

The Financial Commitment
of
The United Methodist Church
2013-2016



As approved by the 2012 General Conference



Prepared by
The General Council on Finance and Administration



September, 2012

Greetings,

The following pages represent the FINANCIAL COMMITMENT BOOK of The United Methodist Church. This quadrennially produced booklet outlines for you the decisions of the General Conference. 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, and reflects the actions of the 2012 General Conference.

True to our Wesleyan heritage, we are to do no harm, do good and stay in love with God. When you, as a member of The United Methodist Church give to missions, you create a climate of giving that causes the whole connection to do *more* good.

The explanations and calculations on the following pages may seem complicated. But they serve to provide you with a great deal of information about how your Church dollars are dispersed. Much work has gone into preparing, presenting, and approving the budget of the Church and detailing how the money entrusted to those who care for the worldwide ministries and mission of The United Methodist Church is being spent. The Church is grateful to the delegates of the General Conference for their diligence, hard work, sacrifice and commitment to excellence in determining where to fund ministry that will continue to make disciples of Jesus Christ.

If you need additional resources regarding the Church's finances, or need additional contact information for GCFA, you can visit www.gcfa.org, or send your questions or requests by email to 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.

Michael J. Coyner
President

A. Moses Rathan Kumar
General Secretary and Treasurer

Table of Contents

| | |
|------------------------------------------------------------------------------|--------------------|
| Introduction: Sharing God’s Abundance | 4 |
| Local Church Expenditures 1998-2010 | 6 |
| General Apportioned Funds by Quadrennia 1993-2008..... | 7 |
| General Apportioned Funds by Year | 8 |
| Summary of Apportioned General Funds 2013-2016..... | 9 |
| What Our Gifts Enable Us to Do | 10 |
| Report 1 – World Service Fund | 14 |
| Report 2 – Ministerial Education Fund..... | 18 |
| Report 3 – Black College Fund..... | 19 |
| Report 4 – Africa University Fund | 20 |
| Report 5 – Episcopal Fund..... | 22 |
| Report 6 – General Administration Fund..... | 35 |
| Report 7 – Interdenominational Cooperation Fund | 39 |
| Report 8 – Apportionment Formula..... | 42 |
| Report 9 – Special Sundays with Offerings..... | 45 |
| Report 10 – Audit & Review | 47 |
| Report 11 – Directives for the Administration of the General Funds..... | 49 |
| Report 12 – Pay Equity in the General Agencies | 54 |
| Report 13 – References from Previous General Conferences | 55 |
| Report 14 – Budget of the General Council on finance and Administration..... | 70 |
| Report 15 – Income from the Board of Trustees | 72 |
| Report 16 – General Agency Headquarters/Staff Location | 72 |
| Report 17 – Report of the United Methodist Church Foundation | 73 |
| Report 18 – The United Methodist Insurance Company | 77 |
| Report 19 – World Service Special Gifts..... | 81 |
| Report 20 – Response to Referrals from the 2012 General Conference..... | 82 |

Sharing God's Abundance: The 2013-2016 Denominational Financial Spending Plan

“The point is this: the one who sows sparingly will also reap sparingly, and the one who sows bountifully will also reap bountifully. Each of you must give as you have made up your mind, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to provide you with every blessing in abundance, so that by always having enough of everything, you may share abundantly in every good work. As it is written, ‘He scatters abroad, he gives to the poor; his righteousness endures forever.’ He who supplies seed to the sower and bread for food will supply and multiply your seed for sowing and increase the harvest of your righteousness. You will be enriched in every way for your great generosity, which will produce thanksgiving to God through us; for the rendering of this ministry not only supplies the needs of the saints but also overflows with many thanksgivings to God.” 2 Corinthians 9:6-12 NRSV

Connectionalism is an important part of our identity as United Methodists. It provides us with wonderful opportunities to carry out our mission in unity and strength. We experience this connection in many ways, including our systems of episcopacy, itinerancy, property, and mutual cooperation and support. (*The 2008 Book of Discipline* ¶ 701).

The past quadrennium has been challenging for The United Methodist Church as we deal with the ramifications of the worldwide economic recession. We are grateful for all of the members of local churches who continued to provide the financial resources to enable the Church, at all levels, to continue in ministry to a hurting world. Apportionment payments declined, but they did not decline to levels that impaired the ability of the general Church to fulfill its essential responsibilities. In 2007 \$130,564,022 was collected for an 89.6% payout rate, with 23 annual conferences paying 100% of their apportionments. In 2008 collections were flat at \$130,596,721 for an 86.5% payout rate, with 17 annual conferences paying 100% of their apportionments. In 2009 collections declined to \$126,300,259 for an 84.0% payout rate, with 14 annual conferences paying 100% of their apportionments.

The work of the Church requires the support of our people. Participation through service and gifts is a Christian duty, a means of grace, and an expression of our love to God. (*The 2008 Book of Discipline* ¶ 801). We are pleased to note that in 2010 collections were \$129,428,321 for an 86.2% payout rate, with 15 annual conferences paying 100% of their apportionments.

The General Council on Finance and Administration (GCFA) supports the connection in a number of ways. 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 based on mutual consent, with accounting services for four other agencies and the Connectional Table, and payroll and benefits coordination for nine of the general agencies receiving general Church funds, the Connectional Table, the Council of Bishops, and several other related entities. GCFA also functions as the Board of Trustees of The

United Methodist Church. Through the United Methodist Church Foundation and in cooperation with the Board of Discipleship, GCFA works to encourage United Methodists to provide continued support of the general funds and other general Church benevolence funds and interests through current and planned giving. Our legal staff works to take all necessary legal steps to safeguard and protect the interests and rights of the denomination.

Our records and statistics personnel maintain accurate contact information on clergy and lay leadership throughout the connection, and collect, prepare, and analyze important statistics relating to The United Methodist Church. Considerable effort has been made this quadrennium to transition these data gathering activities to web-based systems that provide timelier reports with less labor intensive effort on the part of local churches and annual conferences. A new service that has been added is “Vital Signs,” a web-based tool that allows annual conferences to monitor, on a regular basis, several statistical parameters of their local churches as indicators of vitality.

In another collaborative area, GCFA now provides meeting planning and support for several of the general agencies, freeing up some of their staff time and, hopefully, providing high quality service through specialization on an ongoing basis by members of our staff. In 2008, GCFA staff planned about 40 meetings. Thus far in 2011 staff members have planned over 80 meetings. They also have arranged for travel by staff and representatives of the General Commission on Christian Unity and Interreligious Concerns to a number of ecumenical meetings organized by other entities. Many of the general agencies now use one travel agency that was identified by GCFA, resulting in additional savings through an expanded volume of business with one provider.

GCFA staff members also have provided registration services to several annual conferences for their annual sessions using some meeting planning and registration software that we have acquired. From one trial in 2010 this has now grown to ten annual conferences in 2011. Potential savings from this effort are at least \$35,000.

In conjunction with the General Board of Pension and Health Benefits (GBOPHB), GCFA has developed the concept of Financial Analysis Consulting Teams (FACT.) These are groups of agency staff and retired bishops who help guide interested annual conferences through a process of understanding, analysis, and assessment of their short and long term financial condition and organizational needs.

We worked collaboratively with the Connectional Table (CT) to develop a reasonable and thought-provoking financial plan for the denomination which will serve to strengthen the Church. There were many proposals for change at the general Church level that could have potentially modified this financial plan, but only a few were finally approved. The Council responded to the decisions of the General Conference and the following reports reflect the final actions by the delegates.

Local Church Expenditures 1998 - 2010 (US)

(in \$1 Millions)

| | <i>1998</i> | | <i>2002</i> | | <i>2006</i> | | <i>2010</i> | | <i>Percent Change 1998-2010</i> | |
|------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|-------------------------------------|---------------------------------------|
| | <u>Amount</u> | <u>Percent of Total</u> | <u>Nominal Dollars</u> | <u>Adjusted for Inflation</u> |
| Local Church | \$4,337.2 | 83.18% | \$4,952.1 | 84.79% | \$5,080.4 | 84.52% | \$5,197.0 | 84.48% | 19.82% | -10.38% |
| Liquidation | \$1,089.8 | 20.90% | \$1,274.0 | 21.81% | \$1,179.2 | 19.62% | \$1,075.0 | 17.47% | 39.22% | -26.22% |
| Current Program, Operating, and Staff Expenditures | \$1,955.8 | 37.51% | \$2,293.1 | 39.26% | \$2,470.8 | 41.10% | \$2,650.0 | 43.08% | 44.75% | 1.34% |
| Pastors' and Associates' Salaries | \$851.7 | 16.33% | \$887.3 | 15.19% | \$865.3 | 14.40% | \$912.0 | 14.82% | 3.02% | -19.91% |
| Pastors' and Associates' Expense Allowances | \$289.5 | 5.55% | \$294.8 | 5.05% | \$310.5 | 5.17% | \$292.0 | 4.75% | 12.88% | -24.57% |
| Benevolences Paid Directly (not via Annual Conference Treasurer) | \$150.3 | 2.88% | \$203.0 | 3.48% | \$254.6 | 4.24% | \$268.0 | 4.36% | 116.91% | 33.39% |
| Jurisdiction, Area, Annual Conference, District Apportionments, Benevolences, and Direct-Billed Pension and Health Benefits | \$670.8 | 12.86% | \$694.0 | 11.88% | \$743.4 | 12.37% | \$770.0 | 12.52% | 11.97% | -14.14% |
| General Apportioned Funds | \$130.9 | 2.51% | \$132.8 | 2.27% | \$133.0 | 2.21% | \$134.0 | 2.18% | -3.22% | -23.42% |
| Clergy Support | \$39.2 | 0.75% | \$43.0 | 0.74% | \$43.8 | 0.73% | \$42.0 | 0.68% | 0.49% | -19.77% |
| Connectional Administration | \$7.3 | 0.14% | \$7.8 | 0.13% | \$7.8 | 0.13% | \$7.0 | 0.11% | -24.07% | -28.34% |
| World Service Fund | \$69.6 | 1.33% | \$69.0 | 1.18% | \$69.4 | 1.15% | \$71.0 | 1.15% | 1.60% | -23.67% |
| Other Apportioned General Benevolences | \$14.9 | 0.28% | \$13.1 | 0.22% | \$12.0 | 0.20% | \$14.0 | 0.23% | -21.40% | -29.49% |
| Other General Funds | \$75.5 | 1.45% | \$35.3 | 0.60% | \$54.1 | 0.90% | \$51.0 | 0.83% | -29.11% | -49.49% |
| General Advance Special/World Service Special Gifts | \$36.6 | 0.70% | \$27.0 | 0.46% | \$25.4 | 0.42% | \$45.0 | 0.73% | -24.63% | -7.95% |
| Other General Benevolences | \$8.9 | 0.17% | \$8.3 | 0.14% | \$7.5 | 0.12% | \$6.0 | 0.10% | -6.98% | -49.56% |
| Total Local Church Expenditures | \$5,214.4 | 100.00% | \$5,814.3 | 100.00% | \$6,010.9 | 100.00% | \$6,152.0 | 100.00% | 28.88% | -11.76% |
| Consumer Price Index 2010 = 1) | 133.7% | | 121.1% | | 108.1% | | 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 column shows the percentage by which expenditures in each reporting category have increased during the 1998-2010 time period in nominal dollars, and as adjusted for inflation.

**GENERAL APPORTIONED FUNDS, BY QUADRENNIA
APPORTIONMENTS AND RECEIPTS, years 1993-2008**

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

| FUND | 1993-1996 | | 1997-2000 | | 2001-2004 | | 2005-2008 | |
|--------------------------------------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
| | Amount | % of Total |
| World Service Fund | | | | | | | | |
| Apportioned | \$ 236,430,000 | 52.6% | \$ 253,639,000 | 52.8% | \$ 278,389,000 | 53.8% | \$ 320,797,582 | 55.4% |
| Paid | 204,511,089 | 53.5% | 229,462,363 | 53.2% | 247,495,939 | 54.2% | 281,253,704 | 55.3% |
| Percent Paid | 86.5% | | 90.5% | | 88.9% | | 87.7% | |
| Ministerial Education Fund ⁽¹⁾ | | | | | | | | |
| Apportioned | 78,438,555 | 17.5% | 82,162,527 | 17.1% | \$ 84,847,500 | 16.4% | \$ 84,191,665 | 14.5% |
| Paid | 63,140,882 | 16.5% | 71,302,420 | 16.5% | 72,963,640 | 16.0% | 72,708,498 | 14.3% |
| Percent Paid | 80.5% | | 86.8% | | 86.0% | | 86.4% | |
| Black College Fund | | | | | | | | |
| Apportioned | 41,704,000 | 9.3% | 43,682,000 | 9.1% | \$ 45,128,000 | 8.7% | \$ 44,779,867 | 7.7% |
| Paid | 33,075,751 | 8.7% | 37,781,601 | 8.8% | 38,799,024 | 8.5% | 38,707,456 | 7.6% |
| Percent Paid | 79.3% | | 86.5% | | 86.0% | | 86.4% | |
| Africa University Fund | | | | | | | | |
| Apportioned | 10,000,000 | 2.2% | 10,000,000 | 2.1% | \$ 10,100,000 | 2.0% | \$ 10,023,254 | 1.7% |
| Paid | 8,410,581 | 2.2% | 8,922,533 | 2.1% | 9,003,829 | 2.0% | 9,013,501 | 1.8% |
| Percent Paid | 84.1% | | 89.2% | | 89.2% | | 89.9% | |
| Episcopal Fund | | | | | | | | |
| Apportioned | 56,389,236 | 12.6% | 61,700,269 | 12.8% | \$ 65,405,000 | 12.6% | \$ 82,822,699 | 14.3% |
| Paid | 51,476,677 | 13.5% | 57,513,722 | 13.3% | 59,739,189 | 13.1% | 75,383,183 | 14.8% |
| Percent Paid | 91.3% | | 93.2% | | 91.3% | | 91.0% | |
| General Administration Fund | | | | | | | | |
| Apportioned | 16,838,000 | 3.8% | 18,466,000 | 3.8% | \$ 24,815,000 | 4.8% | \$ 28,077,657 | 4.8% |
| Paid | 13,972,608 | 3.7% | 16,329,613 | 3.8% | 21,502,571 | 4.7% | 24,294,041 | 4.8% |
| Percent Paid | 83.0% | | 88.4% | | 86.7% | | 86.5% | |
| Interdenominational Cooperation Fund | | | | | | | | |
| Apportioned | 5,972,000 | 1.3% | 6,457,000 | 1.3% | \$ 8,724,000 | 1.7% | \$ 8,779,325 | 1.5% |
| Paid | 4,869,980 | 1.3% | 5,624,869 | 1.3% | 7,494,433 | 1.6% | 7,545,812 | 1.5% |
| Percent Paid | 81.5% | | 87.1% | | 85.9% | | 85.9% | |
| Other Apportioned Funds ⁽²⁾ | | | | | | | | |
| Apportioned | 3,400,000 | 0.8% | 4,760,000 | 1.0% | - | - | - | - |
| Paid | 2,829,967 | 0.7% | 4,179,058 | 1.0% | - | - | - | - |
| Percent Paid | 83.2% | | 87.8% | | - | - | - | - |
| Totals, Apportioned General Funds | | | | | | | | |
| Apportioned | 449,171,791 | | 480,866,796 | | 517,408,500 | | 579,472,049 | |
| Paid | 379,457,567 | | 431,116,180 | | 456,998,625 | | 508,906,195 | |
| Percent Paid | 84.5% | | 89.7% | | 88.3% | | 87.8% | |

⁽¹⁾ excludes funds apportioned and retained by annual conference

⁽²⁾ includes Mission Initiatives Funds for 1993-2000

**GENERAL APPORTIONED FUNDS, BY YEAR
APPORTIONMENTS AND RECEIPTS, 2009-2012**

| Fund | 2009 | | | 2010 | | | 2011 | | | 2012 | | |
|---------------------------|----------------|----------------|--------|----------------|----------------|--------|----------------|----------------|--------|----------------|----------------|--------|
| | Apportioned | Paid | % Paid |
| World Service | \$ 81,766,000 | \$ 68,844,963 | 84.2% | \$ 81,917,991 | \$ 70,853,065 | 86.5% | \$ 81,483,470 | \$ 71,851,659 | 88.2% | \$ 79,352,959 | \$ 68,243,545 | 86.0% |
| Percentage Change | -3.8% | -5.8% | | 0.2% | 2.9% | | -0.5% | 1.4% | | -2.6% | -5.0% | |
| Ministerial Education (1) | 28,280,000 | 22,899,468 | 81.0% | 28,042,764 | 23,326,442 | 83.2% | 27,527,094 | 23,103,787 | 83.9% | 26,327,816 | 21,852,087 | 83.0% |
| Percentage Change | 36.6% | 30.7% | | -0.8% | 1.9% | | -1.8% | -1.0% | | -4.4% | -5.4% | |
| Black College | 11,282,000 | 9,199,764 | 81.5% | 11,187,357 | 9,514,894 | 85.1% | 10,980,083 | 9,574,395 | 87.2% | 10,500,969 | 8,925,824 | 85.0% |
| Percentage Change | 2.6% | -1.6% | | -0.8% | 3.4% | | -1.9% | 0.6% | | -4.4% | -6.8% | |
| Africa University | 2,525,000 | 2,172,732 | 86.0% | 2,503,816 | 2,175,517 | 86.9% | 2,457,429 | 2,274,589 | 92.6% | 2,350,199 | 2,044,673 | 87.0% |
| Percentage Change | 4.0% | -1.3% | | -2.7% | 0.3% | | -1.9% | 4.6% | | -4.4% | -10.1% | |
| Episcopal | 22,210,000 | 19,276,846 | 86.8% | 22,532,377 | 20,081,550 | 89.1% | 22,869,172 | 20,564,160 | 89.9% | 24,171,217 | 21,270,671 | 88.0% |
| Percentage Change | 0.0% | -2.7% | | 1.6% | 3.4% | | 1.5% | 2.4% | | 5.7% | 3.4% | |
| General Administration | 9,111,000 | 7,422,207 | 81.5% | 8,875,910 | 7,471,511 | 84.2% | 8,891,512 | 7,485,965 | 84.2% | 9,062,927 | 7,612,859 | 84.0% |
| Percentage Change | 21.8% | 17.0% | | -2.6% | 0.7% | | 0.2% | 0.2% | | 1.9% | 1.7% | |
| Interdenom Cooperation | 2,204,000 | 1,816,379 | 82.4% | 2,182,536 | 1,836,952 | 84.2% | 2,145,019 | 1,807,241 | 84.3% | 2,083,998 | 1,750,558 | 84.0% |
| Percentage Change | 1.1% | -2.2% | | -1.0% | 1.1% | | -1.7% | -1.6% | | -2.8% | -3.1% | |
| Total | \$ 157,378,000 | \$ 131,632,357 | 83.6% | \$ 157,242,751 | \$ 135,259,932 | 86.0% | \$ 156,353,779 | \$ 136,726,744 | 87.4% | \$ 153,850,085 | \$ 131,700,217 | 85.6% |
| | -0.3% | -3.3% | | -0.1% | 2.8% | | -0.6% | 1.1% | | -1.6% | -3.7% | |

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

SUMMARY OF PROPOSED APPORTIONMENTS, 2013-2016

This table summarizes the amounts approved by the 2012 General Conference for the seven apportioned funds which will support connectional ministries at the general Church level during the 2013-2016 quadrennium. Detailed provisions related to each of these funds are found in Report Numbers 1-7, found on pages 10-41 of this book.

| <u>FUND</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>Total 2013-2016</u> | <u>Total 2009-2012</u> |
|---------------------------------------------|---------------|----------------|----------------|----------------|----------------------------|----------------------------|
| World Service | \$76,946,704 | \$76,946,704 | \$76,947,704 | \$76,945,704 | \$307,786,816 | \$ 333,356,000 |
| Percent Change | -9.7% | 0.0% | 0.0% | 0.0% | -7.7% | 3.9% |
| Ministerial Education (1) | 26,417,000 | 26,417,000 | 26,417,000 | 26,417,000 | \$105,668,000 | 113,130,000 |
| Percent Change | -6.6% | 0.0% | 0.0% | 0.0% | -6.6% | 0.8% |
| Black College Fund | 10,537,000 | 10,537,000 | 10,538,000 | 10,538,000 | \$42,150,000 | 45,128,000 |
| Percent Change | -6.6% | 0.0% | 0.0% | 0.0% | -6.6% | 0.8% |
| Africa University Fund | 2,358,000 | 2,358,000 | 2,358,000 | 2,359,000 | \$9,433,000 | 10,100,000 |
| Percent Change | -6.6% | 0.0% | 0.0% | 0.0% | -6.6% | 0.8% |
| Episcopal Fund | 22,298,296 | 22,468,296 | 23,078,296 | 24,804,296 | \$92,649,184 | 94,400,000 |
| Percent Change | -14.1% | 0.8% | 2.7% | 7.5% | -1.9% | 14.0% |
| General Administration Fund | 9,285,000 | 9,286,000 | 9,288,000 | 9,290,000 | \$37,149,000 | 36,935,000 |
| Percent Change | -4.6% | 0.0% | 0.0% | 0.0% | 0.6% | 31.6% |
| Interdenominational Cooperation Fund | 2,065,000 | 2,065,000 | 2,067,000 | 2,067,000 | \$8,264,000 | 8,848,000 |
| Percent Change | -7.8% | 0.0% | 0.1% | 0.0% | -6.6% | 0.8% |
| Total (2) | \$149,907,000 | \$ 150,078,000 | \$ 150,694,000 | \$ 152,421,000 | \$603,100,000 | \$ 641,897,000 |
| Percent Change | -9.3% | 0.8% | 1.3% | 1.1% | -6.0% | 5.7% |

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

(2) These amounts reflect actual apportioned amounts for each year of the quadrennium. In contrast, the amounts presented on page 639 of the ADCA reflect the suggested, estimated apportionment amounts from the 2008 General Conference. Those amounts were used to establish the apportionment formula's base percentage for the current quadrennium. Actual apportionments may differ from the estimated amounts.

What Our Gifts Enable Us To Do - Together

APPORTIONED FUNDS

World Service Fund

The World Service Fund is at the heart of our denomination-wide ministry, underwriting Christian mission and ministry around the world. The fund strengthens our evangelism efforts, stimulates church growth, expands Bible studies and enriches spiritual commitment. By giving to World Service and conference benevolences, we help God's children everywhere shape the lives of tomorrow's leaders and proclaim our Christian faith.

Through the World Service Fund, United Methodists...

- undergird a network of missionaries and others who serve in the name of Christ and The United Methodist Church around the world;
- strengthen evangelism efforts, stimulate church growth, expand Bible studies and nurture spiritual development;
- support specific local church work with children, youth, singles, students, persons who are mentally and physically challenged, adults and older persons;
- enrich our congregational life with worship, retreat and camping resources, leader training and stewardship development;
- provide leadership and coordination for denominational ministry with youth;
- continue nearly 200 years of commitment to quality college and graduate education;
- certify United Methodist professional Christian educators, communicators and musicians;
- assure that United Methodists speak and work to help build a more ethical, just and humane world;
- continue a proud tradition of cooperation and dialogue with other faith traditions through interdenominational and ecumenical work;
- give our denomination a presence in the mass media and make new communications technologies accessible to the Church; and
- express our commitment to God's reign through ministries of peace and justice, and efforts to build a Church and a society truly inclusive of all persons regardless of race, ethnicity, gender or handicapping condition.

The General Conference passed several recommendations for new funding, and amounts to support them were identified in the World Service Fund. Among the items passed were:

- A Young Clergy Initiative Fund of \$7,000,000 was established to begin a three quadrennium effort to enable The United Methodist Church to focus on encouraging young adults who wish to respond to the call to ordained ministry. This fund will be administered by the General Board of Higher Education and Ministry.
- A Commission on Central Conference Theological Education was established with funding in the amount of \$5,000,000. The commission will seek to use these funds to develop theological schools, courses of study, contextually developed resources and libraries, scholarships and faculty in the central conferences. This fund will also be administered by the General Board of Higher Education and Ministry.

Ministerial Education Fund

Through the Ministerial Education Fund, United Methodists...

- enable our churches to unify and expand financial support for the recruitment and education of our future pastors and bishops; and
- equip our annual conferences to meet the increased needs of people in the ministry.

Africa University Fund

Through the Africa University Fund, United Methodists...

- continue the development of the first private university for young men and women from all over Africa; and
- offer post-secondary education for students through colleges of agriculture and natural resources, management and administration, theology, education, health sciences, and humanities and social sciences, and postgraduate faculties in agriculture, management and administration, theology, health sciences, and peace and governance.

Black College Fund

Through the Black College Fund, United Methodists...

- help historically black institutions maintain solid, challenging academic programs; strong faculties; and well-equipped buildings;
- create vibrant spiritual environments which encourage pride and self-esteem in the accomplishments of African-Americans;
- provide the opportunity for students to interact with academic staffs that serve as strong cultural and spiritual mentors; and
- prepare and educate people for the new global and technological world, but never veer from an academic excellence based on the Christian perspective of community service and social responsibility.

Episcopal Fund

Through the Episcopal Fund, United Methodists...

- pay the salaries of our bishops;
- pay episcopal office expenses;
- support, in part, the costs of providing and maintaining episcopal residences;
- provide pension and health benefit coverage for bishops and their families and disability coverage for bishops;
- cover costs of episcopal travel and meeting expenses;
- cover moving expenses; and
- provide pensions for retired bishops and surviving spouses, and minor children of deceased bishops.

General Administration Fund

Through the General Administration Fund, United Methodists...

- implement a trustworthy system of administrative oversight and fiscal accountability;
- underwrite the legislative work of General Conference;
- fund the work of the Judicial Council to adjudicate questions of Church law;
- maintain United Methodism's official documents and historical artifacts; and
- designate historical shrines, landmarks and sites.

Interdenominational Cooperation Fund

Through the Interdenominational Cooperation Fund, United Methodists...

- enable United Methodists to have an effective presence in the activities of several national and worldwide ecumenical organizations;

- provide the United Methodist share of the basic budgets of those organizations which relate to the ecumenical responsibilities of the Council of Bishops and the Office of Christian Unity and Interreligious Relationships;
- pay for the travel expenses of United Methodist representatives to meetings of these organizations.

CHURCHWIDE SPECIAL SUNDAYS WITH OFFERINGS

General Conference delegates voted to retain the existing six churchwide Special Sundays with offerings.

Human Relations Day

Your offering on Human Relations Day, the Sunday before Martin Luther King Jr.'s birthday observance, supports God's children through:

- more than 30 church-based community developers who work in low-income, racial- and ethnic-minority communities across the United States;
- an interracial network of grass-roots social justice organizations related to United Methodist Voluntary Services; and
- local church Youth Offender Rehabilitation projects.

One Great Hour of Sharing

Your gift to One Great Hour of Sharing, the fourth Sunday in Lent, assists people who strive:

- to feed and support their families;
- to learn new skills;
- to improve health care;
- to find refuge and start their lives anew;
- to see hope in the face of disaster; and
- to survive and work toward a better life.

Native American Ministries Sunday

Your offering on Native American Ministries Sunday, the third Sunday of Easter, enriches:

- mission with Native Americans in annual conferences and across the connection.
- support of Native Americans attending United Methodist and other approved schools of theology through scholarships; and
- urban ministries with Native Americans across the United States.

Peace with Justice Sunday

Your gift on Peace with Justice Sunday, the first Sunday after Pentecost, fosters peacemaking ministries in annual conferences and around the world as:

- people of all ages learn alternatives to violence;
- new resources are identified and developed to foster global justice; and
- violence is stopped, and peace is restored.

World Communion Sunday

Your offering on World Communion Sunday, the first Sunday of October, provides:

- scholarships for international and U.S. racial- and ethnic-minority graduate students;
- scholarships for racial- and ethnic-minority persons seeking second careers in church-related vocations; and
- ethnic scholarships for undergraduate students.

United Methodist Student Day

Your gift on United Methodist Student Day, the last Sunday in November, means a brighter, more promising future for United Methodist college, university and graduate students as:

- undergraduate students attending United Methodist-related schools receive scholarships.
- other students benefit from student loans.
- each year funds are returned to annual conferences for merit scholarship awards to students of their choosing.

DESIGNATED GIVING

Advance for Christ and His Church

Through the Advance for Christ and His Church, individuals, groups and congregations may choose from among many ministries in the United States and around the world. Each ministry has been evaluated and approved by the Advance Committee.

Unique Features of the Advance:

- One hundred percent of every nickel, dime or dollar contributed to the Advance goes to the ministry designated by the giver, because administrative costs of the Advance are funded by World Service and other sources.
- Advance giving is called "second mile" giving because the "first mile" priority is for local churches to pay 100% of their World Service and conference benevolences.
- Advance giving is completely voluntary and in addition to apportioned funds support.

World Service Specials

World Service Specials provide the opportunity for "second mile" giving by individuals, groups, or congregations to projects that are related to the Disciplinary functions of general agencies other than the General Board of Global Ministries. Each project has been approved by the General Conference or, in the interim between sessions, by the General Council on Finance and Administration and the Connectional Table.

- Support of the Africa University endowment fund to provide a base to generate income to support the ongoing operations of the university, including scholarships for students.
- Support of the Methodist Global Education Fund for Leadership Development that underwrites the costs of technical assistance to improve and strengthen secondary schools, colleges, universities and theological schools in sixty-nine countries, provides on-site mentoring for professional development, and provides scholarship support for leadership development.
- Support of the Leonard M. Perryman Communications Scholarship for Ethnic Minority Students pursuing a career in journalism.

Report No. 1 WORLD SERVICE FUND

Introduction

When United Methodist congregations give their share of apportioned askings they participate in God's work around the world...and right in their own local community. The World Service Fund is the heart of our Church's ministry together. Through this Fund each of us becomes a partner with the Church's agencies to be in mission and ministry at home and around the world. The effects of World Service ministry are making 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 2008 Book of Discipline* states, the full payment of the World Service Fund is each congregation's "first benevolent responsibility" (§ 812).

General Observations

This quadrennium has been a challenge for local churches, annual conferences and the general agencies as each dealt with the effects of declining membership, the world economy, natural disasters and continuing increases in health care costs. The local churches and annual conferences have struggled to meet their fixed and missional needs while remaining faithful to their connectional covenant. The general agencies have faced those same challenges and have made tough decisions adjusting their budgets in light of those realities.

For the 2013-2016 quadrennium the program agencies are committed to continuing their programmatic emphasis centered around the four areas of focus: (1) leadership development; (2) church growth; (3) ministry with the poor; and (4) global health.

The proposed budget of \$307,786,816 represents a decrease of \$19,730,184 or 6.02% when compared to the four years of the previous quadrennium.

World Service Fixed Charges

General Council on Finance and Administration (GCFA). The Council is accountable to The United Methodist Church through the General Conference for receiving, disbursing, and reporting all general funds. This line item is an estimate of the World Service Fund's share of the Council's expenses for the quadrennium. The Council also receives income from allocations in the General Administration and Episcopal Funds, and earnings on invested funds.

The Connectional Table (CT). As part of the total mission of the Church, the 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 to facilitate the stewardship of the mission, ministries and resources of The United Methodist Church (*The Book of Discipline*, ¶ 904).

Interpretation Resources. Along with producing materials to interpret United Methodism's connectional funds, the Marketing Team of United Methodist Communications (UMCom) uses money from this section of the budget for "Promotion of Giving," a joint effort of United Methodist Communications, 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 with promotional money set aside from the World Service Fund.

Program Agencies

The World Service Fund provides basic financial operating resources to four general program boards and four general commissions. Allocations were developed with the CT following the procedures described in ¶ 806.1b), *The 2008 Book of Discipline*, and addressing four primary areas of ministry focus.

Through careful research and listening to the Church, the general program agencies have focused primary efforts within four program areas:

Leadership: enabling clergy and laity to develop the skills necessary for ministry in the 21st century through leadership education and development, with focus on the United States;

Church Growth: extending the outreach of the Church’s ministry and grow the Church by energetically starting new congregations;

Ministry With the Poor: partnering with the poor to seek justice and address the causes of human suffering that result from poverty; and,

Global Health: bringing healing, health and wholeness through a concerted effort to end preventable diseases of poverty such as malaria, HIV/AIDS and tuberculosis.

These areas of focus offer the Church the opportunity to bring together ministries that direct efforts toward specific outcomes. Each is deeply rooted in the Wesleyan Movement that values scripture, tradition, experience and reason; and each anticipates deep collaboration at every level of the Church.

New Initiatives

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

Commission on Central Conference Theological Education. There shall be a Commission on Central Conference Theological Education elected by the Council of Bishops to determine policies and procedures for this fund. It shall approve disbursements from this fund. The Commission will include one person from each central conference, and shall include members of the Council of Bishops, members of Boards of Ordained Ministry, representatives of theological schools, representatives from GBHEM, GBGM, and the Standing Committee on Central Conference Matters.

It shall be used in Central Conferences outside the United States to in any or all of the following ways at the discretion of the Commission: 1. development of theological schools; 2. development of courses of study; 3. development of libraries and contextually developed resources; 4. scholarships and faculty development; 5. support for associations and networks of faculty and schools; 6. support for new and innovative approaches to theological education. GBHEM will administer this designated fund.

Young Clergy Initiative Fund. There shall be a Young Clergy Initiative Fund which provides support to increase the number of young clergy among the jurisdictional conferences. This begins a three-quadrennium effort to enable The United Methodist Church to focus efforts on encouraging young adults who wish to respond to the call to ordained ministry to receive a strong theological education in the United Methodist tradition in preparation for ordination. 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 agencies, in collaboration with Boards of Ordained Ministry, seminaries, bishops, and cabinets will determine the most effective use of the Young Clergy Initiative Fund in response to the need for young clergy leaders to reach their own generation and those younger generations. With measured success, it is hoped that the next General Conference will increase this investment. GBHEM will administer this designated fund.

Other Ministries

Contingency Fund. The Contingency Fund for World Service provides funding for emerging needs in the World Service Fund that occur during a quadrennium. A portion of the contingency funds provides money to allocate to program agencies for new programs to address unanticipated needs.

WORLD SERVICE FUND BUDGET

| | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | \$ Change |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|------------------------|
| Fixed Charges | | | | | | | |
| Interpretation Resources | \$ 361,000 | \$ 361,000 | \$ 360,000 | \$ 360,000 | \$ 1,442,000 | \$ 1,544,000 | \$ (102,000) |
| Connectional Table | 538,750 | 538,750 | 538,750 | 538,750 | 2,155,000 | 2,307,000 | (152,000) |
| General Council on Finance and Administration | 1,856,000 | 1,856,000 | 1,856,000 | 1,855,000 | 7,423,000 | 7,947,000 | (524,000) |
| Total Fixed Charges | \$ 2,755,750 | \$ 2,755,750 | \$ 2,754,750 | \$ 2,753,750 | \$ 11,020,000 | \$ 11,798,000 | \$ (778,000) |
| On-Ratio: | | | | | | | |
| Agencies | | | | | | | |
| General Board of Church and Society | \$ 2,794,678 | \$ 2,794,678 | \$ 2,794,678 | \$ 2,794,678 | \$ 11,178,712 | \$ 12,402,000 | \$ (1,223,288) |
| General Board of Discipleship | 8,874,347 | 8,874,347 | 8,874,347 | 8,874,347 | 35,497,388 | 39,355,000 | (3,857,612) |
| Native American Comprehensive Plan | 270,166 | 270,166 | 270,166 | 270,166 | 1,080,664 | 1,208,400 | (127,736) |
| Strengthening the Black Church | 497,490 | 497,490 | 497,490 | 497,490 | 1,989,960 | 2,226,000 | (236,040) |
| General Board of Global Ministries | 28,025,146 | 28,025,146 | 28,025,146 | 28,025,146 | 112,100,584 | 124,863,600 | (12,763,016) |
| Asian American Language Ministry ⁽¹⁾ | 352,000 | 352,000 | 352,000 | 352,000 | 1,408,000 | 1,638,000 | (230,000) |
| Korean Ministry Plan ⁽¹⁾ | 770,000 | 770,000 | 771,000 | 771,000 | 3,082,000 | 3,300,000 | (218,000) |
| National Plan for Hispanic/Latino Ministry ⁽¹⁾ | 595,000 | 595,000 | 596,000 | 596,000 | 2,382,000 | 2,795,000 | (413,000) |
| Pacific Island Ministry ⁽¹⁾ | 136,000 | 136,000 | 136,000 | 136,000 | 544,000 | - | 544,000 |
| General Board of Higher Education and Ministry | 6,878,177 | 6,878,177 | 6,878,177 | 6,878,177 | 27,512,708 | 30,579,500 | (3,066,792) |
| Central Conference Theological Education Fund | 1,250,000 | 1,250,000 | 1,250,000 | 1,250,000 | 5,000,000 | - | 5,000,000 |
| Young Clergy Initiative: Jurisdictional Conferences | 1,750,000 | 1,750,000 | 1,750,000 | 1,750,000 | 7,000,000 | - | 7,000,000 |
| General Commission on Religion and Race | 1,851,201 | 1,851,201 | 1,851,201 | 1,851,201 | 7,404,806 | 7,658,000 | (253,194) |
| Minority Group Self Determination Fund | 626,453 | 626,453 | 626,453 | 626,453 | 2,505,812 | 3,319,000 | (813,188) |
| General Commission on the Status and Role of Women | 996,152 | 996,152 | 996,152 | 996,152 | 3,984,606 | 4,188,000 | (203,394) |
| General Commission on United Methodist Men | 371,771 | 371,771 | 371,771 | 371,771 | 1,487,084 | 1,650,000 | (162,916) |
| United Methodist Communications | 18,035,373 | 18,035,373 | 18,035,373 | 18,035,373 | 72,141,492 | 80,036,500 | (7,895,008) |
| Total Program Agencies | \$ 74,073,954 | \$ 74,073,954 | \$ 74,075,954 | \$ 74,075,954 | \$ 296,299,816 | \$ 315,219,000 | \$ (18,919,184) |
| Other Ministries | | | | | | | |
| Contingency Reserve | 117,000 | 117,000 | 117,000 | 116,000 | 467,000 | 500,000 | (33,000) |
| Total Other Ministries | \$ 117,000 | \$ 117,000 | \$ 117,000 | \$ 116,000 | \$ 467,000 | \$ 500,000 | \$ (33,000) |
| Total On-Ratio | \$ 74,190,954 | \$ 74,190,954 | \$ 74,192,954 | \$ 74,191,954 | \$ 296,766,816 | \$ 315,719,000 | \$ (18,952,184) |
| Grand Total | \$ 76,946,704 | \$ 76,946,704 | \$ 76,947,704 | \$ 76,945,704 | \$ 307,786,816 | \$ 327,517,000 | \$ (19,730,184) |

-6.02%

(1) During the 2009-2012 quadrennium these items were included in the total General Board of Global Ministries line. For comparative purposes they have been incorporated in the total change.

Report No. 2

MINISTERIAL EDUCATION FUND

Background

The Ministerial Education Fund was established by action of the 1968 General Conference as a means of engaging the total 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. And, since 1996, programs related to recruitment and education of both deacons and elders have received support.

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.

The GBHEM plans to establish the Central Conference Theological Education Initiative in 2013 in collaboration with the General Board of Global Ministries (GBGM). This initiative will seek to improve and strengthen existing indigenous structures of theological education in order to create a sustainable, contextual system of education in areas where it now least exists. This program initiative is intended to be a continuation of the Africa Theological Education Initiative begun this quadrennium. It will continue and expand the theological and training opportunities that are currently taking place.

The General Council on Finance and Administration (GCFA) believes the Ministerial Education Fund is an important part of the general Church focus on the development of clergy and lay leadership for local churches in coming years. The Council shares the concern of GBHEM about the declining proportion of persons coming into annual conference membership who are graduates of United Methodist seminaries, the declining percentage of denominational financial support for United Methodist seminary budgets, and the corresponding increase in student indebtedness. It believes that it is essential that United Methodist seminaries and their faculties play the key role in developing leadership committed to the connectional nature of The United Methodist Church and its mission in the world. Local churches and annual conferences are, therefore, urged to give increased visibility to this fund and the needs it addresses.

Recommendations

The Ministerial Education Fund was first apportioned in 1970 to the annual conferences as one of the Church's general funds. During the period through 2010, over \$665 million has been raised to support this important work. The Council recommended and the General Conference approved that the amounts apportioned for the 2013-2016 quadrennium be as follows:

| Period | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | Difference |
|----------|------------|------------|------------|------------|-------------|-------------|------------|
| Amount | 26,417,000 | 26,417,000 | 26,417,000 | 26,417,000 | 105,668,000 | 113,130,000 | -7,462,000 |
| % Change | -6.60 | 0 | 0 | 0 | | | -6.60% |

Amounts received by the annual conference treasurer for this fund shall be distributed as described in ¶ 816 of *The 2008 Book of Discipline*. Promotion and interpretation of the Ministerial Education Fund shall be by GBHEM in cooperation and with the assistance of the General Commission on Communication (UMCom), the cost being a charge against that portion of the Ministerial Education Fund administered by the board, and within a budget approved by the board and GCFA.

Report No. 3 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 these institutions maintain academic quality and financial stability while limiting individual student tuition costs. More than \$285 million has been raised since the fund was established to assist the programs and ministries of these schools.

Recommendations

The General Council on Finance and Administration (GCFA) recommended and the General Conference approved the following:

1. That the 2013-2016 yearly apportionments be set as follows:

| Period | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | Difference |
|----------|------------|------------|------------|------------|------------|------------|------------|
| Amount | 10,537,000 | 10,537,000 | 10,538,000 | 10,538,000 | 42,150,000 | 45,128,000 | -2,978,000 |
| % Change | -6.40 | 0 | 0 | 0 | | | -6.60% |

2. That the treasurer of 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 ¶ 815 of *The 2008 Book of Discipline* that has been approved by the General Conference. 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 cooperation with and with the assistance of the General Commission on Communication (UMCom).

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 shall 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, Africa University was a reality following the granting of 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 Burundi, Mozambique, Sierra Leone, Congo, and Zimbabwe.

Each successive General Conference has heard and affirmed reports on the continuing development of this international university, as evidenced by the creation of additional colleges (now six), increases in the number of faculty members and students, and the growth of the physical plant. The student body has reached an economically sustainable enrollment level of around 1,100 students from twenty-five African countries. Capital improvements are now being funded by grants from governments, foundations, annual conferences, and individuals, with the apportioned funds used to support the operating budget. From 1989 through 2010, nearly \$48 million in apportioned funds has been raised to support the development and operation of Africa University.

World Service Special Gifts have also been sought since 1988. These gifts have been held and invested by the GBHEM as permanent endowment funds for the University. As of 2010, contributions and investment earnings have resulted in an endowment fund of \$47 million, with the proceeds going primarily to pay for student scholarships.

The GBHEM, in collaboration with the Africa University Board of Directors and the Africa University Development Office, is working to expand the basic infrastructure of the main campus, create a distance-education infrastructure, and increase the permanent endowment fund to \$100 million to provide greater support to the operating revenues due to inflationary conditions in Zimbabwe.

Recommendations

The General Council on Finance and Administration (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 the GBHEM and the General Board of Global Ministries (GBGM); administration, faculty, 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. The GCFA believes that the University will continue to enjoy enthusiastic support.

The GCFA recommended and the General Conference approved:

1. That the 2013-2016 yearly apportionments be set as follows:

| Period | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | Difference |
|----------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Amount | 2,358,000 | 2,358,000 | 2,358,000 | 2,359,000 | 9,433,000 | 10,100,000 | -667,000 |
| % Change | -6.60 | 0 | 0 | 0 | | | -6.60% |

2. That Africa University Development Office, in consultation with the GBHEM, continue working to achieve an endowment fund that would be able to provide a sustainable income base to support the operations of Africa University in lieu of general apportioned funds. The GCFA and the GBHEM have formed a task group, along with representatives of Africa University, to identify steps to move toward self-sustainability. Some possibilities include an increase in the number of non-scholarship students, and increased income from farming operations. This group will help to determine whether funding through apportionments can be discontinued after 2016. The GCFA is aware that some annual conferences have chosen to apportion amounts beyond the general fund apportionment or to engage in other efforts in order to raise endowment funds for the University. Those and similar efforts are applauded, and annual conferences are encouraged to consider this or other innovative means of supporting this part of the University's funding which is so critical to its long-term success and stability.

3. That the GCFA remit the receipts of the fund to the GBHEM for further distribution to Africa University.

4. 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 the GBHEM shall be accountable for such funds to the GCFA under a written agreement developed in consultation with and approved by the GCFA, 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 the GBHEM.

5. That permanent endowment funds for the University be held and invested by the GBHEM. Permanent endowment funds include the World Service Special Gift receipts and any other funds that may be raised by the GBHEM and designated, either by the donor or the GBHEM, for this purpose. The GBHEM is authorized to disburse income earned from the permanent endowment funds under the same conditions as set forth in §4 above. The GBHEM shall be accountable to the GCFA for all permanent endowment funds raised on behalf of Africa University.

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 apportioned fund or the World Service Special Gifts fund would normally be sought.

6. 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 the GBHEM prior to implementation.

7. That adjustments in the provisions of this report, except for the amount of the apportioned fund, may be made by the GCFA on recommendation of the GBHEM, after consultation with the Council of Bishops.

Report No. 5 THE EPISCOPAL FUND

The Episcopal Services Committee has projected a spending plan for the support of the bishops of The United Methodist Church that reflects the current economic climate and the financial challenges in our jurisdictional annual conferences. All levels of the Church have faced the challenge of escalating health costs. The committee attempted to strike a balance between adequate financial support of our episcopal leaders and the reality of a diminishing financial base. The committee also wrestled with the reality of growth in our central conferences concurrent with decreasing membership in our jurisdictional conferences, the latter being the principal source of funding. Because of these factors and other costs that are difficult to contain, this spending plan requires use of \$6 million in accumulated reserves to maintain a balance with the needs of other general Church ministries supported by the apportioned funds.

Even with this funding we believe the level of compensation and office support recommended in this report is inadequate for the quality of leadership we expect and receive from our bishops. However, we are cognizant of the struggles of our annual conferences and local churches to meet their financial commitments. The General Council on Finance and Administration (GCFA) presents the following recommendations concerning items in the Episcopal Fund spending plan for the 2013-2016 quadrennium, to become effective at the adjournment of the 2012 General Conference.

The committee recommends a one-time exception be allowed in the year 2012 for the North Central Jurisdiction to allow one of their current active bishops to retire early under the vocational retirement guidelines described in ¶ 408.2b, but allow additional salary support for a part-time position at a United Methodist organization under terms consistent with ¶ 408.1c. This action will aid in the reduction of the number of bishops in the North Central Jurisdiction in response to action taken at the 2008 General Conference changing the formula for calculation of the number of jurisdictional episcopal areas.

The Episcopal Fund, in accordance with ¶ 817.3, shall 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 cost for a quadrennium of a jurisdictional bishop is projected to be \$1,250,000, while the average cost of a central conference bishop is projected to be \$750,000. Subject to the approval of GCFA, the treasurer shall 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.

I. Bishops Elected by the Central Conferences

A proposed annual spending plan of estimated receipts on apportionment of the Episcopal Fund and expenses for each episcopal office in the central conferences shall be submitted to GCFA on forms furnished by the council, in compliance with ¶543.4 of *The 2008 Book of Discipline*. The proposed spending plan shall include funding for salary, housing allowance, and office expense as recommended by the respective central conference or its committee on episcopacy.

Central conferences are asked to increase their partnership with the general Church by assuming greater cost sharing in the support of their bishops (see ¶543.4) with a minimum level of 10%. After reviewing the recommended spending plan of estimated receipts and expenses, the council shall establish the spending plan and determine what amounts from the Episcopal Fund are required for the support of the episcopacy in each central conference, and shall send such remittances to the bishops and/or to the treasurers administering the funds of the episcopal offices.

A. Salary

1. **Annual Salary.** The salary of each bishop shall be recommended by the respective central conference or its committee on episcopacy as included in the area spending plan. The Episcopal Services Committee shall review this recommendation in light of all requests from central conferences and submit a spending plan of salaries to be adopted by GCFA, in accordance with ¶543.4 of *The 2008 Book of Discipline*. Salaries for bishops in the European central conferences are based on the recommendations of their committees on episcopacy and vary. Bishops in Africa and the Philippines receive a salary of \$ 65,500 in 2011. Salaries in all areas in the budget reflect a 2% increase projected in 2012, as well as each year of the next quadrennium.

2. **Reactivated Retired Bishop.** If a retired bishop is reactivated and assigned to assume presidential responsibilities, the Episcopal Fund shall be responsible, upon request, for the difference between the remuneration of an active bishop's salary in the central conference area from which the bishop retires, and the pension payment.

3. **Special Assignment.** Retired bishops who accept a special assignment from the Council of Bishops following mandatory retirement shall receive remuneration not to exceed a maximum of 20% of an active bishop's salary in the central conference area from which the bishop retires. The Episcopal Fund share shall not exceed 50% of the established compensation. The agency or institution of higher learning shall assume all responsibility for the bishop's operational and

travel expenses related to the assignment. The status of a retired bishop on special assignment shall, for purpose of housing and other benefits, be that of a retired bishop. Compensation for any special assignment shall cease after the bishop has reached the mandatory age of retirement for ordained ministers within their central conference or completes the assignment, 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 Housing Funds

Funds for housing of each bishop shall be recommended by the respective central conference or its committee on episcopacy and included in the episcopal area spending plan in accordance with ¶543.4 of *The 2008 Book of Discipline*.

1. The annual conference or conferences constituting the episcopal area shall be responsible for funds for housing in which the bishop shall reside.

2. The housing allowance of each bishop shall be recommended by the Episcopal Services Committee and set by GCFA in accordance with ¶ 543.4 of *The 2008 Book of Discipline*.

3. When a death occurs while a bishop is in active service, the surviving spouse may continue to occupy the episcopal residence for up to 120 days following the date of death of the bishop.

4. Guidelines will be developed by the respective central conference committees on episcopacy for transition in episcopal residences (repairs/ renovations; move out; new purchase, etc).

C. Office Expense

1. Each active bishop shall receive an annual grant paid in monthly installments as recommended by the Episcopal Services Committee and set by GCFA to be applied towards the operation of the episcopal office.

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. Requests for reimbursement shall be submitted with monthly travel expenses.

3. 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 the electronic equipment. If the bishop takes the electronic equipment, he/she will reimburse the episcopal office the current value of that electronic equipment.

4. Maintenance of office equipment shall be an office spending plan item paid from the office allowance.

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

6. A full audit shall be conducted based on approved International Standards on Auditing. Financial statements accompanying the audit should be prepared in accordance with International Financial Reporting Standards. A full audit shall 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.

A status report on audits is made by the Audit and Review Committee of GCFA to the Episcopal Services Committee and to the full Council. If the audit is not prepared on time the Episcopal Services Committee shall have the right to suspend funding to the episcopal area.

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

D. Moving Expense

1. The Episcopal Fund shall be responsible for the payment of only one moving expense incident for the assignment of a newly elected bishop, the relocation of a retired bishop to a permanent retirement residence, or the relocation of a surviving spouse when a death of an active bishop occurs.

The move must be made within the first twelve months of the assignment of an active bishop, within three years for a retired bishop moving to a permanent residence, or within 120 days for the relocation of a surviving spouse, all within the continent of the bishop's episcopal service.

2. In the year of election, travel expenses incurred after the effective date of assignment because of the failure of the bishop to move to a newly assigned area shall not be reimbursed.

3. 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 (§408.1c[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 permanent retirement residence within the continent of their episcopal service if that move occurs within three years of the time the assignment 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 (§408.1c[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 moving expense. A bishop, whose moving expenses to such an assignment are paid by the agency or institution, will remain eligible for payment of moving expenses from the Episcopal Fund to a permanent retirement residence within the continent of their episcopal service if that move occurs within three years of the time the assignment ends.

E. Pension

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.

F. Other Benefits

1. Central conference bishops are eligible to be covered under the same group health plan as staff of the general agencies receiving general Church funds. Bishops are covered for health benefits from the effective date of the beginning of salary compensation. All bishops will participate in a cost-sharing plan for their health insurance coverage.

2. If the participant is in a national mandatory health plan and there is an employer share, an amount will be paid up to the amount paid from the Episcopal Fund or general agency.

3. Upon retirement, the Episcopal Fund will provide supplemental insurance if chosen. Retirees will participate in a cost-sharing plan for this supplemental health insurance coverage.

4. If a bishop is eligible to retire, the Episcopal Fund shall pay the prevailing employer rate for health insurance. The retiring bishop shall contribute the prevailing rate for retirees based on his/her age.

5. The central conference bishops are covered by the UMLife Options Life Insurance administered by the General Board of Pension and Health Benefits (GBOPHB). In addition, the following benefits are provided: disability of an active bishop, surviving spouse death benefit, and a surviving dependent children benefit and educational benefit as determined by the policies and procedures adopted by GCFA.

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

7. One family member of the surviving spouse, invited by the Council of Bishops, shall be entitled to the payment of expenses to attend the surviving spouse's memorial service held at the Council of Bishops' meeting.

8. Bishops shall 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, shall be entitled to reimbursement from the Episcopal Fund.

G. Renewal Leave, Continuing Education, and Sabbatical Leave

1. **Renewal Leave.** *The 2008 Book of Discipline* 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 (§ 410.2).

a. A bishop's renewal leave request shall 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 shall be in effect:

(1) Cash salary will continue.

(2) Reimbursement within the usual guidelines for episcopal expense from the Episcopal Fund, supported by necessary documentation, shall be:

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 shall be deducted from b. (1) or (2) above.

2. **Continuing Education.** The Episcopal Fund will reimburse up to \$2500 of the cost of seminars, workshops, or other continuing educational experiences annually. The continuing education fund request, established by the Council of Bishops, must be completed and submitted to the GCFA Assistant General Secretary of Episcopal Services 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 shall be provided during that time.

H. Travel Expense

The Episcopal Fund shall pay the travel expenses of all members of the Council of Bishops in accordance with the Travel Expense Reimbursement Policies in the Episcopal Office Handbook as provided to the Council of Bishops. 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.

I. Emergency Fund

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 Council of Bishops Executive Committee, 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 shall be paid from the Bishops in Exile account of the Episcopal Fund upon authorization of the Council of Bishops and the GCFA 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 shall resume.

II. Bishops Elected by Jurisdictional Conferences

A. Salary

1. **Amount of Salary.** The salary of a bishop newly elected in 2012 shall begin on the date of his/her consecration at the annual rate established for 2012 by GCFA in keeping with the process approved by the 2008 General Conference.

The salary increases for the years 2013 through 2016 shall be set by GCFA, either at the percentage increase for workers in state and local government as published by the U.S. Bureau of Labor Statistics or other relevant compensation studies as determined by the Episcopal Services Committee. For 2011 the salary for jurisdictional bishops is \$133,215, with a 2% increase projected in 2012 and each year of the next quadrennium.

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

2. **Reactivated Retired Bishop.** If a retired bishop is reactivated and assigned to assume presidential responsibilities, the Episcopal Fund shall be responsible, upon request, for the difference between the remuneration of an active jurisdictional bishop and the pension payment.

3. **Special Assignment.** Retired bishops who accept a special assignment from the Council of Bishops following mandatory retirement shall receive remuneration not to exceed a maximum of 20% of an active bishop's salary. The Episcopal Fund share shall not exceed 50% of the established compensation. The agency or institution of higher learning shall assume all responsibility for the bishop's operational and travel expenses related to the assignment. The status of a retired bishop on special assignment shall, for purpose of housing and other benefits, be that of a retired bishop. This salary shall cease after the assignment is complete or upon reaching the mandatory retirement age for ordained clergy, whichever comes first.

B. Episcopal Residence

1. The annual conference or conferences constituting the episcopal area to which the bishop is assigned shall be responsible for providing an episcopal residence in which the bishop shall reside.
2. The Episcopal Fund shall provide a grant of \$10,000 annually to assist in the cost of purchasing and/or maintaining the episcopal residence.
3. When a death occurs while a bishop is in active service, the surviving spouse may continue to occupy the episcopal residence for up to 120 days following the date of death of the bishop.
4. Housing allowance exclusion shall only apply to expenses related to the episcopal residence.
5. Guidelines will be developed by the respective jurisdictional committees on episcopacy for transition in episcopal residences (repairs/renovations; move out dates; new purchase, etc.)

C. Office Expense

1. Each active bishop shall receive an annual grant paid in quarterly installments, as recommended by the Episcopal Services Committee and set by GCFA, to be applied towards the operation of the episcopal office, including telephone, fax, and internet service.

The annual grant towards office expenses shall be in the following amounts for the general office spending plan:

| | |
|------|-----------|
| 2013 | \$ 78,600 |
| 2014 | \$ 80,000 |
| 2015 | \$ 81,400 |
| 2016 | \$ 82,900 |

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. Requests for reimbursement shall be submitted with monthly travel expenses.
3. 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 the electronic equipment. If the bishop takes the electronic equipment, he/she will reimburse the episcopal office the current value of the electronic equipment.
4. Maintenance of office equipment shall be an office spending plan item paid from the office allowance.
5. Capital expenditures are not reimbursable from the Episcopal Fund.

6. A full audit should be conducted based on generally accepted auditing standards (GAAS). Financial statements accompanying the audit should be prepared in accordance with generally accepted accounting principles (GAAP). A full audit shall be conducted annually for each calendar year, and a written report shall be provided to GCFA by July 31 of the following year.

When the episcopal office spending plan funds are administered through the annual conference treasury, a separate audit is not required if the conference audit includes a separate schedule for episcopal office funds. The internal audit group of GCFA strongly encourages the use of the annual conference treasury to ensure the appropriate segregation of duties in the handling of episcopal funds.

A status report on audits is made by the Audit and Review Committee of GCFA to the Episcopal Services Committee and to the full Council. If the audit is not prepared on time the Episcopal Services Committee shall have the right to suspend funding to the episcopal area.

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

D. Moving Expense

1. The Episcopal Fund shall be responsible for the payment of only one moving expense incident for the reassignment of a bishop, the assignment of a newly elected bishop, the relocation of a retired bishop to a permanent retirement residence, or the relocation of a surviving spouse when a death of an active bishop occurs.

The move must be made within the first twelve months of the assignment or reassignment of an active bishop, within three years for a retired bishop moving to a permanent residence, or within 120 days for the relocation of a surviving spouse, all within the United States.

2. In the year of election or reassignment, travel expenses incurred after the date of assignment because of the failure of the bishop to move to a newly assigned area shall not be reimbursed.

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 (§408.1c[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 permanent retirement residence if that move occurs within three years of the time the assignment 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 (§408.1c[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 moving expense. A bishop, whose moving expenses to such an assignment are paid by the agency or institution, will remain eligible for payment of moving expenses from the Episcopal Fund to a permanent retirement residence if that move occurs within three years of the time the assignment ends.

6. 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, the move will be reimbursed upon receipt of the invoice.

E. Pension

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

For service years beginning January 1, 1982, and thereafter, the pensions for the support of bishops elected by jurisdictional conferences and those of their surviving spouses and dependent children shall 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 GBOPHB.

F. Other Benefits

1. All jurisdictional conference bishops are covered under the same group health plan as staff of the general agencies receiving general Church funds. Bishops are covered for health benefits from the date of election.

2. Upon retirement, Medicare is the primary health plan. The Episcopal Fund will provide Medicare supplemental insurance. Retirees will participate in a cost-sharing plan for this supplemental health insurance coverage, as well as a cost-sharing dental plan.

3. If a bishop is eligible to retire, the Episcopal Fund shall pay the prevailing employer rate for health insurance. The retiring bishop shall contribute the prevailing rate for retirees based on his/her age.

4. The jurisdictional bishops are covered by the UMLife Options Life Insurance and the Comprehensive Protection Plan administered by the GBOPHB.

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

7. Bishops shall 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, shall be entitled to reimbursement from the Episcopal Fund.

G. Renewal Leave, Continuing Education, and Sabbatical

1. **Renewal Leave.** *The 2008 Book of Discipline* 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 (§ 410.2).

a. A bishop's renewal leave request shall 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 shall be in effect:

(1) Cash salary will continue.

(2) Reimbursement within the usual guidelines for episcopal expense from the Episcopal Fund, supported by necessary documentation, shall be:

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 shall be deducted from b. (1) or (2) above.

2. **Continuing Education.** The Episcopal Fund will reimburse up to \$2500 of the cost of seminars, workshops, or other continuing educational experiences annually. The continuing education fund request, established by the Council of Bishops, must be completed and submitted to the GCFA Assistant General Secretary of Episcopal Services 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 shall be provided during that time.

H. Travel Expense

The Episcopal Fund shall pay the travel expenses of all members of the Council of Bishops in accordance with the Travel Expense Reimbursement Policies in the Episcopal Office Handbook as provided to the Council of Bishops. 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.

III. MISCELLANEOUS OTHER MATTERS

A. Spending plan for the Office of the Executive Secretary of the Council of Bishops

The Council of Bishops will submit a spending plan to GCFA to provide for the expenses related to the position of the Executive Secretary and the office located in Washington, DC. 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 shall also be included in such spending plan subject to the approval of GCFA.

B. Spending plan for the Ecumenical Officer of the Council of Bishops

The Council of Bishops will submit a spending plan to GCFA to provide for expenses incurred by the Ecumenical Officer of the Council of Bishops in the performance of the duties of this office. Such spending plan is subject to the approval of GCFA. When representing the Council of Bishops, travel of the Ecumenical Officer shall be paid from the Episcopal Fund.

IV. FUNDING

A. Change During Quadrennium

If, in the judgment of GCFA, economic conditions are such as to require increasing or decreasing the amounts authorized in this report, the council is authorized to make such adjustments by a three-fourths majority of its total voting membership.

B. 2012 General Conference Action

The 2012 General Conference approved a petition to dissolve the General Commission on Christian Unity and Interreligious Concerns (GCCUIC) as an independent commission and create the Office of Christian Unity and Interreligious Relationships (OCUIR) under the unified oversight of the Council of Bishops. As a result of that action, funding originally proposed for GCCUIC in the World Service Fund of \$5,263,184 was transferred to the Episcopal Fund to cover the costs of the OCUIR.

C. Apportionment for the Episcopal Fund to the Jurisdictional Conferences

The Council recommends that the annual apportionment for the Episcopal Fund during the 2013-2016 quadrennium shall be:

| | |
|------|--------------|
| 2013 | \$22,298,296 |
| 2014 | \$22,468,296 |
| 2015 | \$23,078,296 |
| 2016 | \$24,804,296 |

The 2008 Book of Discipline provides that GCFA shall recommend the formulas by which all apportionments to the annual conferences shall be determined, subject to the approval of the General Conference (§ 806.1d). The approved budgets for the Episcopal Fund and any other general apportioned funds created by the General Conference are to be apportioned pursuant to

the methodology described in Report No. 8 so that they and their local churches will have full opportunity to be involved financially in the total mission of the Church.

D. Participation of the Central Conference

Each central conference episcopal area will have a minimum participation of 10% of the total episcopal support in the spending plan for their area.

When the total estimated expenses including salaries, housing funding, and office costs for the bishops elected by it, and the estimated receipts on apportionment have been determined by a central conference, a statement of these amounts in itemized form shall be submitted to GCFA. The council, after consideration of the relative cost of living in various central conferences, shall determine the amount to be paid from the Episcopal Fund in meeting the spending plan, after which the treasurer of the Episcopal Fund shall pay the amount established to the bishop concerned, or as the central conference may determine (§ 543.4).

Episcopal Fund Quadrennial Budget
Dollars Apportioned

| | <u>2009-2012</u> | <u>2013-2016</u> | <u>% Change</u> |
|------------------------------|------------------|------------------|-----------------|
| Council of Bishops Meetings | 4,861,500 | 4,190,500 | -13.80 |
| Executive Secretary | 876,000 | 883,400 | 0.84 |
| Ecumenical Office | 151,800 | 172,000 | 13.31 |
| Jurisdictional Bishops | 64,286,400 | 58,110,700 | -9.61 |
| Central Conference Bishops | 15,373,800 | 14,776,600 | -3.88 |
| Retired Bishops | 6,216,200 | 7,131,800 | 14.73 |
| Administrative Support | 2,634,300 | 2,071,000 | -21.38 |
| OCUIR | NA | 5,213,184 | NA |
| Committee on Faith and Order | NA | 100,000 | NA |
| Total | 94,400,000 | 92,649,184 | -1.85 |

Council of Bishops meeting costs cover semiannual meetings of the full council, Executive Committee meetings, special meetings and assignments, the Conference of Methodist Bishops and meeting costs for bishops who are members of the Committee on Faith and Order.

Executive Secretary costs include salary, benefits and travel expenses for the bishop serving in this role, as well as the administrative assistant providing office support. They also include operating costs for the office in which these two persons work, and housing expense for the Executive Secretary.

Ecumenical Officer costs include salary for the retired bishop serving in this role, along with travel and office support costs.

Jurisdictional Bishops costs include salary, benefits, housing allowances, and travel expenses for bishops serving in episcopal areas within the United States.

Central Conference Bishops costs include salary, benefits, housing allowances, and travel expenses for bishops serving in episcopal areas outside the United States.

Retired Bishops costs include health insurance benefits and travel expenses for retired bishops both within and outside of the United States.

Administrative Support costs include administering the receipt and distribution of funds from the Episcopal Fund in relation to all of the above areas of expenditure, as well as promotional cost for the Episcopal Fund.

The Office of Christian Unity and Interreligious Relationships is the successor to the GCCUIC mentioned above.

The funds shown for the Committee on Faith and Order were those provided by the General Board on Higher Education and Ministry and the GCCUIC from their World Service Fund allocations last quadrennium.

Report No. 6 GENERAL ADMINISTRATION FUND

The General Administration Fund (§ 813) finances those general Church activities that are specifically administrative in nature, as contrasted with programmatic, missional, or ecumenical.

In the 2013-2016 quadrennium, the required apportionments for these General Administration Fund activities have decreased by approximately 3.5% from the prior quadrennium.

The general economic pressures affecting spending at annual conferences, and the shrinking membership of the jurisdictional conferences of The United Methodist Church, have resulted in increasing challenges for annual conferences to respond to general Church apportionment growth. In recognition of these challenges the General Council on Finance and Administration found it necessary to recommend a reduction in the General Administration Fund apportionment during the 2013-2016 quadrennium.

Discussion of Specific Budget Items

The General Council on Finance and Administration (§ 805.6). The Council 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 entities funded by general Church apportionments including general ledger processing and maintenance, cash management and group insurance plan administration. As described in Report No. 14, a portion

of the Council's expenses is charged to the General Administration Fund as provided in ¶ 805.6a. These estimated charges, which are based upon certain assumptions regarding payment rates by annual conferences of apportionments, represent a 6.4% decrease over the prior quadrennium.

General Conference (¶¶ 501-511). The amount budgeted for the General Conference includes 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 budget for General Conference for 2013 – 2016 represents a funding increase of approximately \$450,000 over the 2009 – 2012 period.

The changing global nature of the Church, with the increased growth of the Church internationally, has increased the percentage of international delegates compared to U.S. General Conference delegates over recent quadrennia (1996 - 14% international, 2000 - 16% international, 2004 - 20% international, 2008 - 29% international, 2012 - 38% international, 2016 – 45% estimated international). This change in international representation has resulted in two of the four major cost drivers in the current quadrennium. 1) The cost of language services has increased from \$380,000 in 2000 for spoken interpretation to an estimated \$1.5 million in 2012 for the combination of spoken interpretation in seven languages as well as written translation in two languages. 2) In 2008, the average travel costs for delegates from within the United States was approximately \$411 for each delegate, while the average travel cost for delegates from outside the United States was approximately \$3,200 each. As representation outside of the United States grows, so likewise does the cost of travel for delegates. 3) The third cost driver is the continual increase in hotel and food per diem costs. In recent years, hotels, especially in major convention cities, are becoming less rate-competitive. Lodging costs are increasing at a rate that exceeds the general rate of inflation in these markets. 4) The fourth cost driver is underfunding of the General Conference in past quadrennia. A deficit of \$1,191,308 has accumulated from three of the four past General Conferences. The deficit has been funded in the form of a non-interest bearing loan from the General Administration Fund. The 2012 General Conference approved the transfer of \$1 million in apportionments funding from the Episcopal Fund to the General Administrative Fund to help reduce this deficit. The Commission on the General Conference has launched a sponsorship program for the 2012 General Conference with the intent of creating another income stream that may permit the repayment of some deficit during the 2009-2012 quadrennium as well as during the 2013-2016 quadrennium. Provided apportionment funding and General Conference expenses remain stable in combination with the sponsorship program, the accumulated deficit should be repaid within three General Conferences.

The General Commission on Archives and History (GCAH) (¶¶ 1701-1712). The purpose of this commission is to gather, preserve, hold title to, and disseminate materials on the history of The United Methodist Church and its antecedents. The Commission's "Ministry of Memory" envisions increased support to central conference historians and leaders, and among racial ethnic populations.

Historic Sites and Heritage Landmarks (¶ 1712). The supervision of historic sites and heritage landmarks is part of the responsibility assigned to the GCAH. In prior quadrennial,

funds for this purpose were a separate line item within the General Administration Fund. For the 2013-2016 quadrennium these funds are included in the allocation to the Commission.

The allocation from the General Administration Fund for the Commission’s work is a decrease of \$164,000 or 3.8% from the prior quadrennium.

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. ¶ 813.3 provides that the expenses of the Judicial Council shall be paid from the General Administration Fund, within a budget submitted annually to the GCFA for its approval.

Pension and Salary Aid. Funding for several salary and pension assistance programs are combined in this item. It includes salary and pension aid to the Oklahoma Indian Missionary Conference and salary aid to the Rio Grande Annual Conference.

The following table reflects apportionments for the last six quadrennia that have been used in support of various Pension and Salary Aid programs including those listed above. They have totaled approximately \$35 million. Following 1988, all of these amounts were funded by the World Service Fund. Beginning in 2009, funding was transferred to the General Administration Fund.

| | |
|-----------|-------------|
| 1985-1988 | \$3,032,200 |
| 1989-1992 | 4,520,000 |
| 1993-1996 | 5,772,000 |
| 1997-2000 | 6,426,000 |
| 2001-2004 | 6,385,000 |
| 2005-2008 | 5,867,000 |
| 2009-2012 | 2,844,000 |

The proposed budget for 2013-2016 for these purposes is:

| | |
|-----------------------------------------|----------------|
| Oklahoma Indian Missionary Conference | |
| Pension Aid | \$ 138,000 |
| Salary Aid | 1,556,000 |
| Rio Grande Annual Conference Salary Aid | <u>805,000</u> |
| Total | \$ 2,499,000 |

Contingency Reserve. This allocation provides funding for unforeseen or emergency situations that fall within the scope of general administration. In prior quadrennia these funds have been used for certain legal support grants to annual conferences and to provide unbudgeted financial support to the Judicial Council. The proposed funding may be used for similar purposes if needed, and, if unused, will allow the reserve to be built back to a level which is believed to be more appropriate than its current level.

General Administration Fund-Revised

| | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | \$ Change |
|---------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|------------------|------------------|------------------|
| Fixed Charges | | | | | | | |
| Interpretation Resources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 60,000 | \$ (60,000) |
| Total Fixed Charges | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 60,000 | \$ (60,000) |
| On-Ratio | | | | | | | |
| General Council on Finance and Administration | \$ 4,211,000 | \$ 4,211,000 | \$ 4,211,000 | \$ 4,211,000 | \$ 16,844,000 | \$ 17,993,000 | \$ (1,149,000) |
| General Commission on Archives & History Historic Shrines, Landmarks & Sites | 1,040,000 | 1,040,000 | 1,041,000 | 1,041,000 | 4,162,000 | 4,326,000 | (164,000) |
| General Conference | 2,976,000 | 2,975,000 | 2,976,000 | 2,976,000 | 11,903,000 | 10,451,000 | 1,452,000 |
| Standing Committee Central Conference Matters | 73,000 | 73,000 | 73,000 | 74,000 | 293,000 | 290,000 | 3,000 |
| Judicial Council | 146,000 | 147,000 | 147,000 | 147,000 | 587,000 | 571,000 | 16,000 |
| Pension and Salary Aid | 624,000 | 625,000 | 625,000 | 625,000 | 2,499,000 | 2,844,000 | (345,000) |
| Contingency Reserve | 215,000 | 215,000 | 215,000 | 216,000 | 861,000 | 400,000 | 461,000 |
| Total On-Ratio | \$ 9,285,000 | \$ 9,286,000 | \$ 9,288,000 | \$ 9,290,000 | \$ 37,149,000 | \$ 36,875,000 | \$ 274,000 |
| Grand Total | \$ 9,285,000 | \$ 9,286,000 | \$ 9,288,000 | \$ 9,290,000 | \$ 37,149,000 | \$ 36,935,000 | \$ 214,000 |

Report No. 7
INTERDENOMINATIONAL COOPERATION FUND

The Interdenominational Cooperation Fund provides basic support for ecumenical agencies through which The United Methodist Church participates in God's mission in cooperation with other Christian communions. The General Council on Finance and Administration (GCFA) recommends the spending plan to the General Conference after considering recommendations developed by the General Commission on Christian Unity and Interreligious Concerns (GCCUIC), in consultation with the Council of Bishops (§ 814.1).

GCFA, working collaboratively with the Connectional Table (CT), endeavored to reduce the Interdenominational Cooperation Fund in recognition of financial challenges facing the entire connection. Therefore the quadrennial recommendation for 2013-2016 reflects a 6.6% reduction in funding when compared to the 2009-2012 quadrennium.

General agencies may participate in supporting the budgets of the cognate divisions and departments of the National Council of the Churches of Christ in the U.S.A., the World Council of Churches, the World Methodist Council and other interdenominational ecumenical entities.

Explanation of Items in the Budget

Interpretation Resources (§ 1806.11-.13). United Methodist Communications is allocated the designated sum for the cost of resources in promoting the Interdenominational Cooperation Fund.

General Council on Finance and Administration. The Council 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 category 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 thirty-seven member denominations and communions in the United States representing forty-five million Christians.

World Councils 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 World Council of Churches***, founded in 1948, includes 349 member communions throughout the world representing over 560 million Christians. Funds in this category provide for United Methodist participation in the basic budget of the Council. These funds support United Methodist participation in the committee work and life of the WCC. 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 WCC Assembly meets every seven or eight years.

Christian World Communions/Methodist Unity. This category includes funds to support the work of ecumenical organizations whose members trace their origins to some part of the religious tradition started by John Wesley. ***The World Methodist Council***, established in 1881, is a significant channel for United Methodist relationships with other Methodist bodies and with autonomous and united churches formerly part of The United Methodist Church or its predecessor denominations. There are presently more than 34 million members in these churches in 108 different countries. The allocation provides for United Methodist participation in the basic budget of the Council. It represents the majority of the funding for the North American section, and for the general administrative and program activity of the entire Council.

Pan-Methodist Commission. Representatives of The United Methodist Church have been meeting with representatives of 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 for a number of years to deal with areas of mutual interest and cooperation.

Ecumenical/Multilateral Conversations. This line item provides funding for ongoing and proposed meetings with representatives of other denominations.

Ecumenical Representative Travel. The travel expenses for United Methodist representatives named in advance by the General Conference, the Council of Bishops, or GCCUIC are paid from the Interdenominational Cooperation Fund (§ 814.4). Costs are paid for travel to the General Assembly and, as approved by the general secretary of GCCUIC, other units of the National Council of the Churches of Christ in the U.S.A.; the Central Committee and other units of the World Council of Churches, including its executive committee and periodic assembly; the Executive Committee of the World Methodist Council; meetings of Churches Uniting in Christ, Christian Churches Together and the Pan-Methodist Commission, and United Methodist participation in concordat relationships, and other ecumenical activities and bodies.

Expenses are paid in accordance with guidelines adopted by GCFA and shall be limited to round-trip coach air fare and/or other necessary surface transportation from the place of residence of the representative to the place of the meeting, plus food and lodging expense at the meeting. Attendance during three-fourths of the agenda of a meeting shall be required for reimbursement of meeting expenses. Travel expenses shall be paid when approved by persons designated by the general secretary of GCCUIC or by the general secretary of GCFA.

Interreligious Relations. This budget line seeks to provide resources for United Methodists to engage more directly with neighbors of other faith communities. The funds shall be used to provide information, materials and support for dialogues locally and regionally, and to support ecumenical programs involving interfaith partners. Allocations of the funds shall be determined by GCCUIC.

Contingency Reserve. This allocation for the Interdenominational Cooperation Fund provides for unforeseen or emerging assignments that fall within the scope of the fund. It is distributed by GCFA after concurrence with recommendations received from GCCUIC.

INTERDENOMINATIONAL COOPERATION FUND

| | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | \$ Change |
|------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Fixed Charges | | | | | | | |
| Interpretation Resources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 193,000 | \$ (193,000) |
| General Council on Finance and Administration | 51,000 | 51,000 | 52,000 | 52,000 | 206,000 | 220,000 | (14,000) |
| Total Fixed Charges | \$ 51,000 | \$ 51,000 | \$ 52,000 | \$ 52,000 | \$ 206,000 | \$ 413,000 | \$ (207,000) |
| On-Ratio | | | | | | | |
| National Councils of Churches/ Regional Ecumenical Organizations | \$ 625,000 | \$ 625,000 | \$ 625,000 | \$ 625,000 | \$2,500,000 | \$2,600,000 | \$ (100,000) |
| World Council of Churches/ International Ecumenical Organizations | 548,000 | 548,000 | 548,000 | 548,000 | 2,192,000 | 2,290,000 | (98,000) |
| Christian World Communions/ Methodist Unity: | | | | | | | |
| World Methodist Council | 485,000 | 485,000 | 485,000 | 485,000 | 1,940,000 | 2,015,000 | (75,000) |
| Achieving the Vision | - | - | - | - | - | 100,000 | (100,000) |
| Pan Methodist Commissions | 25,000 | 25,000 | 25,000 | 25,000 | 100,000 | 135,000 | (35,000) |
| Ecumenical/Multilateral Conversations | 79,000 | 79,000 | 79,000 | 79,000 | 316,000 | 300,000 | 16,000 |
| Ecumenical Representative Travel | 190,000 | 190,000 | 190,000 | 190,000 | 760,000 | 740,000 | 20,000 |
| Interreligious Relations | 37,000 | 37,000 | 38,000 | 38,000 | 150,000 | 155,000 | (5,000) |
| Contingency Reserve | 25,000 | 25,000 | 25,000 | 25,000 | 100,000 | 100,000 | - |
| Total On-Ratio | \$2,014,000 | \$2,014,000 | \$2,015,000 | \$2,015,000 | \$8,058,000 | \$8,435,000 | \$ (377,000) |
| Grand Total | \$2,065,000 | \$2,065,000 | \$2,067,000 | \$2,067,000 | \$8,264,000 | \$8,848,000 | \$ (584,000) |
| % Change | | | | | | | -6.60% |

Report No. 8
APPORTIONMENT FORMULA

The 2008 Book of Discipline provides that the General Council on Finance and Administration (GCFA) shall recommend the formulas by which all apportionments to the annual conferences shall be determined, subject to the approval of the General Conference (§ 806.1d). This report is therefore concerned with how the provisions of the reports dealing with the World Service, Ministerial Education, Black College, Africa University, Episcopal, Interdenominational Cooperation, and General Administration Funds are to be funded. The approved budgets for these and any other general apportioned funds created by the General Conference are to be apportioned separately among the several annual conferences in the jurisdictional conferences in an equitable fashion, so that they and their local churches will have full opportunity to be involved financially in the total mission of the Church.

Recommendations:

1. GCFA recommends adoption of the following apportionment formula:
The apportionment formula shall consist of three factors:

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

where **A** represents an annual conference’s **general Church apportionment**; **E** represents the annual conference’s “**Net Expenditures**” (as an estimate of local church income available to meet local church expenses); **P** represents the “**Base Percentage**”; and **i** represents the annual conference’s “**Percentage Adjustment**.”

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 are available. All the components are currently reported through local church statistical reports. The actual and estimated net expenditures for the 2013-2016 quadrennium are:

| Data Year | Year | Net Expenditures |
|-----------|------|-----------------------------|
| 2010 | 2013 | \$4,493,376,568 (Actual) |
| 2011 | 2014 | \$4,526,117,154 (Estimated) |
| 2012 | 2015 | \$4,569,850,638 (Estimated) |
| 2013 | 2016 | \$4,632,078,268 (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” factor for each year of the quadrennium as follows:

| Year | Projected Total Apportioned | Base Percentage |
|------|-----------------------------|-----------------|
| 2013 | \$149,907,000 | 3.3361771% |
| 2014 | \$150,078,000 | 3.3158223% |
| 2015 | \$150,694,000 | 3.2975695% |
| 2016 | \$152,421,000 | 3.2905532% |

c. **“Percentage Adjustment” (i)** is unique to each annual conference. It consists of two factors, one of which measures economic strength in the conference, and the other which measures the impact of certain local church costs.

The exact value of the “Percentage Adjustment” for a conference would vary during the quadrennium as new economic and statistical reports become available. It would serve to adjust an annual conference’s apportionments to reflect changes in the underlying economy in its geographic area, and the relative impact of certain expenses which are imposed upon the local church by factors at least partly beyond its control, such as utilities costs, insurance premiums, property maintenance costs, and annual conference apportionments.

The two factors comprising the “Percentage Adjustment” are determined in the following way:

The first (**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 U.S. Department of Commerce are 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 U.S. average. A proportional factor or “slope” is set that limits the size of the adjustment from the first factor to a $\pm 0.4\%$.

The second factor in the “Percentage Adjustment” (**local church costs factor**) 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 Church apportionments). The total is divided by average attendance at morning worship services. It is based on amounts reported on the Local Church Report to the Annual Conference by the local churches in the conference.

This total per attendee is expressed as an index by dividing by the average among all annual conferences. Again, a proportional factor or “slope” is set that limits the size of the adjustment from the second factor to a $\pm 0.5\%$.

Local church clergy expenses are defined as base compensation, housing-related and utilities allowances, reimbursements, and other cash allowances paid to or for pastors and associate pastors as reported in the Local Church Report to the Annual Conference

Local church current operating expenses are those recorded on the Local Church Report to the Annual Conference.

Budgeted annual conference costs are those reported in the 2010-2013 Local Church Report to the Annual Conference, minus amounts remitted by the local church as payments on general Church apportionments.

The two factors are combined to determine the net “Percentage Adjustment” that is added to (or subtracted from) the “Base Percentage.”

2. Using the approved formula, GCFA will first calculate the total amount to be apportioned to each annual conference for all of the 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 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. 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 shall 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 shall be remitted to GCFA on a monthly basis.

4. If more than 100% of the amount voted by General Conference for a fund total is received in any given year, the excess funds shall be held in trust by GCFA in an apportionment stabilization fund. All monies placed in such a fund shall be considered as fund balances restricted by the General Conference to the fund or line item in which the surplus occurred. They shall 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 shall recommend for action by the next General Conference how any remaining fund balances shall be distributed, provided that those recommendations shall be consistent with the purposes for which the funds were raised.

5. 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 their substance and content.

6. Additional information concerning local church expenditures and economic growth was collected between the time of the original publication of this document and the meeting of the 2012 General Conference. The projected total apportioned funds presented herein represent the final total apportioned funds are subject to being determined by General Conference. This additional information and changes adopted by General Conference have been reflected in this final document.

7. 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.

**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 *2008 Book of Discipline* designates six Special Sundays in connection with which offerings for general Church purposes are to be received (§§ 823, 262, 263).

1. The following table indicates the total offerings remitted to GCFA from the Special Sundays during the period of 2008-2010:

| Special Sunday Offering | 2008 | 2009 | 2010 |
|-----------------------------------|---------------|---------------|---------------|
| Native American Ministries Sunday | 401,127 | 350,999 | 324,889 |
| Human Relations Day | 689,047 | 572,669 | 500,281 |
| One Great Hour of Sharing | 3,212,946 | 3,111,349 | 2,694,889 |
| United Methodist Student Day | 554,252 | 484,188 | 515,271 |
| World Communion Sunday | 1,028,865 | 930,878 | 912,720 |
| Peace With Justice Sunday | 260,469 | 283,378 | 229,558 |
| Total Receipts | 6,146,706 | 5,733,461 | 5,177,608 |

2. For the 2013-2016 quadrennium GCFA recommends six general Church special Sunday offerings shall be received in accordance with the provisions of *The 2008 Book of Discipline*.

- **Human Relations Day** (§§ 823.1, 263.1)
- **One Great Hour of Sharing** (§§ 823.2, 263.2)
- **United Methodist Student Day** (§§ 823.3, 263.4)
- **World Communion Sunday** (§§ 823.4, 263.3)
- **Peace with Justice Sunday** (§§ 823.5, 263.5)
- **Native American Ministries Sunday** (§§ 823.6, 263.6)

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

1. Promotion of all authorized general Church special Sunday offerings shall be by the General Commission on Communications 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 section 12, Report No. 11.

2. Receipts from all authorized general Church special Sunday offerings shall be promptly remitted in full by the local church treasurer to the annual conference treasurer, who shall remit the funds in full to the treasurer of GCFA, except where noted differently below, within thirty days of receipt in the office of the annual conference treasurer. Local churches shall 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 shall divide the receipts as specified in the referenced paragraphs of *The 2008 Book of Discipline*.

3. Exercising the provisions of *The 2008 Book of Discipline* in respect to certain special Sunday offerings, the following table indicates the amounts of the respective offerings that are to be remitted to GCFA and the amounts that are to be retained for use in the annual conference.

| Special Sunday Offering | Authorizing Paragraph(s) | Percent to Remit to GCFA | Percent to Retain in Annual Conference |
|-----------------------------------|--------------------------|--------------------------|----------------------------------------|
| Human Relations Day | 823.1, 263.1 | 100 % | 0 % |
| One Great Hour of Sharing | 823.2, 263.2 | 100 % | 0 % |
| United Methodist Student Day | 823.3, 263.4 | 100 % | 0 % |
| World Communion Sunday | 823.4, 263.3 | 100 % | 0 % |
| Peace With Justice Sunday | 823.5, 263.5 | 50 % | 50 % |
| Native American Ministries Sunday | 823.6, 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 the GCFA.

Sundays with Offerings Authorized for Use Within the Annual Conference. *The 2008 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 2008 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
AUDIT AND REVIEW COMMITTEE

The Audit and Review Committee 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 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 effectiveness of each agency.

The second is to employ an internal audit staff to examine areas of particular concern in any agency or mission operations not directly addressed by the outside auditor. While the outside auditor can evaluate an agency's fiscal processes and procedures on an overall scale once a year, the internal audit staff's 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 Audit and Review 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

The Office of Internal Audit had five full-time employees during the 2009-2011 period. The internal audit function is now conducted by an outside firm with specific expertise in this area on a contract basis. The internal audit staff reports to the GCFA Audit and Review 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 (UMPH), the General Board of Pension and Health Benefits (GBOPHB)) and other affiliated entities that receive general Church funds. Internal audit also provides some consulting services on a limited basis to the annual conferences and other related United Methodist Church entities. 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.

External Audit Firm

The certified public accounting firm of Crosslin & Associates has performed external audit services for the general agencies since 2006. 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. This Committee would also like to thank Crosslin & Associates for the way they have conducted the audits. With that being said, the Committee on Audit and Review recommended and GCFA approved a new four year contract with Crosslin & Associates. The new contract starts with Fiscal Year 2011 and ends with Fiscal Year 2014.

GCFA Audit and Review Observations

The overall level of control at the general agencies is adequate and continues to improve. However, 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 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.

The Committee would also like to point out two areas that will take on added importance as the agencies move into the new quadrennium.

- **Insecure Web Applications** - Insecure web applications currently present a significant risk to the general agencies and other business entities. As more and more companies rely on web applications to conduct business critical functions, the risk associated with insecure web applications also increases. According to the Privacy Rights Organization, of the top 10 data breaches in 2009, 93% of compromised records were stolen as a result of malicious attacks against web applications and databases. The Ponemon Institute reported in a study released in 2011 that 73% of organizations surveyed had been hacked at least once in the last 24 months through insecure web applications. Despite having a number of business critical functions performed via websites most organizations expend most of their IT resources on infrastructure instead of web application security.
- **US Foreign Corrupt Practices Act (FCPA)** - As the Church becomes more global in nature, we believe employees who travel abroad should receive training surrounding the US Foreign Corrupt Practices Act (FCPA). The FCPA's anti-bribery provisions generally prohibit U.S. companies and citizens, foreign companies listed on a U.S. stock exchange, or any person acting while in the United States from corruptly paying or offering to pay, directly or indirectly, money or anything of value to a foreign official, a foreign political party or official, or a candidate for foreign political office for purposes of influencing any act or decision (including a decision not to act) of such official in his or her official capacity, inducing the official to do any act in violation of his or her lawful duty, or to secure any improper advantage in order to assist the payor in obtaining or retaining business for or with any person, or in directing business to any person.

Other Entities

The Committee reviews the external audits of other entities that receive funding from the local churches through apportioned dollars. The Committee would like to report that the

following entities have had significant internal control and report deficiencies over the last three years:

- Africa University
- World Methodist Council
- Rio Grande Conference

The Committee recommended corrective action and funding recommendations pending actions taken. In all cases corrective action was taken as requested by the Audit and Review Committee.

Episcopal Area Audits

Coordination of the receipt of the episcopal area offices external audits is being handled by GCFA Episcopal Services. 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. Of the 50 jurisdictional episcopal area offices in FY 2009, 17 are now being reported as a part of the annual conference audits. An audit or review was also received for 17 of the 19 central conference areas. The internal audit works with the GCFA Episcopal Services by providing reviews of the audits. Any findings/observations noted are reported to GCFA Episcopal Services and the GCFA Audit and Review Committee.

Future Activities

As The United Methodist Church continues to grow both spiritually and globally, the GCFA Audit and Review Committee and the internal audit function are looking to do more with less. With this in mind, we hope to move toward a continuous monitoring/continuous auditing process using data analytics. Data analytics, as it relates to internal auditing, means the discipline of automating the collection of data from around the organization and then using both simple and complex analytical tools to make that data meaningful for audit purposes. Data analytics technology can be applied for risk assessment, transactional and control testing, and continuous auditing and monitoring. Data analytic procedures are also a much more cost-effective way to collect audit evidence. *Analytic procedures cost \$0.01 compared to \$4 for a standard audit of the same evidence.*

Data analytics will increase the effectiveness of work performed by the internal audit function, enhance our ability to carry out our fiduciary responsibilities as a Committee, and provide more real time information to management at the general agencies as they carry out their Disciplinary mandates.

Report No. 11

DIRECTIVES FOR THE ADMINISTRATION OF THE GENERAL FUNDS

1. Fixed Charges. Fixed charges in any of the general funds shall 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 shall 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 2012 General Conference.

5. General Council on Finance and Administration Expenses. General fund allocations to GCFA fall into two categories, as provided in ¶ 805.6 of *The 2008 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 the Council incurs significant administrative costs, proportionate to their estimated receipts. The budget of the council 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 shall 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 shall 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 Reports numbered 1 through 7.

8. Consultants. As part of its oversight function, GCFA shall 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 shall be published by March 1 of each year and include contracts in place during the preceding calendar year. The list shall 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 of *The 2008 Book of Discipline*.

10. Internal Audit Functions. GCFA has the responsibility to establish and conduct the internal auditing functions for all agencies receiving general Church funds (§ 806.5 of *The 2008 Book of Discipline*). 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 shall monitor compliance with such policies and practices. If the Committee determines there are any violations it shall proceed in a manner as outlined in § 806.12 of *The 2008 Book of Discipline* 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 of *The 2008 Book of Discipline*, GCFA shall 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 shall 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 the Connectional Table. 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 shall be made by the Connectional Table to the General Conference at its next quadrennial meeting.

13. General Commission on Communication. The General Commission on Communication (United Methodist Communications, UMCom) serves as the central promotional agency for promoting general Church funds throughout the Church, as provided in § 1806.12 of *The 2008 Book of Discipline*.

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 their 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 Church 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. UMCom, 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 2013-2016, the fixed charges line

items total \$3,087,159, a 47% decrease compared to the 2009-2012 quadrennium. In 2013-2016, as in past quadrennia, 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 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 are 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 2013-2016 quadrennium is shown in the table which follows.

**Connectional Giving Interpretation Budget
Quadrennium 2013-2016**

| | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | \$ Change |
|-------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|
| World Service | \$ 361,000 | \$ 361,000 | \$ 360,000 | \$ 360,000 | \$1,442,000 | \$1,544,000 | \$ (102,000) |
| Ministerial Education | - | - | - | - | - | 271,000 | (271,000) |
| Black College | - | - | - | - | - | 313,000 | (313,000) |
| Africa University | - | - | - | - | - | 415,000 | (415,000) |
| Episcopal | - | - | - | - | - | 44,000 | (44,000) |
| General Administration | - | - | - | - | - | 60,000 | (60,000) |
| Interdenominational Cooperation | - | - | - | - | - | 193,000 | (193,000) |
| Human Relations Day | 63,750 | 63,750 | 63,750 | 63,750 | 255,000 | 500,000 | (245,000) |
| One Great Hour of Sharing | 100,000 | 100,000 | 100,000 | 100,000 | 400,000 | 800,000 | (400,000) |
| Native American Ministries Sunday | 72,500 | 72,500 | 72,500 | 72,500 | 290,000 | 400,000 | (110,000) |
| Peace With Justice Sunday | 50,000 | 50,000 | 50,000 | 50,000 | 200,000 | 384,000 | (184,000) |
| World Communion Sunday | 65,000 | 65,000 | 65,000 | 65,000 | 260,000 | 500,000 | (240,000) |
| United Methodist Student Day | 60,000 | 60,000 | 60,000 | 60,000 | 240,000 | 420,000 | (180,000) |
| Total Fixed Charges | \$ 772,250 | \$ 772,250 | \$ 771,250 | \$ 771,250 | \$3,087,000 | \$5,844,000 | \$ (2,757,000) |
| Allocation for interpretation resources for Special Gifts: | | | | | | | |
| The Advance (paid by participating agencies) | \$ 297,500 | \$ 297,500 | \$ 297,500 | \$ 297,500 | \$1,190,000 | \$1,590,000 | \$ (400,000) |
| Total | \$1,069,750 | \$1,069,750 | \$1,068,750 | \$1,068,750 | \$4,277,000 | \$7,434,000 | \$ (3,157,000) |

Report No. 12
**PAY EQUITY IN THE GENERAL AGENCIES OF THE UNITED METHODIST
CHURCH**

Executive Summary

At the request of the Women's Division of the General Board of Global Ministries (Women's Division) and the General Commission on the Status and Role of Women (GCSRW), the 1988 General Conference directed the General Council on Finance and Administration (GCFA) to "evaluate internal wage structures and practices of general agencies in light of the principle of pay equity and to include this assessment in its regular monitoring of equal employment opportunity compliance" (The 1996 Book of Resolutions, page 471 and The 2004 Book of Resolutions, page 471; also see ¶¶ 807.13.b) and ¶ 811.1 in The 2004 Book of Discipline). This request was made due to perceived gender inequities in pay within the general Church. Since this initial General Conference action, the concept of pay equity has been expanded, consistent with the environment of equal employment opportunity, to encompass the Church's value of racial/ethnic equality as well. As conceptualized, pay equity is a means of eliminating sex and race discrimination in the wage-setting system. It means that the criteria general agencies use to set wages must be sex-and race-neutral.

Current Situation

All the agencies of the general Church embrace the philosophy of pay equity and are attempting to live out its concepts. A pay equity monitoring process was designed and is built into the current salary systems of each of the agencies. The data elements that are necessary for effective monitoring include: Social Security number or other unique identifier, job title, factoring group or classification, annual salary, gender, racial identification, years of service in current position, years of service with agency, education, performance evaluation result, and comparatio. The comparatio is the ratio of an individual's salary to the midpoint for their factoring group or classification.

Seeing the need for more information, a more detailed report to be used by the general agencies is in the process of development. This report will provide an analysis by salary grade level, gender, and ethnicity within salary ranges in relation to midpoint. This report will be a tool for general agency human resources personnel to use in further recognizing discrepancies in pay equity. Reports will be submitted to the General Commission on Religion and Race (GCORR) and GCSRW for review. They in turn will make recommendations to the GCFA Committee on Personnel Policies and Practices. This process is currently being tested with implementation scheduled by 2012.

Conclusion and Recommendations

Pay equity is a concept grounded in our faith that affirms the inherent value and equal worth of all. Pay equity is a call for the Church to practice what we have demanded of the secular world. The General Conference adopted this report and the following recommendations that will result in continued progress toward an understanding of pay equity within and across the general agencies:

1. The General Conference reaffirms the Church's commitment to pay equity.
2. The General Conference directs each agency receiving general Church funds to continue collaborative efforts to gather, analyze, and report on pay equity within and across the general Church.

Report No. 13

REFERENCES FROM PREVIOUS GENERAL CONFERENCES

This report contains responses to three matters referred to the General Council on Finance and Administration (GCFA) by the 2008 General Conference.

1. The 2008 General Conference referred Petition Number 81570 (ADCA page 640) "General Church Budget" to the General Board of Pension and Health Benefits (GBOPHB) and the General Council on Finance and Administration (GCFA) to jointly continue to study the pension and health benefits for bishops, to explore all options for future plan savings, and to report their findings and recommendations to the 2012 General Conference. In response, the GBOPHB and the GCFA worked together to study bishops' benefits and their report follows.

Pension Benefits

Central conference bishops receive pensions from the separate Global Episcopal Pension Program (GEPP) implemented at the 2008 General Conference. This program was funded by a combination of surplus money in the jurisdictional bishops' pre-82 pension plan and monies that had previously been set aside for central conference bishops. GEPP is not expected to require contributions for the next few quadrennia or more under normal economic conditions. However, an increase in the number of central conference episcopal areas would require contributions sooner.

Jurisdictional bishops currently participate in the Clergy Retirement Security Program (CRSP) along with most other clergy. CRSP provides both defined contribution (DC) and defined benefit (DB) components. In CRSP DC, the contribution formula and the compensation base is identical for bishops and other clergy. In CRSP DB, bishops' pensions are based on the same formula as are pensions for other clergy. However, the compensation used in the formula is final compensation for years of service as a bishop, while it is Denominational Average Compensation (DAC) for years of service as clergy other than as a bishop. These two components are added together for bishops, resulting in a higher total pension for bishops. This recognizes the added pressures placed on bishops and carries on the tradition from the prior Ministerial Pension Plan, where most clergy received contributions based on DAC, but bishops received contributions based on their individual compensation. There are no opportunities for future plan savings without cutting bishops' benefits.

To the extent that CRSP continues, no change is recommended to the compensation base for years of service as a bishop. As a result of the economic recession's impact on annual conferences, the GBOPHB has submitted to the 2012 General Conference two petitions that would change clergy retirement benefits. One petition is for a plan similar to CRSP, but with a reduced DB formula using different compensation bases for bishops and other clergy as before. The other petition is for a defined contribution plan that uses the same contribution base for both bishops and other clergy. The contribution base would be the greater of DAC or actual compensation. Under either proposed plan, the cost for bishops is expected to be less than under CRSP today.

Health Benefits

Both jurisdictional and central conference bishops currently participate in the same health plans as staff of the general agencies receiving general Church funds. These health plans provide benefits comparable to those provided by other large employers. The bishops by themselves are a small group of greater than average age, which means a separate plan covering only the bishops would be more expensive than the current approach of including them in the general agencies' health plans. When combined with general agency staff, the overall pool is closer to a normal profile for cost effective health plans. It is not practical to have bishops participate in the plans of individual conferences, since some bishops preside over more than one conference and the conferences may have different health plans. It is desirable to have uniform health benefits for bishops, something which participation in conference plans would preclude. Further, some conferences' retiree medical plans include residency requirements.

The annual premium for jurisdictional bishops in 2011 is \$13,290, with bishops paying 22% of that amount for coverage. For central conference bishops, the 2011 annual premium is \$13,196, with bishops paying 16% of the premium. For retired jurisdictional bishops, the 2011 annual premium is \$8,519, with the bishops paying 15% of the premium. For retired central conference bishops, the 2011 annual premium is \$16,719, with the bishops paying 17% of the premium. Not all of the central conference bishops, either active or retired, participate in the health benefit plans offered by GCFA.

Recommendations

The 2012 General Conference approved the change to CRSP with a redirected DB formula, resulting in a small reduction in retirement benefits and costs for bishops. However, no other changes in that pension plan were recommended specifically related to the bishops. No changes to the bishops' health benefits were recommended. There are no significant opportunities for future plan savings in either pension or health benefit costs without cutting bishops' benefits.

2. The 2008 General Conference referred a portion of Petition Number 81571 (ADCA pages 661-663) "Apportionment Formula" to the General Council on Finance and Administration and the Connectional Table to evaluate the apportionment formula related to the Episcopal Fund. The referral stated that using formula (1), the GCFA will first calculate the total amount to be apportioned to each annual conference for the following funds: World

Service, Ministerial Education, General Administration, Africa University, Black College, and Interdenominational Cooperation.

The Episcopal Fund shall be apportioned on the basis of Episcopal Fund allocations within each jurisdiction among the jurisdictional conferences. The amount to be apportioned to each annual conference is based upon the following formula: (2) $A = K \times F$, where A represents an annual conference's apportioned amount for the Episcopal Fund, K represents the annual conference's share of the jurisdiction's total apportioned World Service Fund, F represents the proportion of the Episcopal Fund assigned to the jurisdiction which equals the total Episcopal Fund allocation for that jurisdiction divided by total jurisdictional Episcopal Fund allocations, times the total Episcopal Fund.

Response

Staff members of GCFA consulted with Don House, the presenter of this amendment at the 2008 General Conference, to clarify the description of what was being sought by this new formula. The conclusion reached was that there needed to be two parts to this calculation. The first part represents a jurisdiction's percentage of the total support for jurisdictional bishops', allocated to individual annual conferences within a jurisdiction based on the same percentage allocations as for the World Service Fund. The second part represents an annual conference's share of the other Episcopal Fund costs to provide support for Council of Bishops meetings, retired bishop's insurance benefits and travel costs, central conference bishop's support not provided by the central conference episcopal areas, and administrative support. This is calculated for each annual conference using the percentage allocations for the World Service Fund.

In order to determine each jurisdiction's percentage of the total support for jurisdictional bishops, data was gathered for the four most recent year's for which yearend information was available. That data is shown in Table 1, with the individual cost elements broken out by year.

Using the percentages of support based on the 2010 numbers, the apportioned amounts for 2012 were recalculated compared to those resulting from application of the current apportionment formula for all seven of the general apportioned funds. The current apportioned amounts by annual conference are shown in the first column of Table 2. The corresponding amounts using the revised formula are shown in the last column.

As shown, the new formula results in a shifting of apportionments among the jurisdictions and annual conferences. There would be an increase of \$ 746,813, or 46.1%, in the Western Jurisdiction, an increase of \$ 462,838, or 12.1%, in the Northeastern Jurisdiction, an increase of \$ 155,160, or 3.4%, in the North Central Jurisdiction, and an increase of \$ 57,446, or 1.1%, in the South Central Jurisdiction. The Southeastern Jurisdiction would have a decrease of \$ 1,422,256, or 16.0%, in its Episcopal Fund apportionments.

Table 3 shows the giving per member to all of the seven general apportioned funds for the jurisdictional annual conferences for three recent years, along with averages for the

jurisdictions and in total. This information is provided as some context for the discussion about potential adoption of this alternative apportionment formula for the Episcopal Fund. The Judicial Council ruled that establishment of a jurisdictional apportionment for the Episcopal Fund was unconstitutional.

Table 1

| EPISCOPAL FUND JURISDICTIONAL CONFERENCES | TOTAL COST | | | | | Total | % of Total | Annual Conference Apportionment Payments |
|----------------------------------------------|-------------------------|------------------|-------------------|------------------|-------------------------------------|-------------------|----------------|---------------------------------------------------|
| | Salary & Benefits | Housing | Office | Area Travel | Other Jurisdictional Travel * | | | |
| <u>NORTH CENTRAL JURISDICTION</u> | | | | | | | | |
| 2010 unaudited | 1,548,255 | 100,000 | 748,000 | 83,850 | 30,250 | 2,510,355 | 5.10% | 3,919,010 |
| 2009 | 1,604,836 | 100,000 | 736,000 | 82,220 | 17,900 | 2,540,956 | 5.16% | 3,558,640 |
| 2008 | 1,579,290 | 100,000 | 720,600 | 61,220 | 19,450 | 2,480,560 | 5.04% | 3,757,670 |
| 2007 | 1,504,713 | 100,000 | 708,200 | 66,950 | 13,020 | 2,392,883 | 4.86% | 3,756,050 |
| <i>North Central Total</i> | 6,237,094 | 400,000 | 2,912,800 | 294,240 | 80,620 | 9,924,754 | 20.16% | 14,991,370 |
| <u>NORTHEASTERN JURISDICTION</u> | | | | | | | | |
| 2010 unaudited | 1,470,845 | 95,000 | 710,600 | 79,790 | 19,910 | 2,376,145 | 4.83% | 3,416,710 |
| 2009 | 1,571,344 | 100,000 | 736,000 | 81,250 | 20,520 | 2,509,114 | 5.10% | 3,351,790 |
| 2008 | 1,544,235 | 100,000 | 716,500 | 77,060 | 18,500 | 2,456,295 | 4.99% | 3,494,100 |
| 2007 | 1,472,755 | 100,000 | 705,900 | 76,840 | 7,870 | 2,363,365 | 4.80% | 3,370,420 |
| <i>Northeastern Total</i> | 6,059,179 | 395,000 | 2,869,000 | 314,940 | 66,800 | 9,704,919 | 19.71% | 13,633,020 |
| <u>SOUTH CENTRAL JURISDICTION</u> | | | | | | | | |
| 2010 unaudited | 1,703,080 | 110,000 | 822,800 | 68,464 | 27,302 | 2,731,646 | 5.55% | 4,375,822 |
| 2009 | 1,765,320 | 110,000 | 809,600 | 71,632 | 30,096 | 2,786,648 | 5.66% | 4,310,933 |
| 2008 | 1,735,776 | 110,000 | 787,699 | 83,369 | 21,329 | 2,738,173 | 5.56% | 4,279,231 |
| 2007 | 1,593,956 | 110,000 | 770,297 | 75,779 | 21,846 | 2,571,878 | 5.22% | 4,032,677 |
| <i>South Central Total</i> | 6,798,132 | 440,000 | 3,190,396 | 299,244 | 100,573 | 10,828,345 | 21.99% | 16,998,663 |
| <u>SOUTHEASTERN JURISDICTION</u> | | | | | | | | |
| 2010 unaudited | 2,012,731 | 130,000 | 972,400 | 86,385 | 18,863 | 3,220,379 | 6.54% | 7,182,409 |
| 2009 | 2,086,287 | 130,000 | 956,800 | 95,836 | 22,373 | 3,291,296 | 6.68% | 6,911,229 |
| 2008 | 1,944,754 | 130,000 | 931,502 | 92,495 | 17,615 | 3,116,366 | 6.33% | 7,108,920 |
| 2007 | 1,956,127 | 130,000 | 916,006 | 85,241 | 16,939 | 3,104,313 | 6.30% | 6,950,021 |
| <i>Southeastern Total</i> | 7,999,899 | 520,000 | 3,776,708 | 359,957 | 75,790 | 12,732,354 | 25.86% | 28,152,579 |
| <u>WESTERN JURISDICTION</u> | | | | | | | | |
| 2010 unaudited | 928,953 | 60,000 | 448,800 | 58,656 | 19,560 | 1,515,969 | 3.08% | 1,187,604 |
| 2009 | 962,902 | 60,000 | 441,600 | 63,642 | 15,696 | 1,543,840 | 3.14% | 1,144,248 |
| 2008 | 971,087 | 60,000 | 430,500 | 57,144 | 13,962 | 1,532,693 | 3.11% | 1,178,904 |
| 2007 | 902,828 | 60,000 | 423,900 | 60,396 | 9,996 | 1,457,120 | 2.96% | 1,210,116 |
| <i>Western Total</i> | 3,765,770 | 240,000 | 1,744,800 | 239,838 | 59,214 | 6,049,622 | 12.29% | 4,720,872 |
| Total per category | 30,860,074 | 1,995,000 | 14,493,704 | 1,508,219 | 382,997 | 49,239,994 | 100.00% | 78,496,504 |

* Includes College, Jurisdictional, and Board of Trustees Meetings

**College expenses only

***2008 Salary & Benefits difference due to retirees moving costs added as income.

Table 2
Alternative 2012 Episcopal Fund Apportionments

| Jurisdiction/ Conference | Episcopal | % of Total | % of Jurisdiction | Jurisdictional Episcopal Costs | Other Episcopal Costs | Total Episcopal Costs |
|-----------------------------|------------------|---------------|----------------------|--------------------------------------|-----------------------------|-----------------------------|
| North Central | | | | | | |
| DAKOTAS | 135,574 | 0.56% | 2.93% | 79,731 | 60,385 | 140,116 |
| DETROIT | 349,425 | 1.45% | 7.54% | 205,496 | 155,635 | 361,131 |
| EAST OHIO | 452,607 | 1.87% | 9.77% | 266,177 | 201,593 | 467,770 |
| ILLINOIS GRT RIVERS | 468,687 | 1.94% | 10.12% | 275,633 | 208,755 | 484,388 |
| INDIANA | 882,295 | 3.65% | 19.05% | 518,875 | 392,978 | 911,853 |
| IOWA | 379,270 | 1.57% | 8.19% | 223,048 | 168,928 | 391,976 |
| MINNESOTA | 290,746 | 1.20% | 6.28% | 170,987 | 129,499 | 300,486 |
| NORTHERN ILLINOIS | 327,765 | 1.36% | 7.08% | 192,758 | 145,988 | 338,745 |
| WEST MICHIGAN | 272,890 | 1.13% | 5.89% | 160,486 | 121,546 | 282,032 |
| WEST OHIO | 794,173 | 3.29% | 17.15% | 467,051 | 353,728 | 820,779 |
| WISCONSIN | 278,080 | 1.15% | 6.00% | 163,538 | 123,858 | 287,396 |
| North Central Total | 4,631,512 | 19.16% | 100.00% | 2,723,778 | 2,062,894 | 4,786,672 |
| Northeastern | | | | | | |
| BALTIMORE-WASHINGTON | 558,544 | 2.31% | 14.63% | 377,499 | 248,778 | 626,276 |
| EASTERN PENNSYLVANIA | 408,118 | 1.69% | 10.69% | 275,831 | 181,777 | 457,609 |
| GREATER NEW JERSEY | 438,632 | 1.81% | 11.49% | 296,455 | 195,368 | 491,823 |
| NEW ENGLAND | 268,979 | 1.11% | 7.05% | 181,793 | 119,804 | 301,597 |
| NEW YORK | 340,231 | 1.41% | 8.91% | 229,949 | 151,540 | 381,489 |
| PENINSULA-DELAWARE | 235,119 | 0.97% | 6.16% | 158,908 | 104,723 | 263,631 |
| SUSQUEHANNA | 505,041 | 2.09% | 13.23% | 341,338 | 224,947 | 566,285 |
| UPPER NEW YORK | 370,898 | 1.53% | 9.72% | 250,676 | 165,199 | 415,875 |
| WEST VIRGINIA | 278,352 | 1.15% | 7.29% | 188,127 | 123,979 | 312,107 |
| WESTERN PENNSYLVANIA | 412,810 | 1.71% | 10.82% | 279,003 | 183,867 | 462,870 |
| Northeastern Total | 3,816,724 | 15.79% | 100.00% | 2,579,578 | 1,699,984 | 4,279,562 |
| South Central | | | | | | |
| ARKANSAS | 406,441 | 1.68% | 7.75% | 229,865 | 181,030 | 410,896 |
| CENTRAL TEXAS | 390,653 | 1.62% | 7.45% | 220,936 | 173,998 | 394,935 |
| KANSAS EAST | 268,595 | 1.11% | 5.12% | 151,906 | 119,633 | 271,539 |
| KANSAS WEST | 248,266 | 1.03% | 4.74% | 140,409 | 110,579 | 250,987 |
| LOUISIANA | 331,888 | 1.37% | 6.33% | 187,702 | 147,824 | 335,526 |
| MISSOURI | 591,411 | 2.45% | 11.28% | 334,476 | 263,417 | 597,893 |
| NEBRASKA | 213,613 | 0.88% | 4.08% | 120,810 | 95,144 | 215,954 |
| NEW MEXICO | 130,828 | 0.54% | 2.50% | 73,991 | 58,271 | 132,262 |
| NORTH TEXAS | 554,897 | 2.30% | 10.59% | 313,826 | 247,153 | 560,979 |
| NORTHWEST TEXAS | 179,472 | 0.74% | 3.42% | 101,502 | 79,938 | 181,439 |
| OKLAHOMA | 489,773 | 2.03% | 9.34% | 276,994 | 218,147 | 495,141 |
| OIMC | 1,921 | 0.01% | 0.04% | 1,086 | 856 | 1,942 |
| RIO GRANDE | 17,062 | 0.07% | 0.33% | 9,650 | 7,599 | 17,249 |
| SOUTHWEST TEXAS | 398,748 | 1.65% | 7.61% | 225,515 | 177,604 | 403,119 |
| TEXAS | 1,017,482 | 4.21% | 19.41% | 575,444 | 453,191 | 1,028,634 |
| South Central Total | 5,241,050 | 21.68% | 100.00% | 2,964,111 | 2,334,385 | 5,298,496 |

Table 2
Alternative 2012 Episcopal Fund Apportionments

| Southeastern | | | | | | |
|---------------------------|-------------------|----------------|----------------|-------------------|-------------------|-------------------|
| ALABAMA-W. FLORIDA | 559,715 | 2.32% | 6.32% | 220,592 | 249,299 | 469,892 |
| FLORIDA | 1,145,252 | 4.74% | 12.92% | 451,362 | 510,100 | 961,461 |
| HOLSTON | 481,300 | 1.99% | 5.43% | 189,688 | 214,373 | 404,061 |
| KENTUCKY | 392,184 | 1.62% | 4.43% | 154,566 | 174,680 | 329,246 |
| MEMPHIS | 266,614 | 1.10% | 3.01% | 105,077 | 118,751 | 223,828 |
| MISSISSIPPI | 465,138 | 1.92% | 5.25% | 183,318 | 207,174 | 390,492 |
| NORTH ALABAMA | 552,493 | 2.29% | 6.23% | 217,746 | 246,083 | 463,829 |
| NORTH CAROLINA | 597,400 | 2.47% | 6.74% | 235,445 | 266,084 | 501,529 |
| NORTH GEORGIA | 1,083,649 | 4.48% | 12.23% | 427,083 | 482,662 | 909,745 |
| RED BIRD | 1,012 | 0.00% | 0.01% | 399 | 451 | 850 |
| SOUTH CAROLINA | 645,004 | 2.67% | 7.28% | 254,206 | 287,287 | 541,493 |
| SOUTH GEORGIA | 404,058 | 1.67% | 4.56% | 159,246 | 179,969 | 339,215 |
| TENNESSEE | 365,253 | 1.51% | 4.12% | 143,952 | 162,685 | 306,637 |
| VIRGINIA | 962,717 | 3.98% | 10.86% | 379,422 | 428,798 | 808,220 |
| WESTERN N CAROLINA | 940,701 | 3.89% | 10.61% | 370,745 | 418,992 | 789,737 |
| Southeastern Total | 8,862,490 | 36.67% | 100.00% | 3,492,845 | 3,947,389 | 7,440,234 |
| Western | | | | | | |
| ALASKA | 11,091 | 0.05% | 0.68% | 11,266 | 4,940 | 16,206 |
| CALIFORNIA-NEVADA | 323,102 | 1.34% | 19.95% | 328,191 | 143,911 | 472,102 |
| CALIFORNIA-PACIFIC | 445,747 | 1.84% | 27.52% | 452,768 | 198,538 | 651,305 |
| DESERT SOUTHWEST | 188,294 | 0.78% | 11.63% | 191,260 | 83,867 | 275,127 |
| OREGON-IDAHO | 119,121 | 0.49% | 7.36% | 120,997 | 53,057 | 174,054 |
| PACIFIC NORTHWEST | 185,572 | 0.77% | 11.46% | 188,495 | 82,655 | 271,149 |
| ROCKY MOUNTAIN | 297,942 | 1.23% | 18.40% | 302,635 | 132,705 | 435,339 |
| YELLOWSTONE | 48,572 | 0.20% | 3.00% | 49,337 | 21,634 | 70,971 |
| Western Total | 1,619,441 | 6.70% | 100.00% | 1,644,948 | 721,306 | 2,366,254 |
| Summary | | | | | | |
| North Central | 4,631,512 | 19.16% | | 2,723,778 | 2,062,894 | 4,786,672 |
| Northeastern | 3,816,724 | 15.79% | | 2,579,578 | 1,699,984 | 4,279,562 |
| South Central | 5,241,050 | 21.68% | | 2,964,111 | 2,334,385 | 5,298,496 |
| Southeastern | 8,862,490 | 36.67% | | 3,492,845 | 3,947,389 | 7,440,234 |
| Western | 1,619,441 | 6.70% | | 1,644,948 | 721,306 | 2,366,254 |
| Totals | 24,171,217 | 100.00% | | 13,405,260 | 10,765,958 | 24,171,218 |
| | | | | 13,405,260 | 10,765,957 | 24,171,217 |
| Summary | | | | | | |
| North Central | 5.10 | 0.2032 | 5.16 | 5.04 | 4.86 | 0.2013 |
| Northeastern | 4.83 | 0.1924 | 5.10 | 4.99 | 4.80 | 0.1988 |
| South Central | 5.55 | 0.2211 | 5.66 | 5.56 | 5.22 | 0.2162 |
| Southeastern | 6.54 | 0.2606 | 6.68 | 6.33 | 6.30 | 0.2610 |
| Western | 3.08 | 0.1227 | 3.14 | 3.11 | 2.96 | 0.1226 |
| Totals | 25.10 | 1.0000 | 25.74 | 25.03 | 24.14 | 1.0000 |

Table 3
General Church Apportionments
Jurisdiction/
Conference

| | Paid per Member | | |
|------------------------------------|------------------------|--------------|--------------|
| | 2007 | 2008 | 2009 |
| North Central | | | |
| Dakotas | 17.72 | 19.58 | 14.15 |
| Detroit | 24.25 | 19.77 | 19.72 |
| East Ohio | 17.06 | 18.24 | 17.38 |
| Illinois Great Rivers | 19.96 | 21.11 | 21.34 |
| Indiana | 18.50 | 19.86 | 14.53 |
| Iowa | 10.17 | 12.23 | 12.18 |
| Minnesota | 22.73 | 24.45 | 23.73 |
| Northern Illinois | 20.32 | 12.44 | 17.98 |
| West Michigan | 24.83 | 26.61 | 25.85 |
| West Ohio | 18.01 | 18.52 | 17.96 |
| Wisconsin | 20.93 | 21.83 | 22.07 |
| Total North Central | 18.48 | 18.69 | 17.90 |
| Northeastern | | | |
| Baltimore-Washington | 18.20 | 19.44 | 19.72 |
| Eastern Pennsylvania | 21.59 | 22.36 | 20.13 |
| Greater New Jersey | 29.56 | 30.52 | 29.79 |
| New England | 16.28 | 13.78 | 13.04 |
| New York | 18.00 | 18.81 | 18.41 |
| Peninsula-Delaware | 15.44 | 16.25 | 16.67 |
| Susquehanna (Central Pennsylvania) | 17.68 | 19.28 | 17.97 |
| Upper New York | 10.91 | 12.17 | 11.56 |
| West Virginia | 13.45 | 14.40 | 14.86 |
| Western Pennsylvania | 13.14 | 10.83 | 12.45 |
| Total Northeastern | 16.84 | 17.21 | 16.96 |
| South Central | | | |
| Arkansas | 15.67 | 15.79 | 16.05 |
| Central Texas | 13.57 | 14.10 | 14.08 |
| Kansas East | 17.45 | 20.17 | 18.18 |
| Kansas West | 17.09 | 15.07 | 17.48 |
| Louisiana | 15.91 | 16.38 | 15.45 |
| Missouri | 17.13 | 18.49 | 18.59 |
| Nebraska | 14.92 | 14.90 | 13.87 |
| New Mexico | 18.35 | 17.98 | 18.18 |
| North Texas | 19.25 | 18.98 | 20.88 |
| Northwest Texas | 11.53 | 12.17 | 10.12 |
| Oklahoma | 11.21 | 11.94 | 11.59 |
| Oklahoma Indian Missionary | 1.29 | 1.44 | 1.52 |
| Rio Grande | 7.17 | 7.40 | 7.52 |
| Southwest Texas | 17.83 | 18.20 | 18.88 |
| Texas | 18.03 | 18.21 | 19.18 |
| Total South Central | 15.76 | 16.16 | 16.36 |

Table 3

General Church Apportionments

**Jurisdiction/
Conference**

Paid per Member

| Southeastern | 2007 | 2008 | 2009 |
|---------------------------|--------------|--------------|--------------|
| Alabama-West Florida | 15.05 | 13.89 | 12.88 |
| Florida | 17.56 | 19.27 | 19.19 |
| Holston | 14.91 | 15.04 | 13.00 |
| Kentucky | 15.41 | 15.50 | 14.95 |
| Memphis | 15.85 | 15.32 | 12.06 |
| Mississippi | 10.83 | 10.79 | 10.16 |
| North Alabama | 16.94 | 17.63 | 17.61 |
| North Carolina | 14.51 | 15.18 | 15.21 |
| North Georgia | 17.87 | 17.30 | 16.79 |
| Red Bird Missionary | 3.91 | 4.38 | 4.24 |
| South Carolina | 13.52 | 14.09 | 13.64 |
| South Georgia | 16.33 | 15.96 | 15.90 |
| Tennessee | 14.41 | 14.46 | 14.69 |
| Virginia | 15.54 | 15.47 | 14.53 |
| Western North Carolina | 13.75 | 13.56 | 13.78 |
| Total Southeastern | 15.31 | 15.43 | 14.91 |
| Western | 2007 | 2008 | 2009 |
| Alaska | 18.52 | 18.70 | 18.44 |
| California-Nevada | 15.74 | 13.75 | 13.14 |
| California-Pacific | 30.12 | 28.39 | 26.75 |
| Desert Southwest | 30.20 | 29.74 | 28.52 |
| Oregon-Idaho | 19.71 | 17.54 | 16.84 |
| Pacific Northwest | 18.26 | 18.60 | 17.80 |
| Rocky Mountain | 20.12 | 19.07 | 21.94 |
| Yellowstone | 16.37 | 18.76 | 19.65 |
| Total Western | 22.00 | 20.90 | 20.64 |
| Summary | 2007 | 2008 | 2009 |
| North Central | 18.48 | 18.69 | 17.90 |
| Northeastern | 16.84 | 17.21 | 16.96 |
| South Central | 15.76 | 16.16 | 16.36 |
| Southeastern | 15.31 | 15.43 | 14.91 |
| Western | 22.00 | 20.90 | 20.64 |
| Total | 16.57 | 16.75 | 16.39 |

3. The 2008 General Conference referred Petition Number 81071 (ADCA page 774) “General Church Support” to the General Council on Finance and Administration (GCFA) to form a study group, in conjunction with the Connectional Table, to explore alternative structures for the apportioned general funds of The United Methodist Church. The GCFA is to recommend to the 2012 General Conference a structure of these funds that more nearly conforms to the missional focus of the denomination. In addition, this recommendation will include the methods by which these funds will be apportioned to the annual conferences.

Representation in this study group should include, in part, jurisdictional conference, annual conference, and local church perspectives.

Following is the report of the Apportionment Structure Study Group as approved by the members of the GCFA. Please note that in addition to this report, petitions have been submitted to the General Conference to amend selected paragraphs of *The 2008 Book of Discipline*. The individual petitions are referenced in the report so that they can be found in the relevant sections of the Advance Daily Christian Advocate.

Jesus said, “It is more blessed to give than to receive” (Acts 20:35).

Greetings in the name of Jesus Christ, who called us to serve our neighbors with all of who we are and with all that we possess. Jesus Christ celebrated the generosity of the widow who gave her two coins to the temple treasury (Mark 12:41-44), praised Zacchaeus who gave away four times what he had stolen (Luke 19:1-10), and thanked Mary who washed his feet with an extravagant gift of ointment (Mark 14:3-9). Our goal is to create a pattern of Christian financial generosity among all United Methodists as a response to God’s marvelous generosity of all that we possess.

Summary of Three Emphases

We propose the following two actions (as detailed in the following report and accompanied with legislation for action), with one item subject to further analysis:

1. **Emphasize generous financial stewardship** as a top priority throughout The United Methodist Church. We instruct the General Council on Finance and Administration to work with all the general agencies in coordinating their stewardship activities. A renewed focus on the spiritual discipline of giving by clergy and laity and the faithful use of all our resources is foundational for restoring the financial health of The United Methodist Church.

2. **Provide organizational and financial flexibility between General Conferences.** We provide a way for the Connectional Table and the General Council on Finance and Administration, between the quadrennial sessions of General Conference, to reallocate financial resources to meet the changing needs of United Methodists to serve the world.

3. **Further review of an income-based proportional giving system** as the method by which local congregations in the United States provide a small portion of their financial giving for the work of the general Church. As noted in Report No. 8 regarding the apportionment formula, this matter will be reviewed by GCFA over the next quadrennium. Further information is contained in the full report of the study group on the GCFA website.

Assignment

As we approached our task, we sought to create **a new way of aligning and supporting financially the general ministry of The United Methodist Church in ways that are biblical, Wesleyan, simple, affordable, transparent, and missional.**

Mission and History

We strongly affirm the primary mission of The United Methodist Church to make disciples of Jesus Christ for the transformation of the world. We agree that the primary way to make disciples is by strengthening local congregations, enhancing the work of annual conferences, and enabling our general Church to support the vital ministries of local congregations and our worldwide mission. Our funding system is simply a way to raise the funds necessary to do the work God has given United Methodists to do. Our current system of funding is unique to our institution, without parallel in any other denomination.

At least three groups have looked at general Church apportionments over the past two decades. We reviewed all of their work and appreciate their efforts. Those groups reviewed our United Methodist theology of giving and made adjustments to the apportionment formula from the general Church to the annual conferences. At the end of all their work, however, we continue to use the basic system in place since 1968 and 1972.

The previous study groups also accurately predicted financial circumstances that have unfolded throughout our denomination during the past. Most persons agree that we have reached the “tipping point” in both real and inflation adjusted dollars available for the general Church from the congregations in the United States. The percentage of funds going to the general Church from local congregations continues to fall. The 2013-2016 budget being proposed by the General Council on Finance and Administration and the Connectional Table to the 2012 General Conference reflects this reality.

We believe that it is critical that the 2012 General Conference authorize fundamental reforms in how we receive money from local congregations in the United States and allocate those resources among our general ministries lest we find ourselves in a deeper financial crisis. We feel strongly that the general Church must be bold. We must engage our membership in both the United States and around the world in a new understanding of apportionments that will move us toward a system that is more easily understood, interpreted, and embraced to strengthen our entire connection.

Alignment with the Call to Action

Although we came to our conclusions separately, we believe that our work is in general alignment and consistent with the report of the Call to Action proposals coming from the Council of Bishops and the Connectional Table. We agree with them that the adaptive challenge before us is clear:

To redirect the flow of attention, energy, and resources to an intense concentration on fostering and sustaining an increase in the number of **vital congregations** effective in making disciples of Jesus Christ for the transformation of the world. (Call to Action Steering Team Report ©November 2010, pg. 26)

We agree that “our current culture and practices are resulting in overall decline that is toxic and constricts our missional effectiveness.” (pg. 18) As indicated in the Call to Action fall 2010 report, their fifth priority was

to “consolidate program and administrative agencies, align their work and resources with the priorities of the Church.” (pg. 22) More specifically, they urged that our United Methodist Church:

- Consolidate program and administrative agencies, align their work and resources with the priorities of the Church and the decade-long commitment to build vital congregations, and reconstitute them (pg.9)
- More giving to direct ministry and less to administration and governance. (pg. 11)
- Consistently cultivate incremental increases in financial giving and engagement in outreach, witness, and mission in local communities and the world. (pg. 15)
- Reconceive the general Church and annual conference funding schemes so that revenue and expense align with the emphatic concentration on supporting congregational vitality. (pg. 27)
- Reconceive general Church-funding schemes, instituting more choices for annual conferences and congregations and attracting the needed funds for local, regional, national, and global efforts through quality performance and effective marketing. (pg. 28)
- Move to a financial/budget plan that funds functions not structures in order to
 - Respond more nimbly to emerging needs and opportunities
 - Tie up fewer resources in capital, and utilize more resources for missions
 - Build trust in stakeholders by demonstrating and emphasizing results
 - Move from funding agency (portfolio) plans to funding integrated Church-wide plans.

Again, while we came to our conclusions separately from the work of the Call to Action Steering Team, our report and legislative proposals will help make these parts of the Call to Action report reality.

This proposal deals primarily with the apportionment system within the United States. The apportionment system outside the United States varies greatly, and is being considered by a separate central conference apportionment study group led by the European bishops of The United Methodist Church, and convened by the General Council on Finance and Administration. We celebrate that the central conferences wish to connect specifically in the Episcopal Fund and the expenses of General Conference and we continue to mature in our understanding of our connection as a worldwide Church. Within this context, however, most of the following proposals focus on general Church funding as practiced in the United States.

1. Emphasize Strategies to Increase Funds for Ministry. First and foremost, we believe that we must have a significantly stronger expectation that our members will be financially generous. United Methodists need to get back to the basics by teaching in our congregations the concept of financial stewardship throughout our denomination. Our clergy and our members must reaffirm our Wesleyan commitment to earn all we can, save all we can, and give all we can. We seek a systematic approach to encourage all United Methodists to be generous at every level of the connection. We call for a renewal of the concept of the spiritual discipline of Christian generosity throughout our denomination. This will require a

cultural change wherein spiritual disciplines are not various options that one can choose, but rather expectations of membership.

We agree with a definition of stewardship that comes from The Ecumenical Center on Stewardship (1996): “Christian stewardship is the practice of systematic and proportionate giving of time, talents, and material possessions, based on the conviction that these are a trust from God to be used in the service and benefit of all people, in grateful acknowledgment of Christ’s redeeming love.”

We are encouraged by the new emphasis on stewardship by the General Board of Discipleship. We affirm the passion of United Methodist Communications and the General Council on Finance and Administration to undergird stewardship. We celebrate the initiative of the General Council on Finance and Administration’s new annual conference partnership to develop “Strategies to Increase Funds for Ministry.” Yet, we perceive that there are too many options and approaches such that there is no clear message.

At the same time, the general Church must demonstrate it is being a good steward of the resources it receives. Stewardship cannot be just about individual giving. Institutional spending counts too.

In alignment with this first recommendation, we need better communication from the general Church that is more cost-effective, coordinated, and compelling. In the current quadrennium, the UMC will spend \$7,734,000 just to promote the many funds authorized by General Conference. We consulted with staff of the General Council on Finance and Administration, the stewardship staff of the General Board of Discipleship, and staff of United Methodist Communications. All of them are committed to this goal, yet all see a need for greater alignment. Ultimately, this solution must probably come from the Call to Action recommendation or other General Conference action to consolidate general agencies and their focus.

The United Methodist Church has many wonderful stories to tell about how our denomination is changing lives and transforming our world. We have many voices speaking - - one mission, and three rules, and four foci, and five faithful practices, and seven vital pathways -- but no one emphasis. While we have dozens of pamphlets, “The Interpreter” magazine, DVDs, a website, and other means of communication, we believe that more has not been better. We have too many funds, too many managers, and their messages are sometimes unclear. We have 117 “official United Methodist” websites.” We need focus, clarity, and ways to evaluate effectiveness of the communication. We need to use new social networking media. We need to network versus connect through hierarchies. In a 2007 survey by the Connectional Ministry Funding Patterns Task Force of denominational leaders, only 24% of them rated “the value of the promotional materials to your ministry” as very good or good!

We also heard consistently about the need to train local congregation clergy about both personal stewardship and enabling laity to be good stewards. Many of our students enter seminary carrying large amounts of debt. How do we hold our district and annual conference

committees responsible for the process? Our clergy return from seminary with huge amounts of debt, are appointed to churches with congregations who are in debt. Clergy also need more understanding about the connection and the value of connectionalism for local congregations and our global community. The general consensus is that the lack of support by clergy of the connection is the major blocking point. Until we build a new level of trust, all our efforts may be minimal.

Until we can convince both our clergy and laity that giving to the church comes first rather than from what is left over, our efforts will be minimal. We believe that the primary emphasis should be First Fruits, rather than Tithing. If the first check that is written after depositing their income is to the church, the percentages will come over time. The problem is not so much structure of apportionments; if our members give to the church last, the money will not be there for the local church to give to the annual conference apportionments and, therefore, the money will not be there for the annual conference to give to the general Church.

A new emphasis on personal, congregational, and general Church stewardship is the foundation stone of our recommendation, and comes from all levels and organizations of our Church. As a first step, we propose that the responsibility for coordinating general Church stewardship be placed in the General Council on Finance and Administration. Because of their already-established links with annual conference treasurers, United Methodist foundations, and other responsible persons, we believe that they are best positioned to call together the right people to make coordinated decisions. (See legislative proposal regarding deleting ¶ 1115.7 and adding new ¶ 807.2.) The General Conference voted to add the phrase “in cooperation with the General Council on Finance and Administration” to ¶ 807.2.

2. Provide organizational and financial flexibility between General Conferences. Just changing who coordinates stewardship changes very little. What The United Methodist Church fully needs is the flexibility to adapt organization and budget. This change is necessary if the reforms proposed by the Call to Action are to be enacted. For example, in mid-2011 the Connectional Table and General Council on Finance and Administration created a budget through the year 2016. Currently, only the 2012 General Conference may make changes to that budget. After General Conference adjourns, no one and no entity can make any changes to the allocated budgets. The current system cannot adapt to provide flexibility in ministry and mission.

We, therefore, provide a way for the Connectional Table and the General Council on Finance and Administration to reallocate financial resources between sessions of the General Conference to meet the changing needs of United Methodists to serve the world. Essentially, the Connectional Table and the General Council of Finance and Administration, in consultation with the Council of Bishops and all parties who receive funds, will determine the most effective distribution of funds. The total funds will not exceed the total budget approved by the preceding General Conference.

See constitutional proposals to ¶16.8 and ¶16.9 for the General Conference to delegate authority to make this possible. These constitutional amendments would require a two-thirds

vote of the General Conference and the vote of annual conferences. These two amendments did not receive the two-third vote by the General Conference necessary for passage.

Conclusion

Our work was being done in dialogue with the Call to Action Steering Committee and other study groups appointed to report to the 2012 General Conference. We came to our own conclusions independently of any other group. Other groups are focusing on the priorities and structures of the general agencies to accomplish the mission of The United Methodist Church. Our task was to explore and recommend the most effective and efficient way to raise the funds to accomplish the mission of The United Methodist Church.

We are thankful for the opportunity to serve our United Methodist Church. We believe that we have been faithful to our assignment. And we believe that if our report is adopted The United Methodist Church at the general Church level will be stronger financially for the making of disciples for the transformation of the world.

Study Group Members

- Reggie Holder (former Chair, Layman from North Alabama, former member of the General Council of Finance and Administration)
- Jim Allen (Layman, Treasurer of the Tennessee Annual Conference)
- Judy Benson (Laywoman from Oklahoma, member of the Connectional Table)
- Peter Binder (Layman from the Annual Conference of Switzerland, France, and Northern Africa, member of the General Council on Finance and Administration)
- Bill Brownson (Layman, Treasurer of the West Ohio Annual Conference)
- Deborah Heisley-Cato (Clergywoman and District Superintendent from the Susquehanna Annual Conference)
- Andy Langford (Principal Author, Clergyman from Western North Carolina, member of the Connectional Table)
- Janice Palm (Clergywoman from Upper New York, member of the General Council on Finance and Administration)
- Martha Scarborough (Laywoman, former Mississippi Conference Treasurer, President of the United Methodist Foundation of Mississippi)
- Leah Taylor (Laywoman from Texas)
- Sylvester Weatherall (Clergyman from Illinois)
- General Council on Finance and Administration staff: John Goolsbey, Scott Brewer, and Moses Kumar.

Consultations

In our work we also consulted with Bishop Larry Goodpaster, President of the Council of Bishops; Bishop Gregory Palmer, Co-Chair of the Call to Action Steering Committee; Neil Alexander, Co-Chair of the Call to Action Steering Committee; the National Association of Annual Conference Treasurers; consultants The Reverend Dr. Tom Frank, United Methodist polity expert, and The Reverend Herb Mather, former Assistant General Secretary for Stewardship of The General Board of Discipleship; Betsy Schwartztraub and Don Joiner, stewardship staff of The General Board of Discipleship; Larry Hollon, Sherri Thiel, and Chuck Niedringhaus, staff of United Methodist Communications; and the members of The

General Council of Finance and Administration and the general Church Connectional Table in individual conversations and at their regular meetings in 2010-2011.

Report No. 14
**GENERAL CHURCH SOURCES OF FUNDING TO THE GENERAL COUNCIL ON
FINANCE AND ADMINISTRATION**

The income for the General Council on Finance and Administration (GCFA) from general Church funds for the 2013-2016 quadrennium is \$25,217,000, representing a decrease of \$1,719,000 or 6.4% compared to the 2009-2012 quadrennium. The funding of GCFA's work comes primarily from the General Administration Fund, the World Service Fund and the Episcopal Fund. The overall decrease of 6.4% results in decreased anticipated support by these individual funds of 6.4% for the Administration Fund, 6.6% for the World Service Fund and 4.6% for the Episcopal Fund.

GCFA fulfills a wide variety of oversight responsibilities within The United Methodist Church as directed by the General Conference and listed in *The 2008 Book of Discipline*. All of GCFA's spending is in support of these various processes and activities mandated by *The 2008 Book of Discipline* and are entirely administrative in nature. GCFA's administrative ministries include:

- 1) Protecting the legal interests and certain intellectual property of the denomination (§ 807),
- 2) Maintaining an internal audit function to conduct audits of general Church agencies (§§ 806.6, 806.12) including coordinating external audits for all agencies receiving general Church funds,
- 3) Performing various fiscal responsibilities, such as accounting for the General Funds, GCFA, the United Methodist Church Foundation and certain other general Church agencies, overseeing an investment pool for the general Church agencies, and administering the Episcopal Fund (§§ 806, 806.3, 806.5, 806.7, 806.11, 817),
- 4) Overseeing an insurance program for the denomination (§ 807.22),
- 5) Administering the collection and distribution of apportionments (§§ 806, 806.2)
- 6) Coordinating the preparation of the quadrennial budget for the denomination's boards and agencies (§§ 806.1, 806.4),
- 7) Serving as custodial trustee of the denomination (§§ 803, 807.1),
- 8) Managing, interpreting and maintaining various statistics and records for the denomination (§§ 807.15, 807.16), and
- 9) Assisting in the preparation for and management of General Conference (§ 807.23).

In living out its ministry of administration, the Council provides ongoing support of several United Methodist associations. These include the United Methodist Association of Church Business Administrators, the Professional Association of United Methodist Church Secretaries, the United Methodist Information Technology Association, and the National Association of Commissions on Equitable Compensation of The United Methodist Church.

GCFA provides guidance, consultation and assistance to these associations in a variety of ways including training programs and workshops, establishment of professional standards, certification, informational resources and staff support.

GCFA's legal work, in addition to the themes mentioned above, includes a variety of support to annual conference chancellors, in part through the United Methodist Church Conference Chancellors Association. The legal department conducts legal forums for chancellors, develops resources to assist chancellors with their work and helps establish linkages for the chancellors to resource each other on behalf of the Church.

During the 2005-2008 quadrennium GCFA established the United Methodist Property and Casualty Trust (UMPACT) to serve as the primary vehicle through which GCFA responds to its Disciplinary mandate regarding insurance. UMPACT is a member-owned, captive insurance company that provides various insurance coverages to annual conferences and agencies of The United Methodist Church. These insured organizations comprise the membership of UMPACT. GCFA provides on-going financial and other "in-kind" support to UMPACT to facilitate its ministry protection work.

Among other matters, GCFA's internal audit function oversees and pays the cost for external audits of all United Methodist agencies that receive general Church funds. This work represents one of the largest discrete spending categories within GCFA.

Report No. 14
General Church Sources of Funding to
The General Council on Finance and Administration
Quadrennium 2013-2016

| | 2013 | 2014 | 2015 | 2016 | 2013-2016 | 2009-2012 | \$ Change |
|----------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Estimated On-Ratio Allocation from the | | | | | | | |
| General Administration Fund (| \$ 3,663,000 | \$ 3,663,000 | \$ 3,664,000 | \$ 3,664,000 | \$14,654,000 | \$ 15,654,000 | \$(1,000,000) |
| Estimated Charges to other General Funds (2) | | | | | | | |
| World Service Fund | 1,856,000 | 1,856,000 | 1,856,000 | 1,855,000 | 7,423,000 | 7,947,000 | (524,000) |
| Episcopal Fund | 517,000 | 518,000 | 518,000 | 518,000 | 2,071,000 | 2,170,000 | (99,000) |
| Interdenominational Cooperati | 51,000 | 51,000 | 52,000 | 52,000 | 206,000 | 220,000 | (14,000) |
| Human Relations Day | 20,000 | 20,000 | 21,000 | 21,000 | 82,000 | 82,000 | - |
| One Great Hour of Sharing | 113,000 | 113,000 | 113,000 | 114,000 | 453,000 | 453,000 | - |
| World Communion Sunday | 38,000 | 38,000 | 39,000 | 39,000 | 154,000 | 154,000 | - |
| United Methodist Student Day | 19,000 | 20,000 | 20,000 | 20,000 | 79,000 | 79,000 | - |
| Native American Ministries Su | 11,000 | 11,000 | 11,000 | 11,000 | 44,000 | 44,000 | - |
| Peace With Justice Sunday | 7,000 | 8,000 | 8,000 | 8,000 | 31,000 | 31,000 | - |
| Youth Service Fund | 5,000 | 5,000 | 5,000 | 5,000 | 20,000 | 20,000 | - |
| Total | 2,637,000 | 2,640,000 | 2,643,000 | 2,643,000 | 10,563,000 | 11,200,000 | (637,000) |
| Total Budget | \$ 6,300,000 | \$ 6,303,000 | \$ 6,307,000 | \$ 6,307,000 | \$25,217,000 | \$ 26,854,000 | \$(1,637,000) |

(1) This is an estimate of the collected apportionments at an 87% collection rate. The total GCFA apportionment for this line item, as indicated in Report No. 6 is \$16,844,000 during the 2013-2016 quadrennium.

(2) These fixed charges are collected at a 100% collection rate against the individual funds as indicated.

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 and as the successor to its predecessor bodies. In this capacity, the GCFA provides for the management of assets that have been given to The United Methodist Church as a part of the Permanent Fund (¶ 807.3), or that are managed by 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 2008 to 2011, the Permanent Fund has provided a total of \$1,463,553 to the World Service Fund. For generations, this Fund has helped underwrite the Mission of The United Methodist Church.

The GCFA recommends that the Permanent Fund distributable income be made a part of the World Service Fund receipts annually for distribution during the 2013-2016 quadrennium.

Report No. 16
REPORT ON GENERAL AGENCIES HEADQUARTERS/STAFF LOCATION

Background and Mandate

The General Conference assigned the responsibility for establishing a procedure for making a quadrennial review of the location of staff and the headquarters of general agencies to the General Council on Finance and Administration (GCFA) in concert with the Connectional Table (CT). the legislative reference for this responsibility is found in *The 2008 Book of Discipline*, ¶ 807.7, which reads:

To act in concert with the Connectional Table to 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.

There is no corresponding reference to the CT's responsibility for this task in ¶ 905. As a consequence, the CT referred to ¶¶ 807.6-8 when living out this function.

Procedure

The previous procedure developed by GCFA and the former General Council on Ministries (GCOM) involved a joint working committee. This body dissolved with the discontinuation of GCOM and has not been reconstituted. The primary responsibilities of that committee have been divided between GCFA, relying on its Executive Committee and Property Services Committee, and the CT where the entire table serves as the committee. At this time, general agencies seeking approval for relocation of headquarters or staff bring the case for relocation before both GCFA and the CT in separate actions. The requests are considered and receive action by the two bodies without regard for sequence or timing of the consideration.

Activity Concerning Headquarters/Staff Relocation

There have been no new actions considered by GCFA and the CT during the 2009-2012 quadrennium regarding relocation or acquisition of property by any general agency of The United Methodist Church.

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

As with the previous quadrennium, it is the recommendation of the GCFA that the location of the headquarters buildings and staff of the general agencies of The United Methodist Church remain at their current locations for the 2013-2016 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

Giving Today for Tomorrow's Ministries / Celebrating Ten years of Service – 2000-2010

The United Methodist Church Foundation celebrated its tenth year of growth as a ministry of The United Methodist Church during the past quadrennium. The Foundation began operations in early 2000 to encourage United Methodists to provide for their continued participation in World Service, in one or more of the World Service agencies, or in other general Church benevolence funds or interests, through current and planned giving, including wills and trusts. The mission of the Foundation is to empower the Church, local to global, by modeling a generosity in trusted partnership with agencies and institutions to endow its mission of making disciples of Jesus Christ for the transformation of the world.

The Foundation's founding board and staff, elected by GCFA, together with one director elected by the National Association of United Methodist Foundations, set direction and policy to accomplish this mandate through 1) a multi-faceted 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 development program collaborating with United Methodist agencies and organizations that has now established sixteen (16) endowment efforts to date for future financial efficacy of ministries of the agencies and organizations.

The Foundation continues to reach significant milestones in its mission and ministries with each passing year. The Foundation has initiated and is growing those sixteen (16) endowment efforts for the ministries currently served by almost all of the World Service Fund and General Administration Fund agencies, as well as the Council of Bishops, in just the first six years of its giving and development program. Another milestone is the increase in investment accounts from its initial nine (9) accounts to more than 47 accounts in just ten years. Starting out with accounts for three (3) general agencies and divisions, the Foundation now manages funds relating to nine (9) of the eleven (11) apportionment-supported agencies and the Council of Bishops, as well as Black Methodists for Church Renewal (BMCR), *Metodistas Asociados Representando la Causa Hispana Americana (MARCHA)*, the National Association of Filipino American United Methodists (NAFAUM), along with ministries supporting local church administration, Christian education and church conflict transformation, to name a few. The number and diversity of organizational investors in Foundation portfolios within the United Methodist family is growing constantly and consistently. The Foundation is fully viewed as a trusted colleague among sister development offices throughout the United Methodist connection from conference/area foundations to racial/ethnic caucuses to general agency ministries of all kinds.

Giving & Development:

This quadrennium has continued the Foundation's trend of growth and innovation in the area of giving and development. The Giving and Development program of the Foundation works to connect the passion of individual donors to ministry. The program is anchored in the establishment of a new culture of estate planning among United Methodists in partnership with other foundations and legal professionals. An innovative new Gift Charity program has been designed to cultivate planned giving through wills, trusts and other estate giving by creating a scalable and streamlined web-based module on the website of benefitted United Methodist agencies and organizations. This new program is a pilot effort to teach and share pew-friendly understandings of ways that lifetime Christian stewardship can extend to make future disciples.

Beginning with year-end appeals such as *The Cornerstone*, as well as customized appeals for various endowment efforts throughout the year, the Giving and Development program has expanded to email and web-based appeals, donor events throughout the U.S., and traditional philanthropy counsel and services in the central conferences, as well as additional

printed newsletters and appeals throughout the year. With the Foundation's newly redesigned website and e-commerce capabilities now in place, the Foundation is able to take advantage of electronic media and communication tools in support of donors and prospects as never before. The Foundation coordinates a roundtable for development staff of The United Methodist Church, sometimes in person and often via email and web-based technology, as well as trainings for agency advancement committees in increasing numbers. These and other trainings are designed to further the strategic shift from scarcity to abundance in the theology of giving throughout The United Methodist Church.

The effects of the recent recession on the Foundation's ministries were not isolated to the funds management program, but neither was the recovery! After a dip in number of gifts during 2008, the 2009 gift numbers rose precipitously. The total amount given to Foundation endowment funds during 2009 rose by more than 66%, more than countering any reductions from the previous year. At the same time, the number of new givers rose significantly during 2009 over the previous year. In addition, the number of givers who increased or upgraded their giving to Foundation endowment funds increased as well. These trends seem to be continuing as the quadrennium progresses. This is indeed great cause for celebration of the Foundation's tenth year of growth in ministry.

Funds Management:

The funds management program of the Foundation continues to provide superior investment performance as well as social responsibility witness. The investment strategy of the Foundation is to emphasize total return, that is, the aggregate return from capital appreciation and dividend and interest income. The primary objective in the investment management for the Foundation's own 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 extreme volatility experienced throughout the past quadrennium put the downside capture strategy of the Foundation's funds management program to the test. The great news is that the Foundation continues to pass the test, in some cases to an extreme. The funds management program of the Foundation is designed to minimize loss and to maintain value during down market periods. Market conditions during 2008-present have served to vindicate the decisions of the Foundation's Funds Management Committee in this regard. The Foundation's investment committee continues to enjoy the collective wisdom and expertise of some of the best minds and resources in the field from around the world within our denomination.

Since its beginning, the Foundation has included social screens in its investment policies and applies those screens so as to further the principles and policies voiced in the United Methodist Social Principles related to the promotion of gambling, production of alcohol or tobacco, production of weapons of indiscriminant mass destruction, or production or promotion of pornography.

The Foundation continues to expand its socially responsible investment ministry through portfolio screening and shareholder advocacy. As a result, the Foundation filed or co-filed resolutions with corporations to achieve corporate behavioral change in the areas of board diversity, Equal Employment Opportunity reporting, reduction of violence in video gaming, and greenhouse gas emission reduction and reporting. The Foundation has been a primary participant in dialogue sessions with senior management at Chevron Corporation and ExxonMobil on environmental protection measures and has negotiated improved commitments to diversity in board policies relating to persons of color and women with El Paso Corp., Expeditors International, National Oilwell Varco, and Hertz.

Elimination of Investment Duplication:

Through the last twelve years of market volatility and strong risk-adjusted performance, the Foundation has positioned itself to achieve economies of scale in the investment of long-term assets of agencies and their related institutions of The United Methodist Church. Based on its strong historical performance and risk control, the Foundation has developed an investment program specifically designed for the needs and time horizons of general agencies and the worldwide ministry of the Church. The Foundation has a strong relationship of trust with all apportionment-supported agencies, and manages long-term assets related to all of them. The Foundation is strategically situated so as to be responsive to the investment needs of agencies' institutional investments through superior performance, customer service, social responsibility and best fiduciary practices.

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. Thanks be to God.

The United Methodist Church Foundation, Inc. 2011 Board of Directors

Nathaniel L. Bishop, Christiansburg, VA
Thomas Black, Hockessin, DE
Irma Clark, Chicago, IL, Vice President
Chris Davis, Davidson, NC
G. Lindsey Davis, Louisville, KY
Robert R. Fletcher, Nashville, TN
Oscar Luis Garza, Houston, TX, President
Dixie S. Hall, St. Regis, MT
Donald House, Bryan, TX
Keith Andrew Hwang, Los Angeles, CA

A. Moses Rathan Kumar, Mt. Juliet, TN
Mathew A. Pinson, Atlanta, GA
Margaret Reynolds, Lee's Summit, MO
Larna Spearman, Indianapolis, IN, Secretary
Hans-Jürgen Steuber, Bielefeld, Germany,
Treasurer
Wee-Li Tan, Lakeland, FL
Donald W. Underwood, Plano, TX
Jessica Vargo, North Canton, OH
Mona Mae Waymire, Madill, OK

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

Introduction

The General Conference first required the General Council on Finance and Administration (GCFA) to make available a “church-wide [property and liability] insurance program” in 1976. (See ¶ 907.13, *The 1976 Book of Discipline*.) Although the legislative history is in archives, the need for action in 1976 is most likely represented by one or more of the following concerns:

Some number of local churches were inadequately insured. Some were missing key coverages. Others had inadequate limits or couldn’t afford certain coverages. Still other churches were on coastlines, flood plains, and fault lines or in tornado alleys and catastrophic property coverage wasn’t consistently available.

It is axiomatic that General Conference acts only when there is a perceived need. Why would these kinds of concerns matter to the General Conference? They matter because of the trust clause, which has been part of the *Book of Discipline* since 1797. Today, ¶ 2501 codifies the trust clause and provides in part:

All properties of United Methodist local churches and other United Methodist agencies and institutions are held, in trust, for the benefit of the entire denomination . . . [The trust clause] reflects the connectional structure of the Church by ensuring that the property [real and personal, tangible and intangible] will be used solely for purposes consonant with the mission of the entire denomination . . . [T]he trust is and always has been irrevocable, except as provided in the Discipline. (See ¶ 2501.1 and.2, The 2008 Book of Discipline)

In the context of insurance, the trust clause can be interpreted this way: We United Methodists have a stewardship responsibility to rebuild for ministry a building lost to fire or adverse weather. We have a stewardship responsibility to ensure that parishioner dollars given for ministry are not used to pay uninsured liability settlements, judgments, or verdicts. We have a stewardship responsibility to ensure that real and personal property given for perpetuating United Methodist ministry is preserved for that singular purpose and not sold to pay uninsured liabilities. And, we have a Christian responsibility to adequately provide for those who are harmed by the Church.

We can imagine that the General Conference was weighing “trust clause-related stewardship” with concerns about inadequate insurance, affordability, and availability when in 1976 it directed GCFA to offer a Church-wide property and liability insurance program. Assigning this responsibility to GCFA made sense because the agency was at the time and remains today the sole member of the Board of Trustees of The United Methodist Church, Inc. (See ¶ 803, *The 2008 Book of Discipline*.) GCFA’s Church-wide responsibility for insurance is codified at ¶ 807.22.

General Conference revisited the issue of property and liability insurance in 1992, when for the first time 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)

Once again, General Conference perceived a need to act, presumably, based on a belief that local churches continued to be uninsured or under-insured and something more was required.

We know from surveying significant numbers of local churches since 2005, the need that likely moved General Conference to act in 1976 and again in 1992 persists today. Local church survey results reveal the following:

- More than 40% don't have worker's compensation insurance
- More than 70% don't have sexual misconduct liability (SML) insurance
- More than 90% of those with SML have \$500,000 or less in limits
- More than 60% don't have Director's and Officer's liability insurance
- More than 50% don't have employment practices liability insurance

Even annual conferences that have adopted conference-wide insurance programs (aka "mandatory") outside of GCFA-sponsored initiatives have inadequate sexual misconduct limits and do not include employment practices liability insurance in their offering, for example, in too many cases. Despite an aggressive commercial market; more than 35 years of GCFA-sponsored insurance programs; and despite a specific challenge to local church trustees in ¶ 2533.2, the need which General Conference initially addressed in 1976 persists into 2011 and 2012.

Without affordable, widely and consistently available, comprehensive property and liability insurance, the assets with which this 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 continues with faith that over time the vision of General Conference in 1976 will be fully realized.

History

From 1976 through 2004, GCFA's vehicle for fulfilling its General Conference mandate was The United Methodist Insurance Program. UMIP (as it was called) was not a separately incorporated entity, but rather a loosely-organized purchasing group. Participating annual conferences, local churches, and agencies pooled their premium in an effort to lower the cost of insurance. Over time, the pooling of premium alone did not consistently deliver the affordable, comprehensive, and widely available coverage embedded in the concept of "trust clause-related stewardship".

After much study, it was clear that although pooling premium is a factor in reducing the cost of insurance, it is insufficient alone to achieve it. Additionally, pooling premium had little discernible impact on the denomination's requests (through UMIP) for commercial carriers to broaden the terms and conditions of coverage, customize coverage for ministry, or expand the availability of coverage. In addition to pooling premium, retaining risk would also be necessary if the 1976 General Conference vision was to be realized over time. So, after 29 years of UMIP, GCFA formed the United Methodist Property and Casualty Trust (UMPACT) in 2005.

Between 2005 and late 2011, UMPACT has been GCFA's vehicle for fulfilling its General Conference mandate. UMPACT is a non-profit, captive reinsurance company owned and capitalized by the annual conferences and agencies that participate. This group-owned captive retained significant risk on the major lines of insurance (property, commercial general liability, crime, workers compensation, and auto liability). The group captive provided for the pooling of premium, and risk retention which its predecessor had not. UMPACT, a risk bearing entity, was responsible for paying claims within its retention. As a result, commercial carriers became partners instead of sole source claims payers, giving UMPACT some influence over the terms and conditions, availability, and customization of coverage. However, state regulations governing group captives required a capital contribution from annual conferences as a condition of insuring local churches, which inhibited growth. And, certain tools for reducing costs were not available in a group captive structure.

After further study, it was clear 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 as successor to UMPACT. The process for seeking regulatory approval to operate UMI as a captive insurance company was complete by August 2011. The company began retaining risk in October 2011 on selected lines of coverage. During the succeeding 12 months, the company will take over the assets and liabilities of UMPACT, expand its risk retention, and launch the various cost saving initiatives and flexibility in coverage and operations that were the rationale for its creation.

Like its commercial counterparts, UMI retains risk, issues policies, collects premium, pays claims, and is subject to federal and state regulation. Also like its commercial counterparts, actuaries and financial experts help determine the amount of risk UMI should retain; the company then buys excess and stop-loss insurance to pay covered losses that exceed its retention up to the policy limits. However, unlike its commercial counterparts, UMI represents a vision of stewardship ministry that was designed by United Methodists for the exclusive benefit of United Methodists.

Mission

The mission of UMI is to live out property and liability insurance as not only a business transaction but also as ministry.

The "business" of UMI is to stabilize the cost of insurance and ultimately to reduce costs, while providing comprehensive coverage with limits sufficient to respond in the litigious environment in which annual conferences, local churches, and general agencies seek to serve. As surplus dollars accumulate with growth in participation and good loss experience over time, the company's ability to drive down costs, customize and expand coverage, and insure the difficult-to-insure increases. As of the writing of this report, the program developed by UMPACT and transitioned to its successor UMI insures approximately 3,000 local churches, 12 annual conferences, and 5 general agencies representing over \$15,000,000 in gross written premium.

Our ministry includes using surplus generated by the business of writing insurance for the benefit of local churches, annual conferences, and general agencies. In addition, our focus is on helping local churches design and execute ministry that protects resources and the people they seek to serve. As part of the United Methodist community, UMI is unique among insurance carriers in our ability to design resources and training to help church leaders faithfully implement provisions of the *Book of Discipline*. Examples of areas where we are active include fair process and the investigation and referral of internal church complaints; background checks for clergy and volunteers; *Safe Sanctuaries*; legal issues facing local churches and related ministry responses; protecting financial resources from theft or misappropriation and making related reports to charge conferences.

We undertake ministry protection in a way that is consistent with United Methodist polity, including lifting up and disseminating the best practices of our general agencies, annual conferences, and local churches. UMI is committed to a vision of insuring the social justice ministries that form the basis of our Wesleyan tradition, which are often excluded from coverage by commercial insurers. Catastrophic weather calls for a connectional response in which UMI participates as a full ministry partner.

Faith communities have historically viewed property and liability insurance as one dimensional, without recognizing its impact on ministry. 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 limits sufficient to respond in the event of loss and to recognize the importance of denomination-specific resources and training in preventing losses.

The Future

The availability of GCFA-sponsored insurance programs and, in particular, the presence of UMPACT and its successor UMI, have laid the foundation for a new understanding of insurance as a tool for living out "trust clause-related stewardship". We have, in turn, set a new standard for the commercial insurance market. Following are a few examples.

UMPACT and UMI offer limits and coverages previously unavailable, forcing the commercial market to improve their offerings to match ours. We have raised expectations for handling catastrophic weather-related claims like Hurricane Katrina. We empirically established the level to which local churches are inadequately insured, which heretofore had been an undocumented source of concern. Having established the inadequacy of local church insurance denomination-wide, we are changing the conversation and focus of annual conference and local church trustees. Our denomination-specific ministry protection resources cannot be duplicated by the commercial market and our methods for education outreach (e.g., webinars) are being copied by commercial carriers. The net result of our presence in the property and liability insurance market inures to the benefit of the whole denomination.

As the number of conferences, churches, and agencies choosing UMI for property and liability insurance increases, so will our ability to address the needs identified by General Conference more than 35 years ago. In subsequent quadrennia, UMI and GCFA look forward to

reporting on our growth and progress in fulfilling the mission with which GCFA was charged by General Conference in 1976 and for which UMI was created.

Report No. 19 WORLD SERVICE SPECIALS

Definition of Program

The 2008 Book of Discipline, (§ 819.2), 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.” Currently, there are four World Service Special projects as described here:

World Service Special Gifts As of May 31, 2011

| <u>Project</u> | <u>Agency</u> | <u>Receipts 2001-2004</u> | <u>Receipts 2005-2008</u> | <u>Receipts 2009-2012</u> | <u>Total Since Inception</u> |
|---------------------------------|---------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|
| Africa University | GBHEM | \$ 2,956,727 | \$ 4,402,684 | \$ 2,059,197 | \$ 16,696,733 |
| Perryman Scholarship | UMCom | \$ 3,541 | \$ 1,800 | \$ 4,535 | \$ 22,422 |
| Global Education | GBHEM | | | \$ 4,237 | \$ 4,237 |
| Lay Missionary Planting Network | GBOD | | | \$ - | \$ - |
| | | <u>\$ 2,960,518</u> | <u>\$ 4,433,277</u> | <u>\$ 2,067,968</u> | <u>\$ 21,819,946</u> |

The General Council on Finance and Administration (GCFA) recommended changes to this funding process, approved by the 2008 General Conference, so that it might become a more effective designated giving channel. 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

General administrative oversight of the program shall be by GCFA. It will reflect the established basic approval criteria and project approval process developed in consultation with the Connectional Table (CT). The responsibility for the receiving and distribution of World Service Special Gifts funds to the administering agencies shall reside with the GCFA.

Guidelines for Operating the World Service Specials Program

The detailed guidelines for operation of the application, approval, and administrative processes were presented in the report to the 2008 General Conference. These processes provide for representation by the CT and for consultation with the administering agencies. The detailed guidelines are listed on the GCFA website.

Report No. 20
RESPONSE TO REFERRALS FROM THE 2012 GENERAL CONFERENCE

The *2008 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 2012 General Conference adopted legislative committee reports and individual petitions that called for the funding of items that were not included in the apportioned funds budgets initially presented by the GCFA and the CT in the *Daily Christian Advocate Advance Edition*. The GCFA and the 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 *2008 Book of Discipline*, as well as 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.

The GCFA and the CT adopted the following recommendations for those items referred by the 2012 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. ***CEID Policy Committee*** (Calendar No. 208, p. 2108; Petition # 20059-FA-¶811.1-\$-G, Advance DCA, p. 664).

This petition establishes the Committee on Inclusiveness, formed from the two agencies formerly known as the General Commission on Religion and Race and the General Commission on the Status and Role of Women, as partners with the GCFA in determining fair and just recommendations for withholding funds from agencies and Church-related institutions that are non-compliant in creating and/or implementing their Committee to Eliminate Institutional Discrimination policies and instructs that policies of compliance will be submitted to the GCFA. The petition was adopted by the General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT have evaluated the petition and recommend that any costs related to implementation of this legislation shall be funded within the existing budget. Subsequent to the initial approval of this recommendation, the Judicial Council ruled the Plan UMC restructuring of the general Church agencies to be unconstitutional. Therefore, creation of this committee did not occur and the two commissions were continued under separate budgets within the World Service Fund.

2. ***Commission on the General Conference*** (Calendar No. 209, p. 2108; Petition # 20319-GA-¶511.1-G, Advance DCA, p.951).

This petition reduced the size of the Commission on the General Conference from 25 to 19 members, while increasing the representation from the central conferences, and was approved by the legislative committee. The General Conference amended the petition to not reduce the membership to 19 and instead keep the membership at 25, while increasing the representation from the central conferences. The amended petition was adopted by the General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the Commission on the General Conference, have estimated that the additional central conference membership and increase in the size of the Commission on the General Conference will cost \$85,000 for the 2013 – 2016 quadrennium. These costs related to the changes in membership will be funded within the existing budget of the General Conference. The 2012 General Conference approved this recommendation

3. *Holistic Strategy on Latin America and the Caribbean* (Calendar No. 491, p. 2195; Petition # 20321-GM-NonDis-\$-G, Advance DCA, p.1172).

This petition requested administrative funding for the Coordinating Group for the Holistic Strategy on Latin America and the Caribbean Special Program in the amount of \$25,000 for the 2013 – 2016 quadrennium, and the legislative committee concurred. The Coordinating Group currently meets regularly under the coordination of the General Board of Global Ministries (GBGM). This petition was adopted by the General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT recommended, in consultation with the GBGM, and the 2012 General Conference approved, that the \$25,000 be funded from the existing GBGM budget.

4. *Require Fuller Translation for Non-American UMs* (Calendar No. 203, p. 2108; Petition #20631-CO-¶511.4c-\$-G, Advance DCA, p. 362).

This petition requested that the United Methodist Publishing House make all necessary arrangements for the publication of the *Daily Christian Advocate*, and quadrennial reports of the Connectional Table and the general agencies, in English, French, German, and Portuguese, which the legislative committee adopted. The petition was amended by the General Conference to remove German and add Kiswahili as one of the languages for publication. The amended petition was adopted by the General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the Commission on General Conference, have estimated the cost of providing the *Daily Christian Advocate* and quadrennial reports of the Connectional Table and the general agencies in Kiswahili to be \$500,000. The GCFA and the CT have learned that the official sessions of central conferences in Africa are held in either French or English where some members' first language is Kiswahili. The GCFA and the CT recommended, and the 2012 General Conference

approved, that these additional costs will be funded from the existing budget for the General Conference, unless alternative funding sources are identified.

5. *Recognition of 100th Anniversary of Wesley Foundations* (Calendar No. 500, p. 2197; Petition #20731-MH-NonDis-!-G, Advance DCA, p. 1463).

This petition requests that the 2013 – 2014 school year be designated to celebrate the ministries of Wesley Foundations and other United Methodist-related campus ministries to recognize the 100th anniversary of the establishment of the first Wesley Foundation. This petition was approved by the legislative committee. The petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the General Board of Higher Education and Ministry (GBHEM), evaluated the petition and recommended, and the 2012 General Conference approved, that any costs related to implementation of this legislation shall be funded within the existing budget of GBHEM.

6. *1864 Sand Creek Massacre* (Calendar No. 212, p. 2108; Petition #20767-IC-NonDis-!, Advance DCA, p. 1289).

This petition requests that the General Conference, through the Council of Bishops and the General Commission on Archives and History, authorize that a research team be formed to provide full disclosure of the involvement and influence in the Sand Creek Massacre of the Methodist Church and report back to the 2016 General Conference. This petition was approved by the legislative committee. The petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the General Commission on Christian Unity and Interreligious Concerns (GCCUIC) and the General Commission on Archives and History (GCAH), recommended, and the 2012 General Conference approved, that the scope of the research be funded from the existing budgets of the Office of Christian Unity and Interreligious Relationships and the GCAH.

7. *UM Hispanic/Latino Scholarship Fund* (Calendar No. 501, p. 2197; Petition #20906-MH-NonDis-!-G, Advance DCA p. 1464).

This petition requests that the 2012 General Conference authorize The National Plan for Hispanic/Latino Ministry, in consultation with the GBHEM and the Methodists Associated Representing the Cause of Hispanic Americans (MARCHA), to develop a plan and raise funds for the creation of a “United Methodist Hispanic/Latino Scholarship Fund” that would be operational by the 2016 General Conference. This petition was approved by the legislative committee. The petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the GBHEM and MARCHA, recommended, and the 2012 General Conference approved, that the development of the “United Methodist Hispanic/Latino Scholarship Fund” be partially self-funded and partially funded from the existing budget of the GBHEM.

8. *Implementation of Call to Action Proposals* (Calendar No. 526, p. 2369 (p. 2537); Petition #20980-GA-¶263-!-G, Advance DCA p. 920).

The original petition was amended by substitution as Plan UMC, with the final text printed on pages 2537 through 2597 in the Daily Christian Advocate.

The GCFA and the CT, in consultation with the program general agencies, have estimated the impact of the implementation of this new structure proposal as best as possible with the information currently available. In addition to the movement of the GCCUIC’s budget from the World Service Fund to the Episcopal Fund, the implementation of the Plan UMC has resulted in a restatement of the allocation of funds within the World Service Fund to reflect changes in the Plan UMC, while keeping the total of apportioned general Church funds to the original proposed total of \$603,100,000.

Subsequent to the initial approval of this recommendation, the Judicial Council ruled the Plan UMC restructuring of the general Church agencies to be unconstitutional. The transfer of the GCCUIC’s budget to the Episcopal Fund was approved due to approval of separate legislation. A revised World Service Fund budget was presented to and approved by the 2012 General Conference to reflect only the changes individually approved by legislation approved by the General Conference

9. *New Episcopal Area in the Congo Central Conference* (Calendar No. 13, p.1967; Petition #20981-CC-NonDis-\$-G, Advance DCA p. 1203).

This petition requests that General Conference authorize the Congo Central Conference to elect a fourth bishop. This petition was approved by the legislative committee. This petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT recommended, and the 2012 General Conference approved, that the costs associated with the addition of a fourth bishop in the Congo Central Conference be funded from the existing Episcopal Fund budget.

10. *Establish Central Conference Theological Education Fund* (Calendar No. 15, p. 1967; Petition #21086-CC-¶800-!-G, Advance DCA p. 1202).

This petition requested that the 2012 General Conference authorize the creation of a new “Central Conference Theological Education Fund” of \$ 5,000,000 to be apportioned to the annual conferences during the 2013 – 2016 quadrennium. This petition was amended in the legislative committee to expand the membership of the Commission on the Central Conference Theological Education Fund. During plenary the petition was further amended such that funds for this purpose shall be provided from the World Service Fund. The amended petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the GBHEM and other World Service Fund agencies, recommended, and the 2012 General Conference approved, that this petition be funded with \$5,000,000 allocated from other general agency budgets and included as a designated line item, administered by the GBHEM in the World Service Fund.

11. *Burundi* (Calendar No. 14, p. 1967; Petition #21095-CC-NonDis-\$-G, Advance DCA p. 1203).

This petition requests that the 2012 General Conference designate the Burundi Annual Conference as part of the Congo Central Conference. The petition was amended by the General Conference to only request the creation of the Burundi Annual Conference. This petition was adopted by the General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT determined that no general Church apportioned funds are required for the creation of this new annual conference.

12. *Funding Sessions of Central and Provisional Central Conferences* (Calendar No. 480, p. 2190; Petition #21141-CC21-NonDis-A-!-G, not included in Advance DCA).

This petition requests that the funding for the 2012 regular quadrennial sessions of each central conference be referred to the GCFA and the GBGM to identify and seek sources of funding, and that the two agencies work together with the central conferences to identify specific plans leading to self-sufficiency for future quadrennial sessions of those central conferences. The petition was approved by the legislative committee. The petition was adopted by General Conference, which referred the matter of funding to the GCFA and the CT.

The GCFA and the CT, in consultation with the GBGM, recommended, and the General Conference approved, that funding be provided up to \$30,000 per central conference, for a total not to exceed \$90,000 for the three central conference sessions in Africa in 2012, from the existing budget of the GBGM.

13. *Report from the Inter-Jurisdictional Committee on Episcopacy* – May 1, 2012 (DCA p. 2462).

The Inter-Jurisdictional Committee on Episcopacy received recommendations from the North Central, South Central and Western Jurisdictions to reduce one bishop in each of those jurisdictions by September 1, 2012. The Inter-Jurisdictional Committee on Episcopacy and the General Conference approved the recommendations from those jurisdictions.

The GCFA and the CT recommended, and the General Conference approved, that the Episcopal Fund budget be reduced by \$3,000,000 with \$1,500,000 of those funds to be added to the World Service Fund and distributed proportionately among the general agencies, \$1,000,000 be added to the General Administration Fund to reduce the accumulated deficit of the General Conference, and \$500,000 be added to the General Administration Fund contingency line item.