



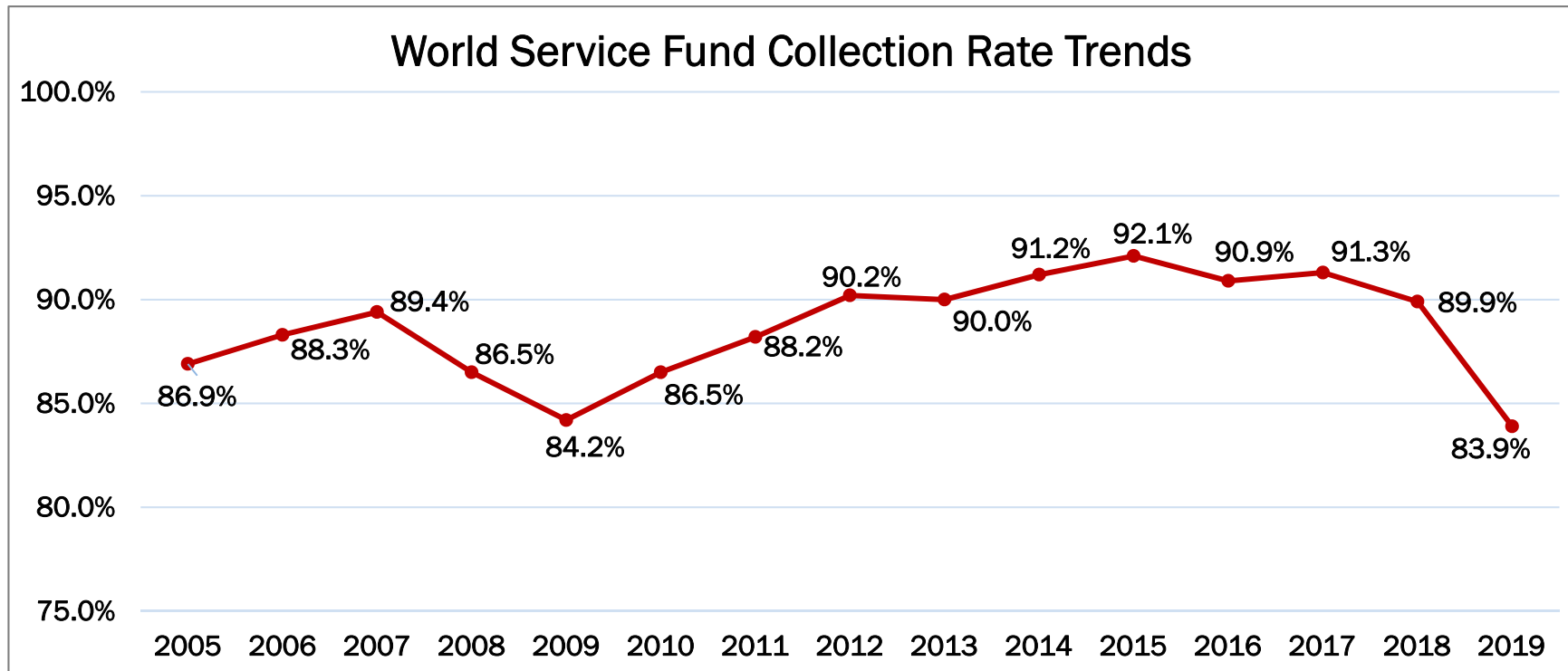
GCFA Presentation for SEJ Conference

March 9, 2020

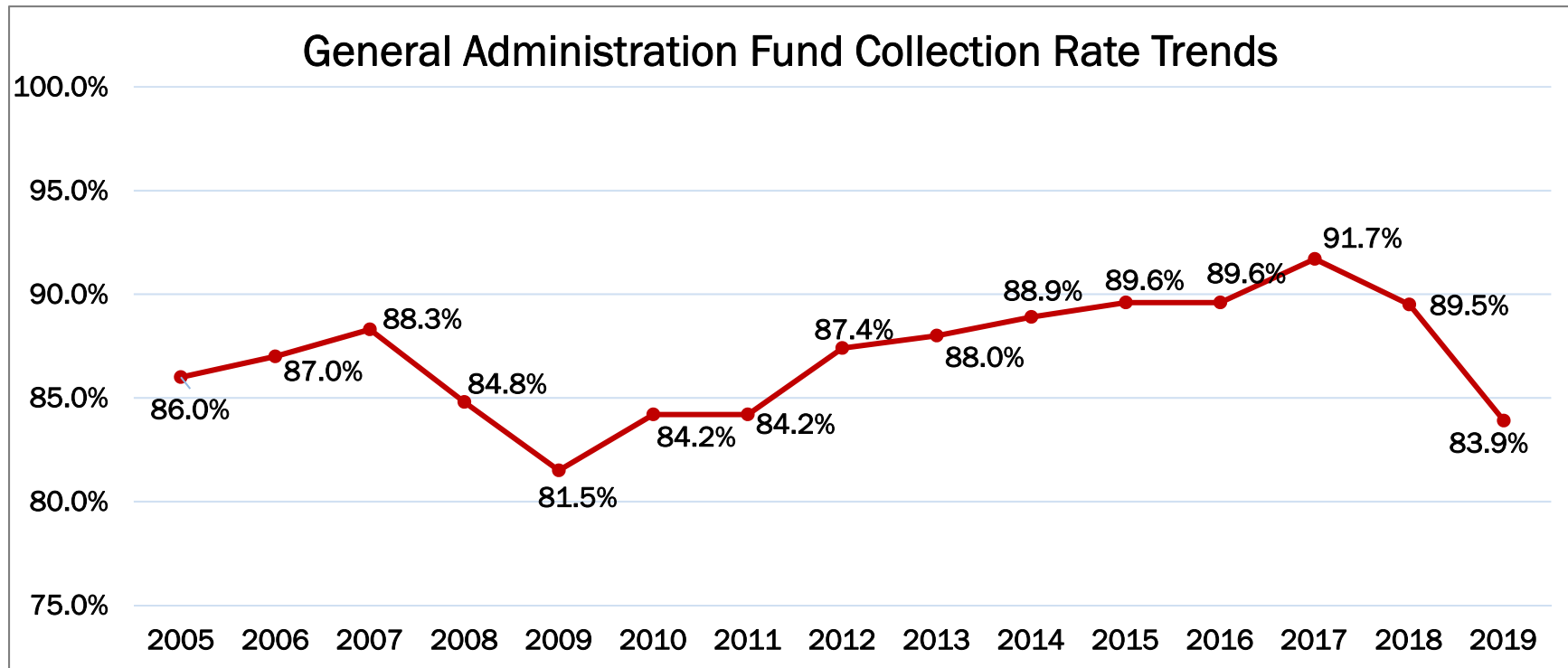


2019 Apportionments & Collection Rate Trends

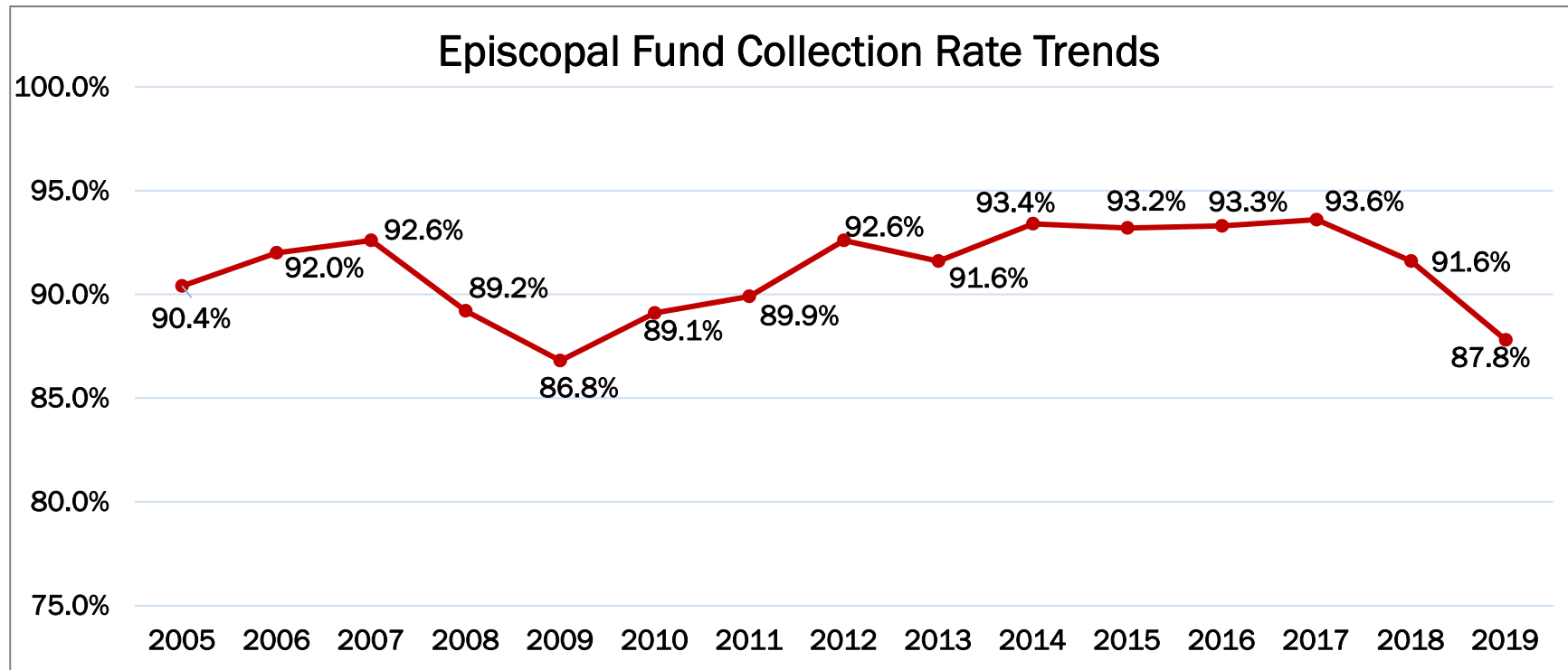
Jurisdictional Apportionments – World Service Fund

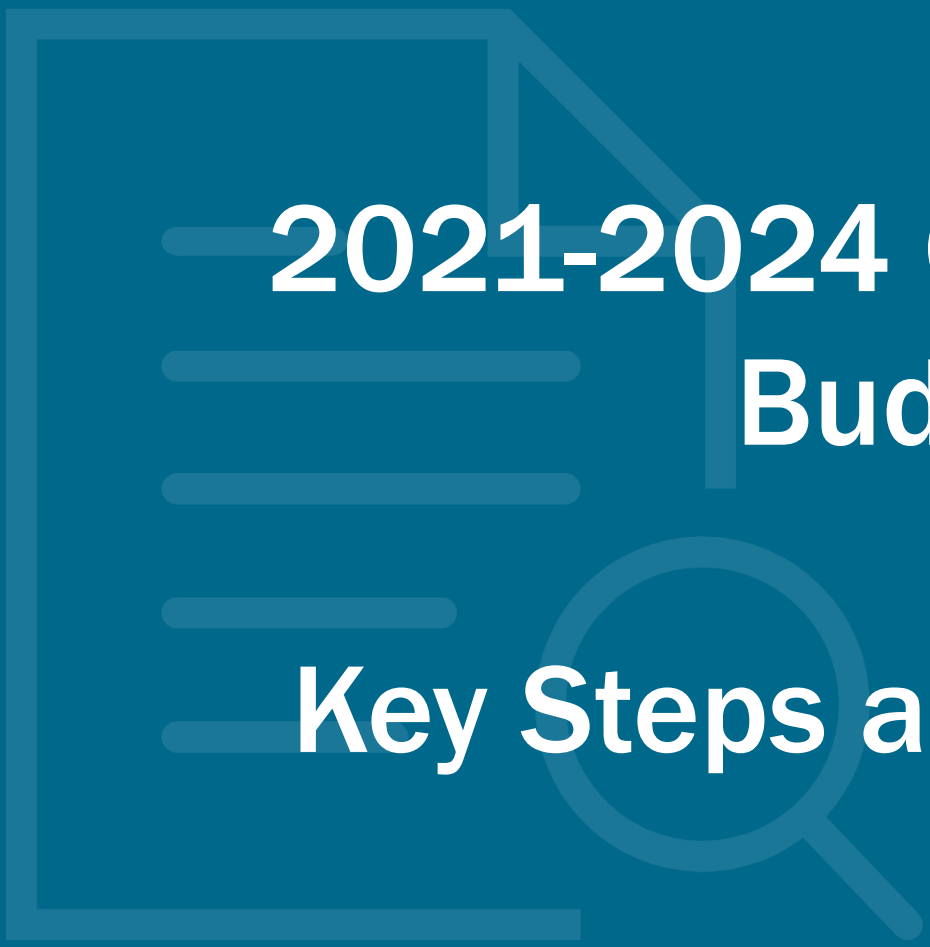


Jurisdictional Apportionments – General Administration Fund



Jurisdictional Apportionments – Episcopal Fund





2021-2024 Quadrennial Budget

Key Steps and Timeline

2021 - 2024 Budget Key Steps & Timeline

- **March 2017** – GCFA forms The Apportionment Sustainability Taskforce
- **November 2017** – GCFA & The Connectional Table approve the “**Guiding Principles**” that are to be the basis for establishing the budget for 2021-2024.

2021 - 2024 Budget Guiding Principles

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

2021 - 2024 Budget Guiding Principles

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

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

2021 - 2024 Budget Guiding Principles

5. Historical allocation of the WSF to the agencies as well as the level of funding for the Black College Fund, Ministerial Education Fund, Africa University Fund and the Interdenominational Cooperation Fund will not be assumed.

The allocation will be made based in part on the following:

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

Apportionment Sustainability Task Force

March 2017

- GCFA forms The Apportionment Sustainability Taskforce

Membership

- 5 Jurisdictional Bishops (1 from each Jurisdiction)
- 5 Clergy (1 from each Jurisdiction)
- 5 Lay Persons (1 from each Jurisdiction)

Purpose

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

April 2018 = Apportionment Sustainability Taskforce submits its report and recommendations to GCFA.

Apportionment Sustainability Taskforce

Recommendation:

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

A 25% reduction:

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

Apportionment Sustainability Taskforce

Recommendation:

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

Apportionment Sustainability Taskforce

Recommendation:

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

Jurisdictional Apportionment Formula 2017-2020

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

A = Apportionments

E = Net Expenditures (Expenses less Benevolent Giving, Capital Expenditures, Debt Payments, or a portion of Apportioned Giving)

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

i = Local Economic Adjustment

Jurisdictional Apportionment Formula 2021-2024

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

$$A = E \times P$$

A = Apportionments

E = Net Expenditures (Expenses less Benevolent Giving, Capital Expenditures, Debt Payments, or a portion of Apportioned Giving)

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

2021 - 2024 Budget Key Steps & Timeline

- **May 2018** – The Economic Advisory Committee of GCFA makes initial report to GCFA regarding the projections of **local church net expenditures** and **general church collection rates** as they relate to the 2021-2024 apportionments.
- **August 2018** – GCFA reviews reports and recommendations from both the Apportionment Sustainability Taskforce and the Economic Advisory Committee. **It approves an 18% reduction of the Base Percentage used to calculate Apportionments**

Economic Advisory Committee (EAC)

Committee Membership

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

Purpose

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

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

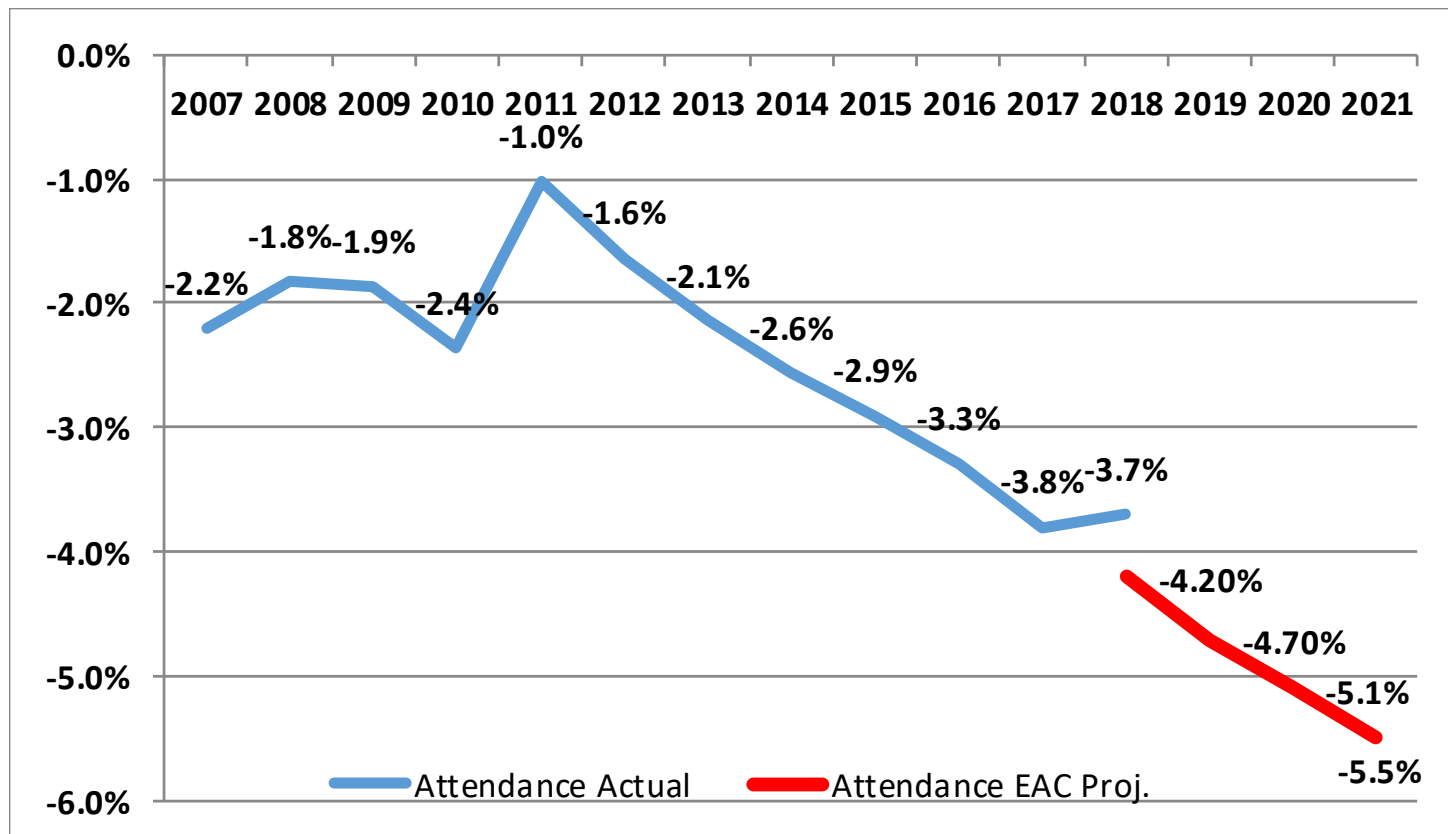
Economic Advisory Committee

Methodology used for projections

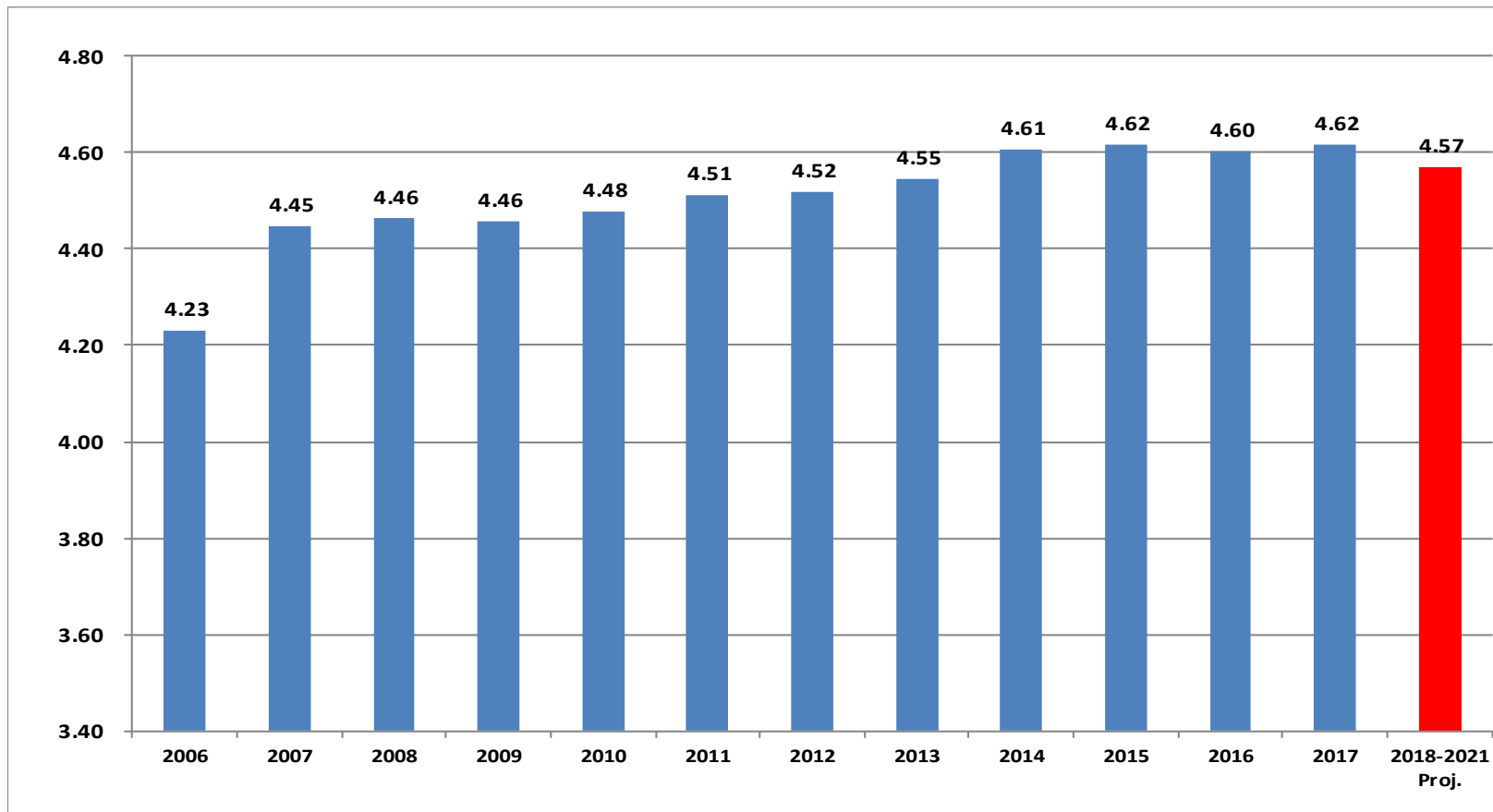
The Economic Advisory Committee utilized the following methodology in its projections:

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

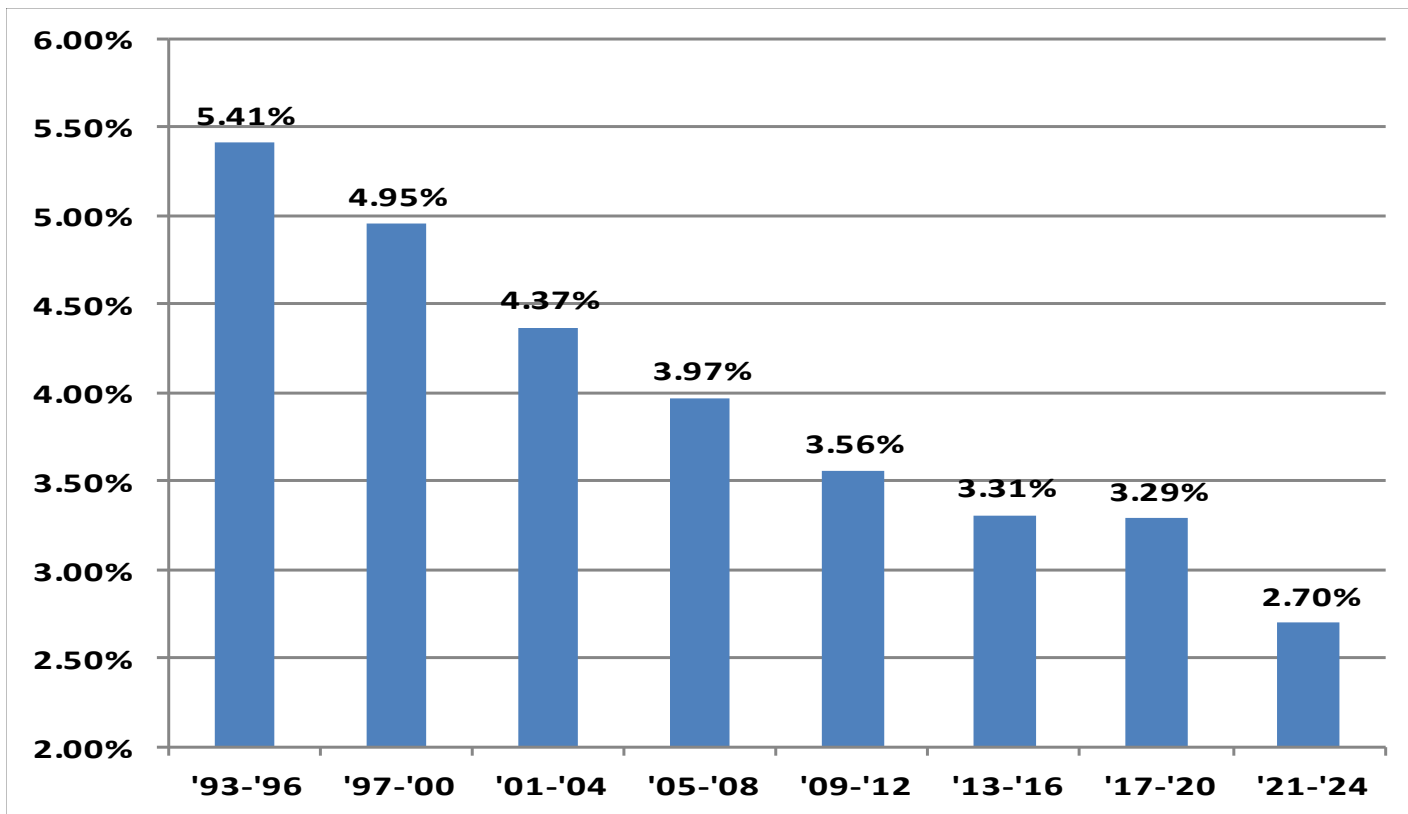
Jurisdictional Attendance Trends



Net Expenditures in Billions



Base Percentage Trends



2021 - 2024 Budget Key Steps & Timeline


- **March 2019** – The Economic Advisory Committee met and updated its projections of **local church net expenditures**. The result was a reduction in 2021-2024 projected apportionments of \$4.9 million.
- **March 2019** – GCFA & the Connectional Table determined their respective allocations, and the Connectional Table delivers its reported allocations for World Service and the other four funds to GCFA.
- **April 2019** – GCFA agreed to the recommended allocations from the Connectional Table.

2021 - 2024 Budget Key Steps & Timeline

- **August 2019** – GCFA submitted its reports to General Conference.
- **March 2020** – Economic Advisory Committee meets to update their projections for Net Expenditures.
- **March – May 2020** – Amended Budget prepared and presented to 2020 GC if necessary.

2021 - 2024 Budget Key Steps & Timeline

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



2021-2024 Budget Totals and Allocations

2021 – 2024 Budget Allocations by Fund

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

2021 -2024 Budget Allocations & Collection Projections

FUND	% of Total Apportionments		Projected Change in Collections (1)	
	2017-2020	2021-2024	\$ In Thousands	%
Episcopal	15.2%	19.9%	\$ 1,990	2.4%
World Service	51.4%	49.5%	\$ (68,717)	-25.4%
Ministerial Education	17.4%	15.5%	\$ (28,195)	-30.7%
Black College	6.9%	7.2%	\$ (7,152)	-19.3%
Africa University	1.6%	1.6%	\$ (1,670)	-19.5%
General Administration	6.1%	6.1%	\$ (7,057)	-22.0%
Interdenominational Cooperation	1.4%	0.2%	\$ (6,295)	-87.7%
Total	100.0%	100.0%	(117,096)	-22.1%

(1) Assumes collection rate trends continue at the same rate as year-to-date October 2019

UMC SUPPORT



FINANCE & ADMINISTRATION

General Council on Finance and Administration

THE UNITED METHODIST CHURCH

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