratio</b>				
General Board of Higher Education and Ministry	\$ 2,342,218	\$ 2,342,218	\$ 2,342,218	\$ 2,342,218
<b>Total</b>	<b>\$ 2,342,218</b>	<b>\$ 2,342,218</b>	<b>\$ 2,342,218</b>	<b>\$ 2,342,218</b>

2. That GBHEM shall be authorized to disburse funds for the development and operation of Africa University and to release such funds to the Africa University Board of Directors or such other structural units as may be created for that purpose, provided that GBHEM shall be accountable for such funds to GCFA under a written agreement developed in consultation with and approved by GCFA and the Africa University Board of Directors, and, provided further, that no such funds shall be released to any structural unit whose charter, bylaws, or other governing documents have not been approved by GBHEM.

3. That permanent endowment funds for the University be held and invested by GCFA, GBHEM, and other investment managers as identified by GBHEM. Permanent endowment funds include the World Service Gift receipts and any other funds that may be raised by the University and designated by the donor for this purpose. GCFA and GBHEM are authorized to disburse income earned from the permanent endowment funds under the same conditions as set forth above. The provisions of this report shall not limit the authority of the Africa University Board of Directors to raise and administer permanent endowment funds and/or funds for the development and operation of the university from sources other than those from which contributions to the Africa University Fund or the World Service Special Gifts fund would normally be sought.

4. That an annual conference may make direct and/or designated gifts for current expense or capital funds purposes to Africa University, but only after it has met its full Africa University Fund apportionment. There may be reasonable exceptions to this restriction, but such exceptions shall be negotiated with GBHEM prior to implementation

5. That adjustments in the provisions of this report, except for the amount of apportionments to the Africa University Fund, may be made by GCFA on the recommendation of GBHEM after consultation with the Council of Bishops.

## **Report No. 5**

### **THE EPISCOPAL FUND**

The General Council on Finance and Administration (“GCFA”) has projected a budget for support of the bishops of The United Methodist Church that reflects current economic conditions. While healthcare costs are budgeted to rise annually by 6% and overall inflation is anticipated to be approximately 2.5% per year in the 2017-2020 quadrennium, apportionment funding from the Jurisdictional Conferences is decreasing by .7%. Support from the central conferences is being proposed in a formulaic manner in Report No. 8. However, this support is not solely directed to the Episcopal Fund. Rather, it is also being allocated to the General Administration Fund. The result of both apportionments is a decrease of Episcopal funding globally of .6%. With costs increasing faster than funding, this projection requires use of \$10.9 million of accumulated reserves.

This level of reserve utilization is not sustainable for the long term. We are cognizant of the struggles of our annual conferences and local churches to meet financial commitments. As a result, GCFA will sponsor a thorough review during the next quadrennium of alternative ways to reduce

this operating deficit. Potential areas of study include, but are not limited to, the impacts associated with: apportionment levels for the Episcopal Fund; number of bishops; salary levels for bishops; office and equipment allowances; healthcare costs; and expenses relating to other benefits. Salary, healthcare, and office allowances are the areas with the largest projected cost increase. In total, these costs are expected to increase by \$7.1 million (salary – \$4.0 million; healthcare – \$1.8 million; office allowance – \$1.3 million), or 10% over the current quadrennium.

In addition to reviewing ways to reduce future expenditure levels, GCFA has taken steps that have already resulted in significant cost savings. For example, in 2014 a move was made to Medicare Advantage for retiree healthcare. This plan reduced total costs for retired bishop's healthcare by \$400,000 annually (\$1.6 million for a quadrennium). GCFA implemented monthly communication with the Council of Bishops regarding the financial status of the Episcopal Fund compared to prior years and budget in detail for all areas of spending. This allows GCFA to work closely with the Council of Bishops to ensure cost overruns are mitigated or eliminated. GCFA implemented Concur, an expense reimbursement system, in 2014 to enable better auditing and tracking of travel expense requests to ensure they fall within the travel policies and procedures and to reduce overall costs for episcopal offices by allowing electronic submission of expense requests.

The Episcopal Fund, raised in accordance with ¶ 818.3, will provide for the salary and expenses of active bishops from the date of their consecration and for the support of retired bishops and surviving spouses and minor children of deceased bishops. The average total cost of each active jurisdictional bishop for the upcoming quadrennium is projected to be \$1,319,000, while the average cost of a central conference bishop for the upcoming quadrennium is projected to be \$930,000. Subject to the approval of GCFA, the treasurer will have authority to borrow for the benefit of the Episcopal Fund such amounts as may be necessary for the proper execution of the orders of the General Conference.

GCFA presents the following recommendations concerning items in the Episcopal Fund for the 2017-2020 quadrennium, to become effective at the adjournment of the 2016 General Conference. The items will be reviewed and set annually by GCFA.

## **I. Bishops Elected by the Jurisdictional and Central Conferences**

A proposed annual spending plan of estimated receipts on apportionment of the Episcopal Fund and expenses for each episcopal office will be submitted to GCFA on forms furnished by it. The proposed spending plan will include funding for salary, housing allowance, and office expense as recommended by the respective episcopal area, jurisdictional or central conference, or its committee on episcopacy.

### **A. Salaries**

1. **Active Bishops.** All salaries are set annually by GCFA. The salary of a bishop newly elected in 2016 or 2017 will begin on the date of his/her consecration at the annual rate established for 2016 or 2017 by GCFA.

a. **Jurisdictional Conferences.** In 2015, the salary for jurisdictional bishops is \$145,655. Any salary adjustments for 2016 through 2020 will be set by GCFA annually. While the current projections are for a 3% annual increase, considerations for determining salary adjustments each year will include the percentage adjustment for workers in state and local government as published by the U.S. Bureau of Labor Statistic, the review of other relevant compensation studies as determined by GCFA, and the overall economic status of the Episcopal Fund and its reserves.

GCFA will notify each newly elected bishop's current salary-paying unit of the date on which payment of salary from the Episcopal Fund will begin.

b. **Central Conferences.** The salary of each bishop will be recommended by the respective central conference or its committee on episcopacy as included in the area spending plan. For 2015 the salary for central conference bishops are as follows:

<b>Episcopal Area / Region</b>	<b>2015 Salary</b>
Africa	\$ 71,585
Philippines	\$ 71,585
Central and Southern Europe	\$ 127,960
Russia	\$ 64,688
Germany	\$ 84,108
Nordic and Baltic	\$ 100,073

Any salary adjustments for 2016 through 2020 will be set by GCFA annually after reviewing the recommendations. While the current projections are for a 3% annual increase, GCFA will determine the salary adjustments each year with consideration to the requests individually and in total. Additional considerations will include the review of cost of living changes in each episcopal area, relevant compensation studies as determined by GCFA, and the overall economic status of the Episcopal Fund and its reserves.

2. **Interim Retired Bishop.** If a retired bishop is asked to serve in an interim position and assigned to assume presidential responsibilities as described in ¶ 409.3, the Episcopal Fund will be responsible, upon request, for the difference between the remuneration of an active bishop's current salary in the jurisdictional or central conference area from which the bishop retires, and the pension payment. The annual conference(s) will be responsible for providing housing for the interim retired bishop. If the interim retired bishop is living outside of the episcopal area, the cost to commute to and from the episcopal area is the responsibility of the annual conference. The status of a retired bishop on interim assignment shall, for purpose of housing and other benefits, be that of a retired bishop.

### 3. **Special Assignment.**

a. Retired bishops who accept a special assignment from the Council of Bishops to a United Methodist agency or institution of higher learning following mandatory retirement will receive

remuneration not to exceed a maximum of 20% of an active bishop's salary in the episcopal area from which the bishop retired. The Episcopal Fund's share will not exceed 50% of the established compensation. The agency or institution of higher learning will assume all responsibility for the bishop's operational and travel expenses related to the assignment.

b. Retired bishops who accept a special assignment from the Council of Bishops with a direct relationship and accountability to the Council of Bishops following mandatory retirement (for example, as COB Executive Secretary or Ecumenical Officer) will receive remuneration of 20% of an active bishop's current salary in the episcopal area from which the bishop retired.

c. The status of a retired bishop on special assignment will, for purpose of housing and other benefits, be that of a retired bishop.

d. Compensation for any special assignment will cease after the bishop completes the assignment or has reached the mandatory age of retirement for ordained ministers governing the episcopal area from which the bishop retired, whichever comes first.

4. **Salary Payment.** Due to the variation in time of election, consecration, and assignment, there may be up to seven weeks of salary and benefits provided from the Episcopal Fund prior to the date of assignment for any newly elected bishop.

**B. Episcopal Residence/Housing.** The annual conference or conferences constituting the episcopal area to which the bishop is assigned will be responsible for providing an episcopal residence or housing allowance for the bishop.

1. **Housing allowance (Jurisdictional Conferences).**

a. The Episcopal Fund will provide a grant of \$10,000 annually to the annual conference to assist in the cost of providing an episcopal residence or allowance.

2. **Episcopal Housing Funds (Central Conferences).** The Episcopal Fund will provide a grant annually to the annual conference to assist in the cost of providing an episcopal residence or allowance. The amount for each episcopal area will be set annually by GCFA.

3. Guidelines will be developed by the respective jurisdictional or central conference committees on episcopacy for transition in episcopal residences.

4. If a bishop dies while in active service and the episcopal residence is provided by the annual conference, the surviving spouse may continue to occupy the episcopal residence for up to 120 days following the date of death of the bishop.

### **C. Office Expense**

1. Each active bishop will receive an annual grant as set each year by GCFA to be applied towards the operation of the episcopal office, including telephone, fax, and internet service. Such grant will be paid quarterly to jurisdictional bishops and monthly to bishops in central conferences.

2. The Episcopal Fund will reimburse purchases of office equipment and furnishings at the discretion of each bishop in an amount not to exceed \$10,000 in any one quadrennium for any one episcopal area. All purchases remain the property of the episcopal office with the exception of electronic equipment such as computer, cell phone, and iPad/Kindle/Nook in the bishop's office. Each bishop must comply with and sign the electronic equipment protocol and transfer of files agreement developed by the Council of Bishops stating his/her intent to take or leave electronic equipment. If the bishop takes the electronic equipment, he/she will reimburse the episcopal office the current value of the electronic equipment.

3. Maintenance of office equipment will be an office spending plan item paid from the office allowance.

4. Capital expenditures are not reimbursable from the Episcopal Fund.

### **D. Audits**

1. **Jurisdictional Conferences.** A full audit of episcopal office and housing funds will be conducted based on generally accepted auditing standards (GAAS). Financial statements accompanying the audit will be prepared in accordance with generally accepted accounting principles (GAAP). A full audit will be conducted annually for each calendar year, and a written report will be provided to GCFA by July 31 of the following year.

When the episcopal office and housing funds are administered through the annual conference treasury, a separate audit is not required if the conference audit includes separate schedules for episcopal office and housing funds. GCFA strongly encourages the appropriate segregation of duties in the handling of episcopal funds.

2. **Central Conferences.** A full audit of episcopal office and housing funds will be conducted based on approved International Standards on Auditing. Financial statements accompanying the audit will be prepared in accordance with International Financial Reporting Standards. A full audit will be conducted annually for each calendar year, and a written report shall be provided to GCFA by July 31 of the following year.

An audit conducted by the staff auditors of the General Board of Global Ministries ("GBGM") will be an acceptable alternative to a separate audit by a chartered public accountant.

3. A status report on audits will be made by GCFA's Committee on Audit and Review to GCFA's Committee on General Agency and Episcopal Matters and to the full GCFA Board. If the audit is not received on time, GCFA's Committee on General Agency and Episcopal Matters will have the right to suspend office and housing allowance funding to the episcopal area.



4. The cost of the annual audit will be an office spending plan item paid from the office allowance.

## **E. Moving Expense**

1. Absent prior approval by GCFA, the Episcopal Fund will be responsible for paying for only one move of a bishop during 2017-2020. In order for a move to be paid by the Episcopal Fund, it must (a) be made within the first 12 months of an assignment/reassignment of an active bishop or (b) within three years of retirement for a move by a retired bishop. Only moves within the continent of the bishop's episcopal service will be paid for by the Episcopal Fund.

2. The Episcopal Fund will pay for the relocation of a surviving spouse of an active bishop, within the continent of the bishop's episcopal service, if the move occurs within 120 days of the death of the active bishop.

3. Pre-approved moving storage expense is reimbursable for a 30-day period.

4. If a bishop, upon retirement, accepts an assignment of Church-wide responsibility with direct relationship and accountability to the Council of Bishops (§ 408.1d(1)), and if the assignment is such as to require residence at a specific location, the Episcopal Fund will be responsible for the payment of moving expenses to that location. In such case, a bishop remains eligible for payment of moving expenses by the Episcopal Fund to a retirement residence within the continent of the bishop's episcopal service if that move occurs within three years of the time the assignment of Church-wide responsibility with direct relationship and accountability to the Council of Bishops ends.

5. If a bishop, upon retirement, accepts an assignment of Church-wide responsibility with a general agency or United Methodist Church-related institution of higher education (§ 408.1d(2)), moving expenses related to such an assignment are the responsibility of the agency or institution, unless the location of the assignment is also the bishop's permanent retirement residence, in which case the Episcopal Fund will be responsible for the cost and this shall be considered the one covered moving expense. If the moving expenses to such an assignment are paid by the agency or institution, the bishop will remain eligible for payment of moving expenses from the Episcopal Fund to a permanent retirement residence within the continent of the bishop's episcopal service if that move occurs within three years of the time the assignment ends.

6. Jurisdictional Conferences moving company. GCFA contracts with a national moving company for the relocation of household goods for bishops. If the bishop chooses not to use the moving company contracted by GCFA, three estimates are required from moving companies of the bishop's choice. Following approval, an otherwise qualifying move will be reimbursed upon receipt of the invoice.

7. Central Conferences moving company. Three estimates are required from moving companies of the bishop's choice. Following approval, the move will be reimbursed upon receipt of the invoice.

## **F. Pension**

1. **Jurisdictional bishops.** For service years beginning before January 1, 1982, pensions for the support of bishops elected by jurisdictional conferences and those of their surviving spouses will include the benefits provided by the Global Episcopal Pension Program.

For service years beginning January 1, 1982, and thereafter, pensions for the support of bishops elected by jurisdictional conferences and those of their surviving spouses and dependent children will include the benefits provided by the Ministerial Pension Plan, amended and restated effective January 1, 2007, as the Clergy Retirement Security Program (CRSP), and the Comprehensive Protection Plan of the General Board of Pension and Health Benefits.

2. **Central Conference bishops.** Pensions for the support of bishops elected by central conferences and those of their surviving spouses shall include the benefits provided by the Global Episcopal Pension Program.

## **G. Other Benefits**

1. All bishops are eligible to be covered under a group health plan. GCFA will be reviewing the bishops' healthcare plan to ensure that the plan is both providing adequate coverage and is cost effective. Bishops are covered for health benefits from the date of consecration as a bishop. All bishops will have the opportunity to participate in a cost-sharing plan for health insurance.

2. In the central conferences, if the participant is in a national mandatory health plan and there is an employer share, the Episcopal Fund will pay up to the amount paid for other bishops.

3. Retirees will have the opportunity to participate in a cost-sharing plan for supplemental health insurance coverage, as well as the cost-sharing dental and vision plans. Cost sharing will be as determined annually by GCFA.

4. Other insurance coverage and cost sharing for same will be as determined annually by GCFA.

5. The surviving spouse or one family member of a deceased bishop, invited by the Council of Bishops, will be entitled to the payment of expenses to attend the bishop's memorial service held at the Council of Bishops' meeting.

6. One family member of a deceased surviving spouse of a bishop, invited by the Council of Bishops, will be entitled to the payment of expenses to attend the surviving spouse's memorial service held at the Council of Bishops' meeting.

7. Bishops will be entitled to reimbursement to attend the funeral of a bishop or bishop's spouse within their respective college. Bishops designated as representatives of the Council of Bishops or other colleges, or those participating in the leadership at the funeral, will be entitled to reimbursement from the Episcopal Fund.

## **H. Renewal Leave, Continuing Education, and Sabbatical Leave**

1. **Renewal Leave.** Paragraph 410.2 provides that every bishop in the active relationship shall take up to three months' leave from the normal responsibilities of the episcopacy for purposes of reflection, study, and self-renewal during each quadrennium.

a. A bishop's renewal leave request will first be approved by the college of bishops and reported to the Council of Bishops. The secretary of the Council of Bishops will certify to GCFA the approved list of bishops to be on renewal leave.

b. During the period of a renewal leave, the following financial arrangements will be in effect:

(1) Cash salary will continue, subject to the provisions of (6), below.

(2) Reimbursement will be made, subject to the provisions of (6), below, within the usual guidelines for episcopal expense from the Episcopal Fund, supported by necessary documentation, as follows:

i. Transportation to and from the site of renewal leave by the most direct route and the most economical coach air fare; mileage to and from the site of renewal leave reimbursed under established policies for mileage reimbursement.

ii. Expenses up to \$2,000 for the quadrennium for actual expenses of tuition and housing.

(3) Expenses incurred in providing temporary episcopal supervision by a bishop from a nearby episcopal area necessitated by the absence of a bishop on renewal leave shall be reimbursed.

(4) Meals during renewal leave are not reimbursable.

(5) Reimbursable episcopal travel expenses will not be paid during renewal leave unless authorized by the Council of Bishops.

(6) Compensation or honoraria received for any activity during renewal leave will be deducted from b. (1) or (2) above.

**2. Continuing Education.** The Episcopal Fund will reimburse up to \$2,500 of the cost of a class, seminar, workshop, or other continuing educational experiences annually. The continuing education fund request, established by the Council of Bishops, must be completed and submitted to GCFA's Episcopal Services Manager no less than 30 days prior to the event to be considered.

**3. Sabbatical Leave.** As provided in ¶ 410.3, a bishop may be provided sabbatical leave. No travel expenses will be provided during that time.

## **I. Travel Expense**

The Episcopal Fund will pay the travel expenses of all members of the Council of Bishops in accordance with the Episcopal Fund Travel Expense Guidelines and Policies then in effect. These travel expense policies are in accordance with the General Agency Expense and Reimbursement Policies for all general funds of The United Methodist Church as approved by GCFA.

## **J. Emergency Fund (Central Conferences)**

When the safety of a bishop is threatened, evacuation expenses of the bishop, spouse, and minor children of the bishop may be reimbursed. The Episcopal Fund has limited resources to provide assistance for the replacement or repair of episcopal residences and offices destroyed or damaged by conditions of war or civil unrest in the central conferences. In consultation with staff of GBGM and the officers of the Executive Committee of the Council of Bishops, priorities will be determined to respond to needs when conditions of peace have been restored.

When GCFA has been notified that a bishop in a central conference is being evacuated due to unsafe conditions in the episcopal area, payment of housing and office allowance amounts will normally be suspended. Evacuation costs for the bishop and immediate family will be paid from the Bishops in Exile account of the Episcopal Fund upon authorization of the Council of Bishops and GCFA's General Secretary. Costs for temporary housing and/or office expenses for the interim shall be provided in the same amount until peace is restored to the area. When the bishop returns to the episcopal residence and office, payments of established amounts for housing and office support will resume.

## **II. MISCELLANEOUS OTHER MATTERS**

### **A. Office of the Executive Secretary of the Council of Bishops**

The Council of Bishops will submit an annual spending plan to GCFA providing for the expenses related to the position of the Executive Secretary and the office located in Washington, D.C. The administrative assistance and other expenses incurred by the Executive Secretary of the Council of Bishops in the performance of the duties of this office will also be included in the spending plan. The spending plan will be subject to the approval of GCFA.

### **B. Ecumenical Officer of the Council of Bishops**

The Council of Bishops will submit an annual spending plan to GCFA to provide for expenses incurred, including but not limited to travel, by the Ecumenical Officer of the Council of Bishops in the performance of the duties of this office. The spending plan is subject to the approval of GCFA.

### **C. Office of Christian Unity and Interreligious Relations (“OCUIR”)**

The Council of Bishops will submit an annual spending plan to GCFA providing for the expenses of OCUIR. The spending plan is subject to the approval of GCFA.

### III. FUNDING

#### A. Changes During Quadrennium

If, in the judgment of GCFA, economic conditions require increasing or decreasing the amounts authorized in this report, GCFA is authorized to make such adjustments.

#### B. Apportionment for the Episcopal Fund

Both the Jurisdictional and Central Conferences will be apportioned based upon the formulas recommended by GCFA in Report No. 8. GCFA recommends the apportionment for the Episcopal Fund during the 2017-2020 quadrennium be:

#### EPISCOPAL FUND

	2009-2012	2013-2016	2017-2020	\$ Change	% Change
<b>Fixed Charges</b>					
Interpretation Resources	\$ 44,000	\$ -	\$ -	\$ -	0.0%
General Council on Finance (2) and Administration	2,170,000	3,000,000	2,979,605	(20,395)	-0.7%
<b>Total Fixed Charges</b>	<b>\$ 2,214,000</b>	<b>\$ 3,000,000</b>	<b>\$ 2,979,605</b>	<b>\$ (20,395)</b>	<b>-0.7%</b>
<b>Jurisdictional On-Ratio</b>					
Episcopal Fund (2)	\$ 92,186,000	\$ 84,436,000	\$ 83,861,986	\$ (574,014)	-0.7%
Office of Christian Unity and Interreligions Relationships	\$ 5,839,000	\$ 5,213,184	\$ 5,177,744	\$ (35,440)	-0.7%
<b>Total Jurisdictional On-Ratio</b>	<b>\$ 98,025,000</b>	<b>\$ 89,649,184</b>	<b>\$ 89,039,730</b>	<b>\$ (609,454)</b>	<b>-0.7%</b>
<b>Total Jurisdictional Apportionments</b>	<b>\$ 100,239,000</b>	<b>\$ 92,649,184</b>	<b>\$ 92,019,335</b>	<b>\$ (629,849)</b>	<b>-0.7%</b>
<b>Central Conference On-Ratio (1)</b>	<b>\$ 3,761,569</b>	<b>\$ 3,664,928</b>	<b>\$ 3,690,081</b>	<b>\$ 25,153</b>	<b>0.7%</b>
<b>Grand Total</b>	<b>\$ 104,000,569</b>	<b>\$ 96,314,112</b>	<b>\$ 95,709,416</b>	<b>\$ (604,696)</b>	<b>-0.6%</b>
			\$ -		

(1) Prior to 2017-2020 Payment to CC Episcopal areas was withheld by these amounts. The minimum amount withheld was 10% of Housing, Office & Salary expenses. While these were technically not apportionments, the payment withholding was in lieu of apportionments and are presented here to fairly represent actual funding changes.

(2) Subsequent to the 2012 General Conference, the General Council on Finance and Administration approved a change in fixed charges for 2013-2026 to \$750,000 per year to better reflect the cost of support to the Episcopal Fund. The 2017-2020 apportionment represents a .7% decrease from the current situation.

**EPISCOPAL FUND**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Fixed Charges</b>				
Interpretation Resources	\$ -	\$ -	\$ -	\$ -
General Council on Finance and Administration	744,901	744,901	744,901	744,902
<b>Total Fixed Charges</b>	<b>\$ 744,901</b>	<b>\$ 744,901</b>	<b>\$ 744,901</b>	<b>\$ 744,902</b>
<b>Jurisdictional On-Ratio</b>				
Episcopal Fund	\$ 20,965,497	\$ 20,965,497	\$ 20,965,497	\$ 20,965,495
Office of Christian Unity and Interreligions Relationships	\$ 1,294,436	\$ 1,294,436	\$ 1,294,436	\$ 1,294,436
<b>Total Jurisdictional On-Ratio</b>	<b>\$ 22,259,933</b>	<b>\$ 22,259,933</b>	<b>\$ 22,259,933</b>	<b>\$ 22,259,931</b>
<b>Total Jurisdictional Apportionments</b>	<b>\$ 23,004,834</b>	<b>\$ 23,004,834</b>	<b>\$ 23,004,834</b>	<b>\$ 23,004,833</b>
<b>Central Conference On-Ratio</b>	<b>\$ 922,520</b>	<b>\$ 922,520</b>	<b>\$ 922,520</b>	<b>\$ 922,521</b>
<b>Grand Total</b>	<b>\$ 23,927,354</b>	<b>\$ 23,927,354</b>	<b>\$ 23,927,354</b>	<b>\$ 23,927,354</b>

**Report No. 6**

**GENERAL ADMINISTRATION FUND**

The General Administration Fund (*2012 Book of Discipline*, ¶ 813) finances general Church activities that are specifically administrative in nature, as contrasted with programmatic, missional, or ecumenical in scope and purpose.

In the 2017-2020 quadrennium, the required apportionments for these General Administration Fund activities will increase by approximately 1.3% from the 2013-2016 quadrennium.

**Discussion of Specific Budget Items**

**General Council on Finance and Administration (“GCFA”)** (¶ 805.6). GCFA reports to and is amenable to the General Conference and is responsible for receiving and distributing general Church funds. In addition, GCFA provides certain administrative services to the general agencies, including general ledger processing and maintenance, cash management, and group insurance plan administration. A more detailed description of GCFA’s activities is found in Report #14.

**General Conference** (¶¶ 501-511). The apportionments for General Conference fund delegate expenses, meeting operation costs (convention center and equipment rental, publishing, petition tracking software, worship, labor), language services (printed translation of advance materials and spoken interpretation on site), expenses of the offices of the secretary, business manager, and treasurer of the General Conference, and expenses of the several commissions and committees in support of the event.

The changing global nature of the Church is due in part to the rapidly growing membership in central conferences. The percentage of delegates from central conferences has increased significantly since the start of this millennium. Central Conference growth was 16% in 2004 and will be 42% in 2016. This change in representation has resulted in significant increases to two of the four major General Conference cost drivers:

1. The cost of language services (written translation & interpretation at General Conference) has increased from \$380,000 in 2000 to an estimated \$1.7 million in 2020.
2. In 2012, the average travel costs for delegates from within the United States was approximately \$493 for each delegate, while the average travel cost for delegates from central conferences was approximately \$3,000 each. As representation from central conferences grows, so likewise does the total cost of travel for delegates.

The Commission on the General Conference launched a sponsorship program for the 2012 General Conference with the intent of creating an income stream that may permit the repayment of some of the accumulated deficit. This program will continue for the 2016 General Conference. Sponsorship gross income provided in 2012 was approximately \$210,000, while the projected gross income for 2016 is \$600,000.

**General Commission on Archives and History (“GCAH”) (¶¶ 1701-1712).** The purpose of GCAH is to promote and preserve the historical interests of The United Methodist Church and its antecedents. GCAH accomplishes this uniquely administrative and programmatic mission by gathering, preserving, holding title to, and disseminating materials representing the ethos of the denomination.

GCAH’s “Ministry of Memory” serves these functions for all levels of the connection. In addition, it serves United Methodist seminary students and professors worldwide in basic preparatory and more highly academic Wesleyan-Methodist studies. It also plays a key role in the continuing development of the African American Methodist Heritage Center and The Latino Oral History Project. It also anticipates increased support for Central Conference historians and leaders, many beginning basic archival collections of their own.

GCAH also manages a Historic Sites and Heritage Landmarks (¶ 1712) program supervising more than 500 denominational historic sites and nearly 50 heritage landmarks across the global connection.

**The Judicial Council (¶¶ 2601-2612).** The Judicial Council is the highest judicial body in The United Methodist Church. It determines the legality and/or constitutionality of actions by agencies, boards, conferences, and officials of the Church. Paragraph 813.3 provides that the expenses of the Judicial Council will be paid from the General Administration Fund, within a budget submitted annually to GCFA for its approval.

**Pension and Salary Aid.** Funding for salary and pension assistance programs is included in this item. In the 2013-2016 quadrennium, funding for salary aid to the Rio Grande Annual Conference was included. In this quadrennium that funding was not specifically identified due to the merger

with the Southwest Texas Annual Conference. The funding that was utilized for Rio Grande salary aid was moved to Contingency Funds for the 2017-2020 quadrennium. The priority for the funds previously attributed to Rio Grande will be to assist missionary conferences.

The proposed budget for 2017-2020 for these purposes is:

	2009-2012	2013-2016	2017-2020	\$ Change	% Change
<b>Oklahoma Indian Missionary Conference</b>	2,844,000				
Pesnion Aid		138,000	137,062	(938)	-0.7%
Salary Aid		1,556,000	1,545,422	(10,578)	-0.7%
<b>Rio Grande Annual Conference</b>					
Salary Aid	2,844,000	805,000	-	(805,000)	-100.0%
<b>Total</b>		<b>\$ 2,499,000</b>	<b>\$ 1,682,484</b>	<b>\$ (816,516)</b>	<b>-32.7%</b>

**Contingency Reserve.** This allocation provides funding for unforeseen or emergency situations that fall within the scope of general administration. This reserve has been increased by the amount previously used for the Rio Grande Annual Conference salary aid as well as any receipts to the General Administration Fund from central conference apportionments. Priority of the funds previously used for Rio Grande salary aid will be given to missionary aid. The new funds coming from Central Conference apportionments will give priority to the Standing Committee on Central Conference Matters in its work to develop the *Global Book of Discipline* for presentation to the 2020 General Conference, including a third meeting during the quadrennium, the new membership composition of the Standing Committee, and the implementation of the comprehensive plan for Africa.

#### GENERAL ADMINISTRATION FUND

	2009-2012	2013-2016	2017-2020	\$ Change	% Change
<b>Fixed Charges</b>					
Interpretation Resources	\$ 60,000	\$ -	\$ -	\$ -	0.0%
<b>Total Fixed Charges</b>	<b>\$ 60,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0.0%</b>
<b>Jurisdictional On-Ratio</b>					
General Council on Finance and Administration	\$ 17,993,000	\$ 16,844,000	\$ 16,729,491	\$ (114,509)	-0.7%
General Commission on Archives & History Historic Shrines, Landmarks & Sites	4,326,000	4,162,000	4,133,706	(28,294)	-0.7%
General Conference	10,451,000	11,903,000	11,822,081	(80,919)	-0.7%
Standing Committee Central Conference Matters	290,000	293,000	291,008	(1,992)	-0.7%
Judicial Council	571,000	587,000	583,009	(3,991)	-0.7%
Pension and Salary Aid - Rio Grand Conf. (1)	2,844,000	805,000	-	(805,000)	-100.0%
Pension and Salary Aid - Oklahoma Conf.		1,694,000	1,682,484	(11,516)	-0.7%
Contingency Reserve	400,000	861,000	1,654,674	793,674	92.2%
<b>Total Jurisdictional On-Ratio</b>	<b>\$ 36,875,000</b>	<b>\$ 37,149,000</b>	<b>\$ 36,896,453</b>	<b>\$ (252,547)</b>	<b>-0.7%</b>
<b>Central Conference On-Ratio (2)</b>					
Contingency Reserve	-	-	1,479,590	1,479,590	
<b>Grand Total</b>	<b>\$ 36,935,000</b>	<b>\$ 37,149,000</b>	<b>\$ 38,376,043</b>	<b>\$ 1,227,043</b>	<b>3.3%</b>
			\$ -		

- (1) Rio Grande Annual Conference has merged with the Southwest Texas Annual Conference. Apportionment support in 2013-2016 was \$805,000. Allocating funds to contingency reserve with the priority of use in missionary conferences.
- (2) This represents the Central Conference apportionments as outlined by the formula in Report 8.



**GENERAL ADMINISTRATION FUND**

	2017	2018	2019	2020
<b>Fixed Charges</b>				
Interpretation Resources	\$ -	\$ -	\$ -	\$ -
<b>Total Fixed Charges</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Jurisdictional On-Ratio</b>				
General Council on Finance and Administration	\$ 4,182,373	\$ 4,182,373	\$ 4,182,373	\$ 4,182,372
General Commission on Archives & History Historic Shrines, Landmarks & Sites	1,033,427	1,033,427	1,033,427	1,033,425
General Conference	2,955,520	2,955,520	2,955,520	2,955,521
Standing Committee Central Conference Matters	72,752	72,752	72,752	72,752
Judicial Council	145,752	145,752	145,752	145,753
Pension and Salary Aid - Rio Grand Conf. (1)	-	-	-	-
Pension and Salary Aid - Oklahoma Conf.	420,621	420,621	420,621	420,621
Contingency Reserve	413,669	413,669	413,669	413,667
<b>Total Jurisdictional On-Ratio</b>	<b>\$ 9,224,114</b>	<b>\$ 9,224,114</b>	<b>\$ 9,224,114</b>	<b>\$ 9,224,111</b>
<b>Central Conference On-Ratio (2)</b>				
Contingency Reserve	369,898	369,898	369,898	369,896
<b>Grand Total</b>	<b>\$ 9,594,012</b>	<b>\$ 9,594,012</b>	<b>\$ 9,594,012</b>	<b>\$ 9,594,007</b>

(1) Rio Grande Annual Conference has merged with the Southwest Texas Annual Conference.

Apportionment support in 2013-2016 was \$805,000. Allocating funds to contingency reserve with the priority of use in missionary conferences.

(2) This represents the Central Conference apportionments as outlined by the formula in Report 8.

**Report No. 7**

**INTERDENOMINATIONAL COOPERATION FUND**

“As part of the church universal, The United Methodist Church believes that the Lord of the church is calling Christians everywhere to strive toward unity; and therefore it will seek, and work for, unity at all levels of church life: through world relationships with other Methodist churches ... through councils of churches and through plans of union and covenantal relationships with churches of Methodist or other denominational traditions.” (2012 *Book of Discipline*, ¶ 6)

The Interdenominational Cooperation Fund allows The United Methodist Church to partner with Christian sisters and brothers throughout the world to fulfill a shared ecumenical mission. Our relationships with ecumenical partners enable us to witness together while respecting our unique traditions and distinctions and to engage in ministries that foster justice, mercy, and peace in God’s world.

In partnership with other Christian communions, the Interdenominational Cooperation Fund provides operating and associated support for organizations that relate to the ecumenical responsibility of the Council of Bishops. The General Council on Finance and Administration

("GCFA") recommends the annual budgeted amounts to the General Conference from recommendations developed in consultation with the Council of Bishops. (§ 814.2)

GCFA, working collaboratively with the Connectional Table ("CT"), determined that the funding for the Interdenominational Cooperation Fund should remain in the same proportion of total jurisdictional apportionments as approved for the 2013-2016 quadrennium. Therefore, the quadrennial recommendation for 2017-2020 reflects a .7% decrease in funding when compared to the 2013-2016 quadrennium.

### **Explanation of Items in the Budget**

***General Council on Finance and Administration.*** GCFA reports to and is amenable to the General Conference and is responsible for receiving and distributing general Church funds. A portion of the Council's expenses is charged to the Interdenominational Cooperation Fund as provided in § 805.6a and Report No. 14.

***National Councils of Churches/Regional Ecumenical Organizations.*** This line includes funds to support the work of councils or organizations whose membership is limited to a specific country or geographic region. Among the specific organizations currently receiving support is the National Council of the Churches of Christ in the U.S.A. This council comprises 37 member denominations and communions in the United States, representing 45 million Christians and more than 100,000 local congregations.

***World Council of Churches/International Ecumenical Organizations.*** This category includes funds to support the work of councils or organizations whose membership is not limited to a specific country or geographic region. The Interdenominational Cooperation Fund supports the World Council of Churches, founded in 1948. The council includes 345 member communions throughout the world, representing more than 500 million Christians. Funds in this category provide for United Methodist participation in the work and life of the World Council of Churches, with a focus on justice and peace. Funds are also provided for the United Methodist commitment for costs of the World Council of Churches Assembly, including travel and related expenses for Christians from developing nations. The World Council of Churches Assembly meets every 6-8 years, with the last meeting held in South Korea in 2013.

***Christian World Communions/Methodist Unity.*** This category includes funds to support the work of ecumenical organizations whose members trace their origins to religious traditions started by John Wesley. One such conciliar partner, dedicated to nurturing unity in the Methodist family, is the World Methodist Council. Established in 1881, the World Methodist Council is a worldwide association of 80 Methodist, Wesleyan, and related Uniting and United Churches, representing more than 80.5 million people in 133 countries. The Interdenominational Cooperation Fund allocation provides for United Methodist participation in the work and life of the Council.

***Pan-Methodist Commission.*** This allocation of funding relates to ongoing ministry on matters of mutual interest between representatives of The United Methodist Church, The African Methodist Episcopal Church, The African Methodist Episcopal Zion Church, The African Union Methodist Protestant Church, The Christian Methodist Episcopal Church, and The Union American

Methodist Episcopal Church. The commission is currently engaged in fulfilling the vision of full communion among its member churches.

***Ecumenical/Multilateral Conversations.*** This line item provides funding for ongoing and proposed meetings with representatives of other denominations for dialogue, including with the Episcopal Church and the Moravian Church (Northern and Southern Provinces).

***Ecumenical Representative Travel.*** To ensure a United Methodist voice and presence in worldwide deliberations and meetings of funded ecumenical bodies, travel expenses for United Methodist representatives named by the Council of Bishops are paid from the Interdenominational Cooperation Fund. (§ 814.4) Costs and expenses are paid in accordance with guidelines adopted by GCFA, with appropriate and approved limitations. Covered meetings include those of: the governing board, convening tables, and other units of the National Council of the Churches of Christ in the U.S.A.; the central and executive committees of the World Council of Churches, including other structural units and periodic assembly; the executive committee members and at-large delegates of the World Methodist Council; and Churches Uniting in Christ, Christian Churches Together and the Pan-Methodist Commission.; United Methodist participation in concordat relationships and other ecumenical activities of recognized bodies are also covered expenses.

***Interreligious Relations.*** This budget line provides resources for United Methodists to engage more directly with neighbors of other faith communities. The funds will be used to provide information, materials, and support for dialogues locally and regionally, and to support ecumenical programs involving interfaith partners, such as Religions for Peace, USA.

***Contingency Reserve.*** This allocation for the Interdenominational Cooperation Fund provides for unforeseen or emerging issues that fall within the scope of the fund. It is distributed by GCFA in concurrence with recommendations received from the Council of Bishops.

**INTERDENOMINATIONAL COOPERATION FUND**

	<b>2009-2012</b>	<b>2013-2016</b>	<b>2017-2020</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Fixed Charges</b>					
Interpretation Resources	\$ 193,000	\$ -	\$ -	\$ -	0.0%
General Council on Finance and Administration	220,000	206,000	204,600	(1,400)	-0.7%
<b>Total Fixed Charges</b>	<b>\$ 413,000</b>	<b>\$ 206,000</b>	<b>\$ 204,600</b>	<b>\$ (1,400)</b>	<b>-0.7%</b>
<b>On-Ratio</b>					
National Councils of Churches/ Regional Ecumenical Organizations	\$ 2,600,000	\$ 2,500,000	\$ 2,483,005	\$ (16,995)	-0.7%
World Council of Churches/ International Ecumenical Organizations	2,290,000	2,192,000	2,177,098	(14,902)	-0.7%
Christian World Communions/ Methodist Unity:					
World Methodist Council	2,115,000	1,940,000	1,926,812	(13,188)	-0.7%
Pan Methodist Commission	135,000	100,000	99,320	(680)	-0.7%
Ecumenical/Multilateral Conversations	300,000	316,000	313,852	(2,148)	-0.7%
Ecumenical Representative Travel	740,000	760,000	754,833	(5,167)	-0.7%
Interreligious Relations	155,000	150,000	148,980	(1,020)	-0.7%
Contingency Reserve	100,000	100,000	99,320	(680)	-0.7%
<b>Total On-Ratio</b>	<b>\$ 8,435,000</b>	<b>\$ 8,058,000</b>	<b>\$ 8,003,220</b>	<b>\$ (54,780)</b>	<b>-0.7%</b>
<b>Grand Total</b>	<b>\$ 8,848,000</b>	<b>\$ 8,264,000</b>	<b>\$ 8,207,820</b>	<b>\$ (56,180)</b>	<b>-0.7%</b>

## INTERDENOMINATIONAL COOPERATION FUND

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Fixed Charges</b>				
Interpretation Resources	\$ -	\$ -	\$ -	\$ -
General Council on Finance and Administration	51,150	51,150	51,150	51,150
<b>Total Fixed Charges</b>	<b>\$ 51,150</b>	<b>\$ 51,150</b>	<b>\$ 51,150</b>	<b>\$ 51,150</b>
<b>On-Ratio</b>				
National Councils of Churches/ Regional Ecumenical Organizations	\$ 620,751	\$ 620,751	\$ 620,751	\$ 620,752
World Council of Churches/ International Ecumenical Organizations	544,275	544,275	544,275	544,273
Christian World Communions/ Methodist Unity:				
World Methodist Council	481,703	481,703	481,703	481,703
Pan Methodist Commission	24,830	24,830	24,830	24,830
Ecumenical/Multilateral Conversations	78,463	78,463	78,463	78,463
Ecumenical Representative Travel	188,708	188,708	188,708	188,709
Interreligious Relations	37,245	37,245	37,245	37,245
Contingency Reserve	24,830	24,830	24,830	24,830
<b>Total On-Ratio</b>	<b>\$ 2,000,805</b>	<b>\$ 2,000,805</b>	<b>\$ 2,000,805</b>	<b>\$ 2,000,805</b>
<b>Grand Total</b>	<b>\$ 2,051,955</b>	<b>\$ 2,051,955</b>	<b>\$ 2,051,955</b>	<b>\$ 2,051,955</b>

**Report No. 8**  
**APPORTIONMENT FORMULAS**

*The 2012 Book of Discipline* provides that the General Council on Finance and Administration (“GCFA”) will recommend the formulas by which all apportionments to the annual conferences shall be determined, subject to the approval of the General Conference (§ 806.1c). This report is therefore concerned with the provisions of the reports dealing with apportioned financial support for the following funds: World Service, Ministerial Education, Black College, Africa University, Episcopal, Interdenominational Cooperation, and General Administration.

**Recommendations:**

1. GCFA recommends adoption of the following Jurisdictional Conference apportionment formula:

The recommended formula is:

$$A = E * (P + i)$$

Where:

**A** represents an annual conference’s **general Church apportionment**

**E** represents the annual conference’s “**Net Expenditures**”

**P** represents the “**Base Percentage**”

**i** represents the annual conference’s “**Percentage Adjustment**” for economic factors

- a. “**Net Expenditures**” (**E**) consists of the total local church expenditures in the annual conference, less, (1) current capital expenditures, (2) expenditures on capital debt service, (3) payments toward general Church apportionments, and (4) all other benevolence giving. The net expenditures will be calculated with the most recent year for which complete data is available. All the components are currently reported through local church statistical reports. The actual and estimated net expenditures for the 2017-2020 quadrennium are:

<u>Year of Data</u>	<u>Year of Apportionment</u>	<u>Net Expenditures</u>	
2014	2017	\$ 4,607,965,184	(Actual)
2015	2018	\$ 4,526,699,828	(Estimated)
2016	2019	\$ 4,599,054,515	(Estimated)
2017	2020	\$ 4,606,884,055	(Estimated)

- b. “**Base Percentage**” (**P**) consists of a simple percentage set by the General Conference on recommendation of GCFA. When applied to the “Net Expenditures” for all conferences, it will yield the total to be apportioned for all general Church funds. After determining the amount it recommends to the General Conference as the annual total of all apportioned general funds, GCFA recommends the “Base Percentage” for each year of the quadrennium as follows:

<u>Year</u>	<u>Base Percentage</u>	<u>Projected Apportionments</u>
2017	3.2771189%	\$ 151,008,498
2018	3.3359512%	\$ 151,008,498
2019	3.2834683%	\$ 151,008,498
2020	3.2778880%	\$ 151,008,498
<b>Total</b>	<b>3.2934248%</b>	<b>\$ 604,033,991</b>

c. **“Percentage Adjustment” (i)** is unique to each annual conference. The exact value of the “Percentage Adjustment” for an annual conference will vary during the quadrennium as new economic and statistical reports become available. It consists of the following two factors, which are combined to determine the net “Percentage Adjustment” up or down from the “Base Percentage.”

i. **Economic Strength Factor** is measured on the basis of per capita income for the counties that comprise the conference’s geographic area. Publicly available data from the United States Department of Commerce is used. In calculating the average per capita income for an annual conference, county-level per capita income will be weighted by the average worship attendance in the United Methodist churches in that county as reported in the Local Church Report to the Annual Conference. Each annual conference’s average per capita income is expressed as a ratio of the United States average. A proportional factor or “slope” is set that limits the size of the adjustment from the first factor to a  $\pm 0.4\%$ .

ii. **Local Church Costs Factor**, which measures the impact of certain local church costs that are at least partly outside of its control, is calculated by adding: (1) local church clergy expenses; (2) local church current operating expenses; and (3) payments toward budgeted annual conference costs (excluding General Conference apportionments). The total of these three cost areas is divided by average attendance at morning worship services to arrive at a cost per attendee. This total cost per attendee is expressed as an index by dividing by the average among all annual conferences. A proportional factor or “slope” is set that limits the size of the adjustment for this factor to a  $\pm 0.5\%$ . All figures used in the calculation of this factor are derived from the Local Church Report to the Annual Conference.

2. For the past two quadrennia, contributions to the Episcopal Fund from annual conferences in central conferences have reduced Episcopal Fund distributions for Bishops compensation, housing and office allowances. The central conference contributions are shown below:

<u>Year</u>	<u>Episcopal Fund</u>	
2009	\$ 904,453	(Actual)
2010	\$ 902,520	(Actual)
2011	\$ 986,568	(Actual)
2012	\$ 968,028	(Actual)
2013	\$ 923,653	(Actual)
2014	\$ 955,826	(Actual)
2015	\$ 869,449	(Actual)
2016	\$ 916,000	(Estimated)

Since the 2012 General Conference, GCFA has worked with the Standing Committee on Central Conference Matters to establish an equitable approach and formula for Central Conference apportionments.

GCFA recommends that the apportionment formula for 2017-2020 apply to both the Episcopal Fund and the General Administration Fund, since both of these funds directly support the central conferences.

GCFA recommends adoption of the following Central Conference apportionment formula for the Episcopal and General Administration Funds:

The recommended formula is:

$$A = (J * M) * i$$

Where:

**A** represents a central conference annual conference’s **General Church Apportionment**

**J** represents the **Jurisdictional Apportionments per Professing Member** for each of the Episcopal and General Administration Funds

**M** represents the number of **Professing Members in the Central Conference Annual Conference**

**i** represents the central conference’s **“Economic Adjustment Factor”**

a. **“Jurisdictional apportionments per professing member” (J)** This factor will be calculated each year based upon the actual apportionments for that year divided by the number of professing members three years prior. For example, 2017 apportionments per professing member would use the actual apportionments for 2017 and the professing members at the end of 2014. The current estimate for this factor in 2017-2020 is shown below:



	<b>General</b>		
	<b>Episcopal Fund</b>	<b>Administration Fund</b>	
	<b>Fund</b>	<b>Fund</b>	
	<b>Total</b>		
	\$3.203	\$1.284	\$4.487

b. **“Professing Members” (M)** consists of the professing members of each annual conference within the central conferences as reported in the annual statistics sent to GCFA. These statistics should also agree with the data published in the annual conference journals. Membership was chosen as a basis for the apportionment formula because the availability and reliability of the data was better than revenue or expenditure based options. The membership used in this calculation will be the membership of the annual conference three years prior to the apportionment year. This is consistent with the membership used in the calculation of “J” above.

c. **“Economic Adjustment Factor” (i)** is unique to each annual conference within the central conferences. The exact value of the “Economic Adjustment” for a conference will vary during the quadrennium as new economic and statistical reports become available. The factor to be used for the economic adjustment in the annual conferences is each country’s or annual conference’s GDP (Gross Domestic Product) per capita in relation to the U.S., expressed as a percentage. The source used for this data for the current quadrennium will be a credible source as chosen by GCFA, and the most recent data point available at the time of apportionment calculations will be used. In calculating the average GDP for annual conferences in multiple countries, the country GDP data will be weighted by the number of professing members as reported in each country.

Based upon the recommended formula and the assumptions outlined above, the projected apportionments for the 2017-2020 quadrennium are:

	<b>General</b>		
	<b>Episcopal Fund</b>	<b>Administration Fund</b>	<b>Total</b>
<b>Year</b>	<b>Fund</b>	<b>Fund</b>	<b>Apportionments</b>
<b>2017</b>	\$ 922,520	\$ 369,898	\$ 1,292,418
<b>2018</b>	\$ 922,520	\$ 369,898	\$ 1,292,418
<b>2019</b>	\$ 922,520	\$ 369,897	\$ 1,292,417
<b>2020</b>	\$ 922,521	\$ 369,897	\$ 1,292,418
<b>Total</b>	<b>\$ 3,690,081</b>	<b>\$ 1,479,590</b>	<b>\$ 5,169,671</b>

3. Using this formula, GCFA will first calculate the total amount to be apportioned to each annual conference for the applicable apportioned general funds. The apportionment for each fund will then be calculated in direct proportion to that fund’s approved amount. Each annual conference will therefore continue to receive from GCFA an annual statement showing its apportionments for each applicable general fund. Each annual conference will continue to have the authority to

apportion those amounts to its charges or churches by whatever formula or method it determines (§ 613.3).

4. If an annual conference decides to combine general Church apportionments with each other or with conference apportioned funds for apportioning to local churches, the receipts on such combined funds will be allocated in direct proportion to the budgeted amounts for each fund or cause included in the combined fund budget, and amounts so allocated to general Church funds will be remitted to GCFA on a monthly basis.

5. If more than 100% of the amount voted by General Conference for jurisdictional apportionments for a general fund is received in any given year, the excess funds will be held in trust by GCFA in an apportionment stabilization fund. All monies placed in such a fund will be considered as fund balances restricted by the General Conference to the fund or line item in which the surplus occurred. They will be held by GCFA until such time as shortfalls in such receipts occur during the same quadrennium, at which time they may be distributed to compensate for the shortfalls. If undistributed funds remain at the end of the quadrennium, due to excess receipts beyond the amounts needed to compensate for shortfalls, GCFA will recommend for action by the next General Conference how any remaining fund balances should be distributed, provided that those recommendations will be consistent with the purposes for which the funds were raised.

6. In adopting this report, the General Conference authorizes GCFA to make such changes in the language and definitions of this report as other General Conference actions or changed circumstances may require, while preserving as much as possible the substance and content of this report.

7. Additional information concerning local church expenditures and economic growth will be collected between the time of this publication and the meeting of the 2016 General Conference. The projected total apportioned funds presented herein represent only a current recommendation to General Conference, and the final total apportioned funds are subject to being determined by General Conference. This additional information and possible changes adopted by General Conference could alter both the projections of net expenditures and the total apportioned funds used to calculate the base percentage for the 2017-2020 quadrennium.

## **Report No. 9**

### **SUNDAYS WITH GENERAL CHURCH OFFERINGS**

The General Council on Finance and Administration (GCFA), in consultation with the Connectional Table (CT) and the Council of Bishops, makes recommendations to the General Conference regarding any offerings to be received in connection with special days observed on a Church wide basis. All such recommendations are subject to the approval of the General Conference.

Sundays with General Church Offerings. The 2012 Book of Discipline designates six Special Sundays in connection with which offerings for general Church purposes are to be received (§§ 824, 262, 263).

1. The following table indicates the total offerings remitted to the General Council on Finance and Administration from the Special Sundays during the period of 2009-2014:

2. For the 2017-2020 quadrennium GCFA recommends six general Church special Sunday offerings be received:

- **Human Relations Day** (§§ 824.1, 263.1)
- **One Great Hour of Sharing** (§§ 824.2, 263.2)
- **United Methodist Student Day** (§§ 824.3, 263.4)
- **World Communion Sunday** (§§ 824.4, 263.3)
- **Peace with Justice Sunday** (§§ 824.5, 263.5)
- **Native American Ministries Sunday** (§§ 824.6, 263.6)

Directives. The following directives will apply to each of the six general Church special Sunday offerings:

1. Promotion of all authorized general Church special Sunday offerings will be by the General Commission on Communications (UMCom) in consultation with the administering agencies. Expenses of promotion for each offering shall be a charge against receipts in an amount determined in the manner described in Report No. 11.

2. Receipts from all authorized general Church special Sunday offerings will promptly be remitted in full by the local church treasurer to the annual conference treasurer, who will, within 30 days of receipt, remit the funds in full to the treasurer of GCFA, except where noted differently below. Local churches will report the amount of the offerings in the manner indicated on the Local Church Report to the Annual Conference. In the case of Native American Ministries and Peace with Justice Sunday offerings, the annual conference treasurer will divide the receipts as specified in the relevant Disciplinary paragraphs.

3. The following table indicates the amounts of the respective offerings that are to be remitted to and the amounts that are to be retained for use in the annual conference.

<b>Special Sunday Offering</b>	<b>Authorizing Paragraph(s)</b>	<b>% to Remit to GCFA</b>	<b>% to Retain in Annual Conference</b>
Human Relations Day	824.1, 263.1	100 %	0 %
One Great Hour of Sharing	824.2, 263.2	100 %	0 %
United Methodist Student Day	824.3, 263.4	100 %	0 %
World Communion Sunday	824.4, 263.3	100 %	0 %
Peace With Justice Sunday	824.5, 263.5	50 %	50 %
Native American Ministries Sunday	824.6, 263.6	50 %	50 %*

* Should there be no Native American ministries within the annual conference, the annual conference treasurer shall remit this 50 percent to GCFA.
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**Sundays with Offerings Authorized for Use Within the Annual Conference.** The *2012 Book of Discipline* authorizes offerings in connection with four special Sundays for which the offering receipts are to be retained for use within the annual conference. These offerings may be received in accordance with the provisions of The *2012 Book of Discipline*:

- **Christian Education Sunday** (§ 265.1)
- **Golden Cross Sunday** (§ 265.2)
- **Rural Life Sunday** (§ 265.3)
- **Disability Awareness Sunday** (§ 265.4)

## **Report No. 10**

### **COMMITTEE ON AUDIT AND REVIEW**

The Committee on Audit and Review (“Committee”) of the General Council on Finance and Administration (“GCFA”) has the principal function of assessing the fiscal stewardship of those agencies and missions being wholly or partly funded by The United Methodist Church. This function is a small part of the general Church’s fiduciary duty to effectively and transparently utilize funds entrusted to it by donors, and by the blessings of our God.

The Committee has two primary methods for accomplishing its function.

The first is to evaluate the qualifications, independence, experience, and expertise of an outside auditing firm and engage the very best one available to examine the records, financial statements, and procedures of each Church agency. This audit firm reports all findings resulting from its examination of each agency directly to the Committee every year. The Committee’s task is to evaluate the auditor’s findings and reports to determine whether there are any opportunities to improve on appropriate fiscal transparency or accountability of each agency.

The second is to employ an internal audit firm to examine areas of particular concern in agency or mission operations, in partnership with the external auditor. While the outside auditor can evaluate an agency’s fiscal processes and procedures on an overall scale once a year, the internal audit function is to identify specific areas within an agency for additional focused examination throughout the year, and to report opportunities for improvement of the areas examined to the agency and to the Committee.

Awareness of the fiduciary obligations to the general Church and its donors must be continually reinforced by the Committee, as must the importance of the perception and the reality of financial and operational transparency. Identifying opportunities for improving methods of achieving these goals, followed by prompt, effective action, is central to this effort.

#### **Internal Audit**

In January 2012, the internal audit function was transitioned from staff employed by GCFA to an external contract service provided by an accounting firm. The firm of Lattimore Black Morgan & Cain, PC (LBMC), was recommended by the Committee and approved by GCFA for a three-

year contract covering fiscal years 2012 through 2014. The Internal Audit firm reports to the Committee. This reporting relationship ensures that the Internal Audit function can remain objective and independent while performing audits.

The Internal Audit function is responsible for auditing the general agencies (except for the United Methodist Publishing House and the General Board of Pension and Health Benefits) and other affiliated entities that receive general Church funds. A cornerstone of strong governance, internal auditing bridges the gap between management and the board, assesses the ethical climate and the effectiveness and efficiency of operations, and serves as an organization's safety net for compliance with rules, regulations, and overall best business practices.

The general agency staff involved in internal audit workings during 2012 through 2014 expressed appreciation for the work done by LBMC, for a high degree of professionalism in work being done, and for helpful and relevant feedback given to improve fiscal operations at the agencies. At the end of the initial contract, the Committee recommended, and GCFA approved, a new four-year contract to continue with LBMC as the internal audit firm. The new contract will cover fiscal years 2015 through 2018.

### **External Audit Firm**

The certified public accounting firm of Crosslin & Associates performed external audit services for the general agencies for eight years from 2006 through 2013. The treasurers and chief financial officers of the general agencies have expressed gratitude for the quality of work, timeliness of the audits, and the professionalism of the Crosslin staff. The Committee completed a Request for Proposal and received proposals for external audit services beginning with the 2014 fiscal year. The Committee recommended, and GCFA approved, a plan to rotate audit firms and to begin a new contract with external audit firm Cherry Bekaert. The new contract starts with fiscal year 2014 and ends with fiscal year 2017.

### **Audit and Review Observations**

The overall level of control at the general agencies continues to improve. The Committee would like to point out three areas that continue to need focused attention during internal and external audits by the Committee as well as agency staff.

- **Incomplete Operational Documentation** - The lack of documented operational procedures continues to weaken the overall level of control at the agencies. This is especially true for those agencies that have lost key employees, either due to retirement or other reasons. A great deal of institutional and operational knowledge has been lost because a number of key operational processes are not documented. While time is critical and limited for all agency personnel, time is saved overall with effective succession planning and procedure documentation when staff transition does occur.
- **Incomplete Financial Documentation** – Issues were noted in the external audit work for some agencies regarding adequate documentation for financial asset classification, including endowment, permanently restricted and board-designated funding. Documentation of asset classification and fund reconciliations will strengthen internal controls and provide more

information for board and management decisions in the future. Recommendations were made to help ensure adequate documentation is available moving forward.

- Unsecured Network and Internet Applications - Unsecured network and internet applications continue to present a significant risk to the general agencies and other business entities. As more and more companies rely on these applications to conduct critical business functions, the risk associated with unsecured applications increases. Both internal and external audit work has been performed to identify key areas of vulnerability and corrective actions have been recommended. This work will continue as new technologies emerge and relevant feedback will be given to increase security in this area.

### **Episcopal Area Audits**

Coordination of the receipt of the episcopal area offices external audit is being handled by GCFA's Committee on General Agency and Episcopal Matters ("GAEM"). The Committee's Internal Audit firm works with GAEM by providing reviews of the audits. Any findings/observations noted are reported to both committees.

All offices are now required to have audited financial statements. The option of separate audits or the inclusion of a supplemental schedule in the related annual conference office is acceptable. The Committee is pleased to report that all Episcopal office audits were received and reviewed for fiscal year 2013. These include reports from 46 jurisdictional conference Episcopal offices and 20 central conference Episcopal offices. Some deficiencies were noted in both internal controls for offices and consistency in information provided in the audit reports. Feedback was provided to the Episcopal office staff where deficiencies were noted in order to assist in complete and accurate reporting for fiscal year 2014.

### **Future Activities**

As The United Methodist Church continues to grow both spiritually and globally, the Committee remains committed to leading the church in fiscal accountability and transparency. Several issues have transpired over the last quadrennium that have shown areas where more attention is needed regarding some Episcopal office internal controls as well as timing and consistency in financial reporting. The Committee is working with its internal audit firm to review Episcopal office audits more thoroughly and to provide relevant and useful feedback on implementing appropriate corrective action plans based on audit findings. The Committee plans to increase work in this area over the next quadrennium and to develop plans for a more proactive stance in assisting in providing accountability and transparency.

## Report No. 11

### DIRECTIVES FOR THE ADMINISTRATION OF THE GENERAL FUNDS

- 1. Fixed Charges.** Fixed charges in any of the general funds will be paid as expended within the limits of the approved budgets. However, the General Council on Finance and Administration (“GCFA”) is authorized to adjust the fixed charges amounts in general fund budgets as emergencies, changing conditions, or the responsibilities placed upon the general agencies by the General Conference may require.
- 2. On-Ratio Allocations.** All allocations from the general funds of The United Methodist Church shall be paid on ratio of net receipts after payment of fixed charges.
- 3. Validity of Claims.** GCFA will be authorized to determine the validity of claims in all matters involving the World Service Fund, the Episcopal Fund, the General Administration Fund, the Black College Fund, the Ministerial Education Fund, the Interdenominational Cooperation Fund, the Africa University Fund, World Service Special gifts, the Advance, the Special Sundays offerings, or any other general fund, where these are not specifically set forth or determined by the General Conference.
- 4. Conformity with Other General Conference Actions.** GCFA is granted authority to make such editorial changes in its reports as may be needed to bring them into conformity with the approved general fund budget amounts and totals, and any other applicable actions of the 2016 General Conference.
- 5. GCFA Expenses.** General fund allocations to GCFA fall into two categories, as provided in ¶ 805.6 of *The 2012 Book of Discipline*: 1) an on-ratio line item in the General Administration Fund budget; and 2) fixed charges in certain other funds for which GCFA incurs significant administrative costs, proportionate to their estimated receipts. The budget of GCFA is presented in its Report No. 14.
- 6. Travel Expense and Meeting Policy for Special Committees Funded by the General Funds.** Any special committee, study group, special commission, or any other special group created by the General Conference and funded by the general funds of The United Methodist Church will be subject to the travel and expense reporting and reimbursement requirements established by GCFA. If the special committee, study group, special commission, or other special group is not directly responsible to a general agency, it will make all meeting and travel arrangements through GCFA.
- 7. Application of Apportionment Formula.** As the apportionment formula is applied during the quadrennium to actual events, the outcome of the calculation may result in a different amount being apportioned than those amounts contained in the published reports. When each annual apportionment is determined, GCFA will calculate the total amount to be apportioned for each of the general funds and to each fund line item, including fixed charges, in direct proportion to the amounts approved in its Reports numbered 1 through 7.

**8. Consultants.** As part of its oversight function, GCFA will prepare and make available an annual listing of all consulting contracts entered into by agencies and organizations amenable to the Connectional Table. This shall also include the Council of Bishops. This listing will be prepared by March 1 of each year and will include contracts in place during the preceding calendar year. The list will include the name of the individual or corporate entity, address, length and purpose of the contract, and the amount of money paid for the contractor.

**9. General Agency Audits.** All treasuries receiving general Church funds are required to have an annual audit as provided in ¶ 806.5.

**10. Internal Audit Functions.** GCFA has the responsibility to establish and conduct the internal auditing functions for all agencies receiving general Church funds. (¶806.6) All agencies receiving general Church funds are required to comply with fiscal accountability policies and practices established by GCFA. The Committee on Audit and Review will monitor compliance with such policies and practices. If the Committee determines there are any violations it shall proceed in a manner as outlined in ¶ 806.13 and within established policies of the Committee at that time.

**11. General Agency Budget Review.** As outlined in ¶¶ 806.3, 806.4, 806.7, 806.11, and 806.12, GCFA will review the proposed spending plan and the financial operations for each agency receiving general Church funds. If GCFA determines that an agency is not in compliance with the provisions of these paragraphs, it will proceed within its established policies at that time.

**12. Approving Emerging Ministry Opportunities Between Sessions of General Conference.** In the interim between quadrennial sessions of the General Conference, potential programs and initiatives of Church-wide consequence may arise in response to unforeseen opportunities for mission and ministry. When these opportunities involve the expenditure of general Church funds, the proposed programs or initiatives shall require the joint approval of GCFA, the Council of Bishops, and CT. When timeliness of action warrants, the executive committees or equivalent of these bodies may act in such matters for the body itself, but only by a three-fourths vote. Such programs and initiatives shall be governed by established policies of the General Conference. A report on any such programs and initiatives will be made by CT to the General Conference at its next quadrennial meeting.

**13. General Commission on Communication.** The General Commission on Communication (“UMCom”) serves as the central agency for promoting general Church funds throughout the Church, as provided in ¶ 1806.12.

*Promotion* is aimed at individual United Methodists and seeks to foster an understanding of how giving of one’s financial resources is an integral part of the Christian life. The focus is on shared ministries that change lives. Print, video, and computer-delivered resources help United Methodists see their mission outreach, understand how their diverse ministries make a difference in human lives, and learn how the local church benefits from shared outreach.

*Interpretation* is aimed at the leadership of annual conferences, districts and local congregations. It provides specific information about Church funds, and encourages leaders to be faithful in remitting funds to conference and general Church benevolent causes. UMCom provides



resources in a variety of media to be used by conference leadership, pastors and local church leadership, and staff of other general agencies.

The cost of promotional resources related to a particular fund or group of funds is covered by a fixed-charge line item in the budget of the respective funds. UCom, following consultation with the general agency responsible for administering the fund, recommends the annual budget of fixed-charge amounts, subject to approval by GCFA. For 2017-2020, the fixed charges line items total \$3,077,197, which is a .3% decrease compared to the 2013-2016 quadrennium. In 2017-2020, as in the past, one resource item may interpret or promote several funds. UCOM will be promoting all of the general apportioned funds using the monies provided by the fixed charges for the World Service Fund, as well as with other monies from its share of the World Service Fund. In such cases, UCom is authorized to allocate costs for such items among the funds included in particular resources.

No promotional funds will be taken from general Advance Special gifts or World Service Special gifts. The cost of promoting these funds is borne entirely by the administering agencies or from other funds approved by the General Conference.

The schedule of amounts authorized for program and benevolence interpretation resources for the 2017-2020 quadrennium are shown in the following tables:

**Connectional Giving Interpretation Budget**

	<b>2009-2012</b>	<b>2013-2016</b>	<b>2017-2020</b>	<b>\$ Change</b>	<b>% Change</b>
World Service Fund	\$ 1,544,000	\$ 1,442,000	\$ 1,432,197	\$ (9,803)	-0.7%
Ministerial Education Fund	271,000	-	-	-	0.0%
Black College Fund	313,000	-	-	-	0.0%
Africa University Fund	415,000	-	-	-	0.0%
Episcopal Fund	44,000	-	-	-	0.0%
General Administration Fund	60,000	-	-	-	0.0%
Interdenominational Fund	193,000	-	-	-	0.0%
Human Relations Day	500,000	255,000	255,000	-	0.0%
One Great Hour of Sharing	800,000	400,000	400,000	-	0.0%
Native American Ministries Sunday	400,000	290,000	290,000	-	0.0%
Peace With Justice Sunday	384,000	200,000	200,000	-	0.0%
World Communion Sunday	500,000	260,000	260,000	-	0.0%
United Methodist Student Day	420,000	240,000	240,000	-	0.0%
<b>Total Fixed Charges</b>	<b>\$ 5,844,000</b>	<b>\$ 3,087,000</b>	<b>\$ 3,077,197</b>	<b>\$ (9,803)</b>	<b>-0.3%</b>

**Allocation for interpretation resources for Special Gifts**

The advance (paid by participating agencies)	\$ 1,599,000	\$ 1,190,000	\$ 1,190,000	\$ -	0.0%
<b>Grand Total</b>	<b>\$ 7,443,000</b>	<b>\$ 4,277,000</b>	<b>\$ 4,267,197</b>	<b>\$ (9,803)</b>	<b>-0.2%</b>

**Connectional Giving Interpretation Budget**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
World Service Fund	\$ 358,049	\$ 358,049	\$ 358,049	\$ 358,050
Human Relations Day	63,750	63,750	63,750	63,750
One Great Hour of Sharing	100,000	100,000	100,000	100,000
Native American Ministries Sunday	72,500	72,500	72,500	72,500
Peace With Justice Sunday	50,000	50,000	50,000	50,000
World Communion Sunday	65,000	65,000	65,000	65,000
United Methodist Student Day	60,000	60,000	60,000	60,000
<b>Total Fixed Charges</b>	<b>\$ 769,299</b>	<b>\$ 769,299</b>	<b>\$ 769,299</b>	<b>\$ 769,300</b>
<b>Allocation for interpretation resources for Special Gifts</b>				
The advance (paid by participating agencies)	\$ 297,500	\$ 297,500	\$ 297,500	\$ 297,500
<b>Grand Total</b>	<b>\$ 1,066,799</b>	<b>\$ 1,066,799</b>	<b>\$ 1,066,799</b>	<b>\$ 1,066,800</b>

**Report No. 12**

**PAY EQUITY IN THE GENERAL AGENCIES OF  
THE UNITED METHODIST CHURCH**

**Executive Summary**

*The Book of Discipline, 2012* ¶ 807.12a, requires the General Council on Finance and Administration (“GCFA”) to “gather from all general agencies, at such intervals and in such format as it may determine, information regarding salary remuneration and pay equity and number of agency employees and staff.” Annually, GCFA’s Committee on Personnel Policies and Practices (“CPPP”), per ¶ 807.12b, presents recommendations to GCFA on an appropriate salary schedule, based upon the responsibilities of covered personnel. Pay equity is at the core of these recommendations, as a means of ensuring there is no discrimination in the wage-setting system.

**Current Situation**

Equality in pay is a significant affirmation of our faith and is taken seriously. All agencies of the general Church support the belief of a united pay structure that is fair to all. Today, we follow the structure provided to us from the pay equity study performed in the early 2000s. As a result of that study, great emphasis was placed on supporting racial and ethnic equality.

CPPP has maintained its commitment to an annual review and evaluation process of internal wage structures and practices. During these annual reviews, small incremental adjustments have been made to the salary scale; however, salary levels are significantly lower than comparable job positions in the secular world. An in-depth review of our compensation structure will be conducted during the 2017-2020 quadrennium. Such evaluation will consider both salary and benefit packages.

CPPP intends to recommend to GCFA during the 2017–2020 quadrennium an all-encompassing compensation philosophy for general agencies and will recommend a compensation structure based on this philosophy. The compensation philosophy will be established first, in order to provide a guideline for the performance evaluation process to include best practices for all human resources personnel. These practices will reduce opportunities for biases and provide uniformity in job descriptions across agencies. It will also take into consideration the cost of the benefits package as part of the total compensation offering. The compensation philosophy and evaluation processes established will cover all staff at all general agencies receiving general Church funds.

Adopting this recommendation for an overall compensation philosophy statement and evaluation process, and thereafter implementing it, will validate our beliefs of human value and equal worth for all those employed by the agencies of the general Church.

### **Recommendations**

1. That the General Conference reaffirm the Church’s commitment to pay equity.
2. That the General Conference direct each general agency receiving general Church funds to continue to work collaboratively in efforts to gather, analyze, and report on pay equity issues within and across the general Church.
3. That GCFA be directed to obtain from its Committee on Personnel Policies and Practices recommendations relating to overall compensation philosophy and structure that will reach pay equity goals.

### **Report No. 13**

#### **REFERENCES FROM PREVIOUS GENERAL CONFERENCES**

The 2012 General Conference adopted Petition Number 20371, which caused ¶ 1114.7 of the 2012 *Discipline* to read as follows:

To call together regularly United Methodist general agency leaders whose programs include the subject matter of stewardship to work toward common language, consistent stewardship theology, and cooperative efforts, in cooperation with the General Council on Finance and Administration.

In fulfillment of this joint responsibility, the General Council on Finance and Administration (“GCFA”) and the General Board of Discipleship (“GBOD”) worked jointly to organize a Stewardship Summit in 2013 built around the question: “Where do we concentrate the resources of the denomination to grow the culture of generosity in The United Methodist Church?” It brought together persons across a broad spectrum of the Church – including annual conference treasurers, representatives from United Methodist foundations, individuals from unique ministries across the U.S., an active and a retired bishop, and representatives from five general agencies (including the general secretaries from the hosting agencies) – to share and interact around this question. The

group was divided into four diverse work teams, which were asked to brainstorm two questions: (1) “What is working well?” and (2) “What are our ‘growing edges’ that need attention to move the needle in generosity?”. They were asked to keep their focus broad enough to cover three large areas of generosity: funding local church ministry; funding connectional ministries; and asset giving, designated gifts, and planned gifts.

The results of these sessions were summarized into four areas of concern:

**RESEARCH:** Why are funds going to non-UMC causes? How might we learn to adapt and enhance UM funding streams to better adapt to emerging funding patterns of individuals and local churches?

**EDUCATE:** Support, train, and equip clergy leadership to fully embrace their call as courageous witness to, and examples of, Christian generosity.

**EQUIP:** Build local church leadership capacity around generosity in the local church to meet the challenge of giving in the 21st Century, including electronic giving, storytelling, basic fundraising techniques, and support of our United Methodist connection.

**WITNESS:** Unapologetically embrace financial giving as an essential mark of United Methodist discipleship, including issues that impact personal and social holiness such as generosity, personal financial discipline, economic justice, and the teachings of scripture around money.

The following ideas were proposed as responses to these concerns:

- Presenting apportionments in a way that more resembles an annual fund campaign for the church and less a franchise fee for local United Methodist churches.
- Creating Annual Conference Stewardship Academies that would train clergy and lay leaders in multiple tracks around stewardship and a culture of generosity.
- Adopt language and resources that will move the understanding of stewardship from a “once a year event” to a spiritual discipline of giving for people of faith.
- Develop a pilot program for personal financial management that would help United Methodists move to better management of resources and to higher level of generosity.

The 2012 General Conference adopted GCFA Report 8 which stated: “GCFA commits to study the implications of implementing an apportionment formula for the support of the general Church funds based upon current income received by the local churches and report its findings and any recommendations to the 2016 General Conference.”

In fulfillment of this responsibility, GCFA formed a special committee comprised of an annual conference Treasurer from each Jurisdiction in addition to the GCFA members who comprise the GCFA Board’s Connectional Outreach Committee. To assist the special committee with its efforts, GCFA staff prepared analyses and data around formula options and the financial impact on Jurisdictions and Annual Conferences. The information provided included:

- Two income-based formula options:

- Option 1 included Line 62 in Table III of the local church report to the annual conference less the amount received from the sale of church assets (line 62e, Table III).
- Option 2 included amounts received through pledges and dividends (lines 62a – 62d, Table III).
- The impact of each option on the jurisdictions as well as each on each annual conference compared to the current expenditure based formula for 2009-2012 as well as 2013-2016. Both models increased apportionments in the Southeastern and South Central Jurisdictions, and decreased apportionments to the North Central, Northeastern and Western Conferences.
- Explanations regarding the cause of the shift in apportionments. The main reason for the shift is that deductions allowed in the current expenditures-based model are not taken into consideration in the income based model.

The special committee agreed that if a change is made to an income-based formula, Option 1 would be the preferred method, since it is very simple and transparent. The members of the special committee also agreed that the current “i” factor used for geographic economic differences should be discontinued with any shift to an income-based formula. However, the committee determined that further analysis and information is necessary before any implementation. It was agreed that during the 2017-2020 quadrennium, GCFA would provide comparative and more in-depth analysis to:

- Evaluate if the income-based model is more equitable
- Evaluate the impact on annual conference apportionments
- Estimate the impact on apportionment collections
- Determine how the base percentage would be set and change over time
- Develop an implementation strategy

It was agreed that this additional time would allow for sufficient conversations and input at annual conferences as well as with the Connectional Table with any potential change not occurring until the 2021-2024 quadrennium.

## Report No. 14

### GENERAL CHURCH SOURCES OF FUNDING TO THE GENERAL COUNCIL ON FINANCE AND ADMINISTRATION

The General Council on Finance and Administration (“GCFA”) fulfills a wide variety of oversight responsibilities within The United Methodist Church. Spending by GCFA is in support of various processes and activities mandated by *The 2012 Book of Discipline* and are entirely administrative in nature. The income for GCFA from general Church funds for the 2017-2020 quadrennium is \$26,038,046, representing a decrease of \$330,954, or 1.3% compared to the 2013-2016 quadrennium. The funding comes primarily from the General Administration Fund, the World Service Fund and the Episcopal Fund, collectively representing 96% of the total budget. GCFA’s administrative ministries mandated by *The 2012 Book of Discipline* include:

1. Coordinating preparation of the quadrennial budget for the denomination’s boards and agencies (§806.1);
2. Administering the collection and distribution of apportionments (§§ 806, 806.2);
3. Reviewing annually the budget of each agency and treasury receiving general Church funds (§806.4);
4. Coordinating external audits for all agencies and treasuries receiving general Church funds (§ 806.5);
5. Maintaining an internal audit function to conduct audits of general Church agencies and treasuries (§ 806.6);
6. Performing various fiscal responsibilities, such as accounting for the general funds, GCFA, the United Methodist Church Foundation, the Permanent Fund, The Board of Trustees, and certain other general Church agencies and performing all payroll, banking, and check preparation responsibilities for all general agencies receiving general Church funds, except the General Board of Global Ministries (§ 806.7);
7. Ensuring no board, agency, committee, commission, or council expends funds in a manner that is in violation of the expressed commitments of The United Methodist Church (§§ 806.9-.11);
8. Serving as custodial trustee for donations or bequests given to the denomination (§ 807.1);
9. Protecting the legal interests, rights, and intellectual property of the denomination (§§ 807.9-.11);
10. Developing and overseeing investment policies and guidelines for all agencies receiving general funds, including managing an investment pool for the general Church agencies (§ 807.12);
11. Maintaining a consultative travel and meeting planning service to assist general agencies in planning and making arrangements for national meetings, conferences, and convocations (§ 807.13);
12. Managing, interpreting, and maintaining various statistics and records for the denomination (§§ 807.15-.16);
13. Providing guidance and consultation to various groups within The United Methodist Church, including through training programs and workshops, establishment of professional standards, certifications, informational resources, and staff support (§§ 807.18-.22);
14. Overseeing an insurance program for the denomination (§ 807.23);

15. Assisting in the preparation for, and management of, General Conference (§ 807.24); and
16. Administering the Episcopal Fund (§ 818).

In addition to *The 2012 Book of Discipline* mandates, GCFA, in the form of shared services, also performs other administrative functions in support of general agencies and the denomination as a whole. Examples of shared services include:

1. Travel and meeting planning services that include online event registration, meeting planning, and travel arrangements;
2. Information technology services that include financial accounting software, database creation and maintenance for the denomination, and an online system to track those who are entering the ministry;
3. Legal services related to The United Methodist Church trademark and insignia, tax exemption status, and other areas of legal consultation.
4. Data services, including a system to eliminate duplicate requests for data from annual conferences, programs allowing electronic submission of data to GCFA from annual conferences, and an online tool providing the general public certain information and statistics about the United Methodist connection.

**General Church Sources of Funding to  
The General Council on Finance and Administration**

	<u>2009-2012</u>	<u>2013-2016</u>	<u>2017-2020</u>	<u>\$ Change</u>	<u>% Change</u>
<b>On-Ratio Allocations:</b>					
General Administration Fund (1)	\$ 14,772,413	\$ 14,877,000	\$ 14,638,305	\$ (238,695)	-1.6%
<b>Fixed Charges: (2)</b>					
World Service Fund	\$ 7,947,000	\$ 7,423,000	\$ 7,372,537	\$ (50,463)	-0.7%
Episcopal Fund	2,170,000	3,000,000	2,979,605	(20,395)	-0.7%
Interdenominational Cooperation Fund	220,000	206,000	204,600	(1,400)	-0.7%
Human Relations Day	82,000	82,000	82,000	-	0.0%
One Great Hour of Sharing	453,000	453,000	453,000	-	0.0%
United Methodist Student Day	79,000	79,000	79,000	-	0.0%
World Communion Sunday	154,000	154,000	154,000	-	0.0%
Peace With Justice Sunday	31,000	31,000	31,000	-	0.0%
Native American Ministries Sunday	44,000	44,000	44,000	-	0.0%
Youth Service Fund	20,000	20,000	-	(20,000)	-100.0%
<b>Total Fixed Charges</b>	<b>\$ 11,200,000</b>	<b>\$ 11,492,000</b>	<b>\$ 11,399,742</b>	<b>\$ (92,258)</b>	<b>-0.8%</b>
<b>Total General Church Funding</b>	<b>\$ 25,972,413</b>	<b>\$ 26,369,000</b>	<b>\$ 26,038,047</b>	<b>\$ (330,953)</b>	<b>-1.3%</b>

- (1) This represents the actual collections for 2009 - 2015 and estimates for 2015-2020. The projected collection rate for 2017-2020 is 87.5%. The total apportionments to the Council from the General Administration Fund is \$16,729,491 as shown in Report # 6.
- (2) The collection rate for fixed charges is 100%.

	2017	2018	2019	2020
<b>On-Ratio Allocations:</b>				
General Administration Fund (1)	\$ 3,659,576	\$ 3,659,576	\$ 3,659,576	\$ 3,659,577
<b>Fixed Charges: (2)</b>				
World Service Fund	\$ 1,843,134	\$ 1,843,134	\$ 1,843,134	\$ 1,843,135
Episcopal Fund	744,901	744,901	744,901	744,902
Interdenominational Cooperation Fund	51,150	51,150	51,150	51,150
Human Relations Day	20,500	20,500	20,500	20,500
One Great Hour of Sharing	113,250	113,250	113,250	113,250
United Methodist Student Day	19,750	19,750	19,750	19,750
World Communion Sunday	38,500	38,500	38,500	38,500
Peace With Justice Sunday	7,750	7,750	7,750	7,750
Native American Ministries Sunday	11,000	11,000	11,000	11,000
Youth Service Fund	-	-	-	-
<b>Total Fixed Charges</b>	<b>\$ 2,849,935</b>	<b>\$ 2,849,935</b>	<b>\$ 2,849,935</b>	<b>\$ 2,849,937</b>
<b>Total General Church Funding</b>	<b>\$ 6,509,511</b>	<b>\$ 6,509,511</b>	<b>\$ 6,509,511</b>	<b>\$ 6,509,514</b>

- (1) This represents the actual collections for 2009 - 2015 and estimates for 2015-2020. The projected collection rate for 2017-2020 is 87.5%. The total apportionments to the Council from the General Administration Fund is \$16,729,491 as shown in Report # 6.
- (2) The collection rate for fixed charges is 100%.

## Report No. 15

### INCOME FROM THE BOARD OF TRUSTEES AND THE PERMANENT FUND

The General Council on Finance and Administration (“GCFA”), by action of the 1972 General Conference, serves as the Board of Trustees of The United Methodist Church, as the successor to its predecessor bodies. In this capacity, GCFA provides for the management of assets that have been given to The United Methodist Church as part of the Permanent Fund (Book of Discipline, 2012, ¶ 807.3), or are under the purview of the Board of Trustees for the benefit of specified ministries.

GCFA maintains records of all distributable income received in the name of both the Board of Trustees and the Permanent Fund. The Permanent Fund provides funding for the World Service Fund from its distributable income as affirmed by successive General Conferences. In the four-year period of 2012 to 2015, the Permanent Fund has provided a total of \$1,685,378 to the World Service Fund. Thus, the Permanent Fund has continued to help underwrite the mission and outreach of The United Methodist Church.

GCFA recommends that the Permanent Fund distributable income be made a part of the World Service Fund receipts annually for distribution during the 2017 – 2020 quadrennium.



## **Report No. 16**

### **REPORT ON GENERAL AGENCIES HEADQUARTERS/STAFF LOCATION**

#### **Background and Mandate**

Via ¶ 807.6 of the 2012 Discipline, the General Conference has assigned the General Council on Finance and Administration (“GCFA”) the following responsibility:

To establish general policy governing the ownership, sale, rental, renovation, or purchase of property by a general agency in the United States. [GCFA] shall consider the plans of any general agency proposing to acquire or sell real estate or erect a building or enter into a lease in the continental United States and determine whether the proposed action is in the best interest of The United Methodist Church. On the basis of that determination it shall approve or disapprove all such proposed actions. In the case of such proposed action by a general program agency, it shall solicit and consider the recommendation of the Connectional Table.

#### **Procedure**

Paragraph 807.7 requires GCFA “[t]o establish a procedure for making a quadrennial review, initiating proposals and/or responding to proposals by the general agencies regarding the location of headquarters and staff and reporting the same to the General Conference.”

GCFA’s Committee on Fiduciary, Foundation, and Property Matters reviews any proposal and other relevant information, including input from the Connectional Table, then makes a recommendation to GCFA’s Board for its action.

#### **Activity Concerning Headquarters/Staff Relocation**

During the 2013-2016 quadrennium, GCFA received two proposals relating to headquarters of general agencies.

The first was a proposal from the General Commission on United Methodist Men to construct a 1,022 sq. ft. addition to its building. The addition added needed storage space for the agency and addressed the safety hazard of an external doorway that opened directly onto an alley. The maximum projected cost of the project was \$150,000, with the agency proposing to use a portion of its reserves to cover that cost. GCFA approved the proposal.

The second proposal came from the General Board of Global Ministries (“GBGM”), which sought approval of a plan to relocate its headquarters from New York City to Atlanta, Georgia. A local church in Atlanta with a large facility had offered its property in exchange for GBGM’s assumption of the remaining \$1,900,000 in debt, which was substantially less than the appraised value of the property (approximately \$7,000,000) and only slightly more than GBGM’s annual rental cost for its current location (\$1,650,000). GBGM’s proposal made clear that GBGM would honor its current lease, which extends through the end of 2016. In addition to substantial long-term savings on property costs, the proposal outlined how the different cost of living realities between

New York City and Atlanta would allow GBGM to be a more attractive employer. GCFA approved the proposal.

### **Headquarters Property Report**

The Headquarters Property Report is summarized in another GCFA Report to General Conference in volume 3 of the Advance Daily Christian Advocate. That report will detail the resources and methodologies used to compile the information contained in the report. Findings relevant to the location, condition, and status of agency properties are presented in that report.

### **Recommendations**

Aside from the relocation of GBGM discussed above, it is GCFA's recommendation that the location of the headquarters buildings and staff of the general agencies of The United Methodist Church connection remain at their current locations for the 2017-2020 quadrennium. This recommendation is contingent upon any actions of the General Conference that may affect agency headquarters locations.

## **Report No. 17**

### **THE UNITED METHODIST CHURCH FOUNDATION**

“Taking a new direction to grow the Church”

The United Methodist Church Foundation (“Foundation”) celebrated its fifteenth year of growth as a ministry of the Church during the past quadrennium. The mission of the Foundation is to create opportunities for growth and vitality throughout the Church. The Foundation asked critical questions to discern how it might engage strategies and tactics being tried in the connection. The Foundation's founding board set direction and policy to continue ongoing ministries to accomplish this mandate through 1) a multifaceted investment program offering common investment funds and specialized portfolios to all general agencies, organizations and conference foundations (but not to local churches) with a progressive rollout of avoidance screens and shareholder advocacy consistent with the United Methodist Social Principles and 2) a general agency endowment program collaborating with United Methodist agencies and organizations that has now established twenty-two endowment efforts to date for future financial efficacy of ministries of the agencies and organizations benefited.

Trending toward growth through strategic conversations: The United Methodist Church Foundation, being a foundation of and for the general agencies, had the additional challenge of how it can approach seeking a trend of growth in local churches when our voice, ministry, and relationships are at the denominational level. Through strategic conversation, it was determined that the Foundation occupies a relatively unique position with close ties to the General Council on Finance and Administration (GCFA), all program agencies, bishops, conference foundations, and other organizations throughout the connection. At the same time, other strategies came to the Foundation's attention, such as the Benchmark Strategy Project and Healthy Church Initiative, to name just two very different approaches.

Early conversations have shown great promise as to how these and other strategies or tactics can work in tandem for increased impact in the pews of the U.S. Church. Hosting conversations for strategists has been a priority for the Foundation in the early years of this new ministry. This new area of mission has energized the Foundation, along with its Board and staff, as never before.

**Endowments:** The Foundation has initiated and is growing the twenty-two endowment efforts for the ministries currently served by almost all of the agencies receiving general Church apportioned funds, as well as the Council of Bishops. During the past quadrennium the Foundation has started endowment funds to benefit the United Methodist Committee on Relief, the Society of St. Andrew, Disciple Bible Outreach Ministries, Strength for Service, and the United Methodist Camping & 2012 Retreat Ministry. Endowment efforts that come to the Foundation for its services and administration give testimony to the trust and confidence earned in a short time. Annual distributions are available to fund ministry once a fund has grown to a prescribed amount as agreed by the ministry benefited. More than \$1.5 million is in place today to fund future ministry through the endowments that would not have been given without this vital ministry.

**Funds Management:** The funds management program of the Foundation provides superior investment performance as well as environmental, social, and governance witness. The investment strategy of the Foundation is to emphasize total return from capital appreciation, dividend, and interest income. The primary objective in the investment management for the Foundation's assets is to achieve current income consistent with the preservation of the purchasing power of the investment principal. Over the long-term investment horizon (ten years or more), the goal for investment return is to meet or exceed the return required to fund the strategic programs as defined in the Foundation's mission and vision statements.

The downside capture strategy of the Foundation's funds management program is designed to minimize loss and to maintain value during down market periods. Market conditions during 2013 to the present have served to vindicate the decisions of the Foundation's Funds Management Committee in this regard. The Foundation's board of directors continues to enjoy the collective wisdom and expertise of some of the best minds and resources in the field within our denomination.

Since its beginning, the Foundation has included social screens in its investment policies and applies those screens to further the principles and policies in the United Methodist Social Principles. The Foundation continues to expand its socially responsible investment ministry through portfolio screening and shareholder advocacy. The Foundation has filed or co-filed resolutions with corporations to achieve corporate behavioral change in the areas of board diversity, EEO reporting, reduction of violence in video gaming, greenhouse gas emission reduction and reporting, and the fight against human trafficking. The Foundation has been a primary participant in dialogue sessions with senior management at many major corporations on climate change measures and has negotiated improved commitments to diversity in board policies relating to persons of color and women with many others.

The Foundation continues to give thanks for the opportunity to be a growing participant in a ministry of administration to support vital congregations. Always keeping a primary focus on growth and stewardship in the pews of our local churches, the Foundation seeks to build a strong

financial base for future denominational ministries that seek to eradicate poverty, train leaders, vitalize congregations, and pursue health and wholeness of all people worldwide. The Foundation's leadership and board members are poised to increase the dimensions of general Church caretaking and giving in exponential ways.

**Report No. 18**  
**UNITED METHODIST INSURANCE CO., INC.**  
**(A non-profit, captive insurance company owned by**  
**the General Council on Finance and Administration)**

***Introduction***

Since 1976, the General Conference has required the General Council on Finance and Administration (GCFA) to make available a “church-wide [property and liability] insurance program.” The General Conference revisited the issue of property and liability insurance in 1992, and local church boards of trustees were required to do the following:

[R]eview annually the adequacy of property, liability and crime insurance coverage on church-owned property .... The board shall include in its report to the Charge Conference the results of its review and any recommendations it deems necessary. (*See ¶ 2533.2, 1992 Book of Discipline*)

Without affordable, widely and consistently available comprehensive property and liability insurance, the assets with which the Church wins disciples to Christ and the gifts of generations of United Methodists given for that purpose are at risk. The journey toward fulfilling the potential of the connection for protecting its own ministries and ministry resources remains important to us today.

After much study, it was determined that a single member captive insurance company could deliver additional savings and flexibility to benefit local churches, annual conferences, and general agencies. This, in turn, would provide new opportunities for growth, making it possible to fulfill the 1976 General Conference vision over time. As a result, GCFA formed United Methodist Insurance Company, Inc. (UMI) in April 2011. The process for seeking regulatory approval to operate UMI as a captive insurance company was complete by August 2011. The company began issuing policies in its own name on October 1, 2012, with the support of top-rated reinsurance companies. In December 2013, UMI merged with its predecessor (UMPACT), bringing together the capital invested in both companies. On January 1, 2014 UMI began retaining some risk, and on January 1, 2015 began retaining significant risk in the program.

UMI, as of the writing of this report, insures approximately 1,800 local churches in forty-two annual conferences in thirty-six different states. With significant sales growth and very high

customer retention, UMI has achieved in 2015 the scale required for sustainability. As capital grows, UMI will continue to expand its risk retention and cost-saving programs, providing exceptional coverage at an increasingly competitive price.

### ***Mission***

UMI's sole mission is to protect the property and ministries of the United Methodist Church.

The "business" of UMI is to provide comprehensive insurance coverage with limits sufficient to cover property losses and liability claims in the current litigious environment, and to stabilize (and ultimately reduce) the cost of insurance by growth in church participation and good loss experience over time. As UMI grows, the company's ability to drive down costs, customize and expand coverage, and insure more difficult exposures increases.

Our ministry includes using surplus generated by the business of providing insurance for the benefit of local churches, annual conferences and general agencies. In addition, our focus is on helping local churches protect resources and the people they seek to serve. For example, UMI actively helps the entire connection by providing access for local churches, conferences and agencies to obtain background checks for clergy and volunteers.

As stewards of the denomination's financial resources, local church and conference trustees have a duty to focus on the cost of coverage because the purchase of insurance is a "business transaction." However, as stewards we are also obliged to ensure our churches have coverage limits sufficient to respond in the event of loss and to recognize the importance of denomination-specific resources and training in preventing losses.

### ***Moving Forward***

The availability of GCFA-sponsored insurance programs has laid the foundation for a new understanding of insurance as a tool for living out "trust-related stewardship." We have, in turn, set a new standard for the commercial insurance market. Following are a few examples:

- UMI offers limits and coverages previously unavailable, forcing the commercial insurance market to improve their offerings to match ours.
- UMI has involved several annual conferences and GCFA in establishing minimum levels of insurance required for local church boards of trustees to use in evaluating whether a church had adequate insurance.
- UMI's presence in the property and liability insurance market benefits the entire denomination.

As the number of annual conferences, churches, and agencies choosing UMI for property and liability insurance increases, so will our ability to address the needs identified by General Conference almost forty years ago.

## Report No. 19

### WORLD SERVICE SPECIALS

#### Program Definition

The 2012 Book of Discipline defines a World Service Special as “a designated financial contribution made by an individual, local church, organization, district, or annual conference to a project authorized as a World Service Special project.” (§ 820.2) These are approved by the General Conference (and in the interim by the General Council on Finance and Administration (“GCFA”) and the Connectional Table). The current World Service Special projects are listed below with their applicable receipts:

<u>Project</u>	<u>2001-2004</u>	<u>2005-2008</u>	<u>2009-2012</u>	<u>2013-May 2015</u>
Africa University	2,956,727	4,402,684	3,098,083	2,375,055
Perryman Scholarship	3,541	1,800	5,535	900
Global Education	-	-	4,436	800
<b>Total Receipts</b>	<b>\$2,960,268</b>	<b>\$4,404,484</b>	<b>\$3,108,054</b>	<b>\$2,376,755</b>

With certain conditions, general agencies receiving support from the general funds of the Church are eligible to participate in this program. Those units of general agencies authorized to receive general Advance special support are not eligible to participate in this giving program.

#### Administration of Program

GCFA has the responsibility for receipt and distribution of World Service Special Gifts funds.

## Report No. 20

### RESPONSE TO REFERRALS FROM THE 2016 GENERAL CONFERENCE

The *2012 Book of Discipline* gives to the General Council on Finance and Administration (GCFA) and the Connectional Table (CT) explicit authority to review and recommend amounts administered by the general agencies from the apportioned general funds. However, the General Conference is the only body with authority to approve the inclusion of additional items.

The 2016 General Conference has adopted legislative committee reports and individual petitions that call for the funding of items that were not included in the apportioned funds budget initially presented by GCFA and CT in the *Advanced Daily Christian Advocate*. GCFA and CT continue to develop a process that presents information on these items to the General Conference delegates in a clear and concise manner. We have been guided in this process by the *2012 Book of Discipline*, as well as any changes enacted by this General Conference. We understand that, in almost every circumstance, the General Conference expects these projects, programs, and initiatives to be part of the work of one or more of the general agencies or other entities. This reduces administrative

duplication and better integrates the new items into the work, oversight, and review of the general agencies and other entities. Our process involved bringing the initial budget recommendation, and then collaborating with the general agencies and other entities involved in responding to all referrals.

GCFA and CT adopted the following recommendation for those items referred by the General Conference. The apportionment support required for a particular item may differ from the estimated expenditures for the item because apportionment receipts have historically been less than apportioned amounts.

1. ***Re-Establish Committee on Faith and Order*** (Calendar No. 426, p. 2211; Petition # 60026-FO-¶400-\$-G, Advance DCA, p. 770; estimated cost - \$312,000).

This petition reinserts into the *Book of Discipline* the paragraphs which outline the duties and functions of the Committee on Faith and Order.

**GCFA and CT have evaluated the petition and concluded that the costs of this petition are included in the proposed budget.**

2. ***General Commission on Communication Membership*** (Calendar No. 11, p. 2003; Petition # 60064-IC-¶1807-G, Advance DCA, p. 990; estimated cost - \$ 46,500).

This petition changes the overall membership of the agency from 28 to 27, while simultaneously increasing the membership from the central conferences from 2 to 7.

**GCFA and CT recommend, in consultation with UMCOM, that the additional costs be funded from the agency's existing budget.**

3. ***Board Membership*** (Calendar No. 13, p. 2003; Petition #60117-IC-¶2003-G, Advance DCA, p. 992; estimated cost - \$6,200).

This petition modifies the membership of the General Commission on Religion and Race

**GCFA and CT recommend, in consultation with GCORR, that the additional costs be funded from the agency's existing budget.**

4. ***GCAH Central Conference Membership*** (Calendar No. 10, p. 2003; Petition #60265-IC-¶1704.2-G, Advance DCA, p. 983; estimated cost - \$6,200).

This petition modifies the membership of the General Commission on Archives and History.

**GCFA and CT recommend, in consultation with GCAH, that the additional costs be funded from the agency's existing budget.**

5. ***Global Book of Discipline*** (Calendar No. 476, p. 2320; Petition #60276-FO-¶101-G, Advance DCA, p. 758; estimated cost - \$26,000).

This petition directs the Standing Committee on Central Conference Matters to continue its work on developing a proposed General Book of Discipline to bring to the 2020 General Conference.

**GCFA and CT recommend, in consultation with the Standing Committee, that the additional costs be funded from the Committee's existing budget.**

6. ***General Book of Discipline - Draft*** (Calendar No. 110, p. 2105; Petition #60277-CO-NonDis-\$-G, Advance DCA, p. 465; estimated cost - \$26,000).

This petition relates to continuing duty of the Standing Committee on Central Conference Matters to develop a proposed General Book of Discipline.

**GCFA and CT recommend, in consultation with the Standing Committee, that the additional costs be funded from the Committee's existing budget.**

7. ***Increase Number of Bishops Serving on GBGM*** (Calendar No. 173, p. 2189; Petition #60302-GA-¶705.4-G, Advance DCA p. 798; estimated cost - \$23,800).

This petition would modify the membership of the General Board of Global Ministries

**GCFA and CT recommend, in consultation with the General Board of Global Ministries, that the additional costs be funded from the agency's existing budget.**

8. ***Increase Number of Bishops Serving on GBGM*** (Calendar No. 74, p. 2102); Petition #60303-GM-¶1311.6-G, Advance DCA p. 852; estimated cost - \$35,200).

This petition would modify the membership of the General Board of Global Ministries

**GCFA and CT recommend, in consultation with the General Board of Global Ministries, that the additional costs be funded from the agency's existing budget.**

9. ***Resourcing Black Churches in Urban Communities*** (Calendar No. 317, p. 2200; Petition #60310-DI-R3063, Advance DCA p. 588; estimated cost - \$75,000).

This petition expands the responsibilities of the General Board of Discipleship involving resourcing Black churches in urban communities.

**GCFA and CT recommend, in consultation with the General Board of Discipleship, that the additional costs be funded from the agency's existing budget.**

10. ***General Provisions*** (Calendar No. 7, p. 1906; Petition #60273-CC-¶2201-\$-G, Advance DCA p. 910; estimated cost - \$47,600).



This petition makes changes to the membership of the Standing Committee on Central Conference Matters.

**GCFA and CT recommend, in consultation with the Standing Committee, that the additional costs be funded from the Standing Committee’s existing budget.**

11. *Faithful Care for Persons Suffering and Dying* (Calendar No. 308, p. 2199; Petition #60470-CB-R3205-G, Advance DCA p. 356; estimated cost - \$250,000).

This petition calls for actions to be taken by a number of general agencies relating to the care of persons suffering and dying.

**GCFA and CT recommend, in consultation with the general agencies, that the additional costs be funded from the agencies existing budget.**

12. *GBCS Advocacy for Persecuted Church* (Calendar No. 107, p. 2105; Petition #60550-CA-¶1004-G, Advance DCA p. 195; estimated cost - \$400,000).

This petition requires the General Board of Church and Society to “promote education, prayer, and advocacy on behalf of our brothers and sisters in Christ around the world who suffer persecution for their faith.

**GCFA and CT recommend, in consultation with the General Board of Church and Society, that the additional costs be funded from the agency’s existing budget.**

13. *Translation of DCA* (Calendar No. 393, p. 2207; Petition #60723-¶511.4c-\$-G, Advance DCA p. 453; estimated cost - \$226,021).

This petition requires the Commission on the General Conference to “make arrangements for daily schedules, petition lists, nominations information, and other high-importance information published in the English version of the Daily Christian Advocate to also be made available in each of these languages in a timely and convenient way.” [French, KiSwahili, Portuguese]

**GCFA and CT recommend, in consultation with the Commission on the General Conference, that the additional costs be funded from the Commission’s existing budget.**

14. *Native People of The UMC* (Calendar No. 480, p. 2321; Petition #60849-R9999-G, Advance DCA p. 594; estimated cost - \$102,816).

This petition requires several general agencies to take actions to carry out this resolution.

**GCFA and CT recommend, in consultation with the impacted general agencies, that the additional costs be funded from the general agencies’ existing budgets.**

15. *Task Force on Israel/Palestine* (Calendar No. 435, p. 2213; Petition #60868-R9999-!-G, Advance DCA p. 892; estimated cost - \$100,000).

This petition requires the General Board of Church and Society and the General Board of Global Ministries to “create a diverse and representative task force to review and research actions that can be taken to respond to these requests by our UMC missionaries and our Palestinian sisters and brothers in Christ, and formulate and publish recommendations for annual conferences, local churches, and members, including helping organize Holy Land Tours that are consistent with the 2008 resolution #6031 “Holy Land Tours” that provides guidelines for travel in Israel/Palestine.”

**GCFA and CT recommend, in consultation with GBGM and GBCS, that the additional costs be funded from the agencies’ existing budgets.**

16. *Holistic Strategy on Latin America and the Caribbean* (Calendar No. 444, p. 2213; Petition #60874-GM-NonDis-\$-G, Advance DCA p. 857; estimated cost - \$30,000)

This petition implements a Holistic Strategy on Latin America and the Caribbean Special Program for the 2017-20 quadrennium. The petition includes a funding request of \$30,000.

**GCFA and CT recommend, in consultation with GBGM, that the additional costs be funded from GBGM’s budget.**

17. *Violence Against Children in Latin America and the Caribbean* (Calendar No. 108, p. 2105; Petition #60876-CA-R6102-G, Advance DCA p. 245; estimated cost - \$250,000)

This petition requests multiple general agencies and United Methodist Women to develop programs “to address the grave crisis of children struggling to survive in the midst of violence and poverty.”

**GCFA and CT recommend, in consultation with the general agencies, that the additional costs be funded from the agencies’ existing budgets.**

18. *United Methodist Global AIDS Fund* (Calendar No. 438, p. 2213; Petition #60931-GM-R3244-!-G, Advance DCA p. 866; estimated cost - \$120,000)

This petition included a funding request of \$240,000 for the various proposed programmatic and administrative budget items. The legislative committee amended the petition to decrease the funding request to \$120,000.

**GCFA and CT recommend, in consultation with general agencies impacted by the petition, that the additional costs be funded from the agencies’ existing budgets.**