

# Recommendations for Allocations of the 2021-2024 Quadrennial Budget

CT Allocations Team Report  
January 29, 2019



## **Connectional Table**

The United Methodist Church

## OVERVIEW

The Connectional Table (CT) is mandated by The Book of Discipline of The United Methodist Church to make allocations to the five apportioned funds: **World Service, Africa University, Black College Fund, Ministerial Education Fund**, and the **Interdenominational Cooperation Fund**, (cf. BOD ¶806.1B, 806.2). As the Discipline notes,

*“The Connectional Table will review the program priorities, missional priorities, and special programs and the **estimated amount available** to the general program agencies, and then **establish the amounts to be distributed** to those agencies from the annual World Service allocation. The Connectional Table will review both the funding priorities and the estimated amount available to the other funds and then establish the amounts to be distributed to each.” BOD ¶806.2 (emphasis added)*

The General Council on Finance and Administration (GCFA), is to determine, in conversation with CT, the **amount available** for allocations, (cf. BOD ¶806.1b.1). GCFA has made that determination after considering the recommendations of the *Apportionment Sustainability Task Force*, the *Economic Advisory Committee*, the *CT-GCFA Budget Advisory Team* and others.

Accounting for a proposed base percentage rate of 3.27% and estimated local church net expenditures, GCFA has determined that **\$361,555,000** is available for allocation to the five funds for the 2021-2024 quadrennium (See chart below). This is an 18% reduction over the current quadrennium. Because of changes to the Episcopal Fund, it is effectively a 23% reduction.

BASE PERCENTAGE RATE = 3.27%



18%

EFFECTIVE REDUCTION = 22.7

	2017-2020 Budget	2021-2024 Budget	% Change
<b>Total Apportionments</b>	<b>\$ 604,033,991</b>	<b>\$ 498,654,000</b>	<b>-17.4%</b>
<b>GCFA Recommended Allocations:</b>			
Episcopal Fund	\$ 92,019,335	\$ 100,026,000	8.7%
General Administration Fund	\$ 36,896,453	\$ 30,170,000	-18.2%
World Service Fund Fixed Charges	\$ 7,372,537	\$ 6,839,000	-7.2%
Interdenominational Cooperation Fund Fixed Charges	\$ 204,600	\$ 64,000	-68.7%
<b>Total GCFA Recommended Allocations</b>	<b>\$ 136,492,925</b>	<b>\$ 137,099,000</b>	<b>0.4%</b>
<b>Amount Available for CT Allocations</b>	<b>\$ 467,541,066</b>	<b>\$ 361,555,000</b>	<b>-22.7%</b>

It is important to note, however, that the original recommendation of the Apportionment Sustainability Task Force was a 25% reduction. With changes in the Episcopal Fund, this would have resulted in an actual 32% reduction in the amount of funds available to allocate.

The reductions in the overall budget are caused by this decrease in the funds available for allocation—a decrease in the size of the pie, so to speak. Such reductions are separate from changes that result from a shift in the allocations—in how the pie is cut. As you will see later in

this report, the actual share of the budget (the size of the slice of the pie) has not changed significantly for most agencies and funds. In some cases, that share of the pie has increased.

## ***HISTORICAL BACKGROUND***

Since its inception, the Connectional Table has not made significant changes to allocations. However, there have been adjustments to allocations over the years (see timeline in Appendix A). For instance, in 2008 United Methodist Communications received an increased allocation to improve communications in the hope of stemming denominational decline. In 2012, \$12 million in allocations were shifted from the four major program agencies to fund the Central Conference Theological Fund and the Young Clergy Initiative. These adjustments were targeted to reduce impact on the smaller agencies. Following the failed Call to Action proposal in 2012, which put significant pressure on the general agencies, CT leadership stressed that there would be no changes to allocations in the 2016-2020 quadrennium, to allow a time of relationship and trust building. The expectation has been, however, that for the budget-setting process for the 2021-2024 quadrennium, that maintaining the same allocations would not be assumed. This expectation is reflected in the CT/GCFA Budget Advisory Team's Guiding Principles.

- *“Historical allocation of the WSF to the agencies as well as the level of funding for the Black College Fund, Ministerial Education Fund, Africa University Fund and the Interdenominational Cooperation Fund will not be assumed. The allocation will be made based in part on the following:*
  - *The church's missional priorities*
  - *Levels of reserves*
  - *Evaluations*
  - *Demonstrated commitment to administrative and program efficiencies.”*

## ***CURRENT REALITY***

The Apportionment Sustainability Task Force has highlighted realities that point to the necessity for change:

- We are an aging and shrinking denomination.
- The current trajectory of apportionments is no longer sustainable for annual conferences in the U.S., some of which are paying apportionments from reserves.
- There is a strong desire within the connection to redirect funds to the annual conference and local church level to support mission at the grass roots.

The \$361,555,000 available for allocation is a reduction of \$105,986,066 from the current quadrennium. Changes in allocations are not the cause of this reduction. However,

some agencies and funds will experience further reductions or no reduction at all because of changes in allocations.

With a reduction of nearly \$106 million and changes in allocations, agencies and funds likely will have to focus their ministry, consider reducing programming, seek increased opportunities for collaboration and partnership, and consider new ways of operating that may necessitate petitioning the General Conference for changes in mandates. Agencies and funds will be challenged to find ways to transition to new ways of operating, and the connection must support this transition.

This report takes these realities into account and includes recommendations for allocations to the five apportioned funds. We have given the leadership of these bodies an opportunity to provide feedback and have given serious consideration to their feedback, making some changes based on our foundational values (described later in this document) and budgetary constraints.

This process has not been easy. We have been very aware of the complexity of our task, and at times we have struggled. Each of us on the Allocations Team has been painfully aware of the significant changes that are ahead, of the important ministry that could be lost, the lives that could be upended and the anxiety that this very process is causing.

We have wrestled with the knowledge that change is painful, and we have tried our best to listen. We have held multiple listening sessions, met individually with treasurers and others, and have communicated about our process on a regular basis. We are very grateful for all who have made the time to meet with us, answered our questions and provided us with the data upon which we have based our work.

What follows are details about our reasoning; our biblical, theological and missional grounding; and more specifics about our recommendations. We prayerfully offer this work to The United Methodist Church.

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## REBUILDING FOR THE BODY OF CHRIST: A THEOLOGICAL GROUNDING

The Body of Christ lives out its mission in an ever-changing, diverse global community. Even as we live with the tension of an expanding mission field and declining financial resources, we look to the future with the eschatological hope of the rebuilding of Zion. The psalmist reminds us that our focus is on resourcing the Church for generations to come.

“<sup>35</sup> For God will save Zion  
and rebuild the cities of Judah;  
and his servants shall live there and possess it;  
<sup>36</sup> the children of his servants shall inherit it,  
and those who love his name shall live in it.

(Psalm 69:35-36, NRSV)

Rebuilding offers the opportunity for the Church to take seriously the generative nature of our mission. Since its birth, passionate disciples have re-membered The United Methodist Church and been called to use their gifts in building up the Body of Christ. We have a responsibility to build upon that heritage. The 2021-2024 budget allocations provide an opportunity for the adaptation and change necessary to meet the needs of the Church of our children and grandchildren, which may look different from the Church we know today.

As we acknowledge the reality of reduced financial resources, we also celebrate the faithful and wise stewardship of our general agencies, commissions, national plans and funds. Just as Joseph stored grain during the “years of plenty” in order that there be sustenance during “the years of famine” (Genesis 41), some have effectively managed their resources in order to set aside reserves for the future.

Others, like those in Jesus’ parable who multiplied their talents, have effectively utilized their limited resources for significant ministry beyond their mandates. Still others have focused upon aligning mission and ministry to maximize their impact. We celebrate that these prudent practices are already helping protect our capacity for ministry even as we contemplate re-shaping the budget.

## **WE ARE THE BODY OF CHRIST**

*“For just as the body is one and has many members, and all the members of the body, though many, are one body, so it is with Christ. For in the one Spirit we were all baptized into one body—Jews or Greeks, slaves or free—and we were all made to drink of one Spirit...Now you are the Body of Christ and individually members of it,” (1 Corinthians 12: 12-13, 27).*

Another aspect of the biblical vision for the Church, which emerges from 1 Corinthians 12, in turn informs these allocation recommendations.

First, we continually aspire to be a connectional Church where each part of the body works for the common good (1 Corinthians 12:7). We have witnessed the benefits of synergy when each part of the body is highly functioning, coordinated and contributes its part without reservation. Such collaboration results in missional outcomes which far exceed the sum of the individual contributions.



*Therefore, we have discerned the recommended allocations by looking holistically at the financial capacity of each individual agency and apportioned fund, and at all the agencies and funds “collectively” in relationship to the overall mission of making disciples of Jesus Christ for the transformation of the world. We see this mission as the common good for which we are all working at every level of the Church.*

Second, we recognize the Spirit-given gifts and callings that find expression throughout every level of the Church. We value the many, diverse members of the Body of Christ (1 Corinthians 12:14) expressed through The United Methodist Church whether it be in a local, district, annual conference or general agency setting.

*Therefore, we value that local churches and extensions ministries are “the most significant arenas through which disciple-making occurs” (United Methodist Book of Discipline (BOD), ¶ 120). We also recognize that “The annual conference is the basic body of the Church...,” (BOD ¶33). Annual conferences interpret and fund the best ways to equip their local churches. The budgetary changes being recommended can make possible the retention of more financial resources locally, while strategically focusing funding of the global, connectional mission represented in the five apportioned funds.*

*Further, we value the general agencies and funds because they are uniquely positioned to help express our common vision, mission, and ministry. Agencies and funds provide essential services and ministries beyond the scope of individual local congregations and annual conferences through services and ministries that are highly focused, flexible, and capable of rapid response (BOD ¶701.3). Funding the strategic, core mission of each agency and fund is still valid for a worldwide witness.*

Third, we celebrate and defend the value that each part brings to the body. As Paul teaches, we acknowledge that each part of the body has a different capacity and function (1 Corinthians 12: 20-21).

*Therefore, we recognize the unique, indispensable contributions of each of the smaller commissions and funds and are protecting their role and significance by minimizing financial hardships which otherwise might be brought about by more significant reductions in allocation.*

In summary, we believe these biblical reflections are foundational to the connectational nature of The United Methodist Church. As we present our budgetary recommendations, we seek scriptural alignment with the proposed budget allocations to support a “vital web of interactive relationships” (BOD ¶132).

## **THE VALUES THAT GUIDED US**

The dictionary defines values as key principles or standards that guide behavior. As followers of Jesus, the standards that guide us are grounded in the witness of Jesus’ life. Indeed, we looked to the example of Jesus as we approached the complex task of making allocations for the quadrennial budget. We did what He did, every time He “went to the other side” for prayer. A prayer by the late Bishop Reuben Job, in particular, guided us. It noted:

*“We have been given responsibility for decision making. It is a large responsibility, and the issues are complex and seldom clearly one way or the other. Even when we have gathered all the facts and looked at and listened to all the evidence, the answer may still be unclear. We bring our best thoughts and all of our previous experiences to the decision-making process, and still we find that prejudice, half-truths, insufficient evidence, and lack of wisdom leave us uncertain about God’s way in the matter. At times like this we long for the assurance of God’s presence with us. We yearn to ask Jesus, who always reflected God’s will, what our decision should be, what really is God’s will,” (From A Guide to Spiritual Discernment, compiled by Reuben Job).*

Ultimately, the real question is, “What is God’s will? How do we find it?” Perhaps we begin by emptying ourselves of our own designs and opening ourselves to God’s Spirit in prayer. Then we focus on the mission of our Church. Our mission, as a key value, is at the core of everything we do. It shapes our visions and our dreams and guides us into a future that is in line with God’s call upon the Church. As our Book of Discipline notes:

*“The mission of the Church is to make disciples of Jesus Christ for the transformation of the world by proclaiming the good news of God’s grace and by exemplifying Jesus’ command to love God and neighbor, thus seeking the fulfillment of God’s reign and realm in the world.” (BOD ¶121)*

As we considered allocations to the World Service funded agencies and other apportioned funds, we asked how each aligns with this **mission**. And we asked how the **missional priorities** of the agencies and the funds are lived out in line with the Four Areas of Focus, which are the missional priorities of the Church. We also sought to discern the **core mission** of the agencies and funds that must be sustained to maintain the identity and integrity of The United Methodist Church. We asked our agency and fund staff to identify **emerging missional priorities** that must be addressed if we are to continue to be vital and relevant in a changing world.

We also highlighted the value of **fairness and justice** as we engaged our work and asked what our Social Principles could teach us about ways to achieve equity in our process. Because of this value, we avoided across-the-board cuts. Instead, we considered the varying capacity of agencies and funds to sustain cuts without destroying core mission. In approaching our work in this way, we sought to ensure equity. Concerns for equity recognize that equal treatment across the board does not necessarily ensure equitable access.

As well, we focused on **stewardship**, recognizing that neither the Church nor its resources are ours. The Church belongs to Jesus Christ and its resources are His. We have been given stewardship of these resources for this time in the life of our connection. God is expecting us to be good stewards by ensuring that the Church's resources are fully aligned to its mission.

Finally, we sought to live out the value of **transparency** by holding multiple listening sessions, and by sharing our work with general secretaries and fund staff, agency and fund treasurers, agency chairs, and others. We sought to shine a light on our work in an effort to build trust and ensure collaboration. We choose transparency in our process as a way to be faithful to our call to the Christian life—a call to “walk in the light as Jesus is the light,” (1 John 1:7).

## SOME ADDITIONAL OBSERVATIONS ABOUT OUR PROCESS

***We have taken a holistic approach that highlights our commitment to connectionalism.***

*As noted in our Theological Grounding, “First, we continually aspire to be a connectional Church where each part of the body works for the common good (1 Corinthians 12:7)....Therefore, we have discerned the recommended allocations by looking holistically at the financial capacity of each individual agency and fund and at all the agencies and funds “collectively” in relationship to the overall mission of making disciples of Jesus Christ for the transformation of the world. We see this mission as the common good for which we are all working at every level of the Church.”*

Indeed, we have sought to care holistically for the needs of the whole body (e.g. local churches, annual conferences, general church bodies). We have put everything on the table by examining the financial capacity of all agencies and funds in light of the mission of the whole connection.

***We have been rigorous in our analysis.***

We have based our work on factual information and data gathered from GCFA and agency and fund treasurers. We also have talked with treasurers on multiple occasions to clarify understandings of data and have used a consultant to help us with the financial aspects of this work. We have continued to invite feedback and refine our understandings.



## RECOMMENDATIONS FOR ALLOCATIONS

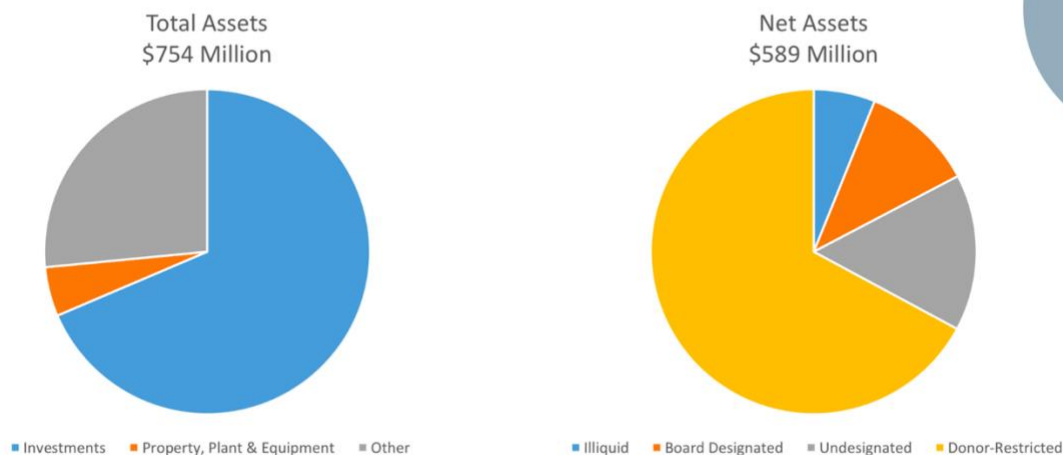
As we offer these recommendations, we begin by highlighting reasons for celebration. We celebrate that our agencies, commissions, national plans and funds continue to engage important ministry by:

- Finding innovative ways to reach out to a changing mission field;
- Preparing lay and clergy leaders for the Church and the world of tomorrow;
- Making inroads in global health and worldwide mission;
- Advocating for justice and for the inclusion of all people;
- Reaching out to be in ministry with our ecumenical partners; and
- Telling the United Methodist story through innovative and needed communications platforms.

We also celebrate that most of our agencies are well-reserved, and all of our agencies and funds are debt-free. Indeed, even at a time of declining resources, we have options and opportunities for ministry ahead.

### WE HAVE RESOURCES:

#### CONSOLIDATED FUND & AGENCY SNAPSHOT-ASSETS



What follows are the recommendations that we have made and our rationale (based on our stated values). We offer these recommendations as a continuation of a process of open conversation, collaboration, and trust-building. We ask you to join us in giving them prayerful consideration.

## 1. MISSIONAL ALIGNMENT THROUGH THE WORLD SERVICE CONTINGENCY FUND

### THE FOUR AREAS OF FOCUS



Ministry With the  
Poor



Improving  
Global Health



Developing  
Principled Christian  
Leaders



Creating New and  
Renewed  
Congregations

The World Service Contingency Fund is an already existing part of the World Service apportioned fund whose mandates are explained in the *Book of Discipline*, (cf. 806.3d). There it states, “...the General Council on Finance and Administration shall estimate and communicate to the Connectional Table the sum available at that time from World Service contingency funds to meet requests for additional funding from the general program agencies. The Connectional Table shall be authorized to approve allocations to the general program agencies for additional program funding up to the limit so established.”

As noted in the GCFA Financial Commitments Book, The World Service Contingency Fund “...provides funding for emerging needs in the World Service Fund areas that occur during a quadrennium. These funds are allocated to program agencies for new programs to address unanticipated needs. Contingency fund allocations must first be approved by both CT and GCFA.”<sup>1</sup>

The most significant change in philosophy in how we do allocations is represented by our recommendation to increase the World Service Contingency Fund to approximately \$8.9 million and to focus it missionally. **(See Allocation Worksheet, Appendix B).**

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<sup>1</sup> *The Financial Commitment of The United Methodist Church, 2017-2020*, General Council on Finance and Administration, p. 13-14.

This increase in the contingency fund is intended to ensure collaborative missional impact through the Four Areas of Focus (or any future missional priorities set by the denomination). This fund will continue under the granting direction of the Connectional Table and under the existing disciplinary mandates that describe the fund. As is the case already and as the Discipline mandates, the CT is ineligible for support from contingency funds.

We believe that this fund will nurture collaborative, adaptive, visionary, and innovative efforts to bring vitality to our worldwide connection through a sustained focus on evangelism and church growth, ministry with poor and underserved communities, global health and innovation in leadership and leadership development (our Four Areas of Focus) as well as other areas. And we further believe that this fund will enable the denomination to respond to emerging missional needs and priorities in an uncertain future. **Rationale (Mission, Missional Priorities, Emerging Missional Priorities):**

Applications from World Service funded program agencies will be considered for this funding. In reviewing applications, the Connectional Table will consider the following criteria:

- i. Ministry that addresses the missional priorities of the denomination, which are currently Vital Congregations through the Four Areas of Focus. Such ministry should further the mission of the Church and have impact beyond what any one agency or connectional body can do.
- ii. Ministry that furthers The United Methodist Church's worldwide identity.
- iii. Ministry that is innovative, adaptive and encourages experimentation.
- iv. Ministry that addresses emerging priorities.
- v. Ministry that is collaborative, non-duplicative and nurtures partnership. Such ministry should be beyond existing disciplinary mandates.
- vi. Recognizing that our connection is in a time of adaptation and change, this contingency can also fund transition to new ways of functioning.

Examples of already-existing ministries that have been supported by this fund are the collaborative work of the Immigration Task Force and COSROW's collaborative work on boundaries training through the Do No Harm events. Increasing this fund will give the connection greater opportunities to support innovation that addresses emerging needs.



At a time of great change, this fund also can give our connection the “imaginative capacity” to adapt, dream and develop the ministries that will lead us into the future.

## 2. THE SMALLER WORLD-SERVICE FUNDED COMMISSIONS

We recommend maintaining the current funding levels of three of the smaller World Service funded commissions (*The General Commission on the Status and Role of Women (GCOSROW)*, *the General Commission on Religion and Race (GCORR)*, and *the Commission on United Methodist Men (UMM)*). (***See Allocation Worksheet, Appendix B***). **Rationale (Core Mission Sustainability, Fairness/Justice, Emerging Missional Priorities):**

- a. In the course of our listening sessions with the general secretaries, there was an expressed desire amongst that body to protect the core mission of the smaller commissions. The general secretaries affirmed, with us, that the smaller commissions have more limited revenue sources and reserve capacity.
- b. In line with the values of core mission sustainability and fairness, we recognize that a significant budget cut would prevent these three commissions from being able to sustain thriving ministry.
- c. In addition, COSROW and GCORR, and to a lesser extent UMM, are heavily dependent on apportionments for their program. Apportionment income as a percent of total expenses exceeds 75% for COSROW and GCORR.
- d. We recognized, in particular, the emerging issues related to the #MeToo movement and growing racism and authoritarianism around the world, that have made the work of GCORR, on cultural competency, of COSROW, on boundaries training and response team preparation, and of UMM on domestic violence prevention, especially important.

### THE GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN

<b><i>Current Allocation</i></b>	<b><i>Current Percentage (of available funds)</i></b>	<b><i>Next Quad Recommendation<sup>2</sup></i></b>	<b><i>Next Quad Percentage</i></b>	<b><i>Percent Change</i></b>
\$3,957,518	0.8%	\$3,958,000	1.1%	0.2%

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<sup>2</sup> Rounded

#### THE GENERAL COMMISSION ON RELIGION AND RACE

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$7,354,467	1.6%	\$7,354,000	2%	0.5%

#### UNITED METHODIST MEN

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$1,476,974	0.3%	\$1,477,000	0.4%	0.1%

### 3. THE NATIONAL PLANS (Korean Ministry Plan, Comprehensive Plan for Pacific Island United Methodists, Asian American Language Ministries, Native American Comprehensive Plan, Strengthening the Black Church for the Twenty-First Century, National Plan for Hispanic/Latino Ministry)

We recommend maintaining the current funding level for the National Plans, but seek to raise some key questions and considerations for the future. **(See Allocation Worksheet, Appendix B). Rationale (Core Mission Sustainability, Fairness/Justice, Mission, Emerging Missional Priorities):**

- a. We believe that the National Plans represent important ministry potential for the Church to more fully address a diversifying mission field in the United States. They are important to the UMC living more fully into its mission of making disciples of Jesus Christ for the transformation of the world.
- b. We also affirm that the National Plans are important in providing empowerment for underserved populations and communities.
- c. In line with our stated values of core missional sustainability and fairness, we recognize that a significant reduction in funding for some of the National Plans would negatively impact their ability to sustain their core mission.
- d. We are encouraged that the National Plans are currently involved in conversations about their future, and we would not want to impede those conversations by greatly decreasing funding at this time. However, we raise several questions that we suggest the National Plans engage over the remainder of the quadrennium as they have conversations about future mission and direction. These questions are as follows:

- i. What is the role of the National Plans within a worldwide Church?  
How do the National Plans further the UMC's identity as a worldwide connection?
- ii. Might there be greater missional alignment and collaboration if the National Plans were associated with just one general agency. If this would provide needed synergy, which general agency would make the best missional fit?
- iii. We are aware that there have been conversations about consolidating the National Plans for missional impact. Noting that there are great differences in funding (for instance the Korean National Plan is funded at 300% of the Native American Plan), might the National Plans consolidate and pool resources for greater missional impact for all of the populations served?

**KOREAN MINISTRY PLAN (KMP)**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$3,061,048	0.7%	\$3,060,000	0.8%	0.2%

**COMPREHENSIVE PLAN FOR  
PACIFIC ISLAND UNITED METHODISTS (CPPIUM)**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$540,302	0.1%	\$540,000	0.1%	0%

**ASIAN AMERICAN LANGUAGE MINISTRIES (AALM)**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$1,398,428	0.3%	\$1,400,000	0.4%	0.1%

#### NATIVE AMERICAN COMPREHENSIVE PLAN (NACP)

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$1,073,317	0.2%	\$1,075,000	0.3%	0.1%

#### STRENGTHENING THE BLACK CHURCH FOR THE TWENTY-FIRST CENTURY (SBC21)

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$1,976,432	0.4%	\$1,975,000	0.5%	0.1%

#### NATIONAL PLAN FOR HISPANIC/LATINO MINISTRY (NPHLM)

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$3,143,830	0.7%	\$3,144,000	0.9%	0.2%

- 4. UNITED METHODIST COMMUNICATIONS (UMCOM)**— We recommend that the approximate \$1.432 million UMCOM receives as a fixed charge<sup>3</sup> for the interpretation and promotion of giving for the World Service Fund remain unchanged. We also recommend that its on-ratio<sup>4</sup> World Service funding be reduced by 37% due to the missional capacity that its reserves represent. We acknowledge that this change in funding will be challenging. However, we believe that UMCOM can continue to thrive. *(See Allocation Worksheet, Appendix B).*  
**Rationale (Stewardship, Mission, Core Mission Sustainability, Justice and Fairness):**

United Methodist Communications is the communications agency of The United Methodist Church. It works globally to establish communications platforms

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<sup>3</sup> Note that UMCOM receives funds for Interpretation Resources as a fixed charge of the World Service apportionment. These funds are used to promote giving and to help members of the connection understand the connectional funds to which they give. UMCOM also receives separately another approximate \$1.7 million for the interpretation and promotion of giving for Special Sundays.

<sup>4</sup> On-Ratio charges can change based on the payout rate or percentage of actual revenues coming in from the annual conferences. Fixed Charges do not change based on revenues.

throughout the connection and supports local churches and annual conferences in their communications efforts. We affirm the ministry UMCOM is continuing to do and we raise the following celebrations and considerations:

- a. We celebrate that UMCOM has substantial resources for mission. UMCOM's reserves are substantial relative to other agencies and funds. It has net assets approaching \$75 million and receives the third largest apportionment allocation for the current quadrennium.
- b. Considering board-designated and undesignated assets, UMCOM has \$20 million in assets available within one year, which represents 194% of its expenses. This means that UMCOM could sustain its programming for nearly two years without any additional resources.
- c. UMCOM supports nearly 80% of its expenses with its \$70 million from apportionment dollars, which indicates a low use of its substantial reserve capacity.
- d. Stewardship and focus on the mission are key values in our allocations process. Good stewardship dictates the need for a prudent balance between apportioned funds and other resources, including reserves. When funds accumulate and grow over a long period of time, it is prudent to redirect limited apportionment resources to other missional areas (other agencies and funds).
- e. This change in allocation for UMCOM recognizes that its core mission can be sustained with a more accelerated right-sizing of its reserves or other resources and allows us to minimize the budgetary impact of the change in the base rate on the other agencies and funds and allocate for missional impact for the future.
- f. As will be noted later in more detail, UMCOM owns a valuable Nashville property that it is already contemplating selling. Should this occur, proceeds can be used to mitigate the impact of fewer apportioned funds.

#### UNITED METHODIST COMMUNICATIONS

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$71,651,059	15.3%	\$45,000,000	12.4%	-2.9%

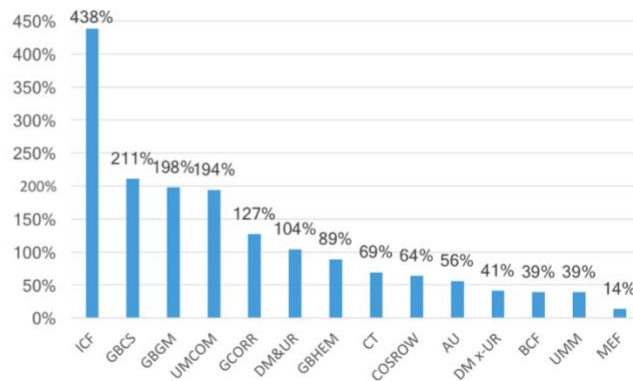
## UMCOM & ICF

Values: Stewardship, Mission,  
Core Mission Sustainability,  
Justice/Fairness

Why: Considerations of  
financial capacity and  
reserves

- UMCOM: -37%
- ICF: -88%

### • Funds available within 1 year, including board-designated: Total Expense



## 5. INTERDENOMINATIONAL COOPERATION FUND (ICF)

We recommend reducing the funding for the Interdenominational Cooperation Fund (ICF) by 88% for the 2021-2024 quadrennium only. The recommended 88% reduction represents a grant of \$1 million in funding pending further conversation and clarification.

**(See Allocation Worksheet, Appendix B). Rationale (Stewardship, Mission, Core Mission Sustainability):**

- The Interdenominational Cooperation Fund was created to fund ecumenical work largely through the dispersal of grants to organizations such as the World Council of Churches, the Pan Methodist Commission, the National Council of Churches and others. We recognize that this is important work. However, the Interdenominational Cooperation Fund has significantly underutilized apportionment receipts over the past three quadrennia.
- As a result, by the end of 2017 this fund had accumulated reserves more than four times larger than its 2017 expenses.<sup>5</sup> In addition, reserve levels are expected to grow another \$600,000 by the end of 2018.

<sup>5</sup> At the end of 2017, ICF had 438% cash and investments relative to how much they spent.

- c. Taken together, ICF's unspent receipts (reserves) are enough to cover all expenses for the 2021-2024 quadrennium based on recent spending patterns without the allocation of additional apportionments.
- d. We have already highlighted that stewardship and focus on the mission are key values in our allocations process. Good stewardship dictates that funds given through the apportionment be used to carry out mission. When funds accumulate and grow over a long period of time, it is prudent to redirect those funds to missional areas where they are needed and will be used.
- e. We also realize that the Interdenominational Cooperation Fund is revisioning for the future. For that reason, we are recommending the \$1 million in funding so that ICF can continue to vision and plan for ways in which it will utilize apportionments for mission while keeping its current activities funded through reserves.

**INTERDENOMINATIONAL COOPERATION FUND**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$8,003,220	1.7%	\$1,000,000	.3%	-1.4%

## OUR APPROACH TO RESERVES

The Connectional Table does not have a mandate to determine how agency or fund reserves should be managed. That is a decision of a board of directors of an agency or fund. The board determines reserve policies and missional uses of those reserves. The board can determine, when to designate reserves and when to exclude reserves from designation.

The CT's role is to allocate apportioned funds in light of the full disclosure of financial data. The Allocations Team has taken reserve levels into consideration as one indicator of financial capacity. The recommended allocations, based on financial capacity and other factors, do not dictate how agencies or funds should handle reserves. The realities of a reduced budget, however, require agencies and funds to manage their ministries with fewer resources. Whether an agency or fund decides to deal with that reality by tapping reserves or other resources, or by reducing program or both, is at the discretion of the agency or fund.

To better clarify how the Allocations Team considered reserves as an indicator of financial capacity, we offer the following observations and assumptions:

- We affirmed that agency financial structures and commitments are very different. We did not view all agencies in the same way or all agency reserves in the same way. For instance, we recognized that some of our agencies have reserves that are tied up in pension liabilities or commitments related to loans.
- Likewise, we assumed that substantial reserves that are not connected to such commitments indicate financial capacity to sustain funding reductions while sustaining core mission. This assertion also assumes that everyone will still need to focus mission at a time of shrinking resources. No resources were off the table.
- We assumed that if a board designates funds for reserves, it can also re-designate those funds for mission.
- We affirmed that agencies and funds need to have healthy reserves and internal policies to manage reserves. However, we also acknowledge that different agencies have differing levels of reserves and that there is no consensus about what are appropriate levels of reserves. It is of note that our primary financial institution, the General Council on Finance and Administration, has set an internal reserves policy for itself that mandates 3-6 months in operating expenses be kept in reserves. We would encourage the whole denomination to engage the conversation about contextually prudent upper and lower limits for reserve levels.
- We considered many factors beyond reserves including:
  - Revenue streams beyond apportionments
  - Other assets, including property



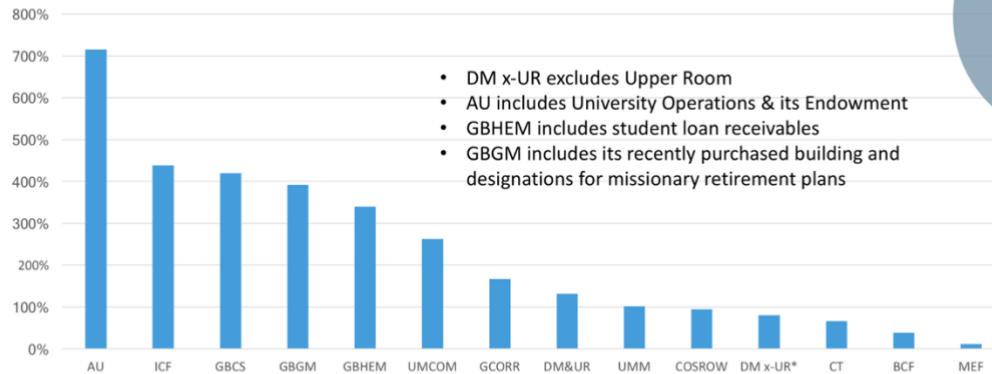
In our discussion about reserves we highlighted the values of mission, stewardship, core mission sustainability, transparency, and fairness/justice. We also grounded our thinking theologically in our understandings of connectionalism. In light of these values, we raise the following questions for consideration by our whole connection:

1. Considering that all monies given to agencies from apportioned funds ultimately come from the local church, is it a fair assumption that local churches give for mission? In what way can the whole church (including local churches and annual conferences) have a voice about reserve levels as they relate to the mission of our whole connection? **Values: mission, stewardship.**
2. How do reserve levels within different agencies comport with the priorities of the denomination as a whole? As a connectional church, and as the Body of Christ, how should we view reserves in light of the mission of the whole body? **Values: mission, stewardship.**
3. High reserves that are not allocated to legacy commitments such as pensions or loan liabilities indicate financial capacity. How is the denomination to balance the differences in financial capacity between agencies at a time of limited resources? One way to do this would be to grant a smaller allocation in apportioned funds because an agency with greater reserves has greater capacity. This is the approach that the Allocations Team took. Is it therefore appropriate to consider, in addition to other factors, the differing financial capacity of agencies based on reserve levels and the nature of commitments related to those reserves? **Values: fairness/justice, transparency, core mission sustainability.**
4. It has been suggested that reserves not be considered in the allocations process. Should the allocations and budgeting process include the full disclosure of all financial data? **Values: Transparency, Stewardship.**

**AN ADDITIONAL OBSERVATION:** As has been stressed before, we support the maintenance of prudent reserve levels. However, we recognize that there are varying understandings of what is prudent. We would therefore encourage future conversations that could provide guidance about appropriate levels (upper and lower thresholds) of reserves. Such guidance should consider differing financial structures and contexts and be grounded in a holistic understanding of the mission of The United Methodist Church.

## NET ASSETS: 2017 TOTAL EXPENSES (%)

**NOTE: THE COMPLEXION OF BALANCE SHEETS VARIES GREATLY**

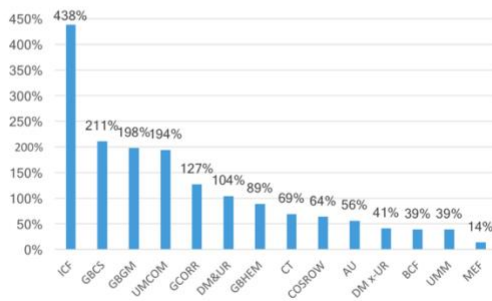


- DM x-UR excludes Upper Room
- AU includes University Operations & its Endowment
- GBHEM includes student loan receivables
- GBGM includes its recently purchased building and designations for missionary retirement plans

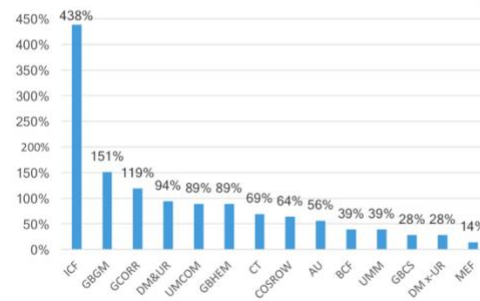
- A high ratio is an indication of financial capacity and solvency; assets may also represent significant donor-restricted assets that can't be spent in the short term.

## FUNDS AVAILABLE WITHIN ONE YEAR TO MEET EXPENSES

FUNDS AVAILABLE WITHIN 1 YEAR,  
**INCLUDING** BOARD-DESIGNATED: TOTAL  
EXPENSE

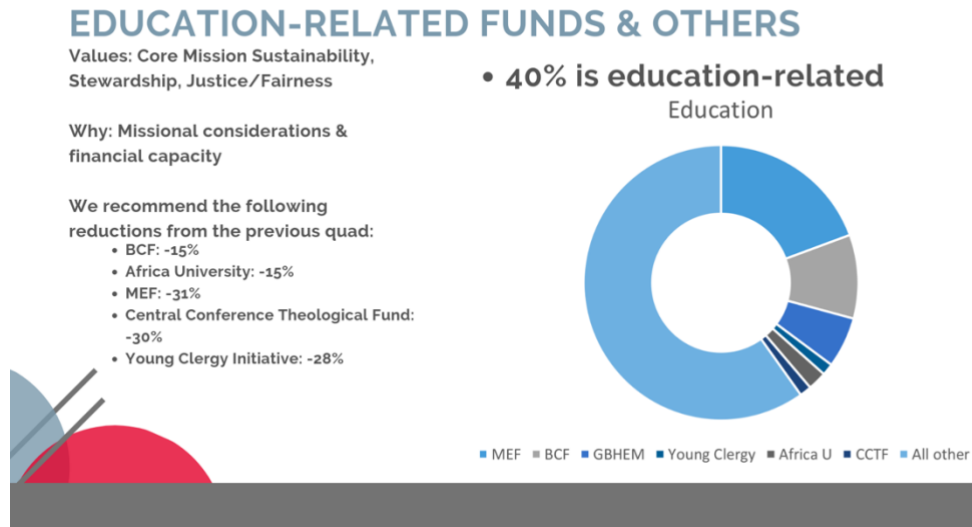


FUNDS AVAILABLE WITHIN 1 YEAR,  
**EXCLUDING** BOARD-DESIGNATED:  
TOTAL EXPENSE



- Indicates for how long an organization can pay its bills relative to prior year expenses; excludes things like real estate that would take more than a year to liquidate/access

6. **EDUCATION FUNDS**—We recommend reducing the allocation related to three education funds—Ministerial Education Fund (MEF), the Black College Fund (BCF) and Africa University (AU). (*See Allocation Worksheet, Appendix B*). **Rationale (Core Mission Sustainability, Stewardship):**



We recognize that these funds are crucial for preparing and equipping the future and current leaders of the Church. As well, all of these funds help to ensure the theological integrity of our connection.

- a. **MINISTERIAL EDUCATION FUND (MEF)**—The Ministerial Education Fund has the second highest (in excess of \$100 million) allocation from apportionments, second only to the General Board of Global Ministries. We believe that its core mission can be sustained with a recommended 31% reduction.

This recommended reduction in MEF should spur a needed conversation about whether or not we can continue to support 13 seminaries and all of our current licensing schools given declining resources. Associated questions and considerations include the following:

- I. We understand that a reduction in MEF could impact the connection between our seminaries and The United Methodist Church, as well as the associated training of United Methodist scholars. We encourage GBHEM to engage a conversation about how to nurture these relationships with our schools and seminaries in other ways beyond funding?

- II. In line with our value of stewardship, we acknowledge that each institution has other sources of funding, including funds coming from their own fundraising and endowments.
- III. We understand that a reduction in funds allocated to the annual conferences could impact licensing schools and annual conference efforts to reduce clergy indebtedness. For this reason, we would encourage GBHEM to engage a conversation about the formula that determines how much goes to the annual conference and how much to the general Church.

b. **BLACK COLLEGE FUND (BCF)**—In line with the values of core mission sustainability and fairness, we have limited the recommended reduction in the Black College Fund (relative to other reductions) to only 15%. We recommended this comparatively modest reduction in recognition of the historical significance and importance of Black colleges to The United Methodist Church and with a desire to sustain the core mission of this fund. We would raise some issues for consideration as follows:

- i. In light of the values of stewardship and mission, we would encourage examination of the distribution methodology for the Black College Fund. We do not believe that the continued practice of distributing funds equally to the Black Colleges is missionally sustainable. In addition, we would encourage exploration of how BCF disbursements are used by recipients and support the Church's and colleges' missions.
- ii. We also would encourage some attention to how internal governance within our structure is impacting missional decisions.

c. **AFRICA UNIVERSITY (AU)**—Given the importance of Africa University on the African continent and beyond, we sought to limit the recommended reduction to 15%—one of the lower recommendations for reductions in this allocation of funds. We raise the following observations and considerations:

- i. In recognition of the importance of the AU development office, which is the primary recipient of World Service funds on behalf of AU, it is our intent to ensure the sufficiency of proposed funds for AU's development functions.
- ii. We also recognize the complexity of AU'S governance structures and ministry, and we celebrate the ways in which AU has been accountable for the missional and effective deployment of its resources. We also affirm AU's success at fundraising, its ability to

build its endowment, and the positive impact it has had on other fundraising efforts within the denomination.

#### MINISTERIAL EDUCATION FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$104,949,647	22.4%	\$72,000,000	19.9%	-2.5%

#### BLACK COLLEGE FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$41,863,455	9%	\$35,584,000	9.8%	0.9%

#### AFRICA UNIVERSITY

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$9,368,872	2%	\$8,000,000	2.2%	0.2%

**7. GENERAL CONFERENCE-GENERATED FUNDING FROM WORLD SERVICE**—We have recommended reducing allocations to funds created by the General Conference, namely the **Central Conference Theological Fund** and the **Young Clergy Initiative**. (*See Allocation Worksheet, Appendix B*). **Rationale (Stewardship, Core Mission Sustainability, Justice/Fairness):**

- a. **The Young Clergy Initiative.** The United Methodist Church has been making efforts to recruit, train and retain young clergy for several quadrennia. Indeed, the Young Clergy Initiative was created in 2013 to continue this effort over three quadrennia, and we are seeing fruit.
  - i. One of the ways that we have seen fruit is that a commitment to the development of young clergy has become part of the culture of annual conferences and is being carried out across the denomination, at the general Church level, in the annual conferences and within local churches.

- ii. Therefore, in line with our values around stewardship and in the belief that the core mission of this fund can still be sustained, we have recommended reducing the funding to this initiative by 28%. Note also that at \$6.9 million current funding, the Young Clergy Initiative enjoys more abundant funding than two of our commissions which have a broader scope of ministry to sustain.
- iii. The Young Clergy Initiative was to extend through the 2021-2024 quadrennium. It would be prudent for GBHEM to begin now for transition planning as this initiative reaches completion.

b. **The Central Conference Theological Education Fund.** This fund was created at General Conference in 2012 and then doubled in size to \$10 million in 2016, by action from the floor of General Conference. To accommodate this significant increase, the budget was increased. Considering the current financial situation, we have recommended a \$7 million allocation, which is a 30% reduction in this fund. We recognize the importance of this area of ministry and note the following:

- i. In the 2016-2020 quadrennium, purposeful efforts are being made to create an endowment fund to support the long-term sustainability of theological education in the central conferences.
- ii. In addition, theological education in the central conferences is being supported through other work of the general agencies. Financial support also is coming from the central conferences.
- iii. This recommended allocation is still \$2 million more than the original 2012 allocation. We believe that this allocation, with the development of other revenue streams, can continue to sustain the important ministry of theological education in the central conferences.

#### YOUNG CLERGY INITIATIVE

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$6,952,413	1.5%	\$5,000,000	1.4%	-0.1%

### THE CENTRAL CONFERENCE THEOLOGICAL EDUCATION FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$10,000,000	2.1%	\$7,000,000	1.9%	-0.2%

- 8. THE GENERAL BOARD OF CHURCH & SOCIETY (GBCS)**—Though the effective reduction in the base rate and other changes in the budget have led to an expected 22.7% decrease in apportionments, we have limited the recommended reduction for the General Board of Church and Society to 20%. We acknowledge that this change in funding will be challenging. However, we believe that even with this change, GBCS can continue to thrive with greater collaboration and exploration of alternative sources of revenue. **(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):**

The General Board of Church and Society is the primary body that promotes our Social Principles, thereby extending the witness of The United Methodist Church around the world. It is unique in its call to make advocacy foundational as it seeks to address issues that are emerging in importance and impact, such as global migration, rising authoritarianism, climate change and poverty. We affirm the ministry that GBCS has done and is continuing to do through the wise and prophetic use of its resources, and we raise the following celebrations and considerations:

- i. We celebrate that, in terms of financial capacity and solvency, GBCS has the third highest ratio of net assets to expenses (2017). As well, GBCS is well-reserved. In line with the values we have raised, we believe that GBCS's core mission can be sustained.
- ii. In addition, the GBCS building is a crucial asset for the agency and for the denomination. The 2016 General Conference has affirmed the United Methodist Building's "...distinctive historic interest and value for the denomination as a whole when it designated The United Methodist Building as a Heritage Landmark in accordance with ¶1712 of the Book of Discipline." In line with our value around stewardship, we encourage GBCS to continue to explore ways in which it can leverage this asset to help to continue to grow its mission.

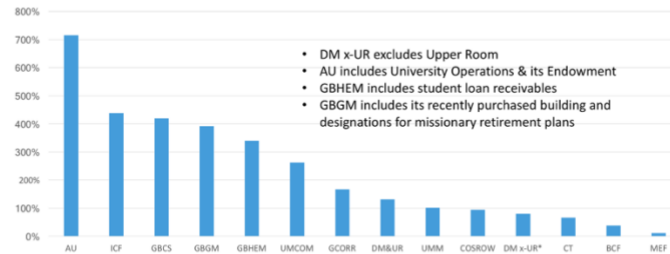
## PROGRAM AGENCIES

Values: Core Mission  
Sustainability, Mission, Emerging  
Missional Priorities, Stewardship,  
Justice/Fairness

Why: Considerations of financial  
capacity and solvency

- GBHEM: -20%
- GBGS: -20%
- GBGM: -20%
- Discipleship Ministries: -15%

### Net Assets: 2017 Total Expenses (%)



### THE GENERAL BOARD OF CHURCH AND SOCIETY

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$11,021,677	2.4%	\$8,800,000	2.4%	0.1%

- 9. THE GENERAL BOARD OF HIGHER EDUCATION AND MINISTRY (GBHEM)**—We also have limited our recommended reduction for GBHEM to 20% even though we expect a 22.7 percent decrease in the amount available to allocate this quadrennium. We know that this will still be challenging for GBHEM, however we believe that GBHEM can continue to thrive with greater collaboration and exploration of alternative sources of revenue. *(See Allocation Worksheet, Appendix B).* **Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):**

The General Board of Higher Education and Ministry is the primary credentialing body for our denomination. Its work with United Methodist schools and seminaries is crucial to maintaining our theological heritage and the theological integrity of our connection. We affirm GBHEM's ministry and the ways in which it has used its resources, and we raise the following celebrations and considerations:



- i. We celebrate the financial solvency and capacity of GBHEM which has the second highest ratio of net assets to expenses. It also is well reserved.
- ii. In addition, GBHEM owns property which is a significant asset to the agency. In line with the value of stewardship, we encourage GBHEM to be in conversation with other Nashville-based agencies to assess ways to leverage this asset to help to grow its mission.
- iii. We have noted that GBHEM has expansive mandates in the Book of Discipline (32 objectives per ¶1405). We recognize that this change in allocations may necessitate GBHEM focusing its ministry and perhaps proposing legislation to General Conference to modify the scope of its work.

#### **THE GENERAL BOARD OF HIGHER EDUCATION AND MINISTRY**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$26,932,588	5.8%	\$21,546,000	6%	0.2%

**10. THE GENERAL BOARD OF GLOBAL MINISTRIES (GBGM)**—We have limited our recommended reduction for GBGM to 20% as well, a recommended reduction that is lower than the expected 22.7 percent decrease in the amount available to allocate this quadrennium. We also believe that though this change will be challenging, GBGM can continue to thrive with greater collaboration and exploration of alternative sources of revenue. *(See Allocation Worksheet, Appendix B).* **Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):**

The General Board of Global Ministries is helping to reshape missionary service by training, equipping and sending missionaries “from everywhere to everywhere.” We affirm GBGM’s ministry and the ways in which it effectively utilizes resources, and we raise the following celebrations and considerations:

- i. We celebrate that GBGM has the highest net assets of all of the agencies. It is well reserved, though much of its reserve is donor designated or tied to missionary pensions.
- ii. GBGM has recently relocated to an area that will better sustain its mission into the future. As well, GBGM has made it a priority to reflect the worldwide Church in its hiring, in its deployment of missionaries and in its overall ministry model.

**THE GENERAL BOARD OF GLOBAL MINISTRIES**

<i><b>Current Allocation</b></i>	<i><b>Current Percentage (of available funds)</b></i>	<i><b>Next Quad Recommendation</b></i>	<i><b>Next Quad Percentage</b></i>	<i><b>Percent Change</b></i>
\$111,338,501	23.8%	\$89,071,000	24.6%	0.8%

**11. DISCIPLESHIP MINISTRIES (DM)**— Discipleship Ministries is in a financially sensitive position, and we have concerns about the sustainability of its core mission at a time of great need for the growth of the Church. For instance, in terms of net assets to total expenses for 2017, Discipleship Ministries had the lowest ratio of any of the general agencies or commissions by a significant margin. It also has less than a three-month reserve. For these reasons and others, we have limited our recommended reduction for Discipleship Ministries to 15%. We know that this recommended reduction will still be challenging, yet we believe that Discipleship Ministries can continue to thrive with greater collaboration and exploration of alternative sources of revenue. *(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):*

Discipleship Ministries is leading our denomination in evangelism as the agency seeks to help annual conferences and local congregations, “See All the People” around them. Such ministry is crucial to the continued growth of the Church and the continued learning that is necessary as we seek to better reach out to a changing mission field. We celebrate the prophetic leadership of Discipleship Ministries and we raise the following observations and considerations:

- i. We celebrate that Discipleship Ministries is ahead of the curve in focusing its ministry for strategic impact. It has reorganized its staff to better focus its mission. This reorganization is having positive budgetary impact and reflects good stewardship and a healthy understanding of the connection’s current financial reality.
- ii. We also encourage Discipleship Ministries to be in conversation with other Nashville based agencies to explore co-location and assess ways to leverage real estate assets to help to grow mission.

#### DISCIPLESHIP MINISTRIES

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$34,952,169	7.5%	\$29,700,000	8.2%	0.7%

**12. The Connectional Table (CT)**— We are recommending a 5% reduction in CT’s allocation. *(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, fairness.*

The Connectional Table discerns and articulates the vision for our worldwide Church and stewards the mission, ministry and resources of our connection in consultation with the Council of Bishops. We celebrate the ways in which the CT is living more fully into this purpose with a sustained focus on vital congregations through the Four Areas of Focus and the worldwide nature of our Church, and we offer the following considerations:

- a. GCFA made a similar 5% reduction in the allocation for General Commission on Archives and History from the General Administration Fund. This recommendation for the CT is in line with that, and we believe can sustain the CT’s core mission.
- b. Note, however, that the Connectional Table is already carrying out its responsibilities with a very limited staff and has depleted some reserves.
- c. The CT anticipates being able to revise its makeup to become a smaller body that better reflects the worldwide Church. However, this change is unlikely to decrease meeting and travel expenses because it will reflect a better representation from the central conferences.
- d. In addition, the Connectional Table is heavily dependent on apportionments. And, unlike the general agencies, the CT cannot apply for contingency funds. A more substantial reduction in allocation would impact the CT’s ability to carry out its work.

#### THE CONNECTIONAL TABLE

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$2,140,350	0.5%	\$2,033,000	0.6%	0.1%

## SIDEBAR B: THE SHARE OF THE PIE

As you can see from the chart, we have not actually changed the share of the budget allocated (size of the slice of the pie) significantly in most cases. Indeed, all except five agencies/funds show an increase in their share of the overall budget. This does not mean that agencies and funds are not experiencing budget reductions. However, as we have stressed, the reductions in the overall budget are because of the decrease in the funds available for allocation—a decrease in the size of the pie. Such reductions are separate from changes that result from a shift in the allocations—or in how the pie is cut. As the chart suggests, the actual share of the budget (share of the pie) has increased for most agencies and funds.

Of course, no agency or fund wanted to experience reductions. When we released preliminary recommendations on January 11, 2019, we received requests for reconsideration totaling approximately \$26.7 million. These requests exceeded what we had to allocate. We did, however, reconsider in some cases by shifting funds from the World Service Contingency Fund.



<b>AGENCY/ FUND</b>	<b>CURRENT % ALLOCATION</b>	<b>PROPOSED % ALLOCATION</b>	<b>% CHANGE</b>	<b>INC./DEC. SHARE</b>
GBGM	23.8	24.6	0.8	Increase
MEF	22.4	19.9	-2.5	Decrease
UMCOM	15.3	12.4	-2.9	Decrease
BCF	9.0	9.8	0.9	Increase
DM	7.5	8.2	0.7	Increase
GBHEM	5.8	6	0.2	Increase
GBCS	2.4	2.4	0.1	Increase
CCTF	2.1	1.9	-0.2	Decrease
AU	2.0	2.2	0.2	Increase
ICF	1.7	0.3	-1.4	Decrease
GCORR	1.6	2	0.5	Increase
YCI	1.5	1.4	-0.1	Decrease
COSROW	0.8	1.1	0.2	Increase
NPHLM	0.7	0.9	0.2	Increase
KMP	0.7	0.8	0.2	Increase
CT	0.5	0.6	0.1	Increase
SBC21	0.4	0.5	0.1	Increase
UMM	0.3	0.4	0.1	Increase
NACP	0.3	0.3	0.1	Increase
AALM	0.3	0.4	0.1	increase
CPPIUM	0.1	0.1	0	No Change

**13. ADDITIONAL RECOMMENDATIONS FOR THE AGENCIES AND FUNDS**—In addition to the recommendations for the agencies and funds that we have highlighted in this document, we make the following suggestions:

- a. That all agencies and funds review their disciplinary mandates to ensure the scope of expectation is in line with financial resources. In some cases, agencies or funds may wish to suggest revisions to their mandates.
- b. That World Service funded agencies explore alternative sources of revenue beyond World Service allocations such as an increase in the annual Benefit Trust disbursement, a review of board and donor designated assets for purpose and missional alignment, changes in spending policies on invested assets, and ways to better monetize real estate holdings.
- c. We note in these recommendations that The United Methodist Church has great opportunities for utilizing property in a way that furthers the mission. The Nashville-based properties alone are valued at a conservative \$70 million, excluding United Methodist Publishing House and Women’s Division properties.
  - i. Therefore, we suggest that the Nashville-based agencies, including the General Council on Finance and Administration (GCFA), United Methodist Men, GBHEM, UMCOM and Discipleship Ministries/Upper Room engage professional resources, such as a real estate advisory firm, to facilitate a conversation among the agencies about their facilities requirements and to understand the market values of these properties and the feasibility and potential economic impact of co-location. The United Methodist Publishing House and the Women’s Division should be invited into the conversation as well.
  - ii. We also suggest that GBCS retain a real estate professional to understand the current market value of the property, ways to increase income from the property, and ways to protect the building as a key asset of The United Methodist Church. GBCS has pointed out, in its feedback, and the Allocations Team acknowledges that GBCS is practicing responsible stewardship of this historic property. As GBCS further notes, “GBCS retains professional property management services, has trustees on the board that review and revises policies to protect the United Methodist Building... and continually reviews opportunities to maximize income from the property in line with the Social Principles.”

- d. That all agencies review their governance structures to ensure boards understand their fiduciary responsibilities to the respective agencies and to any funds that they oversee.
  - i. Further, that governance structures and practices ensure that funds are represented in decision-making processes in ways that further the specific fund's mission.
- e. That our agencies and funds explore greater collaboration and seek to decrease duplicative services. One such example is in having publishing operations at GBHEM, Discipleship Ministries/Upper Room and the United Methodist Publishing House.
- f. That all of the agencies and funds consider seriously the greater use of shared services including IT, human resources, communications, financial management services and the like. It is likely that the greatest area of duplication among our agencies is in administrative services.
- g. That our agencies and funds explore ways to decrease meeting costs by expanding online meeting capacity and reducing the size of boards where such action has not already occurred and where appropriate.

## IN CONCLUSION

This report is being offered to the Connectional Table and the General Council on Finance and Administration for consideration at their joint April 2019 meeting. These bodies will decide whether or not to alter the recommendations it includes or receive them as they are. Ultimately, however, the allocation of the budget is a decision of the General Conference. This allocations report lays before the General Conference key missional and stewardship questions with which we invite it to grapple as it makes decisions about the quadrennial budget.

- How does the General Conference want to respond to the work of the Apportionment Sustainability Task Force? What are the implications for mission of a given response, and will that response achieve the results desired?
- What are the General Conference's missional priorities? If they continue to be the Four Areas of Focus, will the General Conference support a missional use of an increased World Service Contingency Fund to support innovative work in the Four Areas of Focus?
- How does the General Conference want to prioritize the work of the church? If money follows mission, what do the priorities of this budget in the aggregate say about commitment to the mission of the church? For instance, what percentage of the budget does the connection want to spend on specific ministry areas, in the aggregate?

These are the types of missional and stewardship questions we all will face as we seek to proactively prepare for the future. Such preparation is not just about cuts to budgets. It also is

about opportunities for creativity, innovation, and change that can help ensure a church for generations to come. This invites us into an imaginative process of rebuilding that is grounded in a vision of hope expressed in the ancient promise of Psalm 69.

<sup>35</sup> For God will save Zion  
and rebuild the cities of Judah;  
and his servants shall live there and possess it;  
<sup>36</sup> the children of his servants shall inherit it,  
and those who love his name shall live in it.

(Psalm 69:35-36, NRSV)

*It is this hope upon which we stand.*

May God bless and keep you,

Connectional Table Allocations Team

*Bishop Christian Alsted*



*Rev. Kennetha J. Bigham-Tsai*



*Brad Brady*



*Amy Coles*



*Dave Nuckols*



*Lyssette Perez*





# APPENDIX A

## HISTORICAL ALLOCATIONS TIMELINE

### **2004-2008**

At the 2004 General Conference, the Connectional Table came into being as an outgrowth of the General Council on Ministries. The denomination was enjoying a growth budget. GCFA and the newly-formed CT created a joint *Program Budget Task Group* that provided listening sessions to help set the bottom line and shape the budget. This was the quadrennium where the Four Areas of Focus were set as missional priorities, and there was a mid-quad process around budgeting in line with the Four Areas of Focus.

In the course of the budget process, the agencies provided goals, outcomes and budget requests. At the spring 2007 joint CT/GCFA meeting, the joint Program Budget Task Group listened to each of the agency presentations and made a recommendation about allocations.

Don House, a United Methodist economist, also provided economic projections, and the base percentage rate was set at the spring 2007 meeting. However, because projections were lower than what the agencies had initially requested, the agencies had to reduce their budget requests in the joint meeting.

The Economic Advisory Committee was formed for the next quadrennium in recognition of the need for multiple voices in the setting of projections.

### **2008-2012**

The budget-setting process during this quadrennium happened within the context of the Great Recession. Spurred by denominational decline and a financial crisis, an effort emerged to restructure the denomination. The Tower's Watson Report was commissioned and the Interim Operations Team shaped *The Call to Action*.

There also was a joint CT evaluation and budget group. However, in 2010, the CT decided to separate the budget process from evaluation. That quadrennium a joint CT/GCFA Budget Task Force also was formed to work on the Call to Action and the budget. All agencies and apportioned funds were asked to propose three budgets: no increase, modest decrease, drastic decrease. The allocations stayed generally the same, but all funds were reduced. The change in allocations that did come about did so, not as a result of action by the CT, but as a result of work of the general agencies with the Economic Advisory Committee. Twelve million in allocations shifted from the four major program agencies to fund the Central Conference Theological Fund and the Young Clergy Initiative. These adjustments were targeted to reduce

impact on the smaller agencies. Ultimately the Call to Action and other restructure legislation failed at General Conference.

## **2012-2016**

This quadrennium provided a time to regroup and come together after the tensions that resulted from restructuring efforts. GCFA and CT created two joint teams: The Budget Leadership Team and the Budget Process Team. The Budget Process Team was a larger group that included CT and GCFA members and agency treasurers. However, due to a lack of clarity about roles and responsibilities, this team was disbanded. The Budget Leadership Team (BLT) remained. It developed the Budget Principles and determined that there would be no changes to allocations to allow time for trust and relationship building. These budget principles were approved by both CT and GCFA boards.

In 2013, the EAC, with Don House as chair, did a preliminary bottom line projection. The CT Finance Committee went to the August 2014 GCFA meeting to approve the bottom line. The recommendations from the various groups changed throughout the quadrennium: the EAC's preliminary projection was \$625 million with the BLT proposing \$617 million. The EAC updated its projections to \$603 million using the next year's lower than anticipated worship attendance figures. Thus, the new bottom line recommendation was \$603 million, which the CT supported. The general secretaries then proposed an even lower figure of \$599 million. Ultimately, the \$599 million proposal went to the General Conference. Delegates added five million for the Central Conference Theological Fund for a \$604 million budget.

## **2016-2020**

The budget setting-process this quadrennium has been the work of a joint Budget Advisory Team comprised of CT and GCFA members and staff. That team has refined and approved budget principles. The CT and GCFA boards also approved a collaboration agreement in 2017 that details how the CT and GCFA will work together. In addition, the CT has again proposed separating the evaluation and budgeting process, noting that the evaluation data will be used in the budget process this quadrennium as descriptive, not evaluative of the ministries of the agencies.

At their August 2018 meeting, GCFA set the base percentage rate, reflecting an 18% reduction. Because of changes to the Episcopal Fund, this reduction will actually be an estimated 23%. This base rate was set with input from the BAT. However, GCFA has determined, based on their reading of the Discipline, that the full CT will not have a role in setting the base rate as has been done in the past and reflected in our Guiding Principles and Budget Timeline. The CT has formed a CT Budget Allocations Team to determine allocations per the CT's approved process. This team will do its work in preparation for a CT vote on allocations at the spring 2019 joint meeting with GCFA.

## **APPENDIX B**

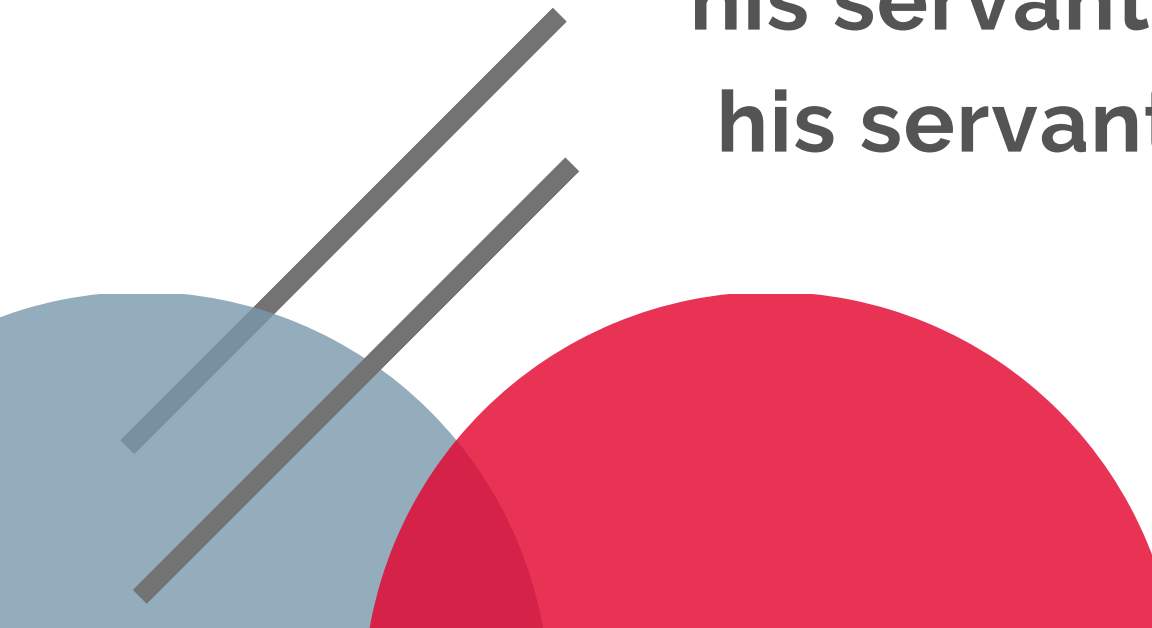
	2017-2020 Quad	Current %	2021-2024 Quad	Change in \$\$	Change in %	Share in %	Change in % Share
<b>Total Apportioned @ 3.27 Net Expenditures</b>	<b>\$ 604,033,991</b>		<b>\$ 498,654,000</b>	<b>\$ (105,379,991)</b>	<b>-17%</b>		
Less							
Episcopal Fund	\$ 92,019,335		\$ 100,026,000	\$ 8,006,665	9%		
General Administration Fund	\$ 36,896,453		\$ 30,170,000	\$ (6,726,453)	-18%		
Available before fixed charges & On-Ratio	\$ 475,118,203		\$ 368,458,000	\$ (106,660,203)	-22%		
Fixed Charges							
Interdenomination GCFA-Fixed	\$ 204,600		\$ 64,000	\$ (140,600)	-69%		
GCFA	\$ 7,372,537		\$ 6,839,000	\$ (533,537)	-7%		
Total Fixed Charges	\$ 7,577,137		\$ 6,903,000	\$ (674,137)	-9%		
<b>On-Ratio &amp; Fixed-Available</b>	<b>\$ 467,541,066</b>		<b>\$ 361,555,000</b>	<b>\$ (105,986,066)</b>	<b>-23%</b>		
<b>Fixed</b>							
Connectional Table	\$ 2,140,350	0.5%	\$ 2,033,000	\$ (107,350)	-5%	0.6%	0.1%
Interpretation Resources	\$ 1,432,197	0.3%	\$ 1,432,000	\$ (197)	0%	0.4%	0.1%
<b>Total Fixed</b>	<b>\$ 3,572,547</b>	<b>0.8%</b>	<b>\$ 3,465,000</b>	<b>\$ (107,547)</b>	<b>-3%</b>	<b>1.0%</b>	<b>0.2%</b>
<b>On Ratio</b>							
COSROW	\$ 3,957,518	0.8%	\$ 3,958,000	\$ 482	0%	1.1%	0.2%
GCORR	\$ 7,354,467	1.6%	\$ 7,354,000	\$ (467)	0%	2.0%	0.5%
Minority Group Self-Determination Fund	\$ 2,488,777	0.5%	\$ 2,489,000	\$ 223	0%	0.7%	0.2%
United Methodist Men	\$ 1,476,974	0.3%	\$ 1,477,000	\$ 26	0%	0.4%	0.1%
UMCOM	\$ 71,651,059	15.3%	\$ 45,000,000	\$ (26,651,059)	-37%	12.4%	-2.9%
Korean (GBGM)	\$ 3,061,048	0.7%	\$ 3,060,000	\$ (1,048)	0%	0.8%	0.2%
Pacific Island (GBGM)	\$ 540,302	0.1%	\$ 540,000	\$ (302)	0%	0.1%	0.0%
Asian American (GBGM)	\$ 1,398,428	0.3%	\$ 1,400,000	\$ 1,572	0%	0.4%	0.1%
Native American (DM)	\$ 1,073,317	0.2%	\$ 1,075,000	\$ 1,683	0%	0.3%	0.1%
Strengthening the Black Church (DM)	\$ 1,976,432	0.4%	\$ 1,975,000	\$ (1,432)	0%	0.5%	0.1%
National Hispanic Plan (GBGM)	\$ 3,143,830	0.7%	\$ 3,144,000	\$ 170	0%	0.9%	0.2%
Interdenominational Cooperation	\$ 8,003,220	1.7%	\$ 1,000,000	\$ (7,003,220)	-88%	0.3%	-1.4%
Ministerial Education (inc AC 25% share)	\$ 104,949,647	22.4%	\$ 72,000,000	\$ (32,949,647)	-31%	19.9%	-2.5%
Black College Fund	\$ 41,863,455	9.0%	\$ 35,584,000	\$ (6,279,455)	-15%	9.8%	0.9%
Africa University	\$ 9,368,872	2.0%	\$ 8,000,000	\$ (1,368,872)	-15%	2.2%	0.2%
Central Conference Theological Fund (HEM)	\$ 10,000,000	2.1%	\$ 7,000,000	\$ (3,000,000)	-30%	1.9%	-0.2%
Young Clergy Initiative (HEM)	\$ 6,952,413	1.5%	\$ 5,000,000	\$ (1,952,413)	-28%	1.4%	-0.1%
GBHEM	\$ 26,932,588	5.8%	\$ 21,546,000	\$ (5,386,588)	-20%	6.0%	0.2%
GBCS	\$ 11,021,677	2.4%	\$ 8,800,000	\$ (2,221,677)	-20%	2.4%	0.1%
GBGM	\$ 111,338,501	23.8%	\$ 89,071,000	\$ (22,267,501)	-20%	24.6%	0.8%
DM	\$ 34,952,169	7.5%	\$ 29,700,000	\$ (5,252,169)	-15%	8.2%	0.7%
<b>Total On-Ratio-Program Agencies</b>	<b>\$ 463,504,694</b>	<b>34%</b>	<b>\$ 349,173,000</b>	<b>\$ (114,331,694)</b>	<b>-25%</b>	<b>96.6%</b>	<b>62.9%</b>
World Service Contingency Fund	\$ 463,825		\$ 8,917,000	\$ 8,453,175	1822%	2.5%	2.5%
<b>Total On-Ratio</b>	<b>\$ 463,968,519</b>	<b>99.2%</b>	<b>\$ 358,090,000</b>	<b>\$ (105,878,519)</b>	<b>-23%</b>	<b>99.0%</b>	<b>-0.2%</b>
<b>Grand Total On Ratio, CT &amp; Interpretation</b>	<b>\$ 467,541,066</b>	<b>100%</b>	<b>\$ 361,555,000</b>	<b>\$ (105,986,066)</b>	<b>-23%</b>	<b>100.0%</b>	<b>0.0%</b>
Running Total of available amount	\$ -		\$ -				

## **APPENDIX C**

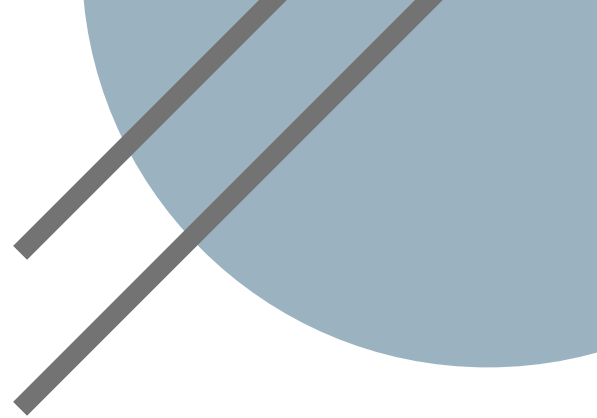
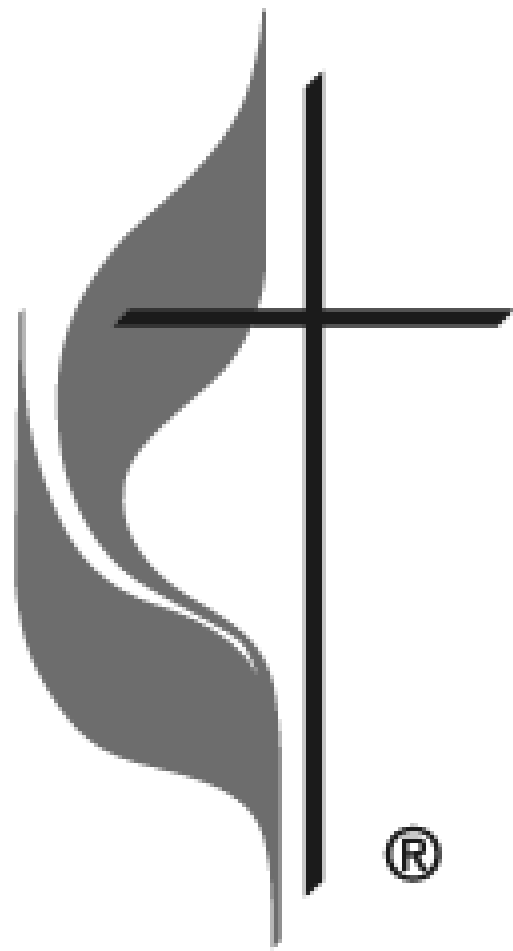


CT ALLOCATIONS RECOMMENDATIONS

# REBUILDING FOR THE BODY OF CHRIST



For God will save Zion and rebuild the cities of Judah; and his servants shall live there and possess it; the children of his servants shall inherit it, and those who love his name shall live in it. (Psalm 69:35-36)



# OUR TASK

The Connectional Table is tasked by the Discipline with determining the allocations for five apportioned funds:

- World Service Fund (including the Contingency Fund)
- Ministerial Education Fund (MEF)
- Black College Fund
- Interdenominational Cooperation Fund
- Africa University

# OUR GUIDING VALUES



UMC Mission



Agency's  
Core Mission



Missional  
Priorities



Emerging Missional  
Priorities



Transparency



Fairness & Justice



Stewardship



# THE FOUR AREAS OF FOCUS



**Ministry With the  
Poor**



**Improving  
Global Health**



**Developing  
Principled Christian  
Leaders**

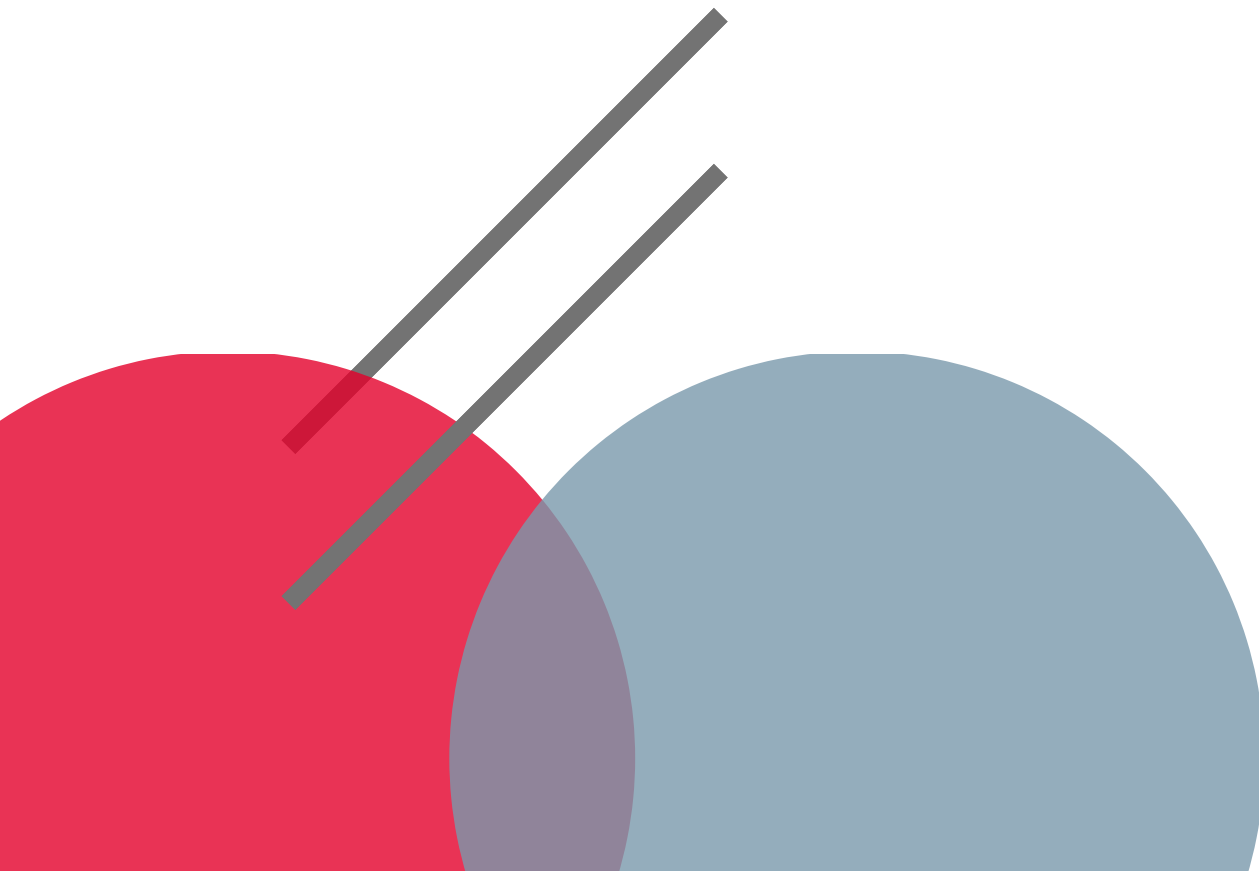


**Creating New and  
Renewed  
Congregations**

# WE HAVE TAKEN A HOLISTIC APPROACH:

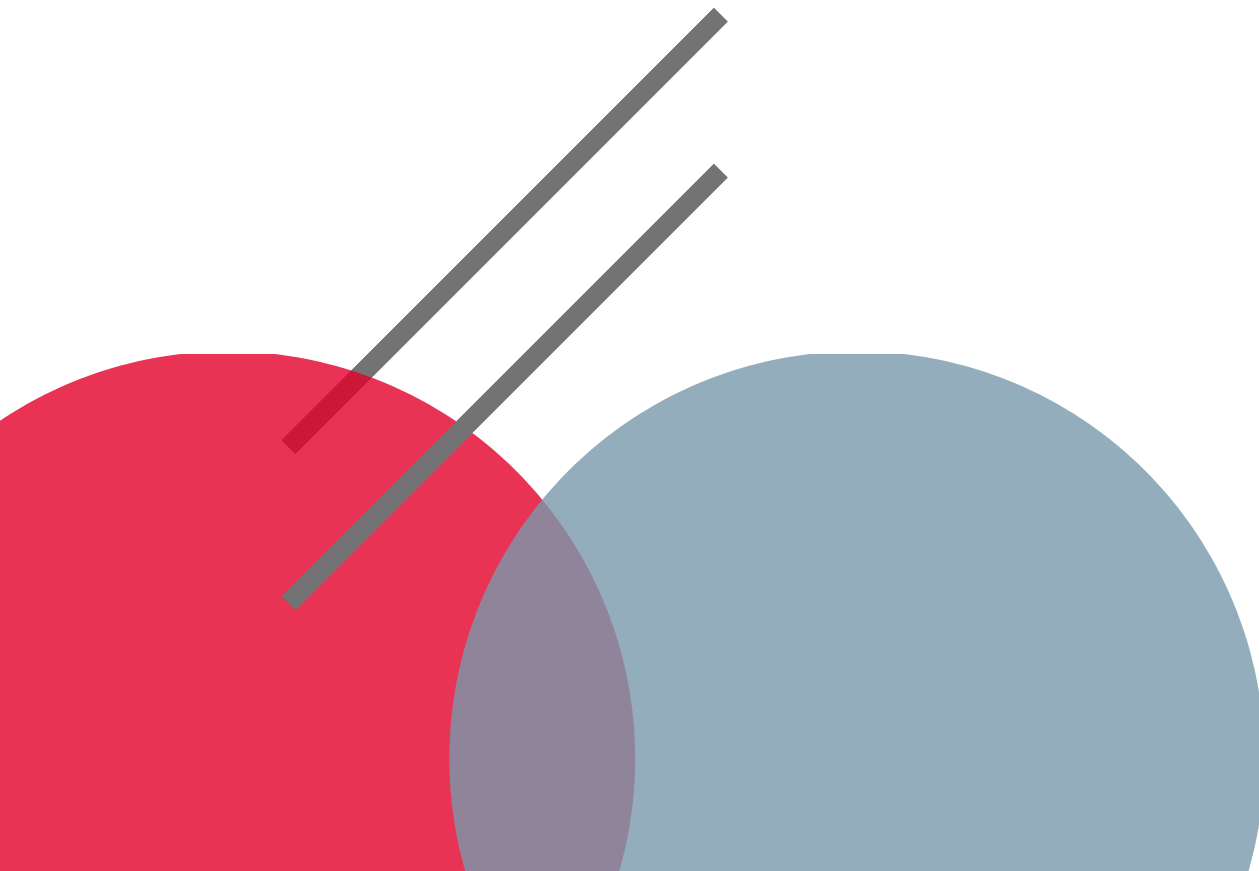
- We have looked holistically at the budget.
- We have sought to care holistically for the whole connection.
- We have put everything on the table (by examining the financial capacity of all agencies and funds, including reserves).

"... we have discerned the recommended allocations by looking holistically at the financial capacity of each individual agency and fund and at all the agencies and funds 'collectively' in relationship to the overall mission of making disciples of Jesus Christ for the transformation of the world."



# WE HAVE BEEN RIGOROUS IN OUR ANALYSIS:


- We have based our work on factual information and data gathered from GCFA and agency and fund treasurers.
- We have talked with treasurers on multiple occasions to clarify understandings of this data.
- We have used a consultant to help us with this work.
- We continue to invite feedback and refine our understandings.



# OUR CURRENT REALITY:

GCFA DETERMINES, IN CONVERSATION WITH THE CT,  
THE AMOUNT TO BE ALLOCATED:

BASE PERCENTAGE RATE = 3.27%

 18%

EFFECTIVE REDUCTION = 22.7

	2017-2020 Budget	2021-2024 Budget	% Change
Total Apportionments	\$ 604,033,991	\$ 498,654,000	-17.4%
GCFA Recommended Allocations:			
Episcopal Fund	\$ 92,019,335	\$ 100,026,000	8.7%
General Administration Fund	\$ 36,896,453	\$ 30,170,000	-18.2%
World Service Fund Fixed Charges	\$ 7,372,537	\$ 6,839,000	-7.2%
Interdenominational Cooperation Fund Fixed Charges	\$ 204,600	\$ 64,000	-68.7%
Total GCFA Recommended Allocations	\$ 136,492,925	\$ 137,099,000	0.4%
Amount Available for CT Allocations	\$ 467,541,066	\$ 361,555,000	-22.7%



FINANCIAL STATEMENT ANALYSIS

# HOLISTIC VIEW OF FINANCIAL CAPACITY

Bill Brownson

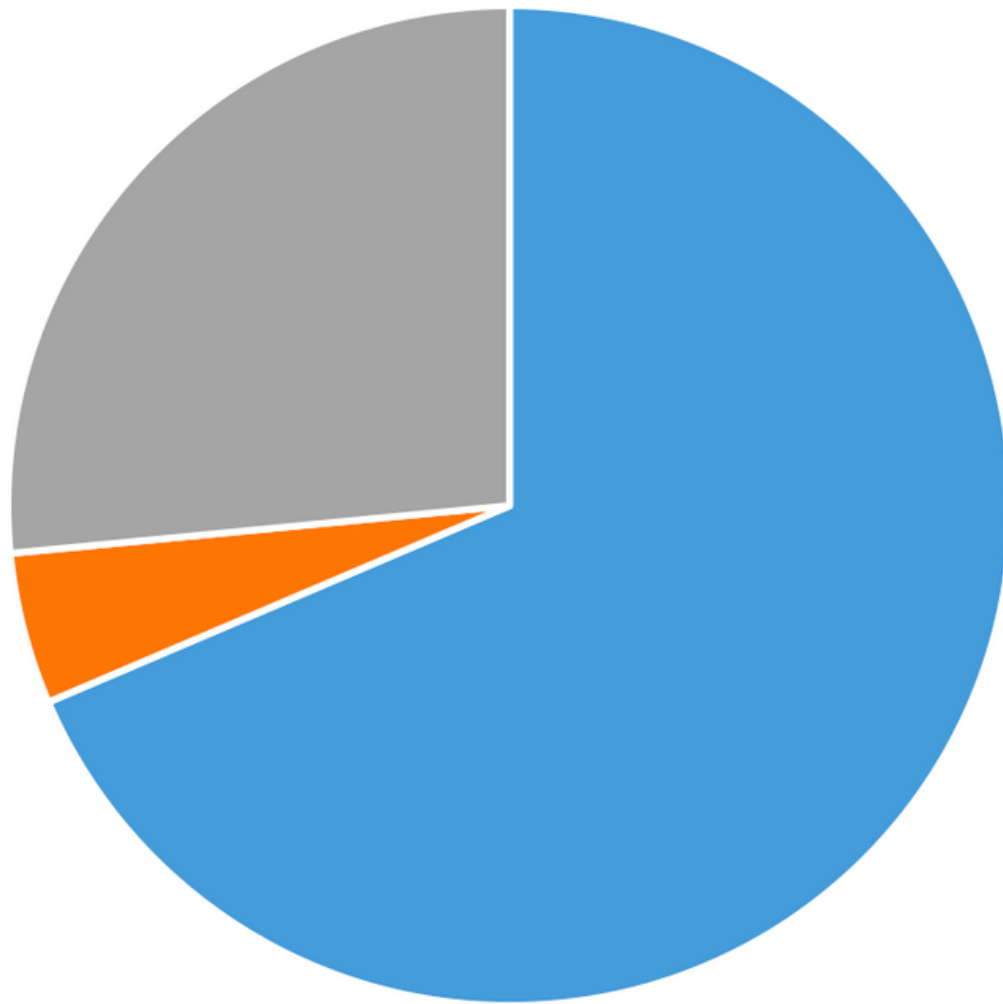
[bbrownson@wocumc.org](mailto:bbrownson@wocumc.org)



# WE HAVE RESOURCES:

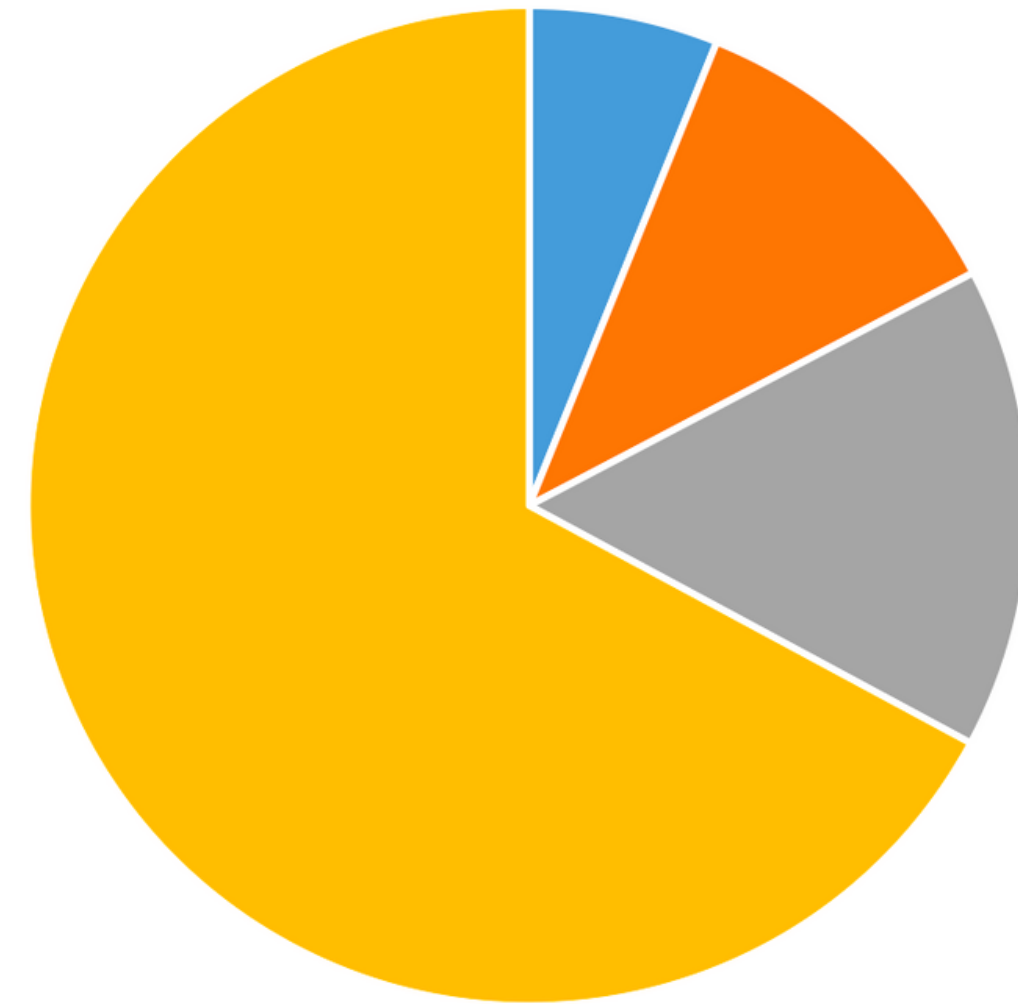
## CONSOLIDATED FUND & AGENCY SNAPSHOT-ASSETS

Total Assets  
\$754 Million



■ Investments ■ Property, Plant & Equipment ■ Other

Net Assets  
\$589 Million

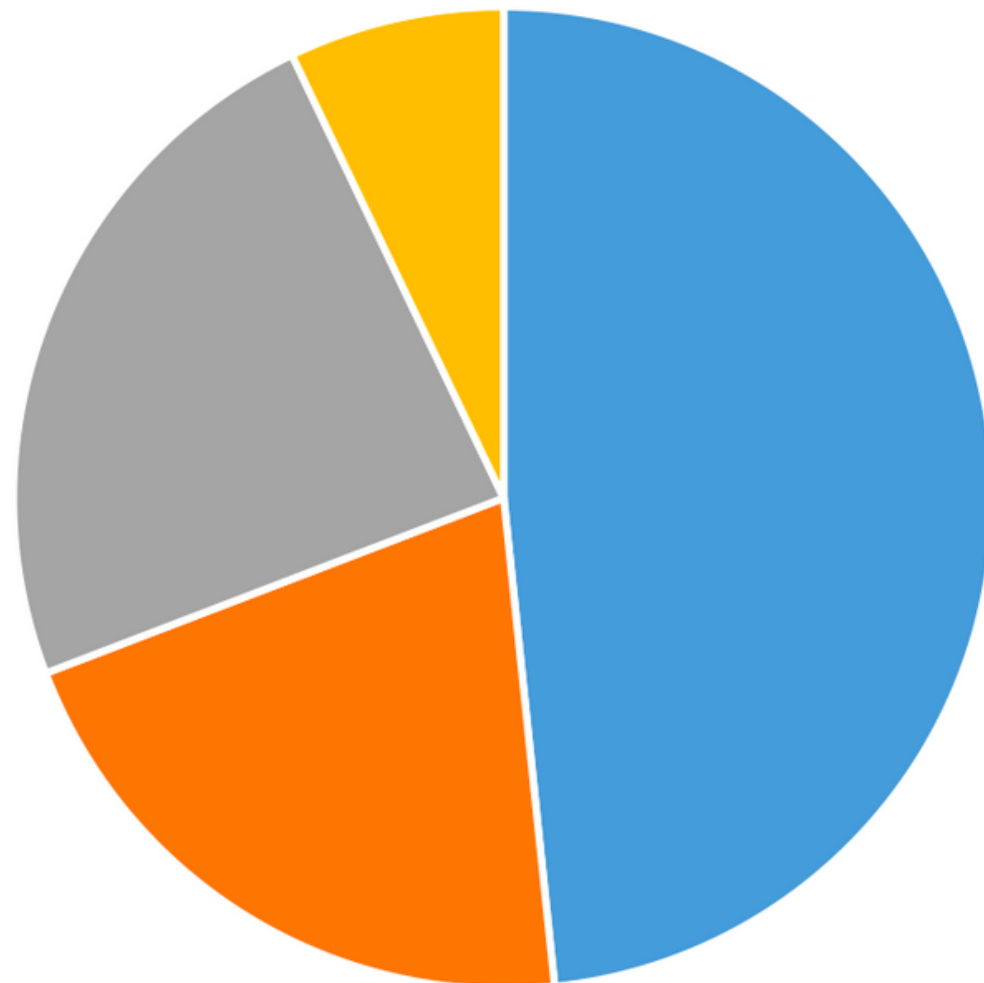


■ Illiquid ■ Board Designated ■ Undesignated ■ Donor-Restricted

# WE HAVE RESOURCES:

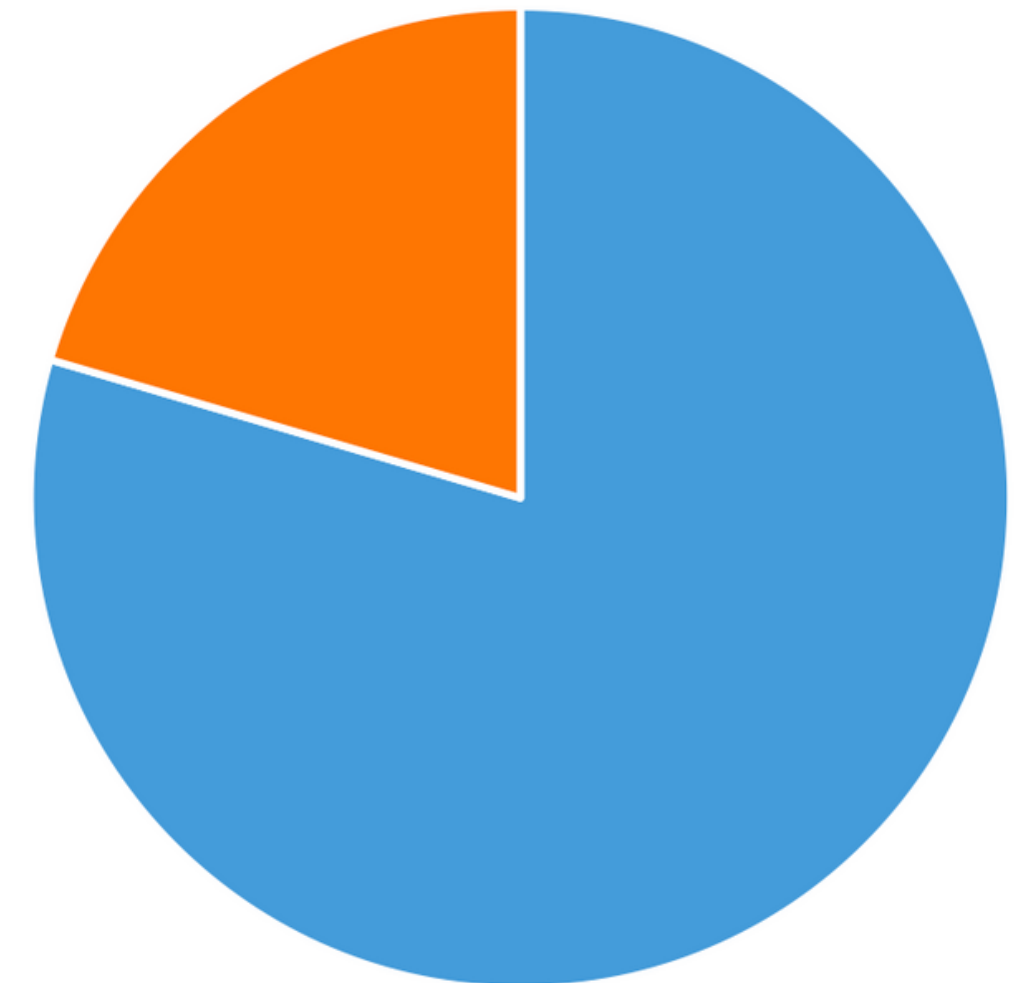
## CONSOLIDATED FUND & AGENCY SNAPSHOT- REVENUE & EXPENSE

2017 Revenues  
\$210 Million



■ Apportionments ■ Net Program Revenue ■ Investment Income ■ Other

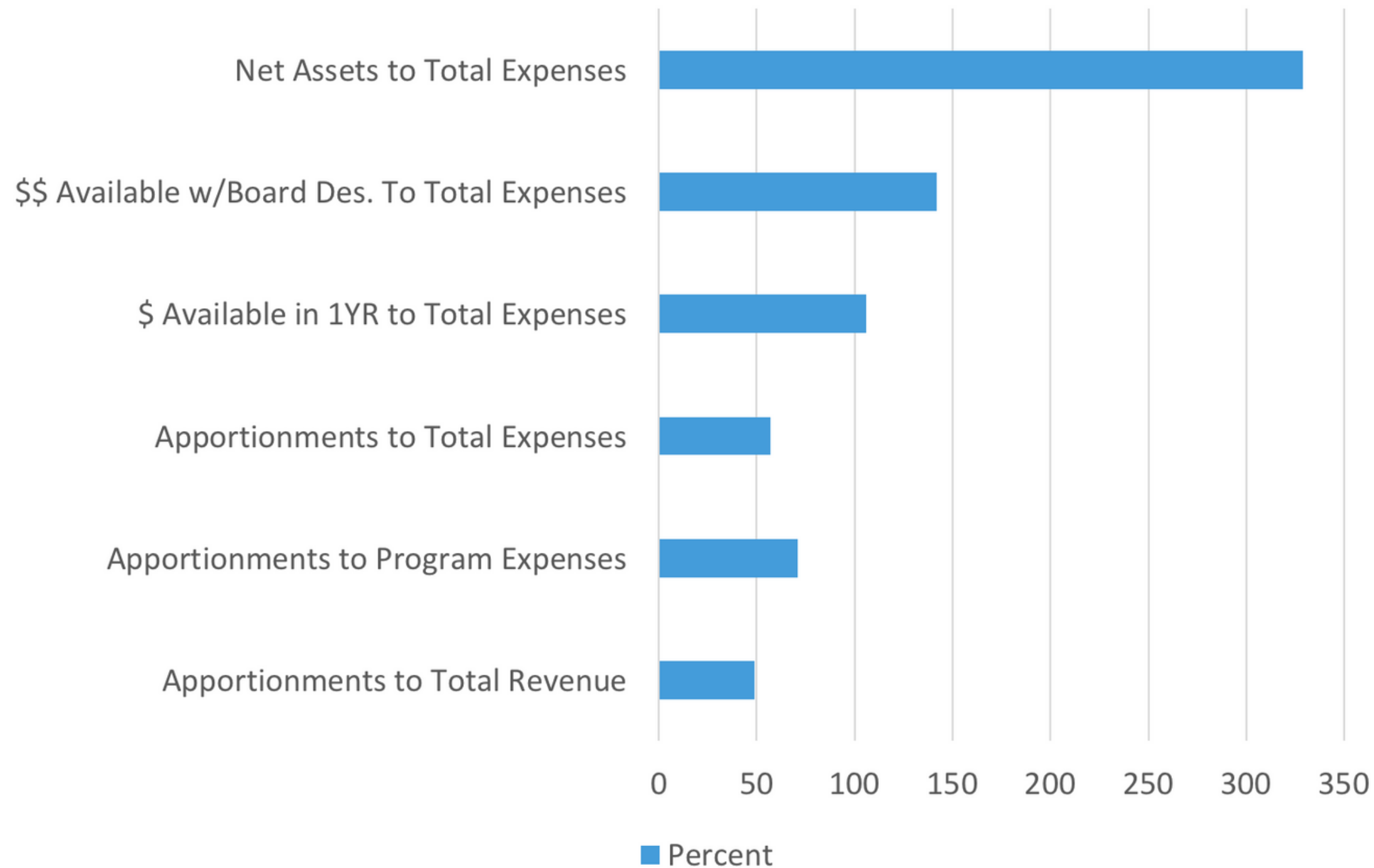
Expenses  
\$176 Million



■ Program Expenses ■ Management & Other

# WE HAVE RESOURCES:

## AGGREGATED KEY RATIOS



- **\$754 million total assets**
- **\$161 million total liabilities**
- **\$589 million net assets**
- **17 months total expenses including board designations**
- **13 months total expenses excluding board designations**
- **Apportionments cover 73% of program expenses and 58% of total expenses**



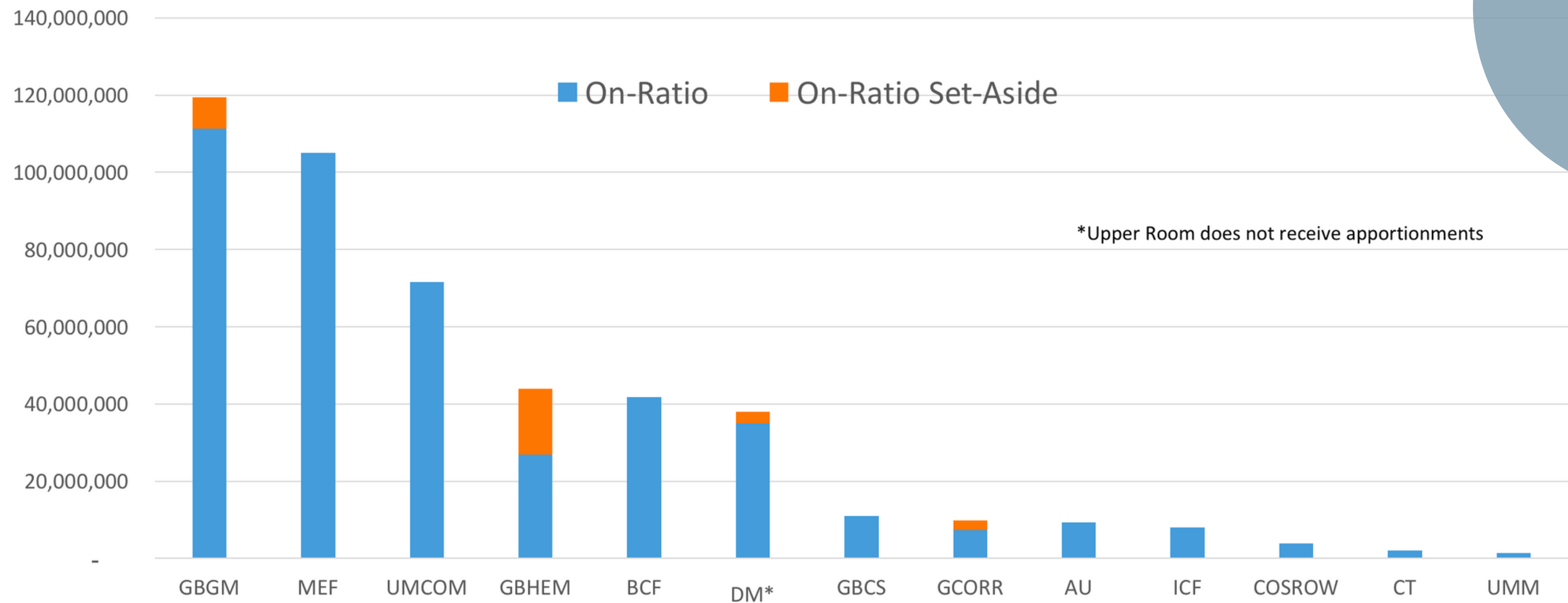
# A HOLISTIC VIEW OF INCOME & APPORTIONMENTS

- Current quadrennium allocation
- 2017 apportionment receipts
- How much program and total expenses are covered by apportionments
- Apportionment income as a percent of total revenue



# CURRENT QUADRENNIUM ALLOCATION:

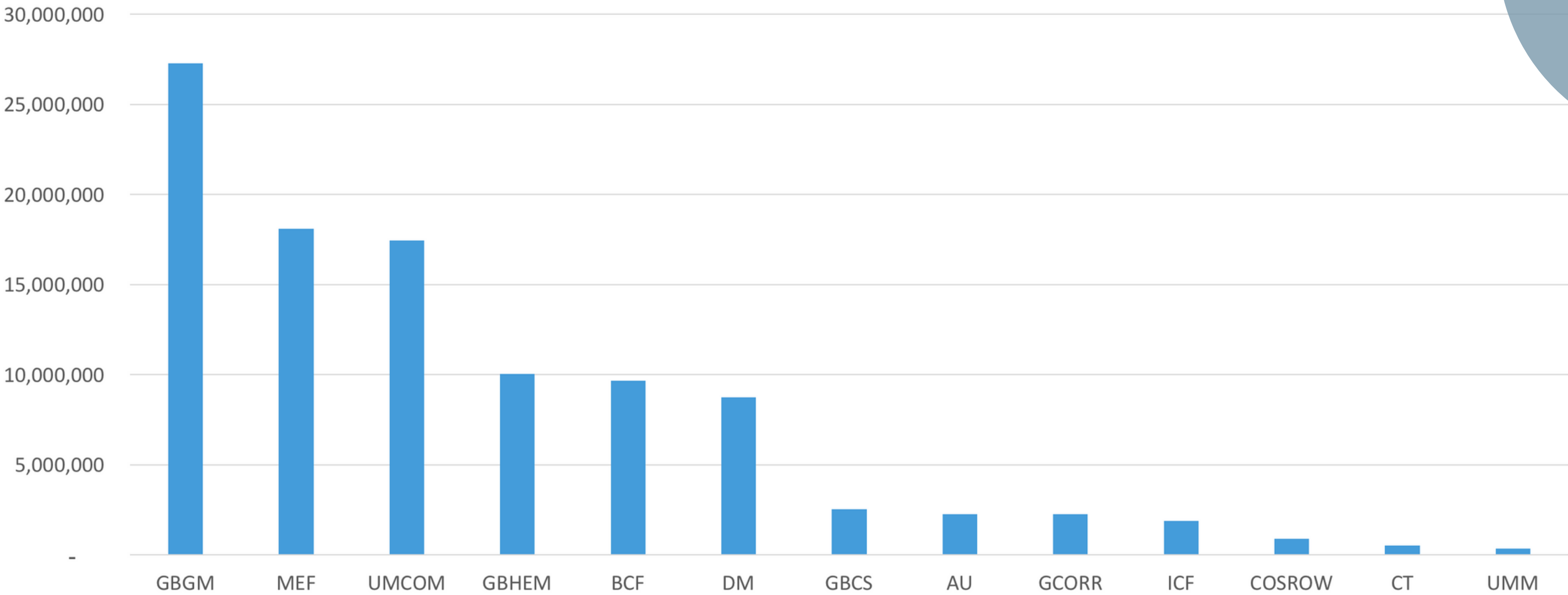
**\$464 MILLION**



Graph Total is \$465,645,044. When reduced by Fixed CT of \$2,140,350 and contingency of \$463,825 is added, this ties to the current quad on-ratio allocation of \$463,968,519 (ref: current quad GCFA commitment book)

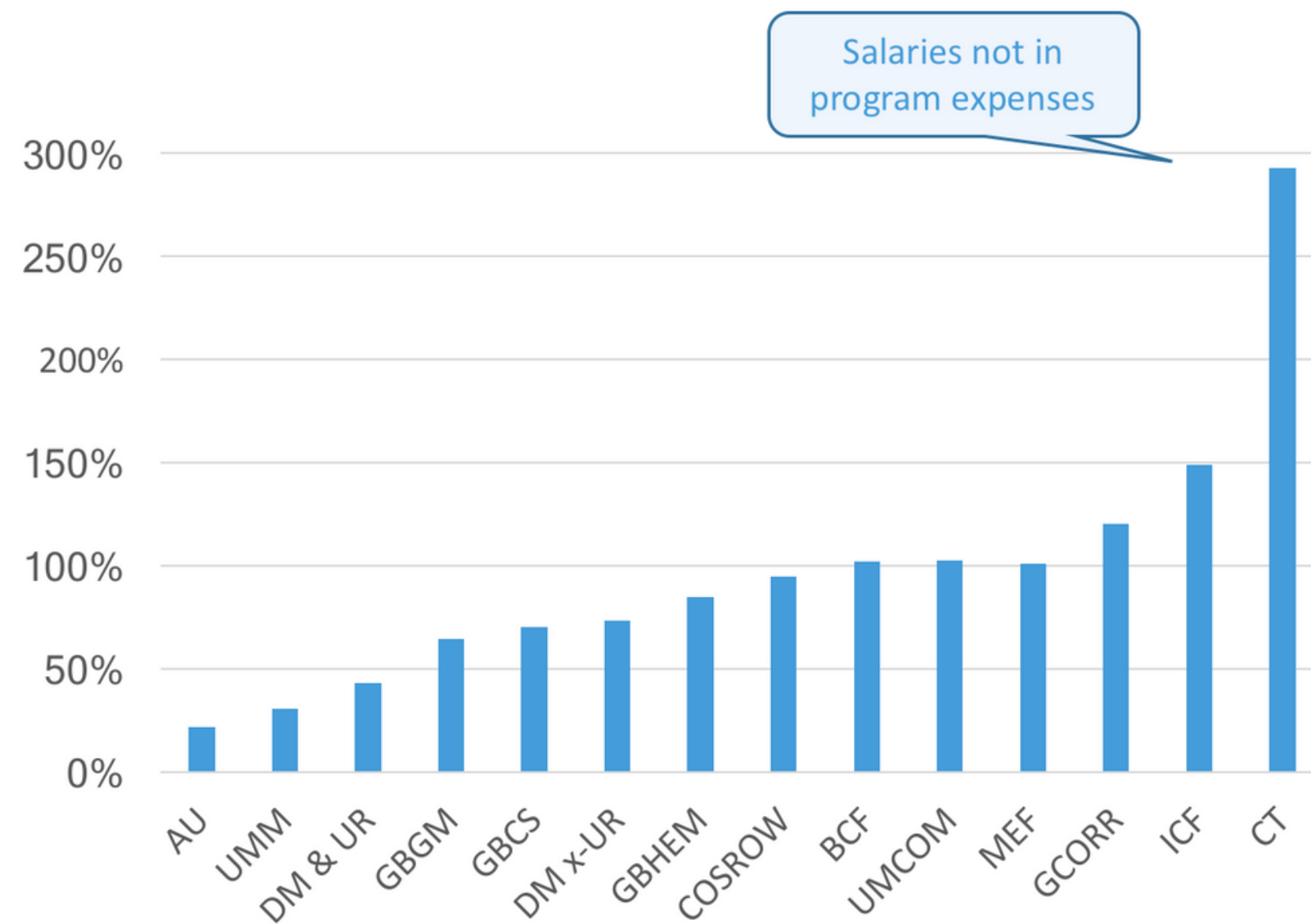
# APPORTIONMENT RECEIPTS - 2017

## FINANCIAL STATEMENTS

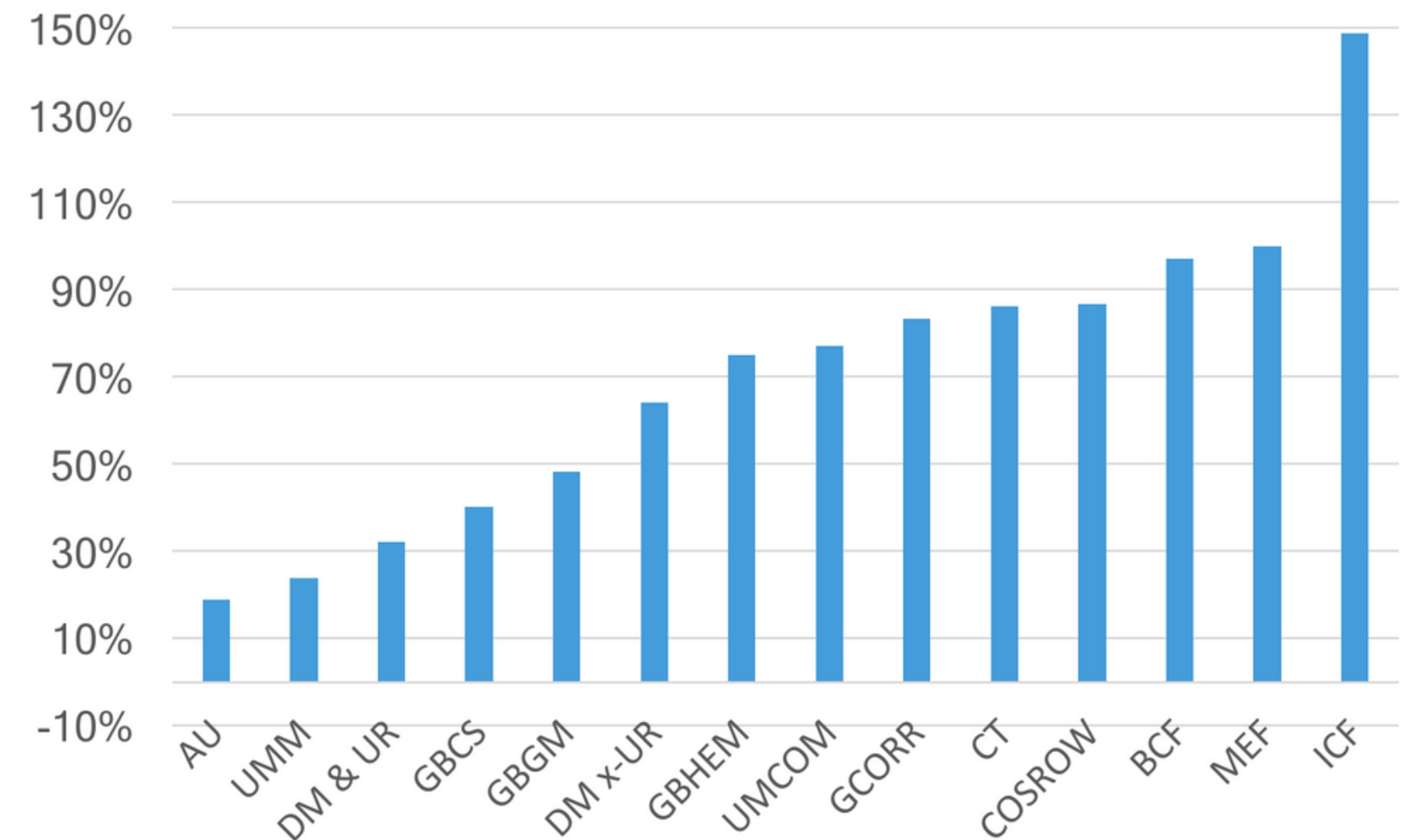


# EXPENSES COVERED BY APPORTIONMENTS

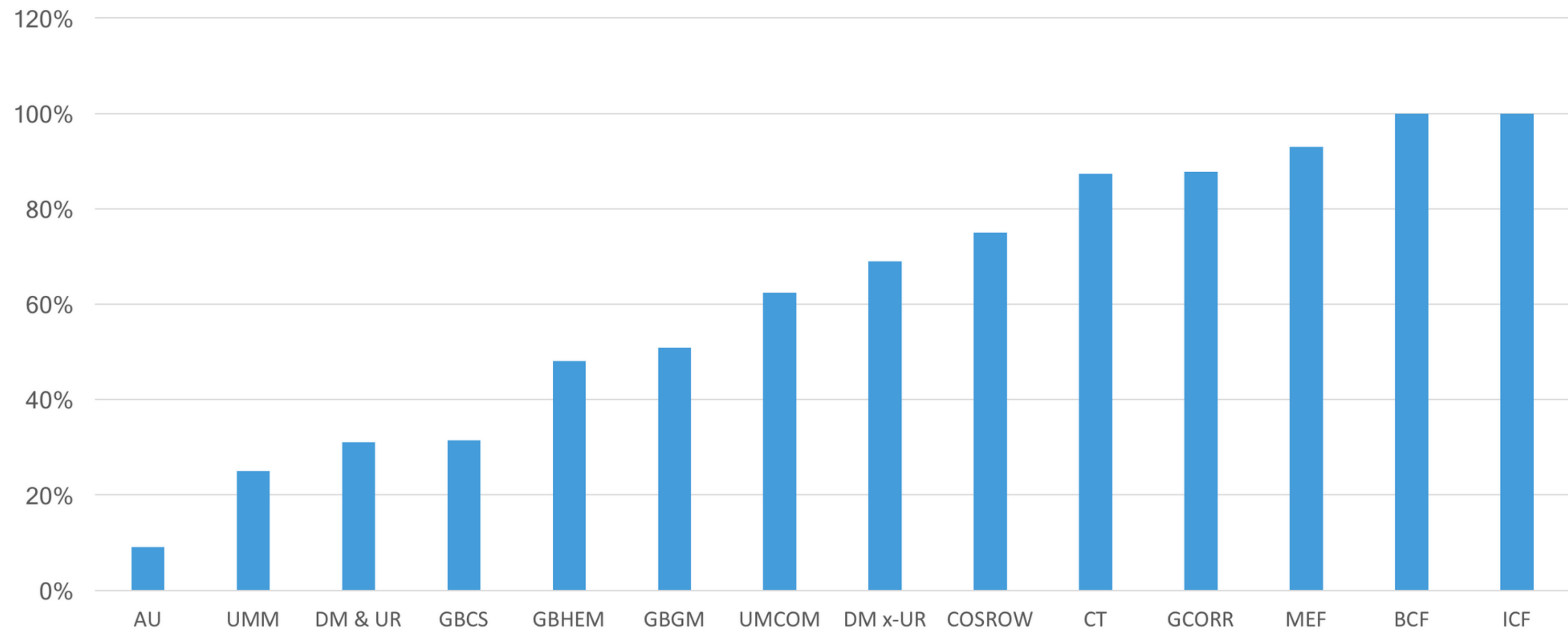
## Apportionment Income as % of Program Expense



## Apportionment Income as % of Total Expenses



# APPORTIONMENT INCOME AS A PERCENT OF TOTAL REVENUE

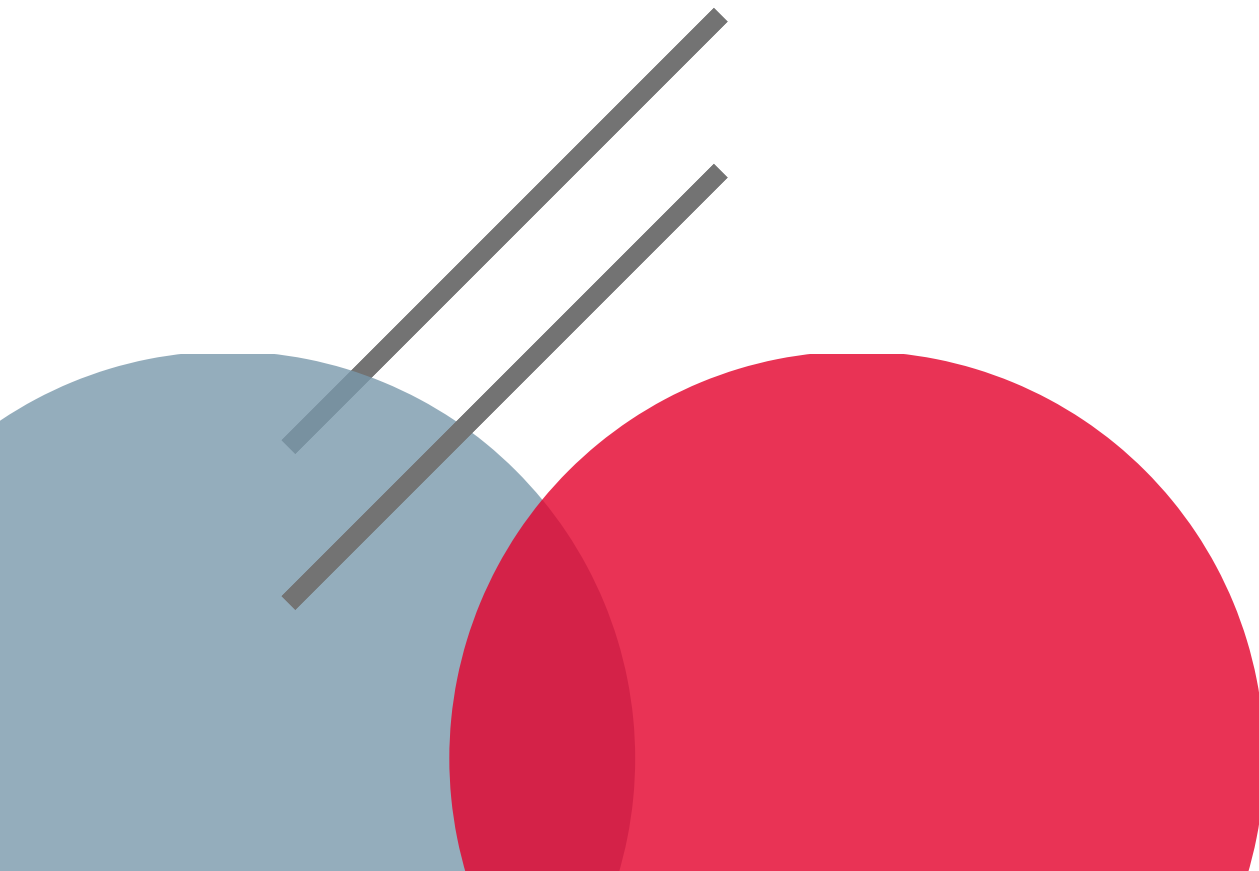


• The higher the ratio the more apportionment-dependent, all other things being equal

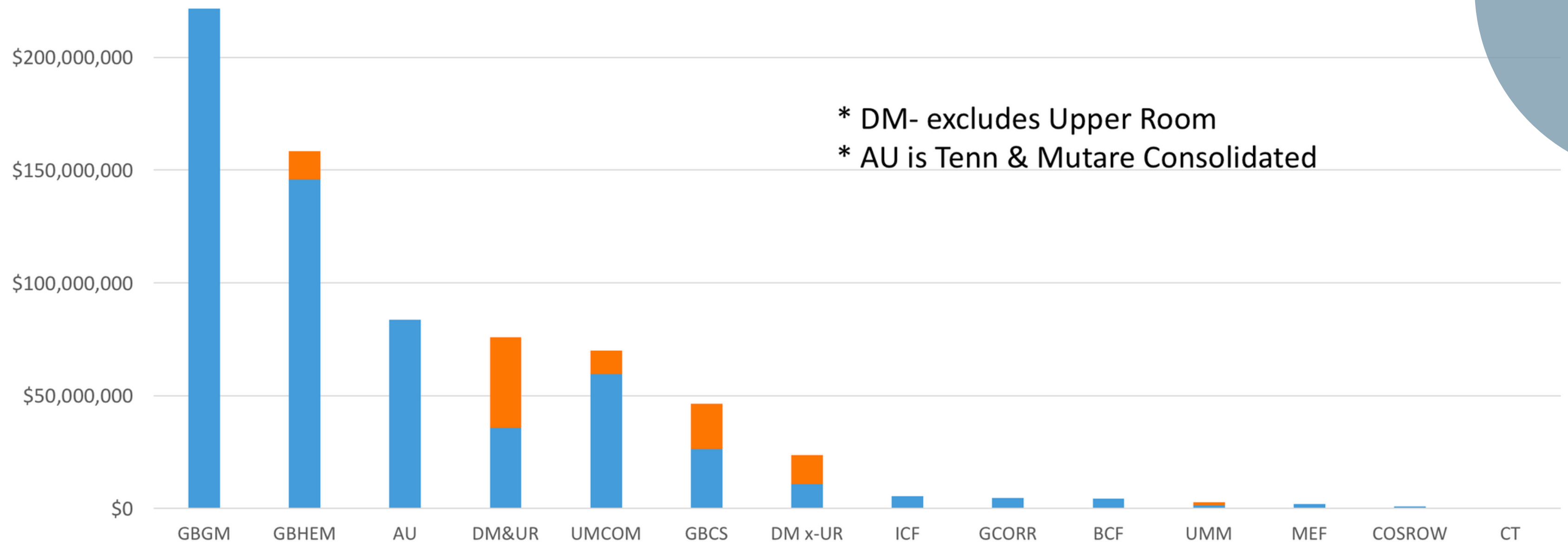


# A HOLISTIC VIEW OF FINANCIAL CAPACITY

- Net assets of funds and agencies
- Net assets to 2017 total expenses
- Ration of funds available within one year to meet 2017 expenses
  - Including board-designated
  - Excluding board-designated
- Agency/fund ranking by funds available within one year



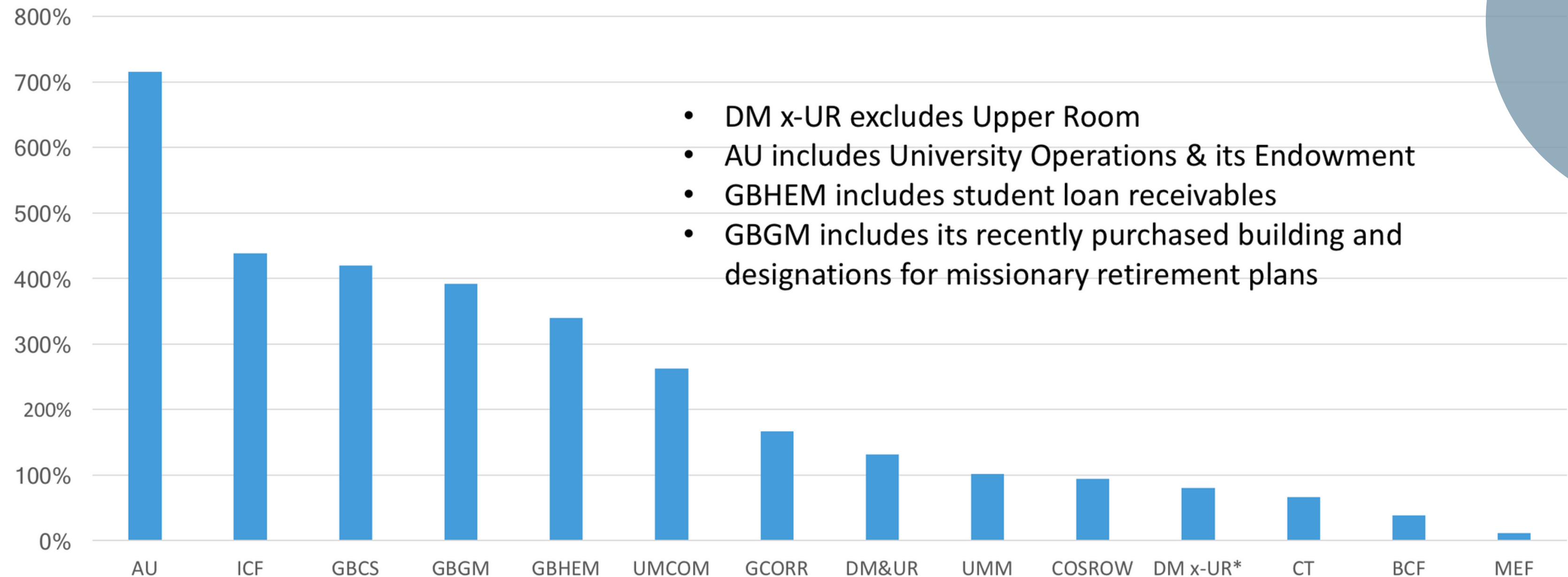
# NET ASSETS - WITH ASSESSED PROPERTY VALUES INCORPORATED



- Some depreciated real property is more valuable than reflected on financial statements

# NET ASSETS: 2017 TOTAL EXPENSES (%)

**NOTE: THE COMPLEXION OF BALANCE SHEETS VARIES GREATLY**

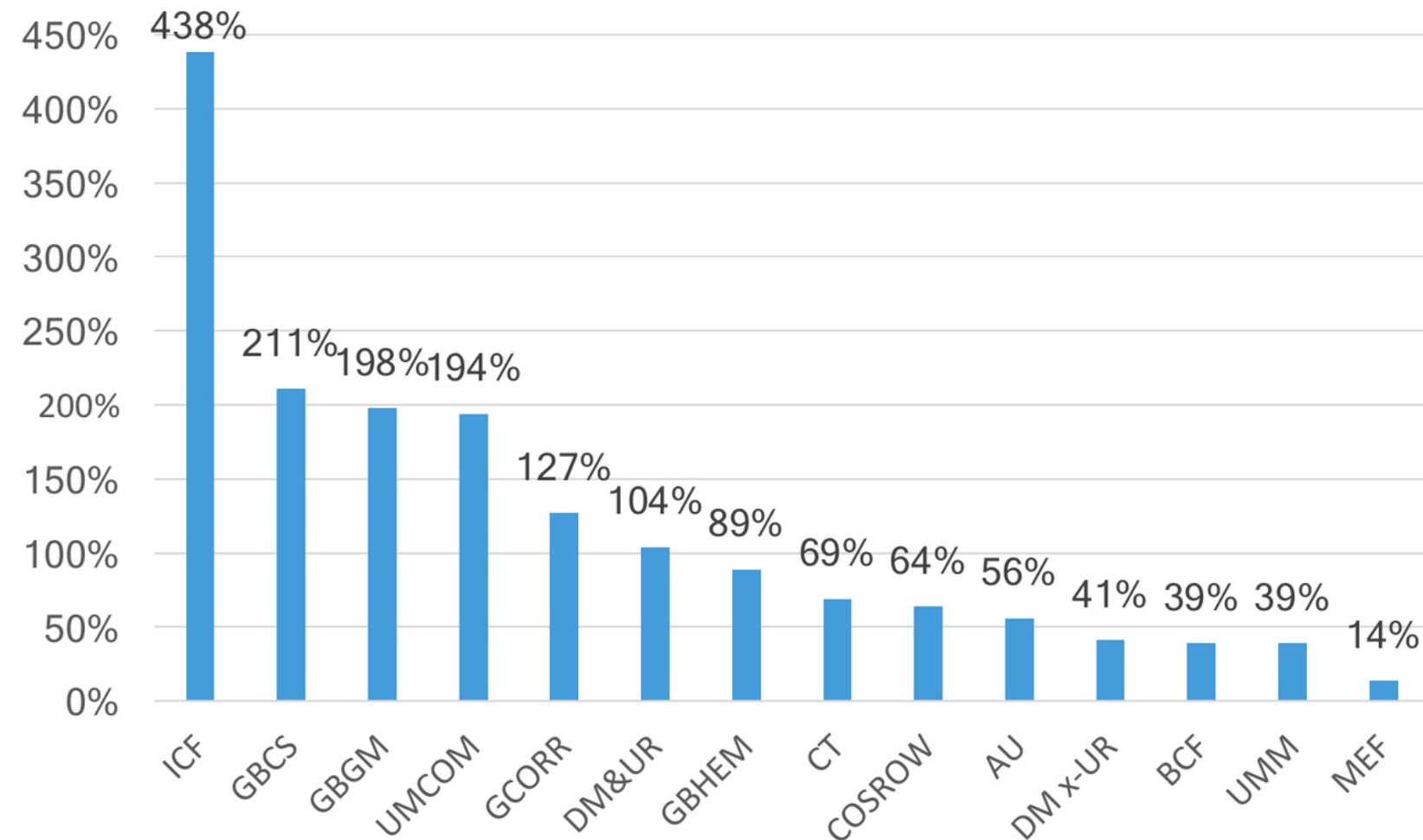


- A high ratio is an indication of financial capacity and solvency; assets may also represent significant donor-restricted assets that can't be spent in the short term.

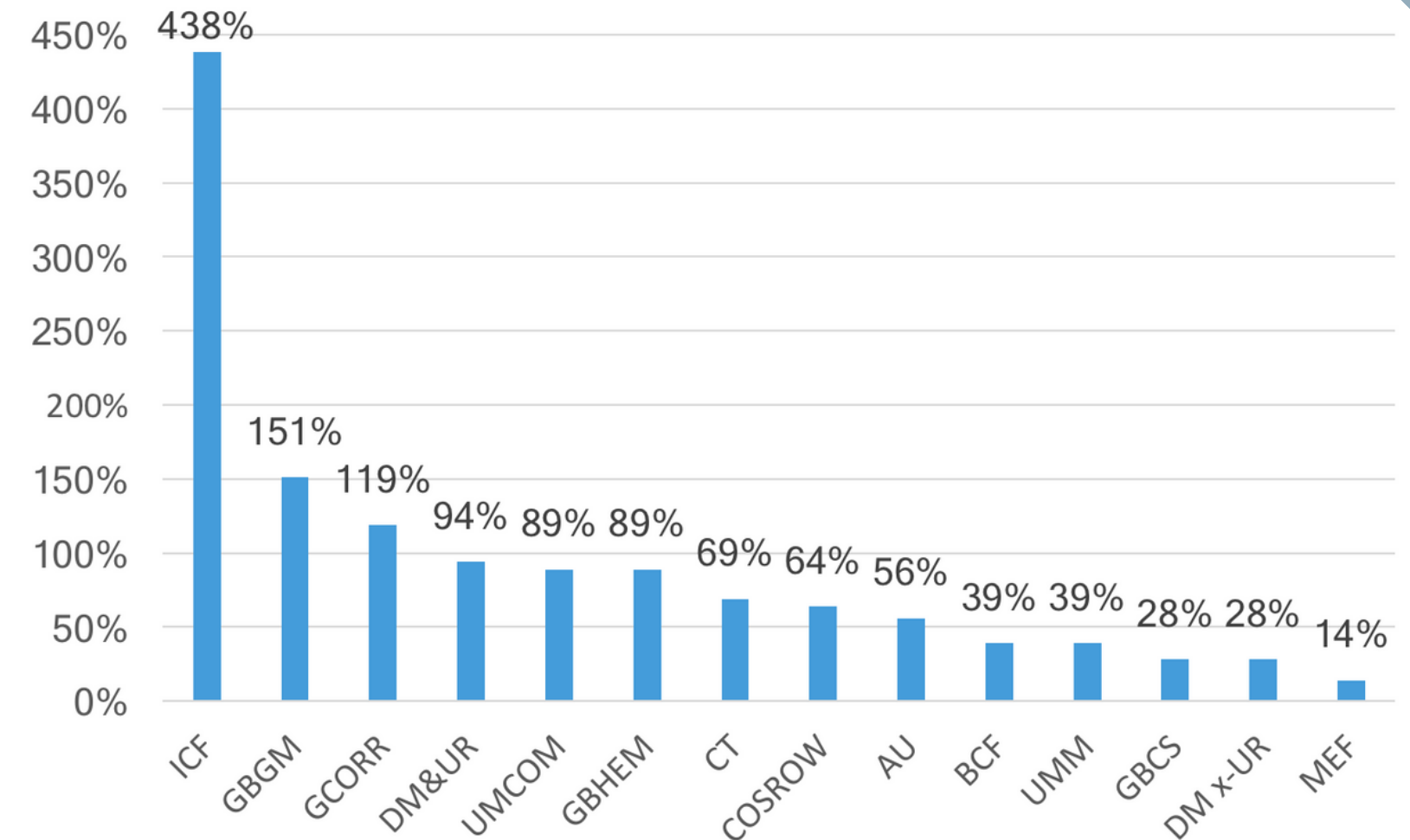


# FUNDS AVAILABLE WITHIN ONE YEAR TO MEET EXPENSES

FUNDS AVAILABLE WITHIN 1 YEAR,  
**INCLUDING** BOARD-DESIGNATED: TOTAL  
EXPENSE

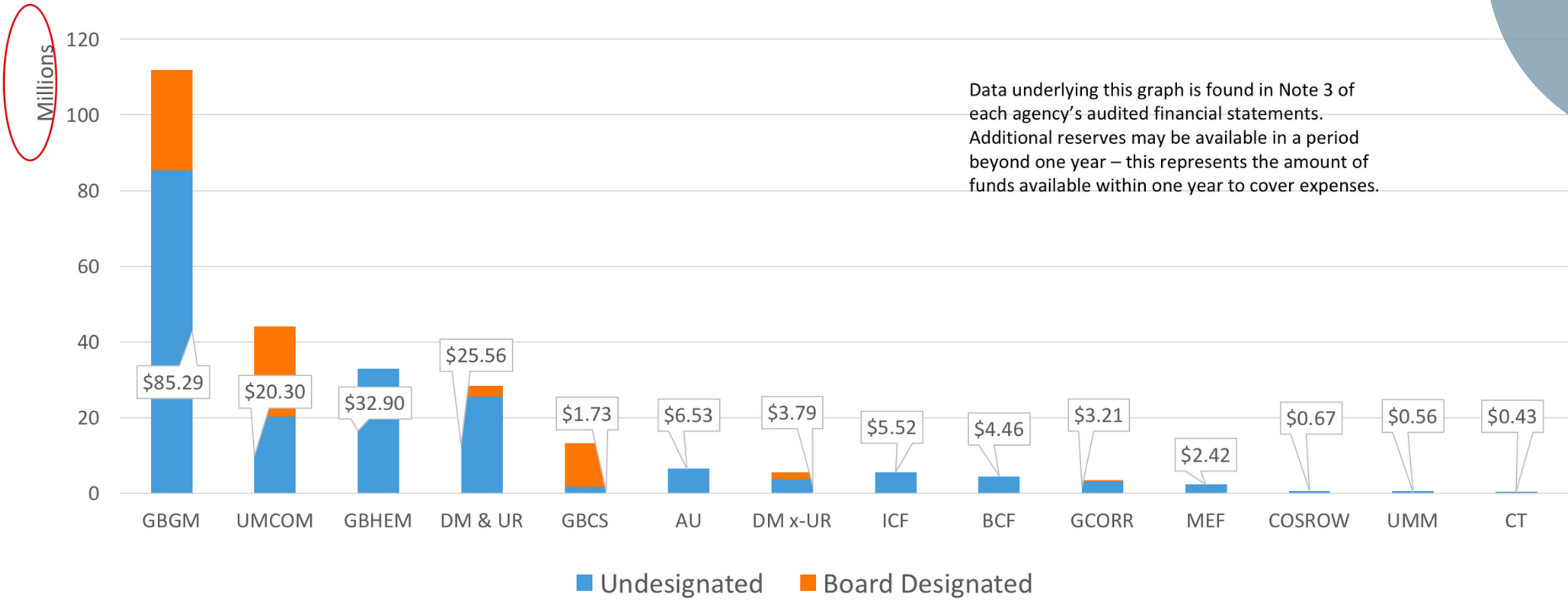


FUNDS AVAILABLE WITHIN 1 YEAR,  
**EXCLUDING** BOARD-DESIGNATED:  
TOTAL EXPENSE



- Indicates for how long an organization can pay its bills relative to prior year expenses; excludes things like real estate that would take more than a year to liquidate/access

# AGENCY RANKING BY RESOURCES AVAILABLE WITHIN A YEAR



# RECOMMENDATIONS



# EDUCATION-RELATED FUNDS & OTHERS

Values: Core Mission Sustainability,  
Stewardship, Justice/Fairness

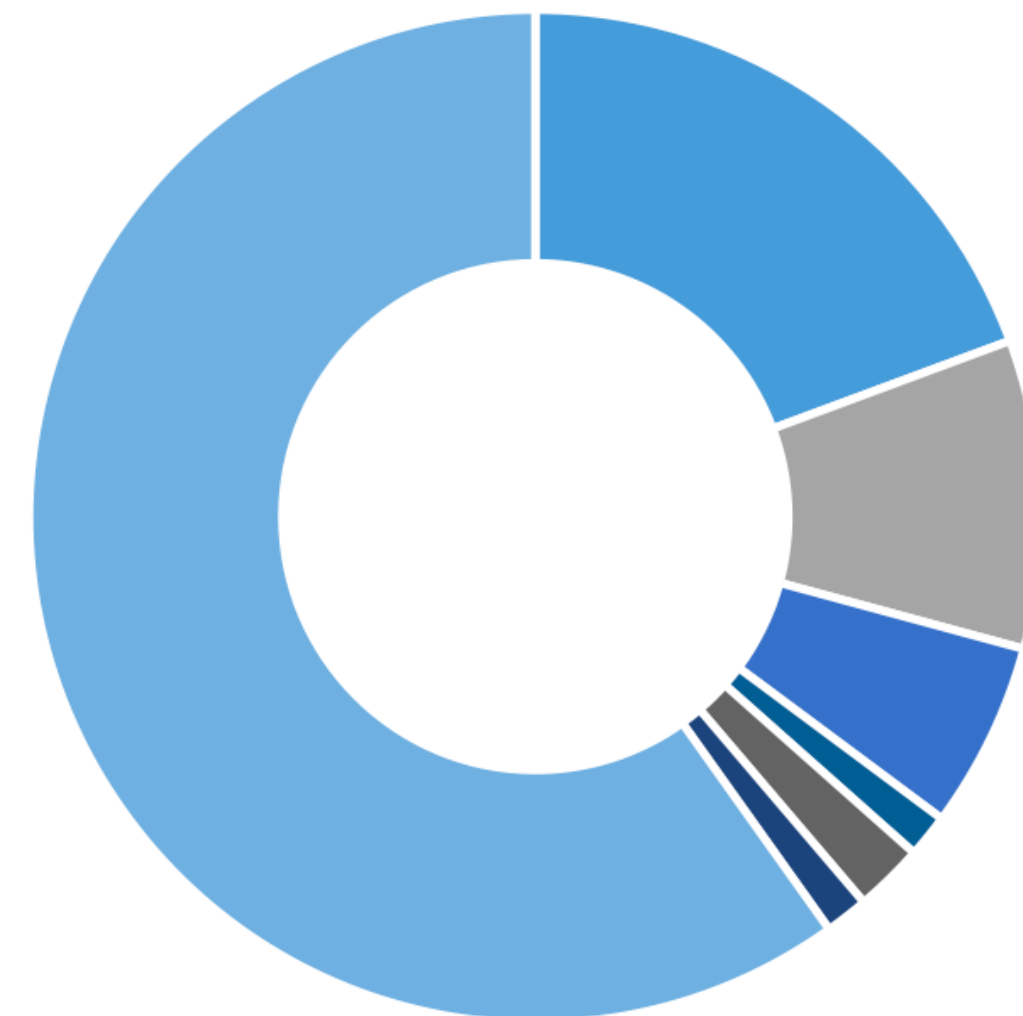
Why: Missional considerations &  
financial capacity

We recommend the following  
reductions from the previous quad:

- BCF: -15%
- Africa University: -15%
- MEF: -33%
- Central Conference Theological Fund: -50%
- Young Clergy Initiative: -28%

- **40% is education-related**

Education



■ MEF ■ BCF ■ GBHEM ■ Young Clergy ■ Africa U ■ CCTF ■ All other

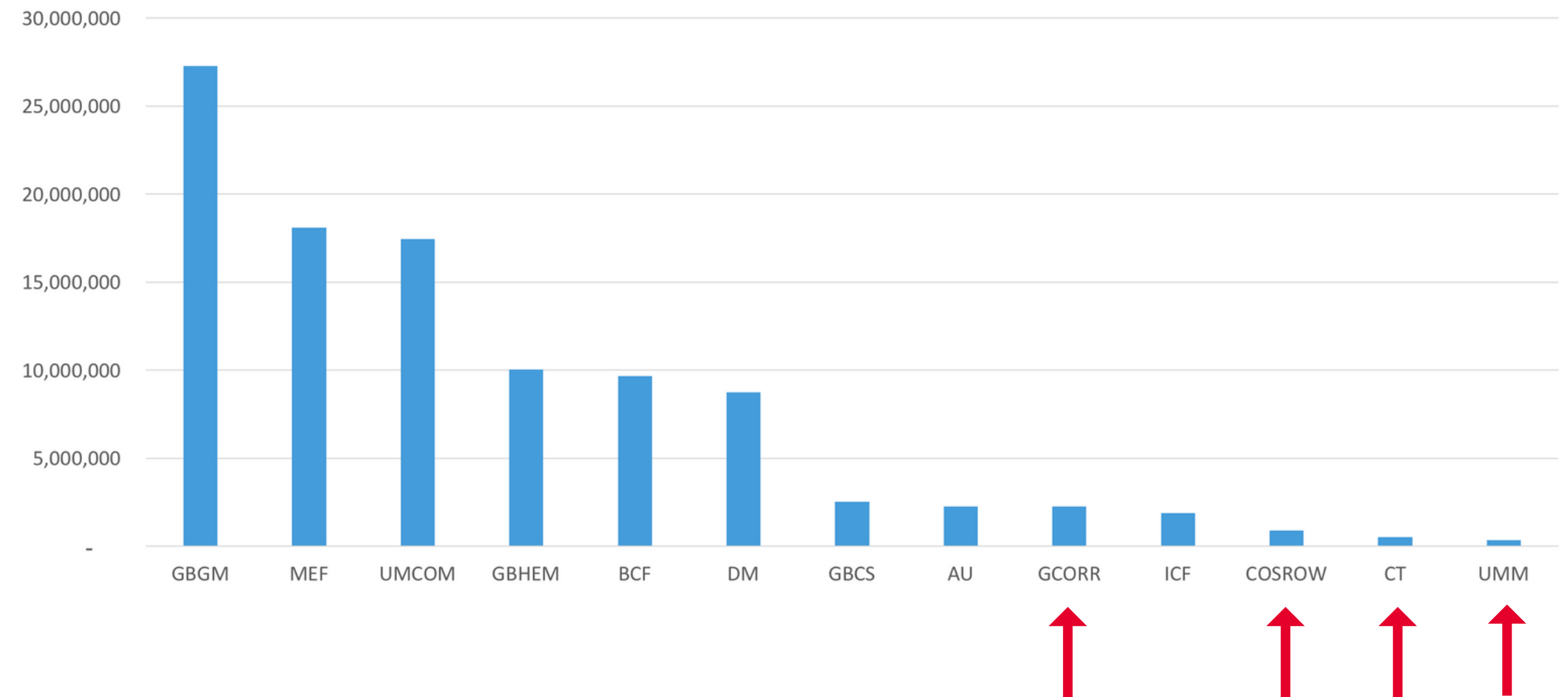
# SMALLER COMMISSIONS, NATIONAL PLANS & CT

Values: Core Mission  
Sustainability,  
Fairness/Justice, Emerging  
Missional Priorities

Why: Smaller budgets, fewer  
reserves, more apportionment  
dependent

- National Plans: 0%
- COSROW: 0%
- United Methodist Men: 0%
- GCORR: 0%
- Connectional Table: -5%

## Apportionment receipts - 2017 (financial statements)



# PROGRAM AGENCIES

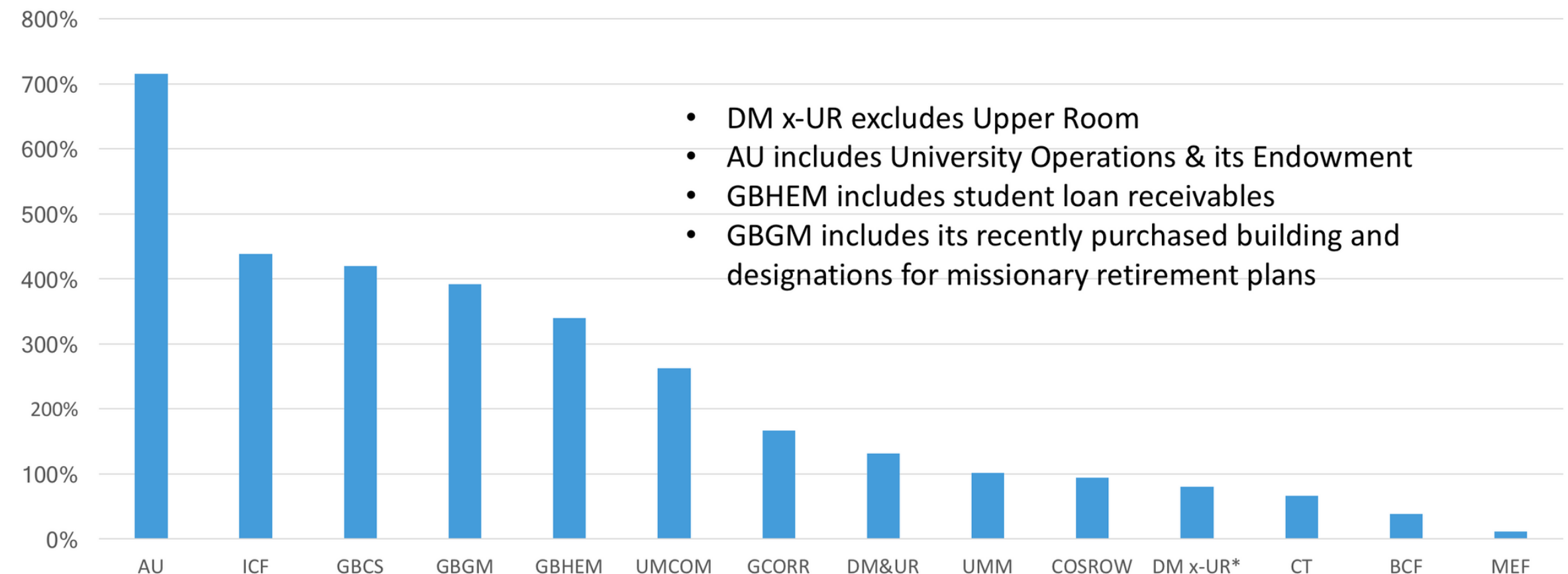
Values: Core Mission

Sustainability, Mission, Emerging  
Missional Priorities, Stewardship,  
Justice/Fairness

Why: Considerations of financial  
capacity and solvency

- GBHEM: -20%
- GBCS: -20%
- GBGM: -20%
- Discipleship Ministries: -15%

## Net Assets: 2017 Total Expenses (%)



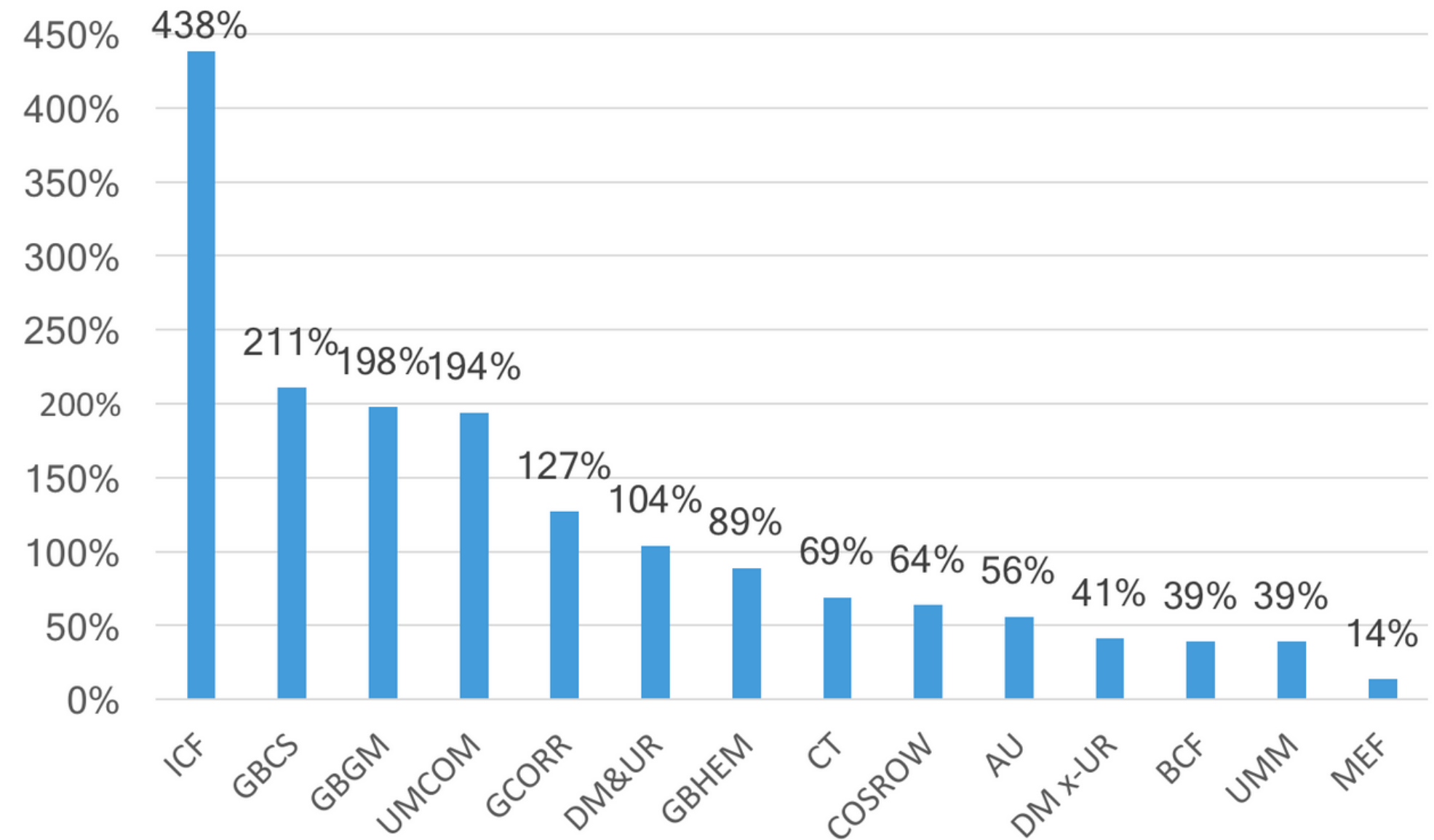
# UMCOM & ICF

Values: Stewardship, Mission,  
Core Mission Sustainability,  
Justice/Fairness

Why: Considerations of  
financial capacity and  
reserves

- UMCOM: -37%
- ICF: -100%

- Funds available within 1 year, including board-designated: Total Expense



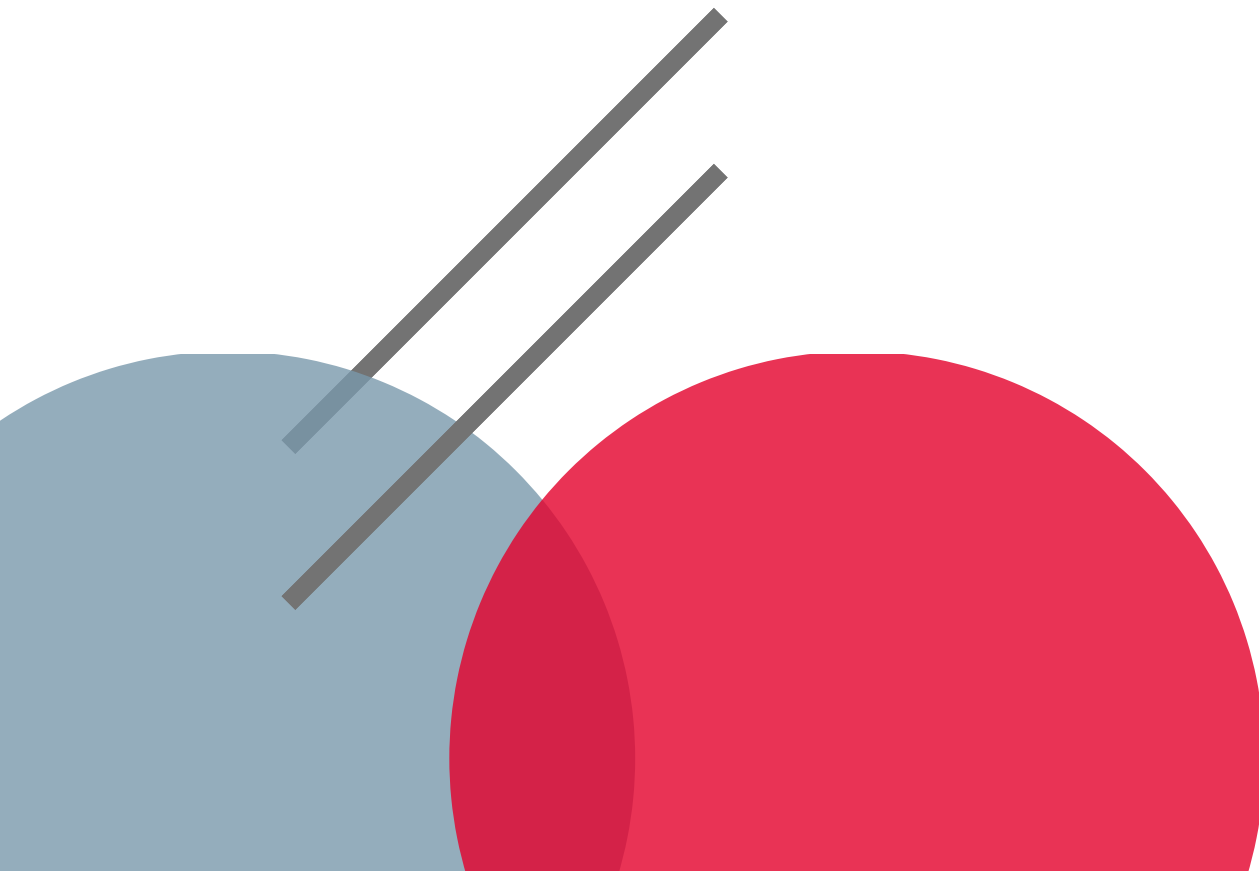
# FOUR AREAS OF FOCUS & WORLD SERVICE CONTINGENCY

Values: Mission, Missional Priorities, Emerging Missional Priorities

Why: Nurture collaborative, adaptive, visionary and innovative efforts to bring vitality to our worldwide connection through a sustained focus on the **Four Areas of Focus**

Ministry that...

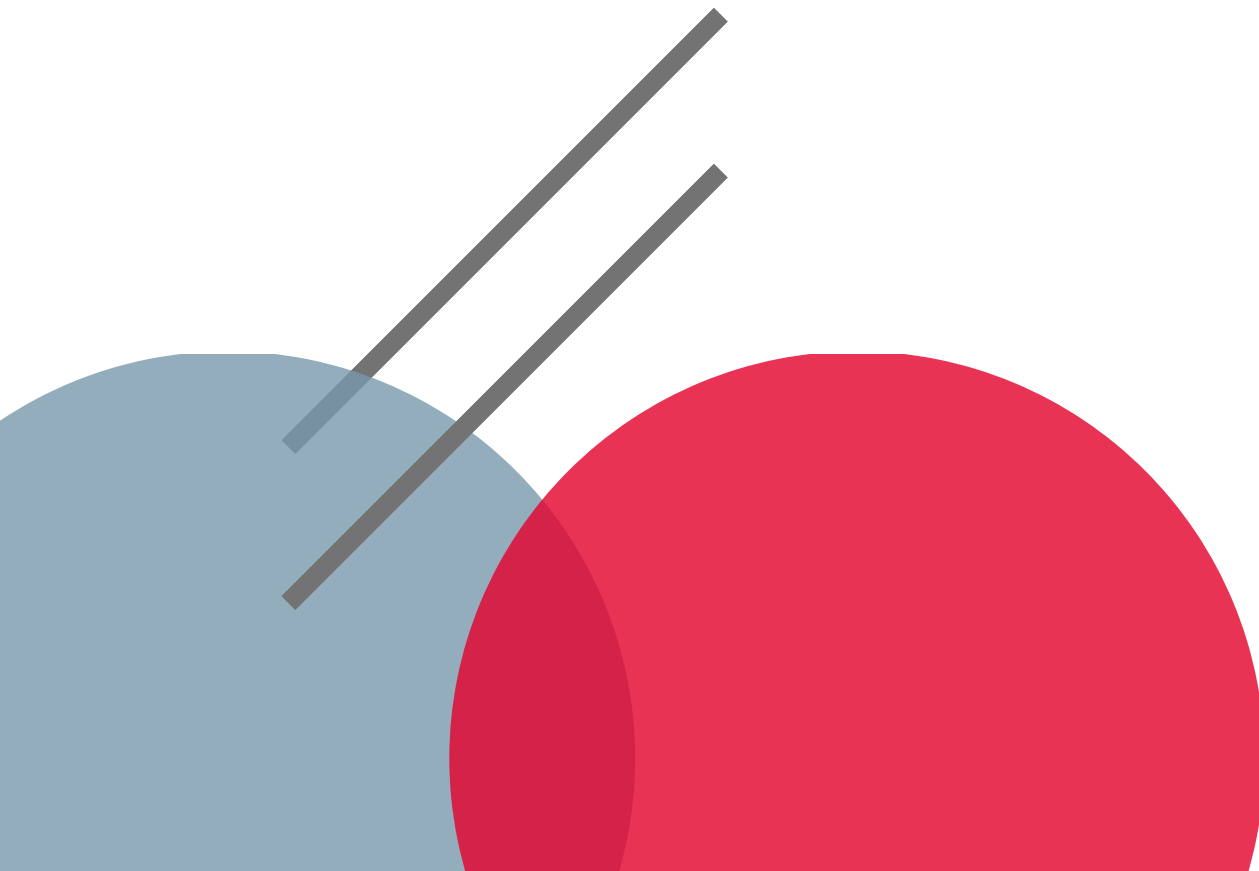
- Furthers The United Methodist Church's worldwide identity
- Is innovative, adaptive and encourages experimentation
- Addresses emerging priorities
- Is collaborative, non-duplicative and nurtures partnership
- Can also fund transition to new ways of functioning





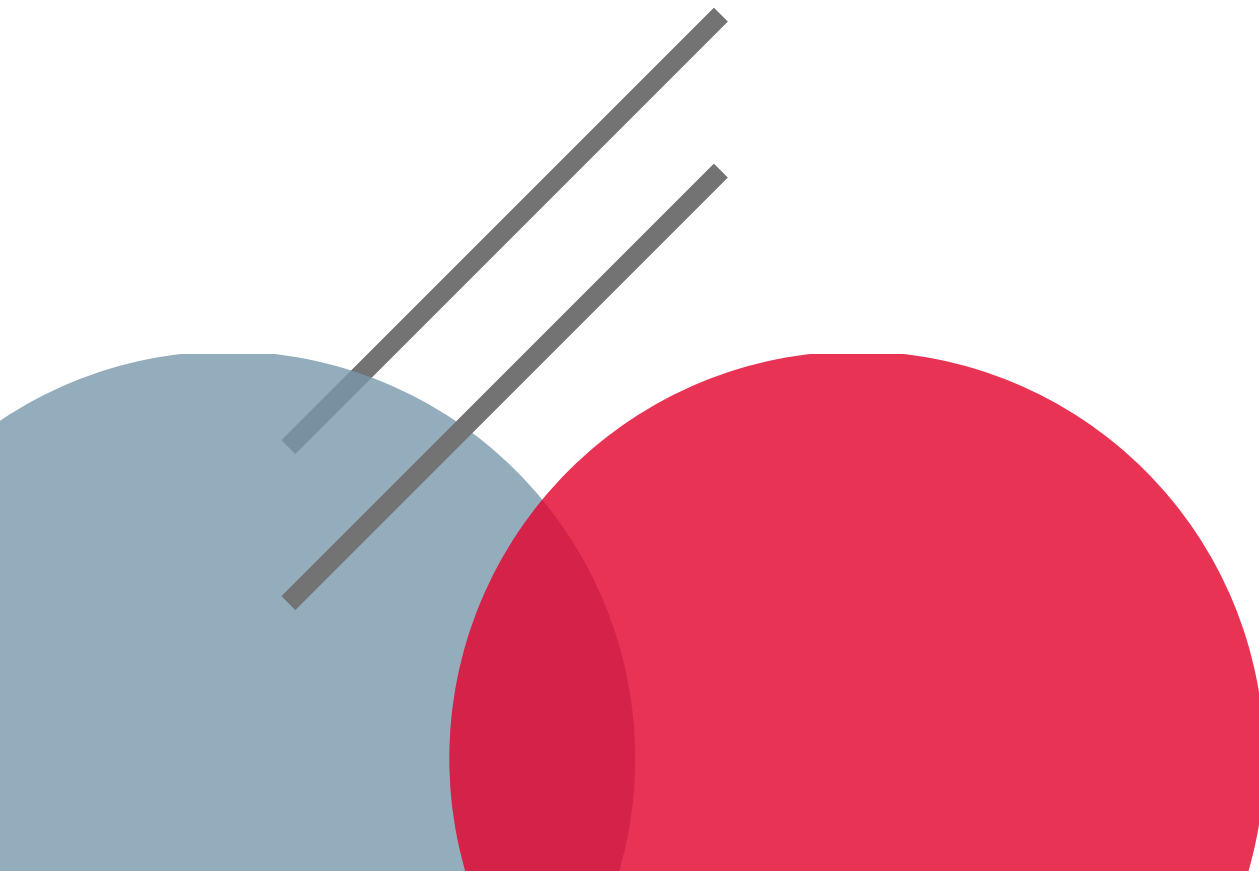
# ADDITIONAL CONSIDERATIONS TO INCREASE RESOURCES:

- Review spending policies on invested assets- financial statements show current range is from 3.75% to over 5% - the higher the ratio, the greater the short-term income, the less income available in the future



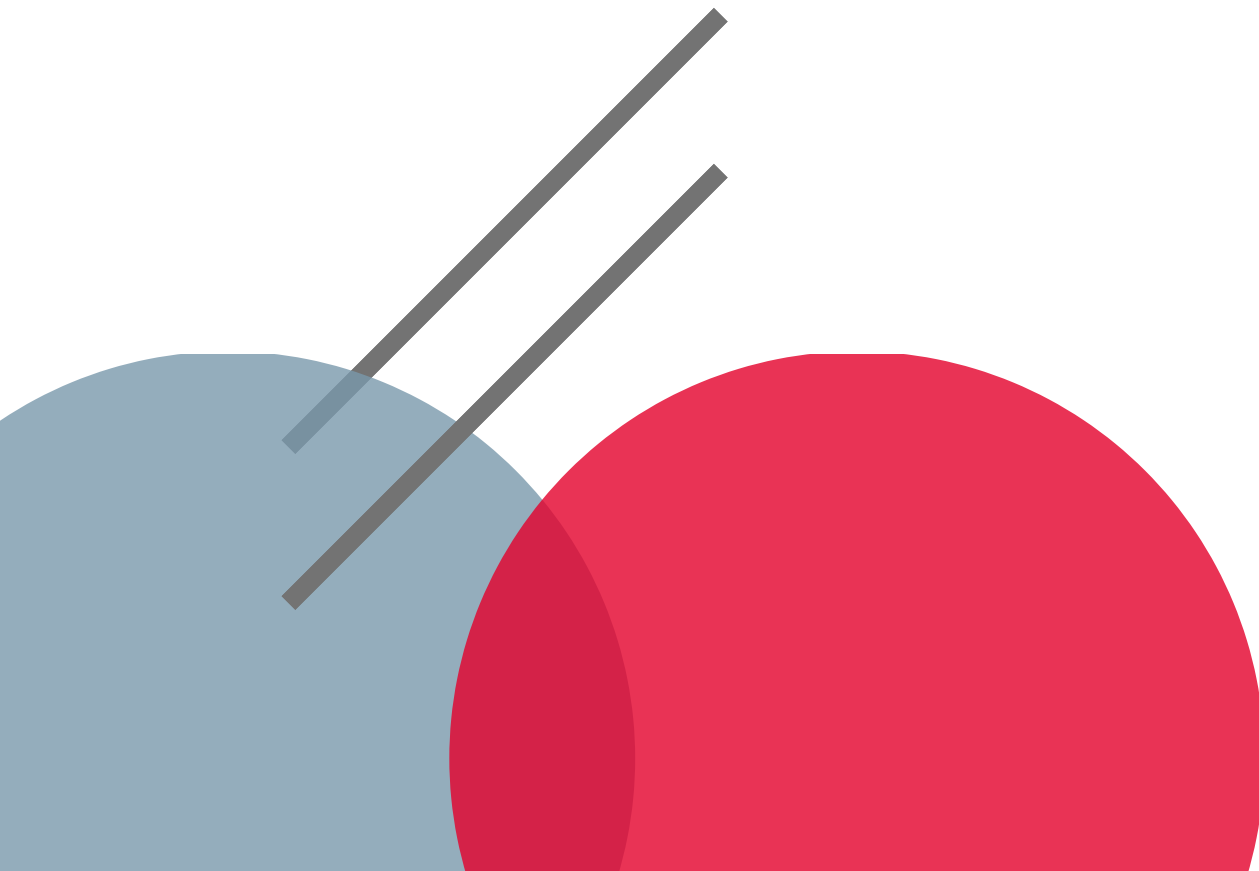
# ADDITIONAL CONSIDERATIONS TO INCREASE RESOURCES:

- Review details of board- and donor-designated assets for purpose, mission and programmatic alignment.
  - Have donor-designated purposes been recently reviewed for possible alignment with current program needs?
  - If program needs have changed and the donor is living, donors might consider designating their gifts differently
  - Relief through the courts may be an option if a donor's designation has become obsolete or outdated



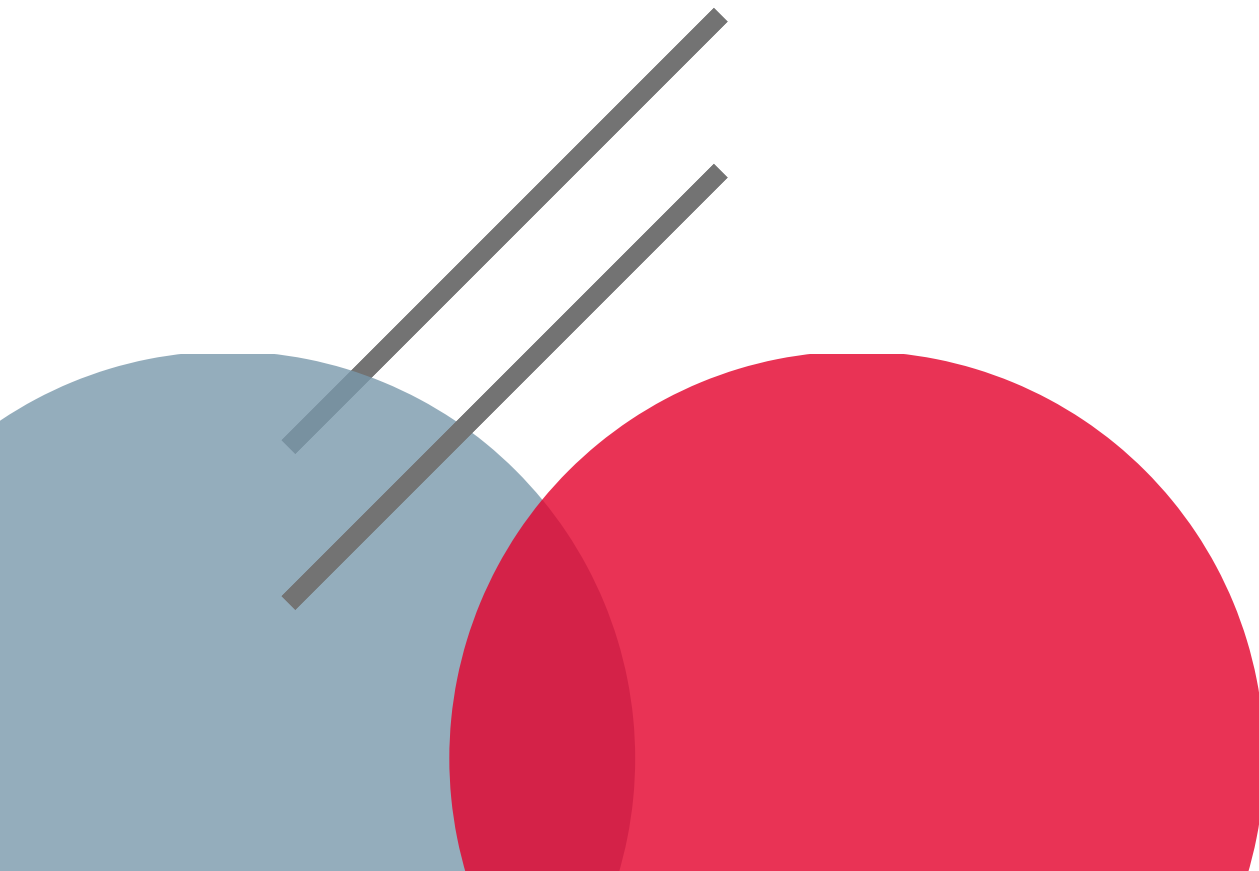
# ADDITIONAL CONSIDERATIONS TO INCREASE RESOURCES:

- How might agencies outsource or partner with others on:
  - HR
  - Communications
  - Publishing
- Trends in number of full- and part-time employees



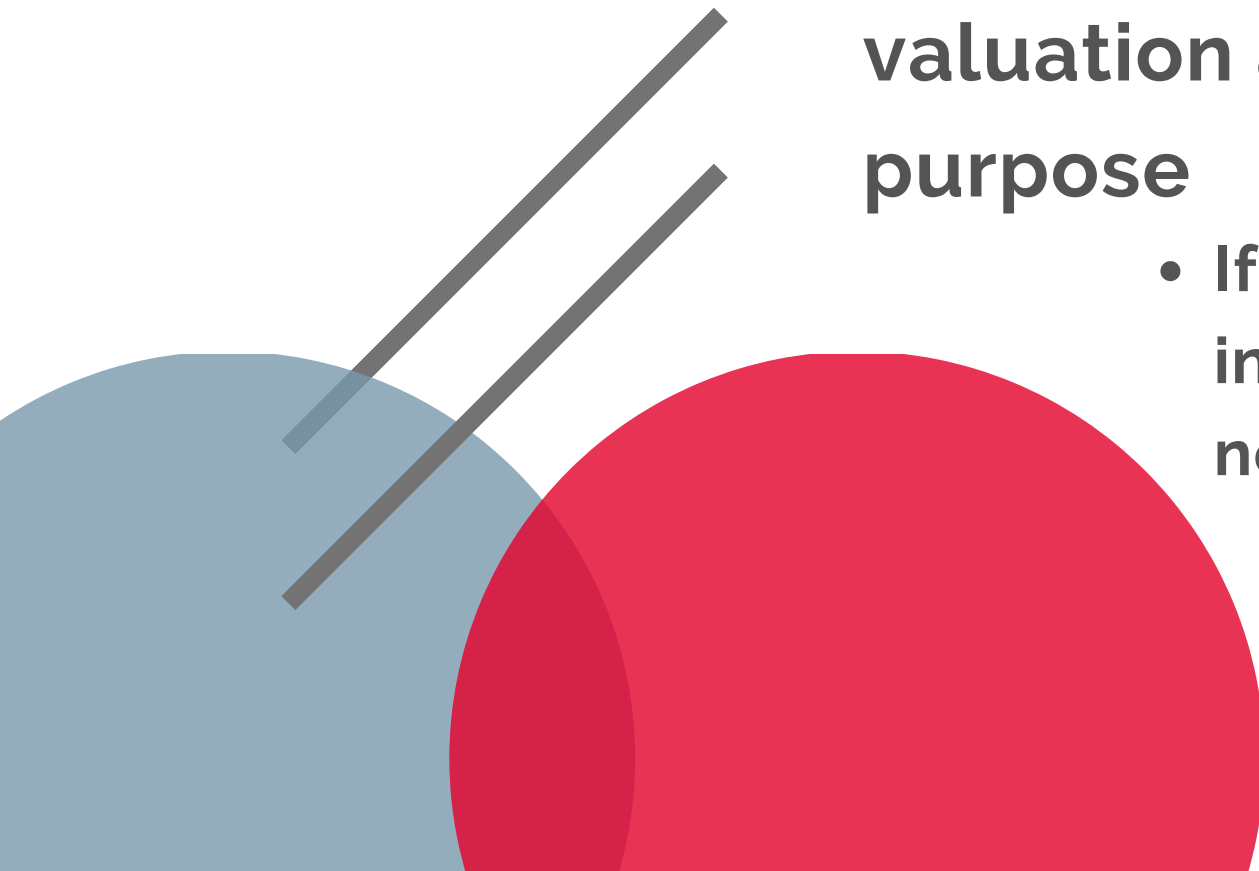
# ADDITIONAL RECOMMENDATIONS:

- All property-owning agencies should commence a facilities needs assessment and market analysis of alternative or supplemental use
  - Nashville-based agencies and funds should undertake this recommendation together
  - 2017 Davidson County Auditor values properties at \$70 million

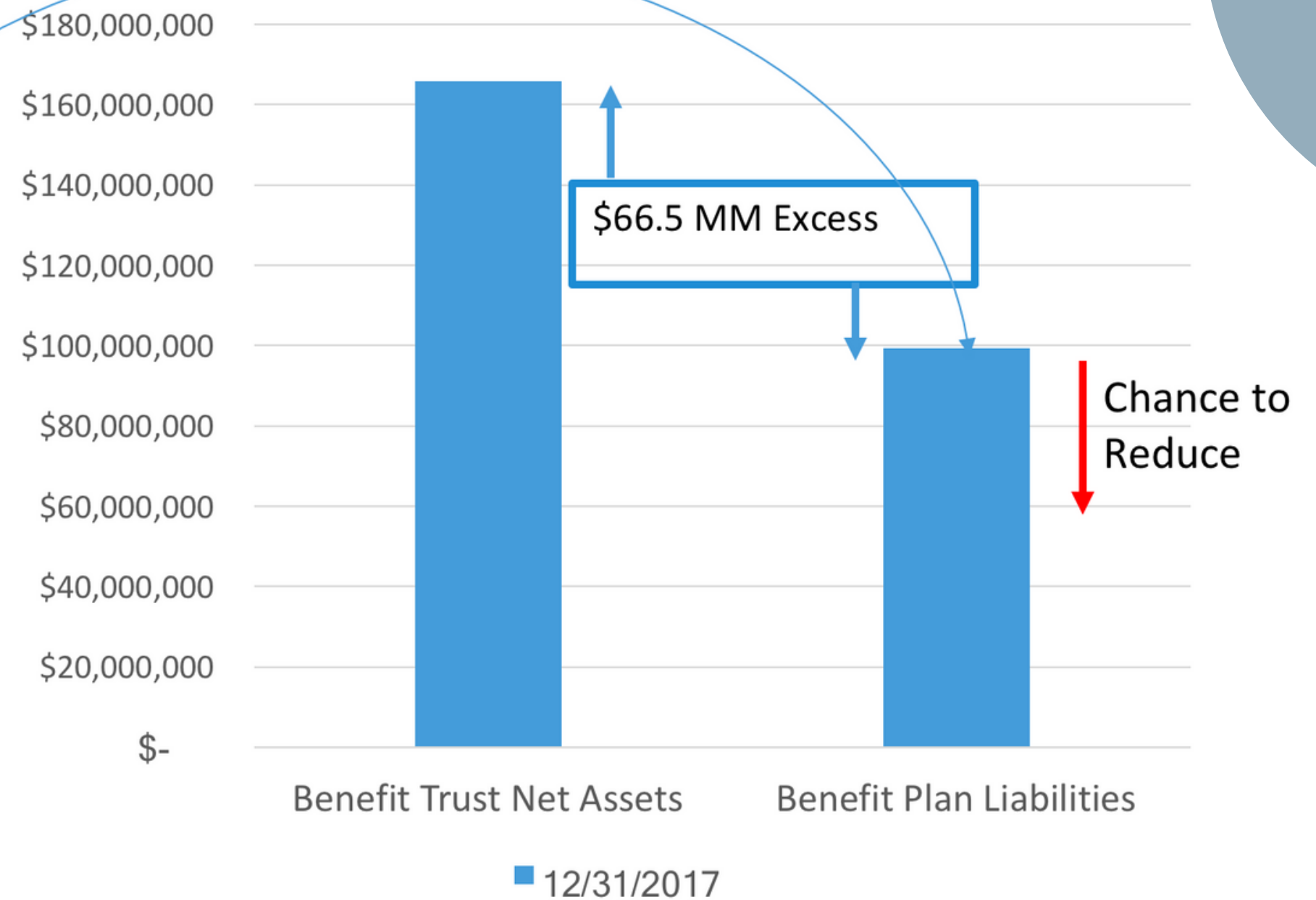
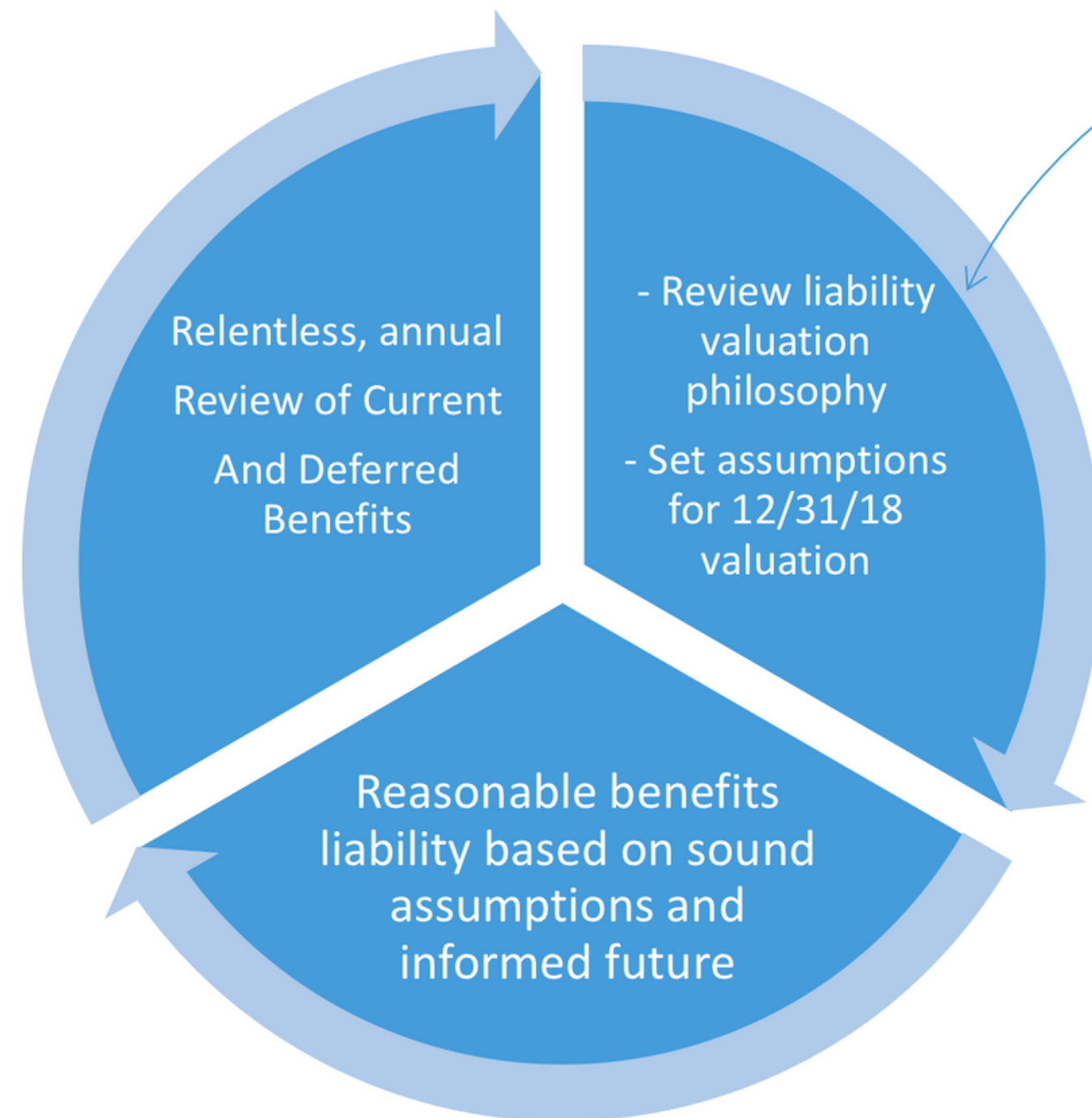


# ADDITIONAL RECOMMENDATIONS:

- All property-owning agencies should commence a facilities needs assessment and market analysis of alternative or supplemental use
  - Nashville-based agencies and funds should undertake this recommendation together
  - 2017 Davidson County Auditor values properties at \$70 million
- Request a coordinated review of benefits, benefit liability valuation and utilization of Benefit Trust assets against its stated purpose
  - If, for example, such a coordinated review suggested the payout could increase 2%, \$10 million to \$15 million more might be realized during the next quadrennium



# BENEFITS, RELATED LIABILITY & THE BENEFIT TRUST



# NASHVILLE REAL ESTATE OPPORTUNITY\*

## Understand current market value

- Gain board support to retain firm to explore monetization opportunities (est. cost: \$25,000 +/-)
- Retain/assign process facilitator
- Identify and select real estate advisory firm

## Project occupancy needs

- Anticipated FTE's
- Conferencing space
- Co-location and intra-agency adjacency opportunities
- Utilize process facilitator

\* GCFA, UMCOM, DM/UR, HEM, UMM -- Current Davidson County valuation: \$70 million

# NEXT STEPS:

- January 23, 2019: Written responses due to CT\*
- January 29, 2019: Final report
- February 18, 2019: Orientation for CT
- April 2-4, 2019: Vote at joint CT/GCFA meeting

\*It will be helpful to tie responses to the values that have undergirded this work. For instance, reflect if you think this recommendation will sustain your core mission. Also, please feel free to reflect on the accuracy of our information or provide additional information. Responses can be sent to the CT Office at [connectionstable@umc.org](mailto:connectionstable@umc.org).





# Questions?