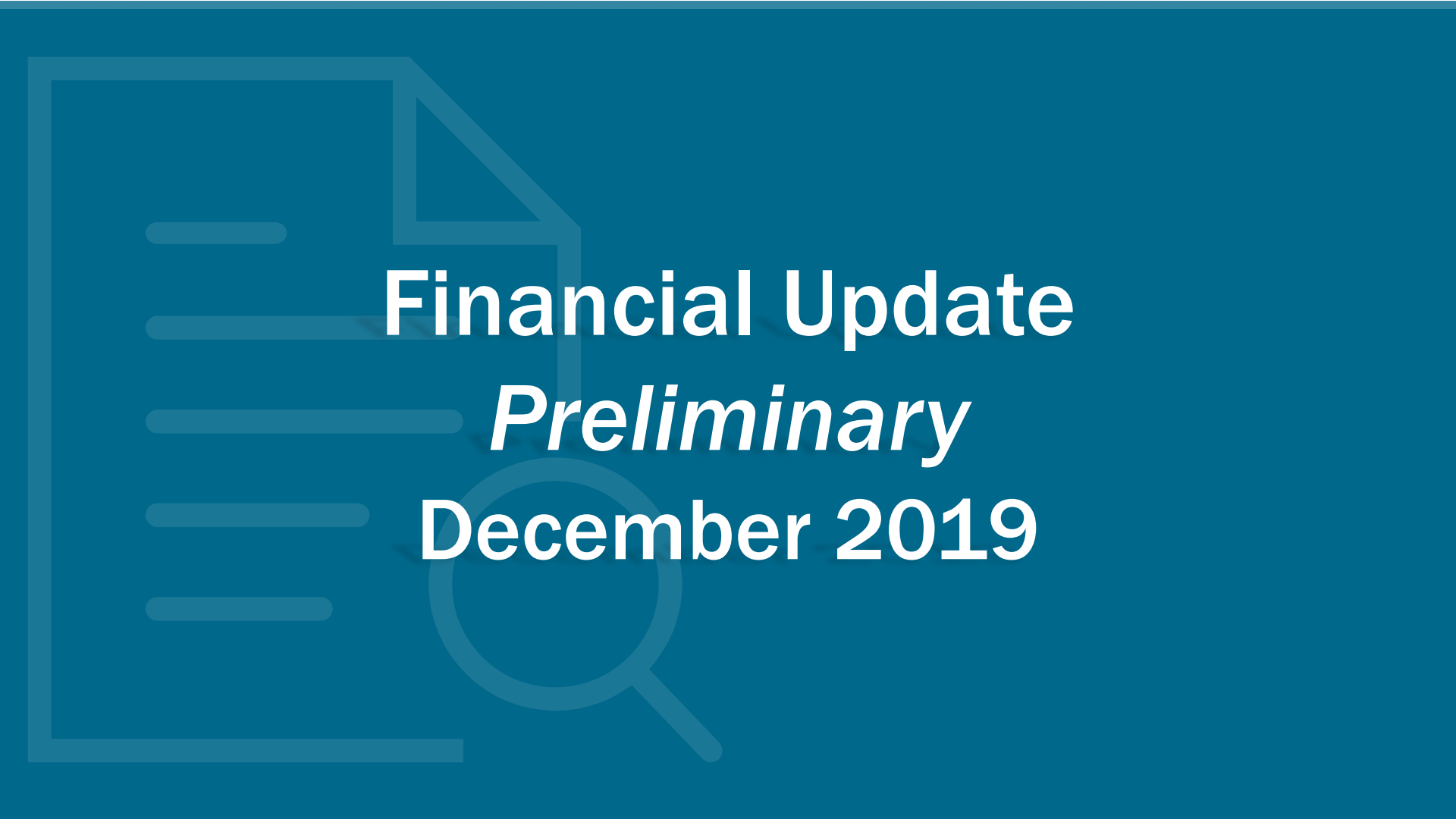


Apportionment Update and 2021-2024 Budget Totals and Allocations

Moses Kumar - General Council of Finance & Administration

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Financial Update
Preliminary
December 2019

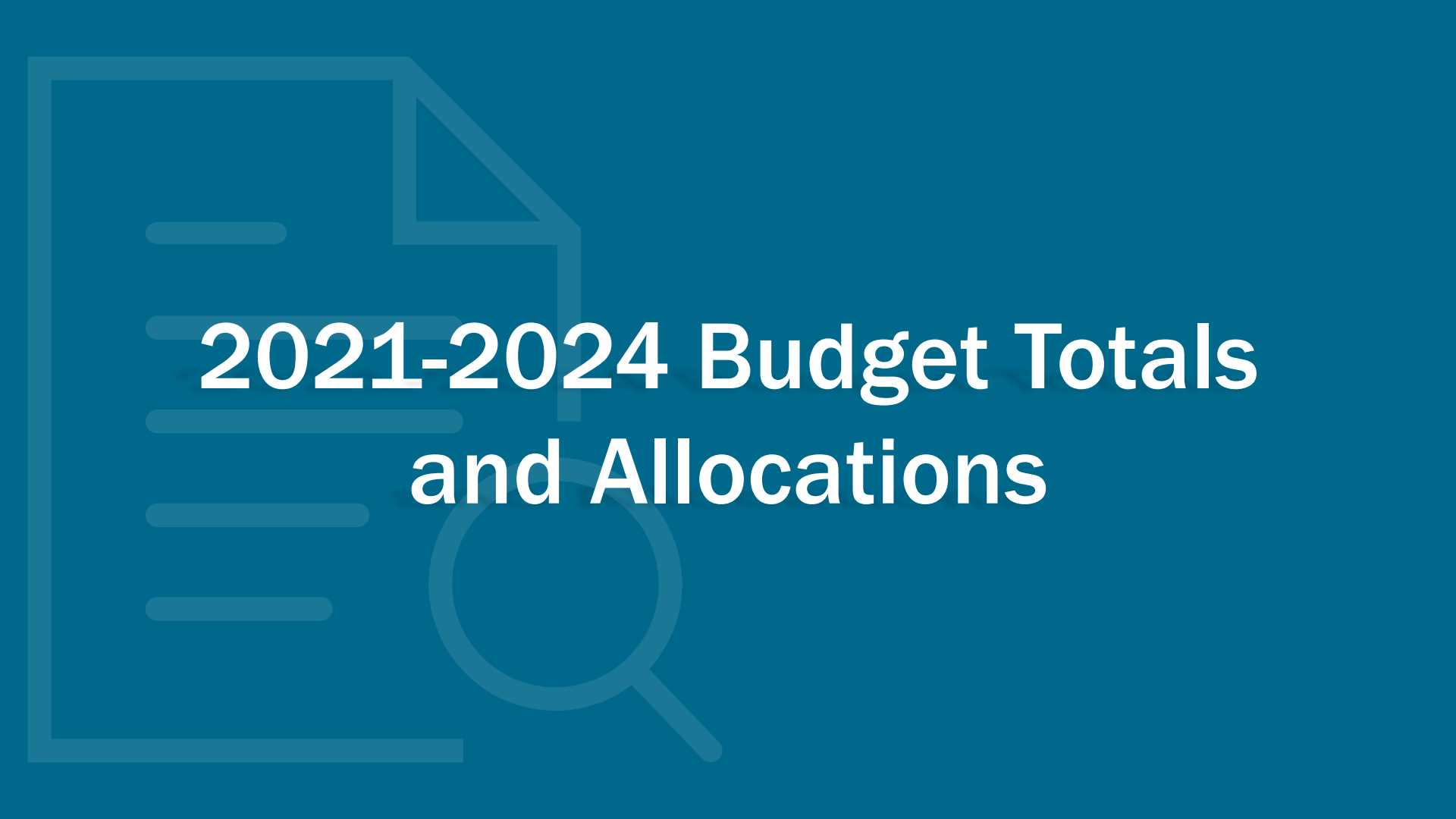
Jurisdictional & Central Conference Apportionments – Preliminary YTD Dec 2019

Figures In thousands	YTD		2019 Apport.	2018 Apport.	YTD Collection Rate		YTD vs 2018	
	2019	2018			2019	2018	\$	Coll %
World Service	\$ 65,148	\$ 71,228	\$ 77,761	\$ 79,218	83.8%	89.9%	\$ (6,080)	-6.1%
Episcopal	\$ 20,841	\$ 22,112	\$ 24,018	\$ 24,320	86.8%	90.9%	\$ (1,271)	-4.1%
Ministerial Education	\$ 16,555	\$ 17,998	\$ 19,698	\$ 20,067	84.0%	89.7%	\$ (1,443)	-5.6%
Black College	\$ 8,953	\$ 9,632	\$ 10,477	\$ 10,673	85.5%	90.2%	\$ (678)	-4.8%
General Administration	\$ 7,894	\$ 8,584	\$ 9,630	\$ 9,751	82.0%	88.0%	\$ (690)	-6.1%
Africa University	\$ 2,114	\$ 2,224	\$ 2,345	\$ 2,389	90.1%	93.1%	\$ (111)	-3.0%
Interdenom. Cooperation	\$ 1,730	\$ 1,871	\$ 2,054	\$ 2,093	84.2%	89.4%	\$ (142)	-5.2%
Total	\$ 123,235	\$ 133,649	\$ 145,982	\$ 148,510	84.4%	90.0%	\$ (10,414)	-5.6%

- Overall Collection Rate = 84.4% vs. 90% in 2018
- Episcopal Fund Collection Rate = 86.8% vs. 90.9% in 2018
- World Service Collection Rate = 83.8% vs. 89.9% in 2018
- General Administration Collection Rate = 82% vs. 88% in 2018

100% Apportionment Payments - 2019

- Alaska
- Baltimore Washington
- California-Nevada
- East Ohio
- Greater New Jersey
- Illinois Great River
- Iowa
- New York
- North Carolina
- Oklahoma Indian Missionary
- Oregon-Idaho
- Pacific Northwest
- Red Bird Missionary
- Susquehanna
- Tennessee
- Upper New York
- West Virginia

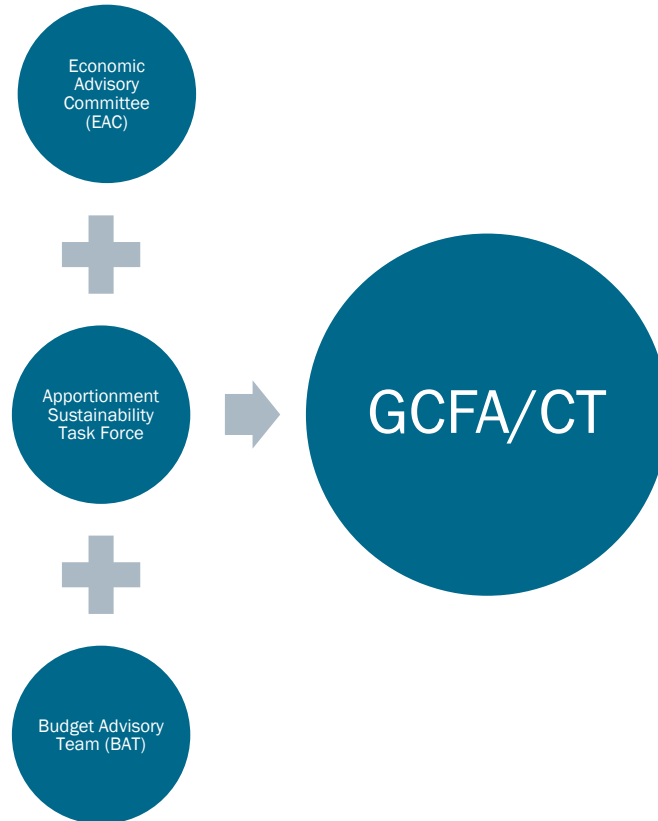
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2021-2024 Budget Totals and Allocations

2021 – 2024 Budget Allocations by Fund

Fund	Total 2017-2020	Total 2021-2024	\$ Change	% Change
World Service Fund	\$ 310,728,409	\$ 244,500,350	\$ (66,228,059)	-21.3%
Ministerial Education Fund	104,949,647	\$ 76,578,011	\$ (28,371,636)	-27.0%
Black College Fund	41,863,455	\$ 35,388,987	\$ (6,474,468)	-15.5%
Africa University Fund	9,368,872	\$ 7,956,157	\$ (1,412,715)	-15.1%
Episcopal Fund	92,019,335	\$ 98,176,000	\$ 6,156,665	6.7%
General Administration Fund	36,896,453	\$ 30,110,000	\$ (6,786,453)	-18.4%
Interdenominational Cooperation Fund	8,207,820	\$ 1,058,520	\$ (7,149,300)	-87.1%
Total	<u>\$ 604,033,991</u>	<u>\$ 493,768,025</u>	<u>\$ (110,265,966)</u>	<u>-18.3%</u>

Budget Approval Process



Budget Advisory Team (BAT)

Committee Membership

- 3 Connectional Table Members
- 3 GCFA Board Members

Purpose

Facilitate conversation between GCFA and the Connectional Table regarding the quadrennial budget as well as providing oversight to the budget process

November 2017

GCFA & The Connectional Table approve the “**Guiding Principles**” that are to be the basis for establishing the budget for 2021-2024.

2021 - 2024 Budget Guiding Principles

1. Build a budget that reflects the Church's missional priorities and outcomes as "discerned and articulated" by the Connectional Table in consultation with the Council of Bishops.
2. Present the budget to General Conference in a narrative format that reflects the Church's missional priorities and outcomes. The presentation addresses the compelling missional results, and the essential partnerships among the General Conference, the General Agencies and the Annual Conferences.

2021 - 2024 Budget Guiding Principles

3. The budget will be built considering economic and related inputs from the following :
 - Economic Advisory Committee assumptions and projections
 - Apportionment Sustainability Task Force report
 - Reserves Task Force report

4. Since 1996, the base percentage has declined quadrennium to quadrennium by approximately 10%, except for the current quadrennium. The budget will continue this long-term trend.

2021 - 2024 Budget Guiding Principles

Historical allocation of the WSF to the agencies as well as the level of funding for the Black College Fund, Ministerial Education Fund, Africa University Fund and the Interdenominational Cooperation Fund will not be assumed. The allocation will be made based in part on the following:

- The Church's missional priorities
- Levels of reserves
- Evaluations
- Demonstrated commitment to administrative and program efficiencies and partnerships

Jurisdictional Apportionment Formula 2017-2020

$$A = E \times (P + i)$$

A = Apportionments

E = Net Expenditures (Expenses less Benevolent Giving, Capital Expenditures, Debt Payments, or a portion of Apportioned Giving - i.e. Deduction)

P = Base Percentage (of net expenditures) approved by General Conference

i = Local Economic Adjustment

Economic Advisory Committee (EAC)

Committee Membership

- 5 Economists
- Financial Experts from Wespath and Merrill Lynch
- 2 Annual Conference Treasurers
- District Superintendent
- Clergy
- Connectional Table Member

Purpose

To provide expert analysis and forecasts for use by those who will present the proposed general Church budget to General Conference each quadrennium.

- To Report upon the economic state of the United Methodist Church, its local churches, annual conferences, and denominational agencies.
- To encourage and conduct research that aids in the understanding of the economics of the United Methodist Church
- **To provide economic predictions necessary for the establishment of the quadrennial budget for the denomination**

Economic Advisory Committee (EAC)

May 2018

- The Economic Advisory Committee of GCFA makes initial report to GCFA regarding the projections of local church net expenditures and general church collection rates as they relate to the 2021-2024 apportionments.

March 2019

- The Economic Advisory Committee of GCFA updates its projections and reports them to GCFA. The projections resulted in a \$4.9 million (1%) reduction from the May 2018 figures.

March 2020

- Will meet again to review and update its projections and report any changes to GCFA.

Economic Advisory Committee

Methodology used for projections

The Economic Advisory Committee utilized the following methodology in its projections:

- Structured Projection Method – Incorporates macro economic variables as well as changes in local church statistics. Factors considered:
 - U.S. Gross Domestic Product projections
 - Inflation projections
 - Worship Attendance trends and projections
 - Local church total and net expenditure trends
 - General Church collection rate trends

Jurisdictional Apportionment Formula 2021-2024

EAC Recommended and GCFA Board Approved Elimination of “i-factor” from Apportionment Formula

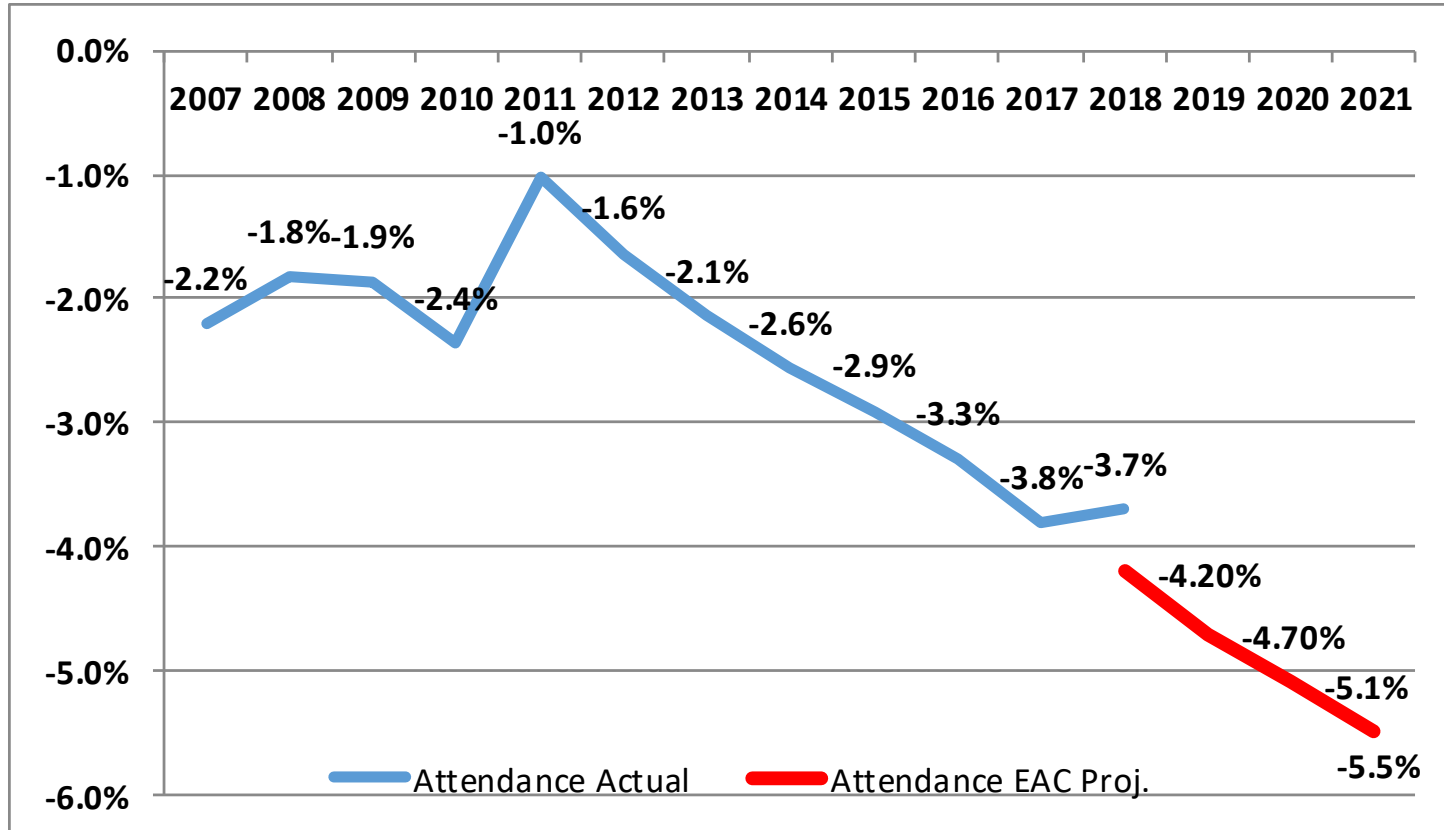
$$A = E \times P$$

A = Apportionments

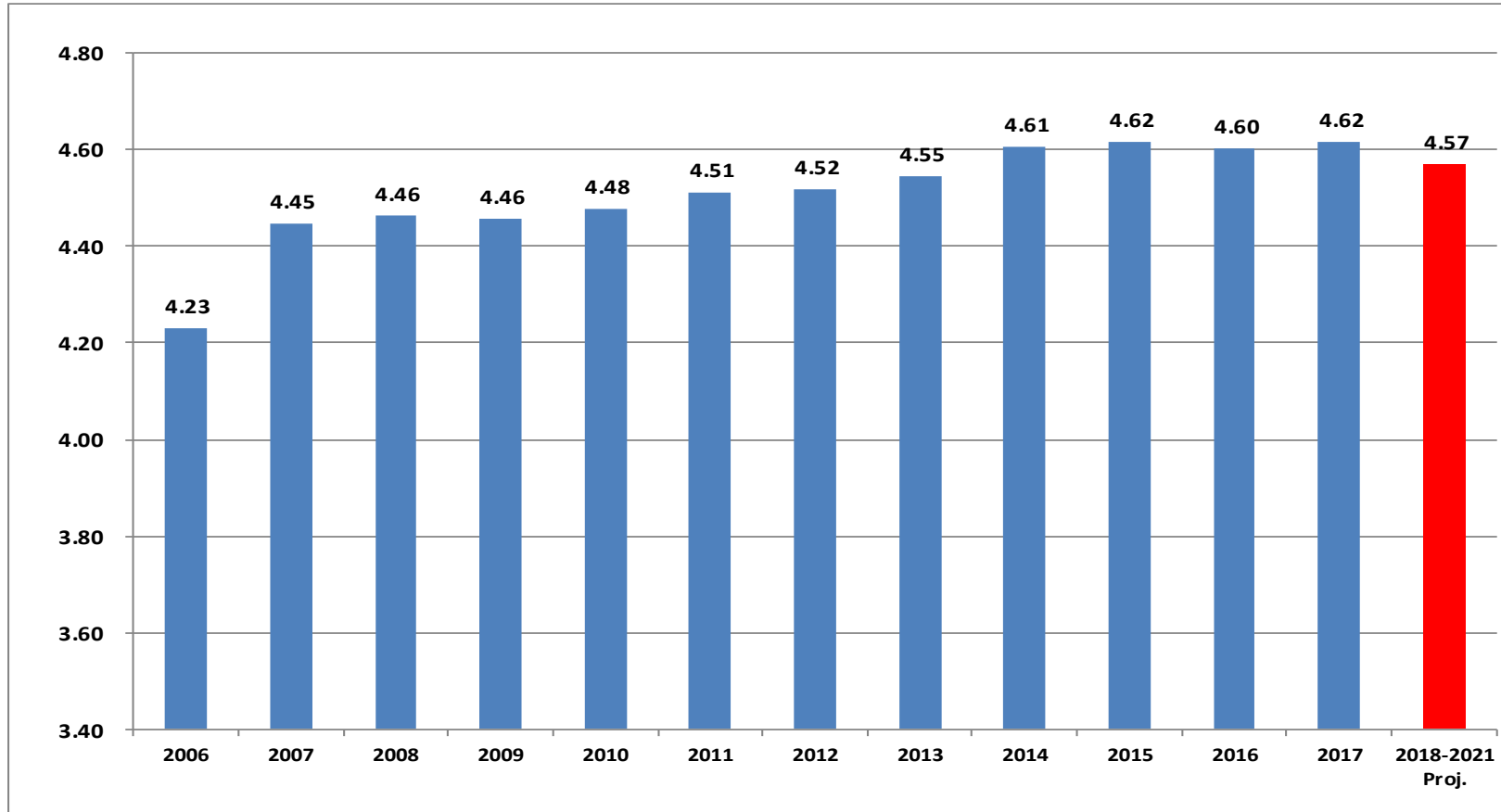
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P = Base Percentage (of net expenditures) approved by General Conference

Jurisdictional Attendance Trends



Net Expenditures in Billions



Apportionment Sustainability Task Force

March 2017

- GCFA forms The Apportionment Sustainability Taskforce

Membership

- 5 Jurisdictional Bishops
- 5 Clergy
- 5 Lay Persons

Purpose

- Looks at the structure and impact of the requested giving that supports ministry across the denomination.

Apportionment Sustainability Taskforce

Recommendation:

We believe a new future of The United Methodist Church must be built on a renewed local church foundation. **Therefore, we recommend a reduction in general Church apportionment support of 25% by reducing the base percentage.**

A 25% reduction:

- Causes us to imagine and dream about what the church of the 21st century is all about.
- Creates a more flexible and nimble system and ushers in a new paradigm.
- Recalibrates the connection and encourages collaboration at the general Church level.

Apportionment Sustainability Taskforce

Recommendation:

Ministries supported by general Church apportioned funds would recalibrate by identifying reductions to budgets. **The percentage of reductions may not necessarily be spread evenly over all General Church Funds or General Agencies.**

Apportionment Sustainability Taskforce

Recommendation:

The i-factor does not represent the United Methodists in the pews but rather the economic conditions in the area. We recommend the Economic Advisory Team review and assess the effectiveness of the i-factor as a just method of economic adjustment, and make any necessary recommendations to the Budget Advisory Team.

2021 - 2024 Budget Recommendation

August 2018

GCFA reviews reports and recommendations from both the Apportionment Sustainability Taskforce and the Economic Advisory Committee.

It approves an 18% reduction of the Base Percentage used to calculate Apportionments. The resulting 2021-2024 budget was \$498.7 million.

- Given the necessary increase to the Episcopal Fund for the current deficit and the 5 new Bishops in Africa, a 25% reduction as recommended by the Apportionment Sustainability Taskforce would create a 32% reduction to all other funds and agencies.

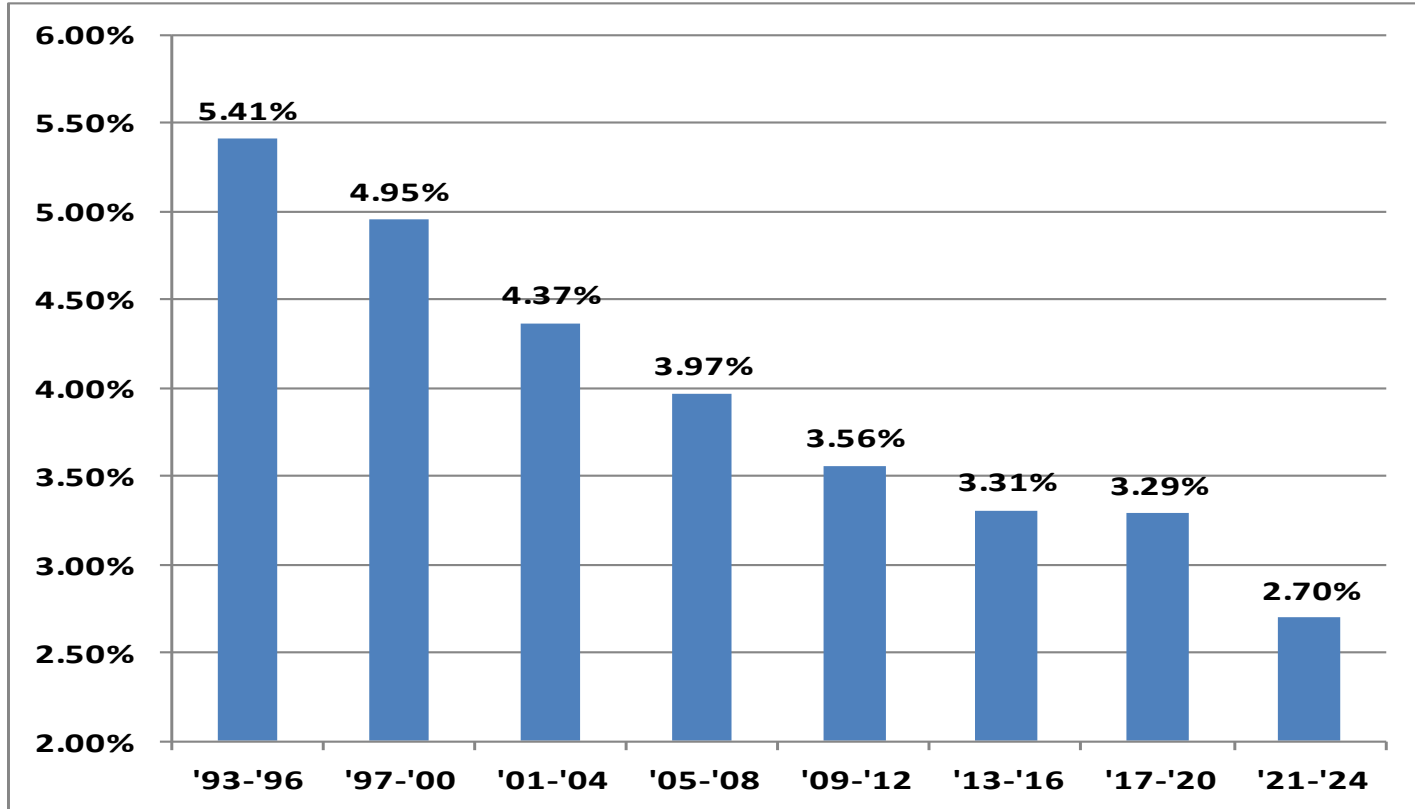
2021 - 2024 Budget Recommendation

April 2019

GCFA reviews the updated projections as well as the recommended allocations from the Connectional Table (CT).

It approves a revised budget of \$493.8 million as well as CT's recommended allocations

Base Percentage Trends



2021 – 2024 Budget Allocations by Fund

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2021 - 2024 Budget Next Steps & Timeline

- **March 2020** – Economic Advisory Committee meets to update their projections for Net Expenditures.
- **March – May 2020** – Amended Budget prepared and presented to 2020 GC if necessary.

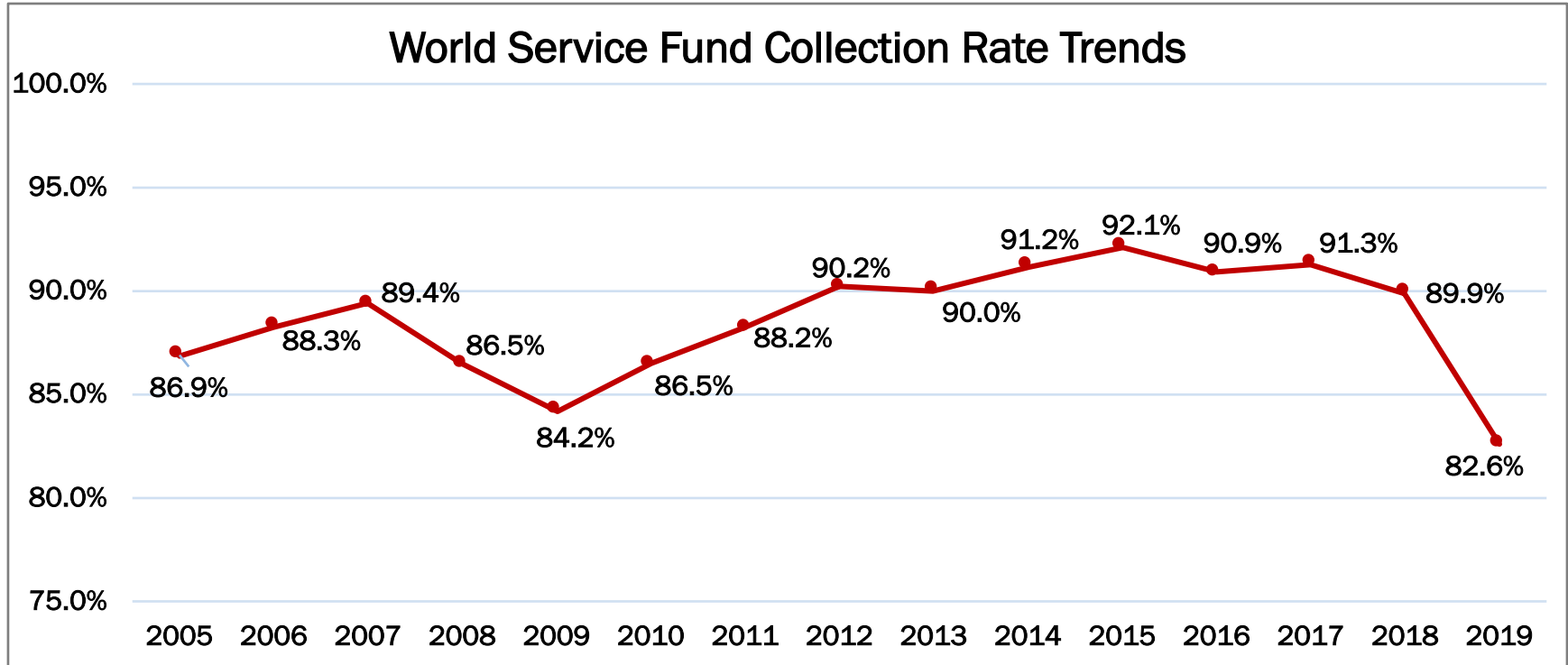
2021 - 2024 Budget Key Steps & Timeline

- **May 2020** – General Conference Approves Budget for 2021-2024 quadrennium.
 - Financial Administration Committee reviews & approves GCFA reports found in the ADCA and may make necessary adjustments.
 - Actions from plenary that have financial implications are reviewed by GCFA and budget adjustments are made as necessary.
 - On the last day of General Conference, the plenary approves the final amended budget for 2021-2024.

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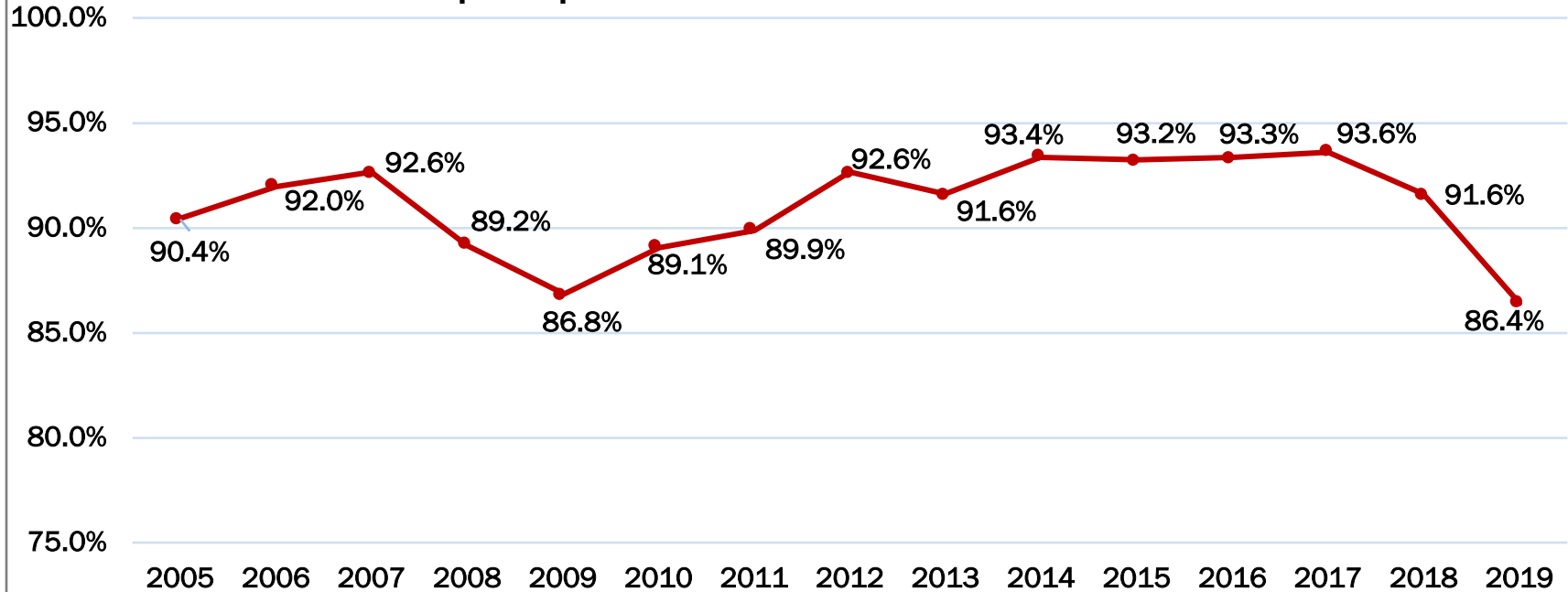
2019 Apportionments & Trends

Jurisdictional Apportionments – World Service Fund



Jurisdictional Apportionments – Episcopal Fund

Episcopal Fund Collection Rate Trends



Jurisdictional Apportionments – General Administration Fund

