DATA-DRIVEN DISCERNMENT
CHARTING HOPE AT GENERAL CONFERENCE

2024 Frequently Asked Questions about The United Methodist Church General Church Budget

Q: What are apportionments?

The United Methodist Church's worldwide budget, also called the general Church budget, is based on a system of financial stewardship called "apportionments" where a small portion of every dollar spent at the local church level makes its way through the church structure in order to make a global impact.

Q: I was under the impression that the expenditures element was possibly going away by action of General Conference. Is that not the case? / Why is the i-factor being eliminated?

The General Council on Finance and Administration (GCFA) determined it would be appropriate in this current quadrennium to conduct a study regarding general Church apportionment sustainability. The Council of Bishops, through each respective Jurisdictional College of Bishops, identified a group of fifteen persons to serve as members of the Apportionment Sustainability Task Force, including one clergy, one lay, and one episcopal leader from each of the five United States Jurisdictions. That group, the Apportionment Sustainability Taskforce, issued a report in June of 2018, wherein the i-factor was reviewed and assessed in its effectiveness as a just method of economic adjustment, as it does not represent the United Methodists in the pews but rather economic conditions in the area. GCFA is recommending the elimination of the i-factor in the jurisdictional conferences apportionment formula as a result. The Apportionment Sustainability Taskforce did not recommend any changes to other parts of the formula when it first met or when it reconvened in 2022. This will also simplify the formula and transparency of the apportionment calculation.

Q. Do the Budget adjustments take into consideration central conferences, local churches and Annual conferences disaffiliation? Disaffiliations in the Central Conferences have not been accounted for in this budget since the impact remains largely unknown. However, note that apportionments received from the Central Conferences account for less than 2% of our overall general Church budget. Disaffiliations in the Jurisdictional annual conferences are a contributing factor to this budget being recommended for a 43% reduction from the last budget approved by General Conference, along with decreased worship attendance, increased inflation, and other economic factors.

Q: How do you justify making steep cuts to the Judicial Council?

The budget process is not a responsibility we take lightly, as we try to balance the needs of all the levels of the church. How do we reduce the burden on local churches, who are experiencing reduced collections firsthand, as their costs rise? How do we do it for an annual conference? And each fund at the General Church level, we give the same consideration. As you can see, it is a balancing act.

With a reduction in the overall apportionments collected, at the general Church we are all having to navigate how to conduct our work and ministry differently with less resources. Judicial Council leadership over the past quadrennium has managed their budget effectively via holding both virtual and in-person meetings. Their selection of retreat centers and other cost-effective meeting locations when in-person has aided that process. We hope this practice of mindful decision-making around expenses will continue into the next quadrennium with future Judicial Council members, just as has been the practice with the current Council.

Q: Why is the Young Clergy Initiative being phased out?

The Young Clergy Initiative was established by the General Conference in 2012 and was scheduled to be completed in 2024.

Q: Are there reports available about what actual expenses for these entities have been over the last four years? I know that some have already been cutting staff and reducing expenses and so while the percentage cut is large, it might not be as drastic when compared to expenditures for these agencies and commissions.

Reports for general Church agencies and commissions, including audits and expenditures, can be found in the Daily Christian Advocate Volume 3 and on GCFA's website at www.gcfa.org/reports.

Q: How do you justify reducing the Black College Fund and MEF by 47%?

As the allocations to these funds were originally proposed by The Connectional Table, GCFA referred this question to The Connectional Table, who stated: The Connectional Table adopted a values-based budget planning in which they focused on each agency's core mission and how they address emerging missional priorities. They examined spending plans and looked for good stewardship and sustainability, while emphasizing the values of fairness, justice, and equity. The budget cuts in this season have been particularly difficult. Agencies have had an average of nearly 50% reduction in staff since 2016. All World-Service fund recipients have anticipated a shrinking budget, even before disaffiliation intensified that decrease.

In the allocations of funds, including steep cuts, The Connectional Table considered which funds could not sustain cuts. This included agencies and commissions that receive most of their budgets from church apportionments. This is why there were less percentage cuts for the smaller entities, including GCSRW, GCORR, CT and the Ethnic Plans who operate on already extremely limited resources, and do not have access to other financial resources.

The Connectional Table recognizes that the significant cuts to the Black College Fund, MEF, and Africa University will cause a hardship for these marginalized areas. However, they have all been preparing for these reductions (for which we are grateful). In addition, these funds have additional income outside of the apportioned funds, and the opportunity to give specifically to these funds allows annual conferences to consider the impact of their gifts.

The reductions to these funds are one of the reasons that the budget agreed upon by CT and GCFA includes a slight increase of asking from the Annual Conferences over what was originally proposed for 2020 (although significantly less than was requested in 2016.) We wanted to avoid even steeper cuts to all of these funds. As we negotiate this new economic reality, both The Connectional Table and GCFA will continue to be strategic to allow limited resources to further our mission and ministry.

Q: Where can we find the budget for GCFA as an agency (not the denominational budget)? Is GCFA reducing its expenditures at the same rate as the other boards and agencies?

GCFA's proposed quadrennial budget can be found in Report Number 14 to General Conference, which can be viewed at www.gcfa.org/general-conference and scrolling down to "GCFA's 2024 General Conference Reports 1-19. From the general administration fund, GCFA is slated for a 59.1% reduction, and the total funding from general Church sources is declining by $13.9 million or 54%.   To accommodate this decline in revenue, GCFA has taken several measures to lessen its reliance on General Church Funds. 1) Decreased staffing by more than 30% from 2017 to 2022 and decreased our total operating expenses by more than 25% in that same period. 2) GCFA sold its building in Nashville to generate additional investment earnings to support operations and special needs of the Church that may arise. 3) GCFA has increased its ministry support across the connection under its UMC Support ministry services umbrella. These services include Human Resources, Communications, Information Technology, Marketing, Copyright Consulting, Travel and Meeting Planning, and Finance, reducing GCFA's reliance on apportioned dollars and extending professional services to ministries across the Connection.

Q: Are funds being taken away from retirees to fund agency operations?

This budget includes a one-time infusion of $7.5 million that is contingent upon the General Conference passing petition number 20949 submitted by Wespath. This petition will terminate defined benefit plans that have met their obligations, and there will be additional funding available to the General Agency Benefit Trust due to excess funding in these plans of an estimated $15-20 million. This treatment is similar to the plans that were terminated in 1996 and initially funded the Benefit Trust. These are additional funds that were not previously available and do not negatively impact the funds already available for retirees.

Additional Funding Discussed by Wespath and GCFA regarding the 2025-2028 Budget:

- Wespath informed GCFA that these legacy defined benefit plans have met their obligations and have excess funding.
- The estimated total of these funds related to the General Agencies is $15-20 million, and petition 20949 proposes these funds be added to the existing Benefit Trust.
- The Council of Bishops requested an additional $15 million in funding from GCFA for the 2025-2028 budget.
    - GCFA agreed to recommend an increase to the base percentage rate in the apportionment formula to fund $7.5 million.
    - GCFA agreed to recommend a reduction in budget allocations to Benefit Trust Agencies by $7.5 million. However, if the Wespath legislation passes, GCFA and Wespath would agree to a "one-time" increase in the Benefit Trust distribution by $7.5 million over the next 4 years. So, this would be the normal distribution of 8% + $1.875 million for each year during 2025-2028.
- The average investment income for the Benefit Trust has averaged 7%. If this same rate of return continues and the Wespath legislation passes, the Benefit Trust would have $5 million more in funding at the end of 2028 than in its current position.

Q: Why is the Episcopal fund not taking a bigger reduction? *And*

How can GCFA create a budget that doesn't fund the number of bishops in our book of discipline? Isn't that stepping in front of General Conference discernment by forcing a reduction? *And*

A bishop in the United States earns a salary of over $175,000 annually on top of their housing benefit and health benefits—two categories of expenses that many households in the U.S. spend the bulk of their income on. Meanwhile, far too many clergy across our worldwide connection are serving in appointments that can only afford to pay poverty wages—if they can afford to pay any wages at all. How would a $100,000 annual salary cut for our Church's chief servant leaders in the U.S. impact the future vitality of the episcopal fund, the availability of funds for other general church funds, and the episcopacy across our worldwide church?

GCFA has grouped these questions together because they all revolve around The Episcopal Fund, and we remain concerned about the long-term sustainability of this fund. Budgeting is a balance of missions, ministry, and leadership for all levels of the church, including at the local church, annual conference, jurisdictional and central conference, and general Church level. The Council of Bishops asked GCFA for an additional $15 million in the fall of 2023 beyond what GCFA had originally proposed as reductions to the Episcopal Fund. GCFA has no right or authority to determine the number of Bishops but given that many General Church ministries are slated for reductions approaching or surpassing 50%, GCFA is presenting this budget with the knowledge that that the Episcopal Fund will utilize significant reserves during 2025-2028, but will still have some reserves left at the end of 2028. Preventing utilizing reserves during the 2025 – 2028 quadrennium would require a reduction to approximately 43 Bishops worldwide.

It is important to note that GCFA feels that it is imperative to our mission of Making Disciples of Jesus Christ for the transformation of the world to keep more money in the local church for discipleship. GCFA's research has shown that while local church revenues are down 7-10%, operating costs for churches in the United States (building maintenance, utilities, insurance, and pastor salaries) have remained at the same level or even increased. This has created a shortfall for discretionary spending on programs, missions, and apportionments, which fund the general Church budget.

Q: Why are the General Board of Church and Society, the General Board of Global Ministries, , United Methodist Communications, Discipleship Ministries, and the General Board of Higher Education and Ministry proposed to receive such a drastic budget cut (53%) as opposed to say the Episcopal Fund?

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