

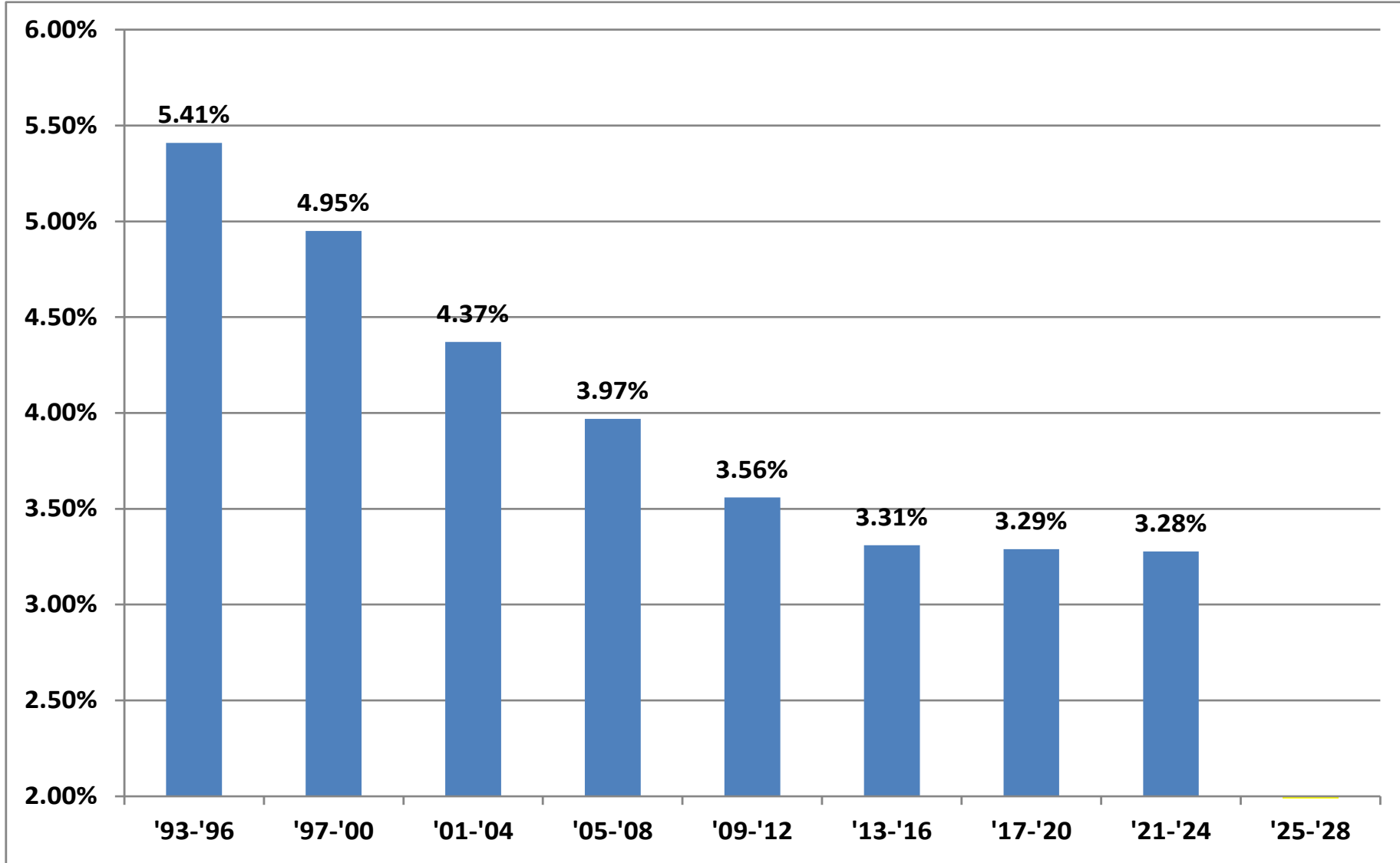
# General Agency & Episcopal Matters Committee

October 25, 2022

The background features a dark teal color with a faint, light blue graphic of a document icon on the left and a magnifying glass icon at the bottom center. The document icon shows a page with a folded top-right corner and several horizontal lines representing text. The magnifying glass is positioned over the lower part of the document icon.

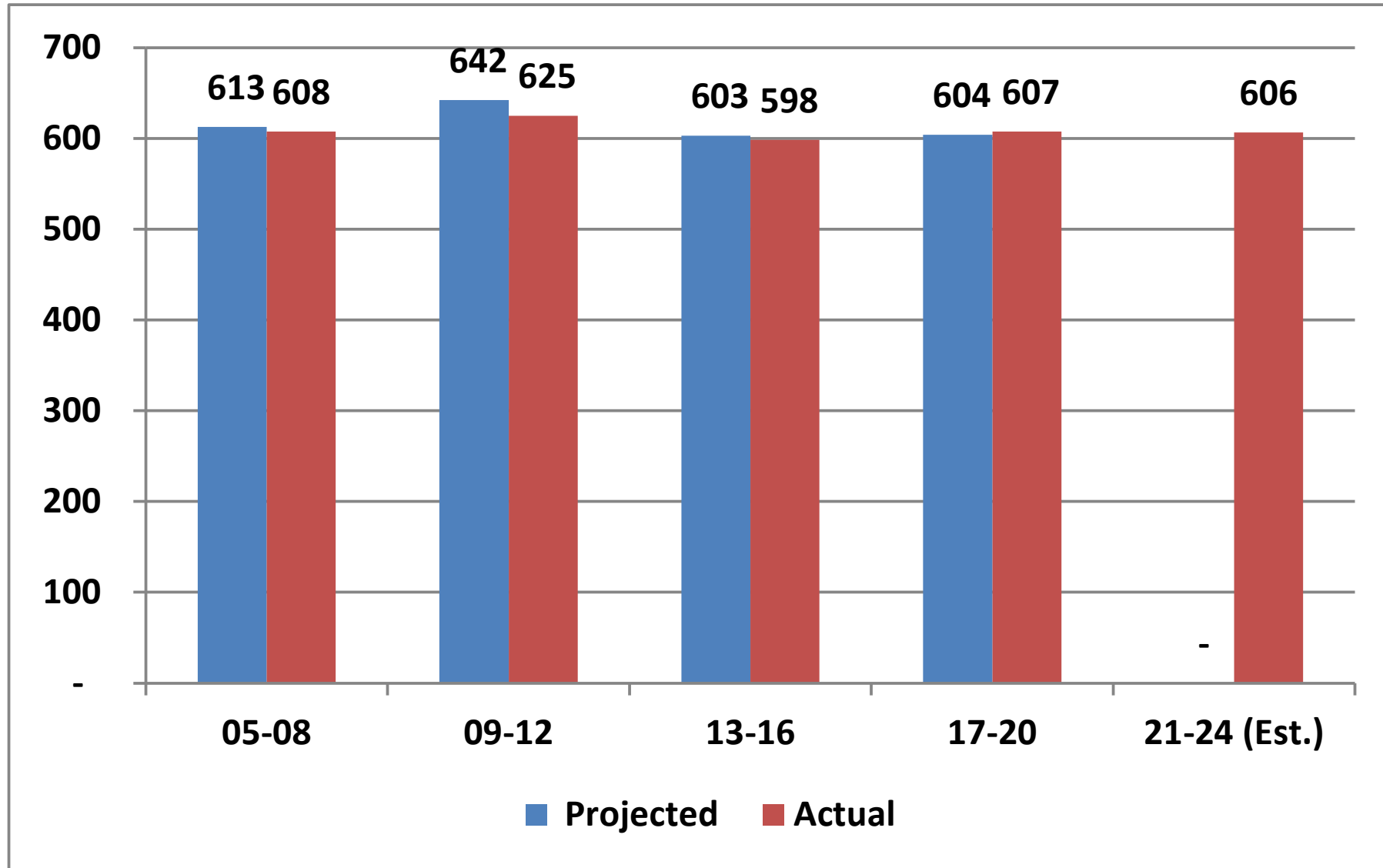
# General Church Apportionment Trends

# Base Percentage Trends

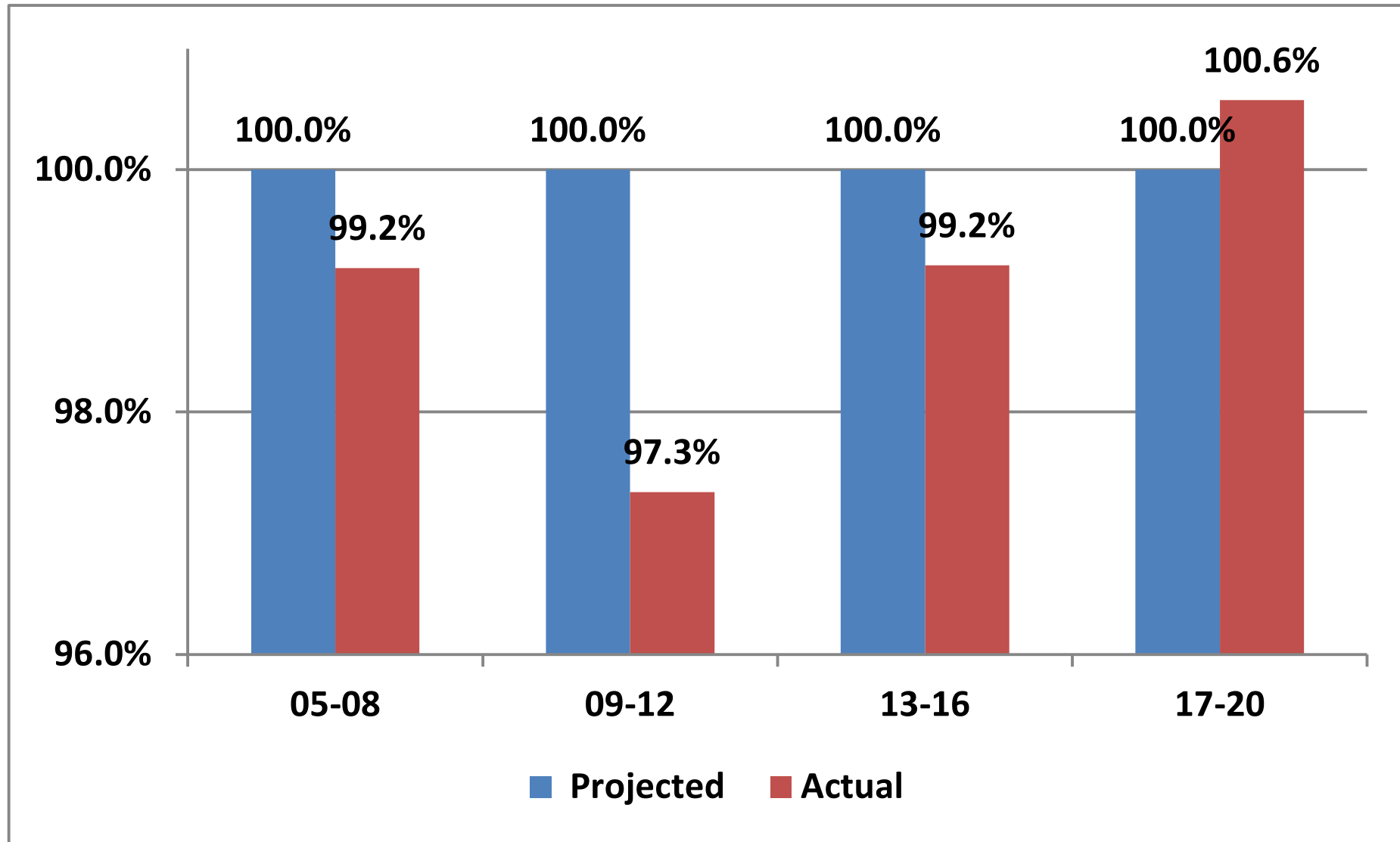


2025-2028 = TBD

# Apportionments – Projected vs. Actual



# Apportionments – Projected vs. Actual



The background features a dark teal color. On the left side, there is a faint, light blue graphic of a document with a folded top-right corner and several horizontal lines representing text. A magnifying glass icon is positioned over the lower part of the document graphic, with its handle pointing towards the bottom right.

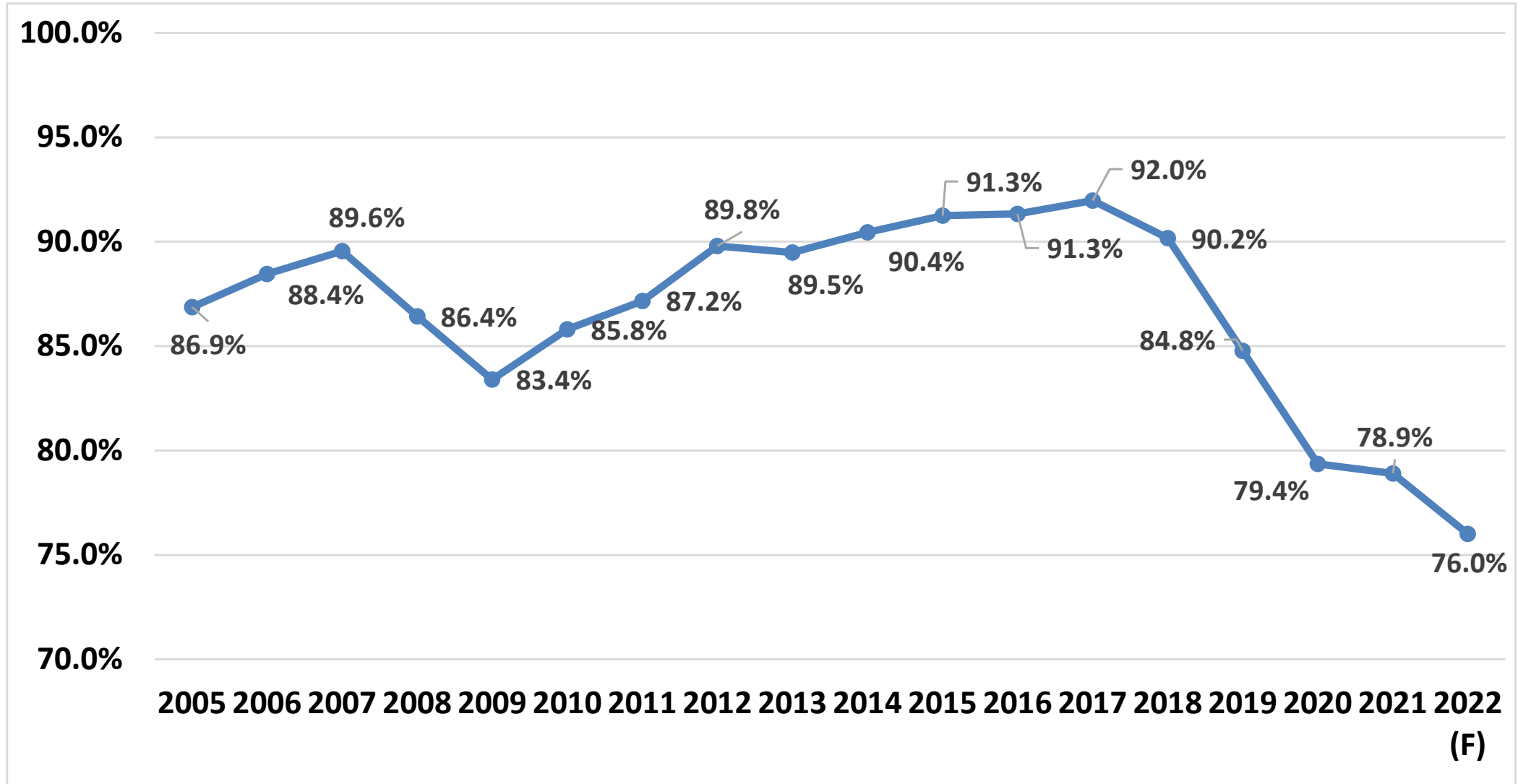
# **General Church Apportionment Collections - Trends & Projections**

# Jurisdictional Apportionments – YTD September 2022

Figures In thousands	YTD		2022 Apport.	2021 Apport.	YTD Collection Rate		YTD vs 2021	
	2022	2021			2022	2021	\$	Coll %
World Service	\$ 32,491	\$ 31,980	\$ 79,498	\$ 79,479	40.9%	40.2%	\$ 511	0.6%
Episcopal	\$ 12,627	\$ 13,030	\$ 23,542	\$ 23,537	53.6%	55.4%	\$ (402)	-1.7%
Ministerial Education	\$ 8,031	\$ 7,900	\$ 20,138	\$ 20,133	39.9%	39.2%	\$ 132	0.6%
Black College	\$ 4,676	\$ 4,727	\$ 10,710	\$ 10,708	43.7%	44.1%	\$ (50)	-0.5%
General Administration	\$ 4,000	\$ 3,978	\$ 9,440	\$ 9,438	42.4%	42.1%	\$ 22	0.2%
Africa University	\$ 1,107	\$ 1,156	\$ 2,397	\$ 2,396	46.2%	48.2%	\$ (48)	-2.0%
Interdenom. Cooperation	\$ 466	\$ 407	\$ 2,100	\$ 2,099	22.2%	19.4%	\$ 59	2.8%
<b>Total</b>	<b>\$ 63,400</b>	<b>\$ 63,176</b>	<b>\$ 147,825</b>	<b>\$ 147,791</b>	<b>42.9%</b>	<b>42.7%</b>	<b>\$ 223</b>	<b>0.1%</b>

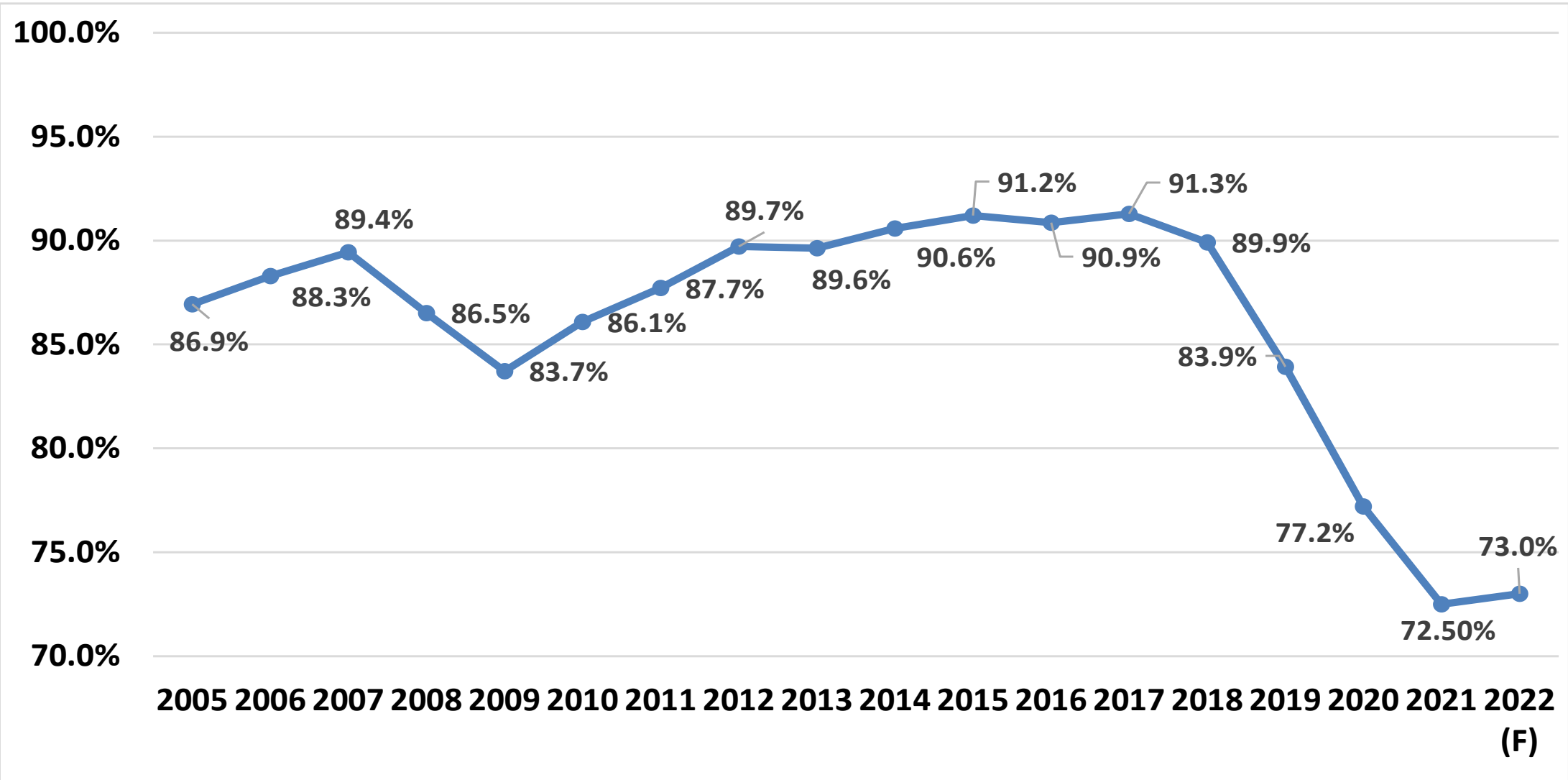
- Overall collection rate virtually the same as 2021
- Episcopal Fund collection rate is lower than 2021
- World Service collection rate is slightly higher than 2021

# All Funds Collection Rate Trends & Projections

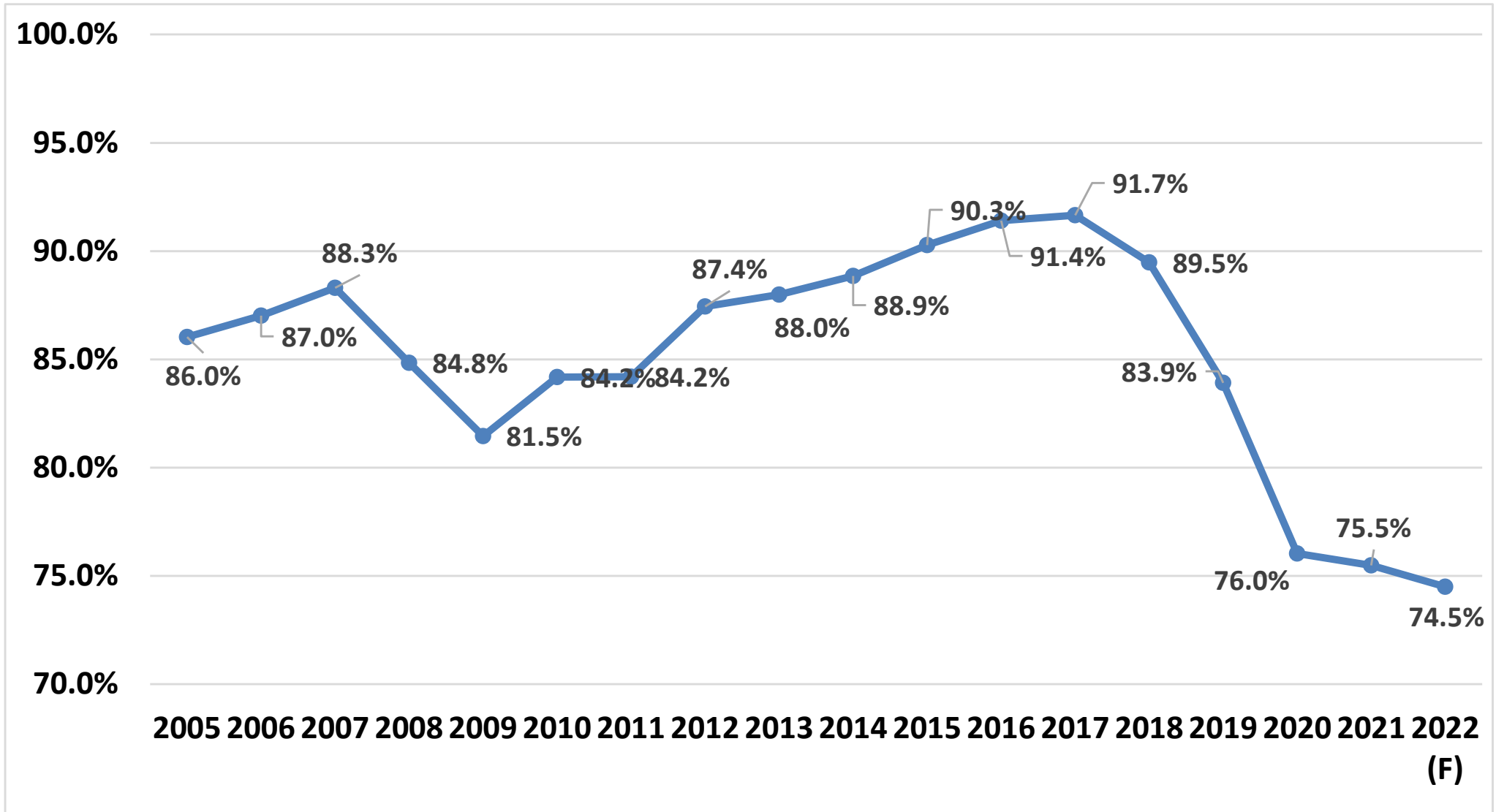




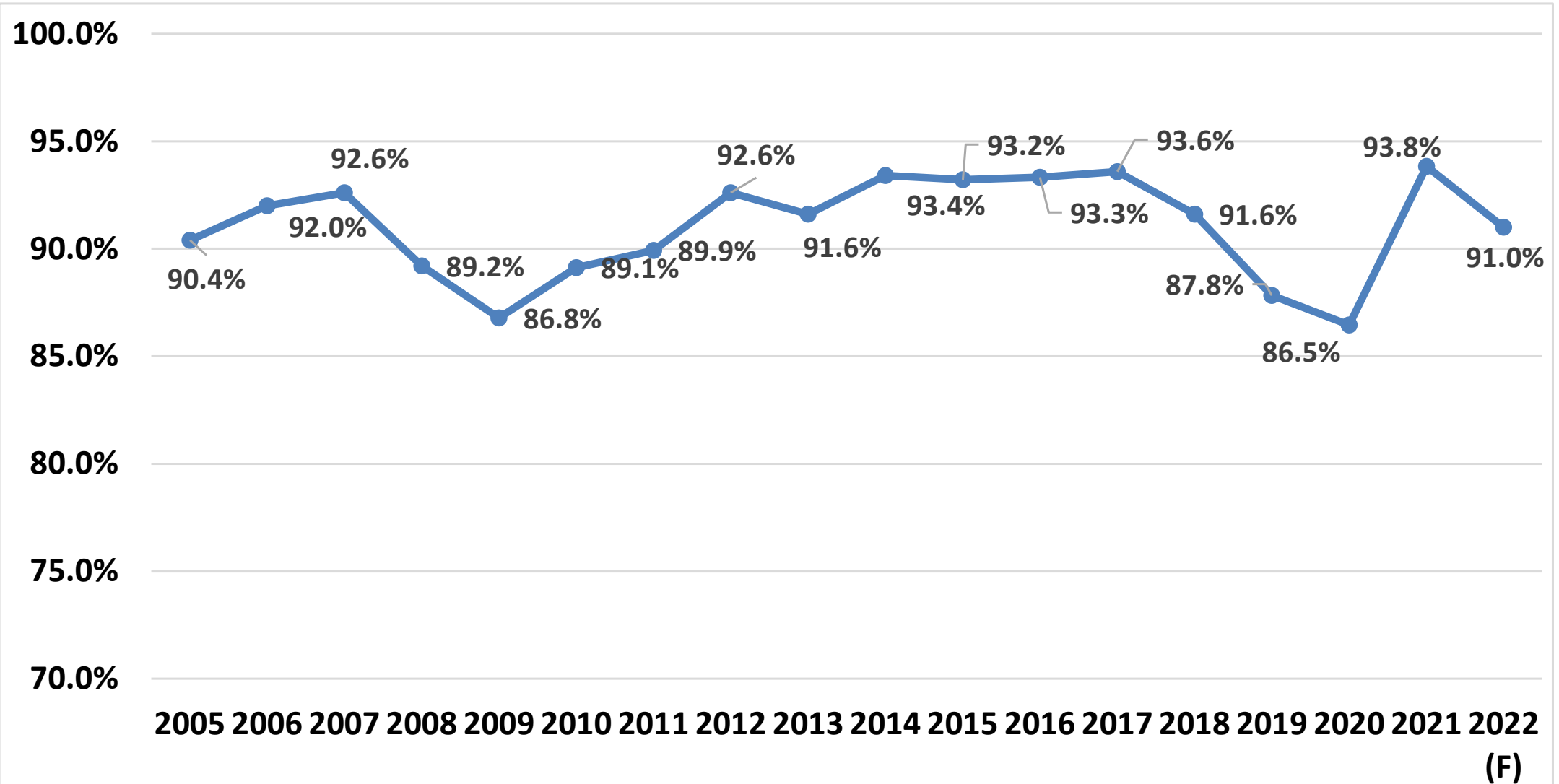
# World Service Collection Rate Trends & Projections



# General Admin. Collection Rate Trends & Projections



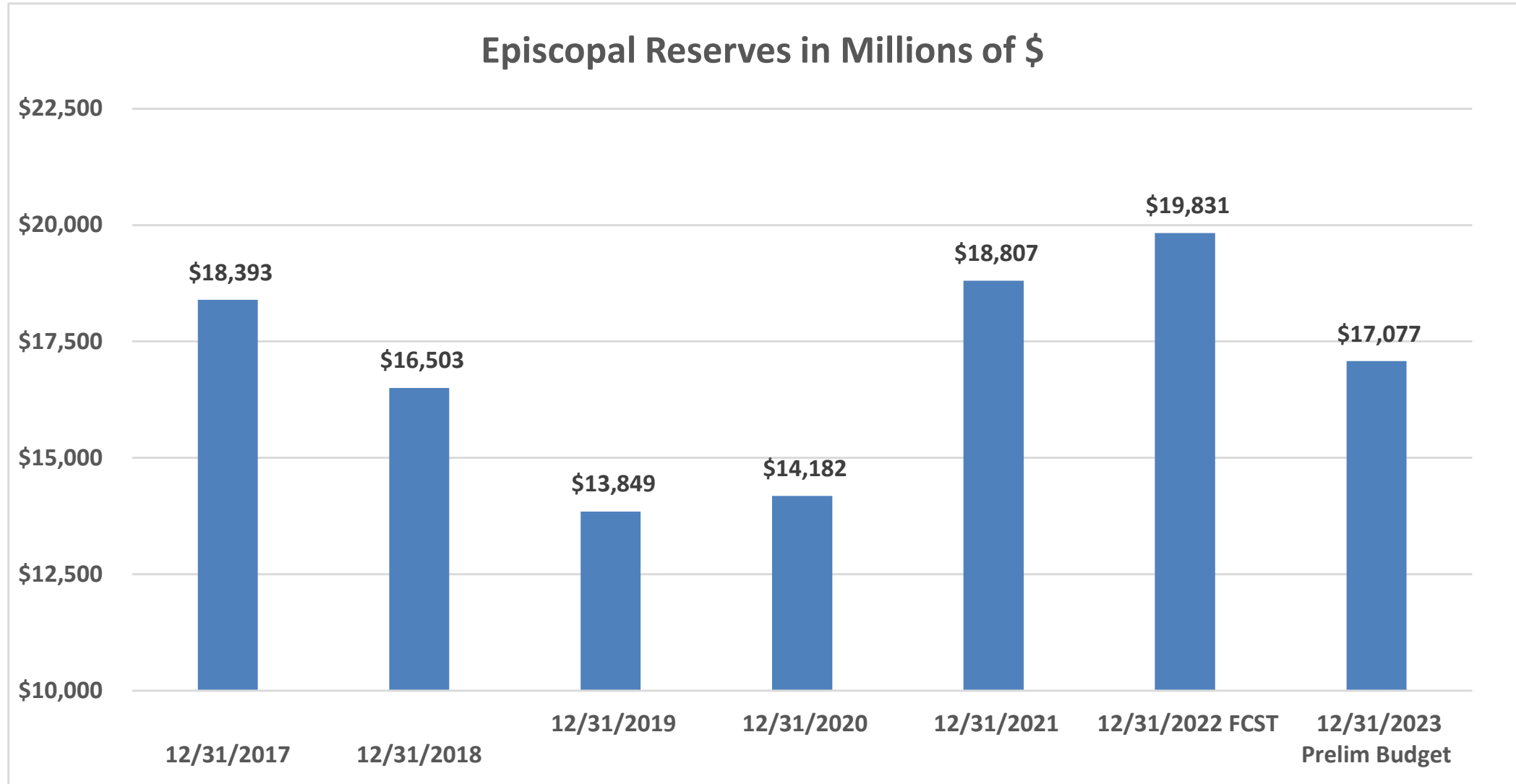
# Episcopal Fund Collection Rate Trends & Projections



The background features a dark teal color with a faint, light blue graphic of a document icon on the left and a magnifying glass icon in the center. The document icon shows a page with a folded top-right corner and several horizontal lines representing text. The magnifying glass is positioned over the lower part of the document icon.

# Episcopal Fund Financial Update

# Episcopal Fund Reserve Trends & Projections



# 2023 Assumptions used in Projections

- 4% raises for all Bishops (Each 1% = approximately \$105,000 annually)
- Elections of new Bishops in November 2022
  - 45 Bishops in Jurisdictions beginning then. 46 currently allowed by General Conference
- 4% increase to office allowances (Each 1% = \$50,000 annually)
- No change to housing allowances from 2022
- 2 in person COB meetings in 2023
  - With the above changes the avg cost of U.S. Episcopal Area = \$350,000/ yr.
- 90% collection rate in 2022 and 85% in 2023
- \$2.8 million decrease in Reserves in 2023 (Budget not yet finalized)



# Latest Economic Advisory Committee Projections

# Cumulative Disaffiliation Impact by Year

	Cumulative Disaffiliation % by Year			
Jurisdiction	2022	2023	2024	2025
North Central	4.8%	11.7%	16.4%	18.0%
Northeastern	2.8%	8.2%	11.9%	14.9%
South Central	6.1%	15.5%	23.2%	25.6%
Western	4.0%	7.6%	10.3%	12.1%
Southeastern	5.9%	15.1%	21.1%	24.3%
<b>Total</b>	<b>5.2%</b>	<b>13.1%</b>	<b>18.7%</b>	<b>21.3%</b>



## Additional adjustments to expected apportionment base

- Normally,  $AB_{t+3} = NNE_t$ 
  - $AB_{t+3}$  = apportionment base in year t+3
  - $NNE_t$  = nominal net expenditures in year t
- Disaffiliating churches are expected to pay apportionments the current and following year.
- Approximate the timing effect on apportionment base by:
  - $AB_{t+3} = NNE_t^{no\ dis} \times (1 - cumulative\ discount_{t+1})$

# Discount rate applied to apportionment base

<b>Apport. Year</b>	<b>Disaffiliation cumulative discount rate</b>
2024	0.052
2025	0.131
2026	0.187
2027	0.213
2028	0.213

- Apportionment base: 2024-2028

- $AB_{t+3} = NNE_t^{no\ dis} \times (1 - cumulative\ discount_{t+1})$

Apport. Year	NNE(t-3) no discounting	NNE(t-3) discounted by survey	Percent Discounted
2024	\$4,644,547,460	\$4,403,030,992	5.2%
2025	\$4,712,861,023	\$4,095,476,229	13.1%
2026	\$4,680,607,821	\$3,805,334,159	18.7%
2027	\$4,626,082,903	\$3,640,727,245	21.3%
2028	\$4,558,025,125	\$3,587,165,774	21.3%

The background features a dark teal color with a faint, light blue graphic on the left side. The graphic consists of a document icon with a folded top-right corner and a magnifying glass icon positioned below it. The text is centered over this graphic.

# Apportionment Sustainability Taskforce Recommendations

## Apportionment Sustainability Taskforce Recommendation

- Reconvened in July 2022 to review recommendations from 2018, acknowledging that the current reality may be different
- **Recommendation:** Continue to support a 25% reduction in the Base Percentage
  - “Causes us to imagine a dream what the church of the 21<sup>st</sup> Century is all about.”
  - “Creates a more flexible and nimble system and ushers in a new paradigm.”
  - “Recalibrates the connection and encourages collaboration at the general Church level.”

# Apportionment Sustainability Taskforce Recommendation

- **Recommendation:** Continue to support a 25% reduction in the Base Percentage
- Agencies, funds & ministries would recalibrate by identifying reductions to budgets.
- Acknowledge the reduction not spread evenly across all general funds and agencies. For example, current legislation that fixes the number of bishops, necessarily results in uneven spreading of the total reduction.

The background features a dark teal color with a faint, light blue graphic of a document icon on the left and a magnifying glass icon in the center. The document icon shows a folded corner and several horizontal lines representing text. The magnifying glass has a circular lens and a handle pointing towards the bottom right.

# Base Percentage & Apportionment Modeling

# 2025-2028 Apportionments With Varying Base Percentages

Base Percentage Reduction	2025	2026	2027	2028	2025-2028	2017-2020	% Change from 2017-2020
Apportionments @ 0% lower Base %	\$ 134,881,430	\$ 125,325,819	\$ 119,904,614	\$ 118,140,607	\$ 498,252,470	\$ 604,033,991	-17.5%
Apportionments @ 18% lower Base %	\$ 110,602,772	\$ 102,767,172	\$ 98,321,783	\$ 96,875,298	\$ 408,567,025	\$ 604,033,991	-32.4%
Apportionments @ 20% lower Base %	\$ 107,905,144	\$ 100,260,655	\$ 95,923,691	\$ 94,512,486	\$ 398,601,976	\$ 604,033,991	-34.0%
Apportionments @ 21% lower Base %	\$ 106,556,330	\$ 99,007,397	\$ 94,724,645	\$ 93,331,080	\$ 393,619,451	\$ 604,033,991	-34.8%
Apportionments @ 22% lower Base %	\$ 105,207,515	\$ 97,754,139	\$ 93,525,599	\$ 92,149,674	\$ 388,636,927	\$ 604,033,991	-35.7%
Apportionments @ 23% lower Base %	\$ 103,858,701	\$ 96,500,881	\$ 92,326,553	\$ 90,968,268	\$ 383,654,402	\$ 604,033,991	-36.5%
Apportionments @ 24% lower Base %	\$ 102,509,887	\$ 95,247,622	\$ 91,127,507	\$ 89,786,861	\$ 378,671,877	\$ 604,033,991	-37.3%
Apportionments @ 25% lower Base %	\$ 101,161,072	\$ 93,994,364	\$ 89,928,460	\$ 88,605,455	\$ 373,689,352	\$ 604,033,991	-38.1%



# 2025-2028 Apportionments With Varying Base Percentages

Figures in Thousands

Base Percentage Reduction	2025-2028 Total Apport.	Current Episcopal Fund Support	Available for All Other 6 Funds			Overall Budget Change from 2017-2020	Proportional Difference Between Overall Reduction & Other 6 Funds
			2025-2028	2017-2020 Approved Budget	% Change from 2017-2020		
0%	\$ 498,252	\$ 92,000	\$ 406,252	\$ 512,015	-20.7%	-17.5%	-3.1%
18%	\$ 408,567	\$ 92,000	\$ 316,567	\$ 512,015	-38.2%	-32.4%	-5.8%
20%	\$ 398,602	\$ 92,000	\$ 306,602	\$ 512,015	-40.1%	-34.0%	-6.1%
21%	\$ 393,619	\$ 92,000	\$ 301,619	\$ 512,015	-41.1%	-34.8%	-6.3%
22%	\$ 388,637	\$ 92,000	\$ 296,637	\$ 512,015	-42.1%	-35.7%	-6.4%
23%	\$ 383,654	\$ 92,000	\$ 291,654	\$ 512,015	-43.0%	-36.5%	-6.6%
24%	\$ 378,672	\$ 92,000	\$ 286,672	\$ 512,015	-44.0%	-37.3%	-6.7%
25%	\$ 373,689	\$ 92,000	\$ 281,689	\$ 512,015	-45.0%	-38.1%	-6.8%

# 2025-2028 Apportionments With Varying Base Percentages

*Figures in Thousands*

Base Percentage Reduction	2025-2028 Total Apport.	0% Reduction	5% Reduction	10% Reduction	Available for Other 6 Funds @ Various Episcopal Funding Reductions			Percent Reduction of Other 6 Funds @ Various Episcopal Funding Reductions		
					0%	5%	10%	0%	5%	10%
0%	\$ 498,252	\$ 92,000	\$ 87,400	\$ 82,800	\$ 406,252	\$ 410,852	\$ 415,452	-20.7%	-19.8%	-18.9%
18%	\$ 408,567	\$ 92,000	\$ 87,400	\$ 82,800	\$ 316,567	\$ 321,167	\$ 325,767	-38.2%	-37.3%	-36.4%
20%	\$ 398,602	\$ 92,000	\$ 87,400	\$ 82,800	\$ 306,602	\$ 311,202	\$ 315,802	-40.1%	-39.2%	-38.3%
21%	\$ 393,619	\$ 92,000	\$ 87,400	\$ 82,800	\$ 301,619	\$ 306,219	\$ 310,819	-41.1%	-40.2%	-39.3%
22%	\$ 388,637	\$ 92,000	\$ 87,400	\$ 82,800	\$ 296,637	\$ 301,237	\$ 305,837	-42.1%	-41.2%	-40.3%
23%	\$ 383,654	\$ 92,000	\$ 87,400	\$ 82,800	\$ 291,654	\$ 296,254	\$ 300,854	-43.0%	-42.1%	-41.2%
24%	\$ 378,672	\$ 92,000	\$ 87,400	\$ 82,800	\$ 286,672	\$ 291,272	\$ 295,872	-44.0%	-43.1%	-42.2%
25%	\$ 373,689	\$ 92,000	\$ 87,400	\$ 82,800	\$ 281,689	\$ 286,289	\$ 290,889	-45.0%	-44.1%	-43.2%

# Episcopal Fund – Baseline Income, Spending & Fund Balance Projection

Figures in Millions

Description	2023	2024	2025	2026	2027	2028	2025-2028	2025-2028 Avg.
<b>Income:</b>								
<b>2021-2024 Baseline Jur. Apportionments</b>	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 92.0	\$ 23.0
Baseline Collections @ 85%	\$ 19.6	\$ 19.6	\$ 19.6	\$ 19.6	\$ 19.6	\$ 19.6	\$ 78.2	\$ 19.6
CC Estimated Collections	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 2.4	\$ 0.6
<b>Baseline Total Income</b>	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2	\$ 20.2	\$ 80.6	\$ 20.2
<b>Spending:</b>								
<b>2023 Draft Spending (1)</b>	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 23.0	\$ 92.0	\$ 23.0
5 new Bishops in Africa	\$ -	\$ -	\$ 1.3	\$ 1.0	\$ 1.0	\$ 1.0	\$ 4.3	\$ 1.1
<b>Adjusted Baseline Spending</b>	\$ 23.0	\$ 23.0	\$ 24.3	\$ 24.0	\$ 24.0	\$ 24.0	\$ 96.3	\$ 24.1
<b>Baseline Surplus / (Deficit)</b>	\$ (2.9)	\$ (2.9)	\$ (4.1)	\$ (3.9)	\$ (3.9)	\$ (3.9)	\$ (15.7)	\$ (3.9)
<b>Beginning Fund Balance</b>	\$ 19.8	\$ 17.0	\$ 14.1	\$ 10.0	\$ 6.2	\$ 2.3	\$ 14.1	
<b>Ending Fund Balance</b>	\$ 17.0	\$ 14.1	\$ 10.0	\$ 6.2	\$ 2.3	\$ (1.5)	\$ (1.5)	

## Assumes:

- Apportionments remain the same as current quadrennium \$23.0 / year
- Central Conference contribution \$.6 million annually
- Annual spending consistent with 2023 budget with 46 Jurisdictional Episcopal Areas
- Addition of 5 new Episcopal Areas in Africa beginning in 2025

# Effect on Episcopal Fund of Various Funding Reductions

## Surplus / (Deficit) with Adjusted Baseline Spending and Various Funding Reductions

Funding Reduction	2023	2024	2025	2026	2027	2028	2025-2028	2025-2028 Avg.
0% Reduction	\$ (2.9)	\$ (2.9)	\$ (4.1)	\$ (3.9)	\$ (3.9)	\$ (3.9)	\$ (15.7)	\$ (3.9)
5% Reduction	\$ (2.9)	\$ (2.9)	\$ (5.1)	\$ (4.8)	\$ (4.8)	\$ (4.8)	\$ (19.6)	\$ (4.9)
10% Reduction	\$ (2.9)	\$ (2.9)	\$ (6.1)	\$ (5.8)	\$ (5.8)	\$ (5.8)	\$ (23.5)	\$ (5.9)

## Episcopal Fund Reserve Balance With Current Cost Structure

Funding Reduction	2023	2024	2025	2026	2027	2028
0% Reduction	\$ 17.0	\$ 14.1	\$ 10.0	\$ 6.2	\$ 2.3	\$ (1.5)
5% Reduction	\$ 17.0	\$ 14.1	\$ 9.0	\$ 4.2	\$ (0.6)	\$ (5.5)
10% Reduction	\$ 17.0	\$ 14.1	\$ 8.0	\$ 2.2	\$ (3.6)	\$ (9.4)

## # of Episcopal Areas Reduced to Break-Even Spending Annually (1) (2)

Funding Reduction	2023	2024	2025	2026	2027	2028
0% Reduction	(9)	(9)	(13)	(12)	(12)	(12)
5% Reduction	(9)	(9)	(16)	(16)	(16)	(16)
10% Reduction	(9)	(9)	(20)	(19)	(19)	(19)

(1) Assumes no other cost changes (i.e. meetings, office allowance, salaries, etc.)

(2) This uses the global average cost of an Episcopal Area of \$310,000. The Avg. in the U.S. is \$350,000

# 2023 Episcopal Fund Spending Breakdown

## GCFA Controlled:

- Salaries = \$9.9 million
  - Jurisdictional Salary = \$175,595
- Benefits (Health & Pension) = \$2.4 million
- Office Allowance = \$5.1 million
- Housing Allowance = \$.8 million
- Retiree Benefits = \$.6 million
- GCFA Fixed Charges = \$.5 million

**Total GCFA Controlled = \$19.3 million**

## Other Costs:

- COB Office & Ecumenical = \$1.4 million
- Travel & meetings = \$1.8 million
- Other = \$.5 million

**Total Other Costs = \$3.7 million**

The background features a large, light blue graphic of a document with a magnifying glass. The document is on the left, with a folded top-right corner and several horizontal lines representing text. A magnifying glass is positioned over the lower part of the document. The text "Next Steps" is centered in white, bold font over the magnifying glass.

# Next Steps

# Quadrennial Budget Process – Next Steps

November – 2022

**GCFA to make recommendations to General Conference:**

- **Base Percentage rate & bottom line with input from:**
  - Apportionment Sustainability Taskforce
  - Economic Advisory Committee
  - Committee on General Agency & Episcopal Matters
  - The Connectional Table

# Quadrennial Budget Process – Next Steps

November – 2022

**GCFA to make recommendations to General Conference:**

- **Allocations**
  - Episcopal Fund
  - General Administration Fund
  - GCFA Fixed Charges



# Quadrennial Budget Process – Next Steps

November – 2022

**GCFA communicates to The Connectional Table:**

- **Amount available for the other five funds:**
  - World Service Fund
  - Ministerial Education Fund
  - Black College Fund
  - Africa University
  - Interdenominational Cooperation Fund

# Quadrennial Budget Process – Next Steps

May – 2023

GCFA & The Connectional Table agree to:

- Allocations to and within:
  - World Service Fund
  - Ministerial Education Fund
  - Black College Fund
  - Africa University
  - Interdenominational Cooperation Fund

Questions?

# UMC SUPPORT



**FINANCE & ADMINISTRATION**

General Council on Finance and Administration

THE UNITED METHODIST CHURCH

*thank  
you*



1908 Grand Ave.  
Nashville, TN



615-916-1899



rking@gcfa.org



[www.gcfa.org](http://www.gcfa.org)