

Report to Jurisdictional Delegates to General Conference

February 13, 2021

Rick King, CFO GCFA

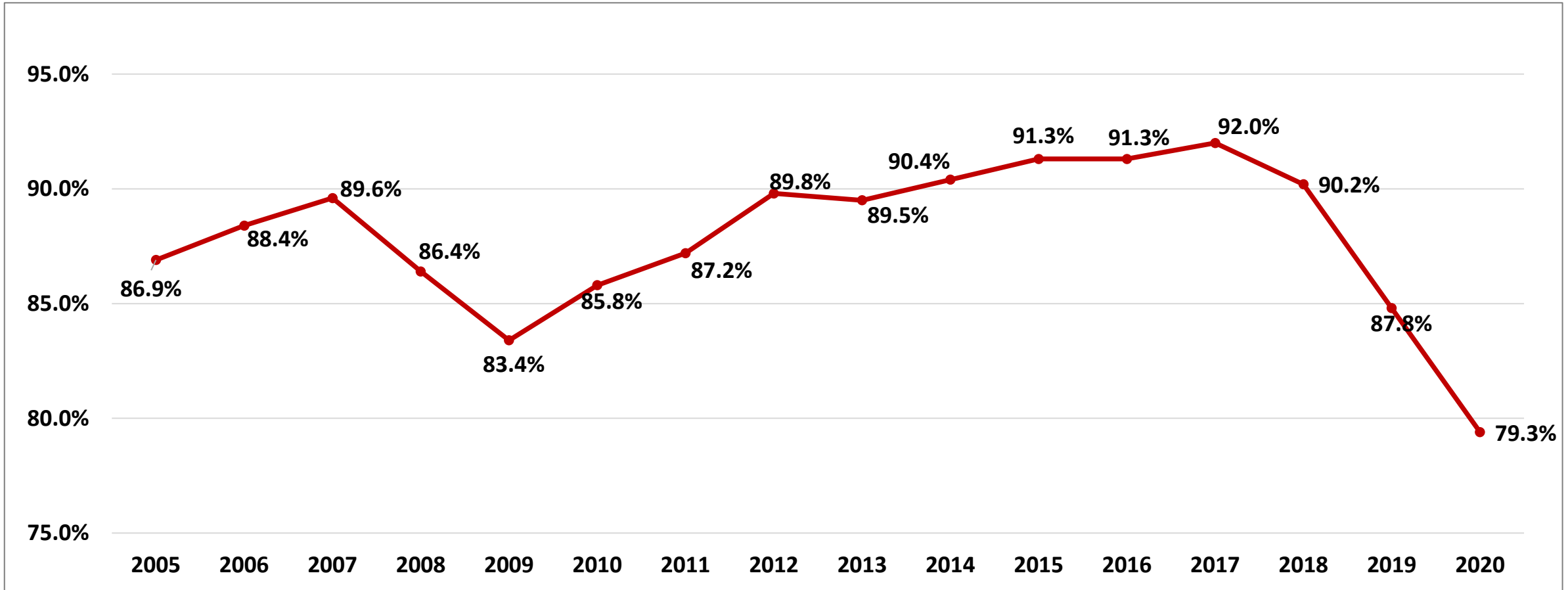
Current Status of Apportionment Collections & Potential Impact on 2021-2024

Jurisdictional Apportionments – Preliminary 2020

Figures In thousands	Full Year		2020 Apport.	2019 Apport.	Collection Rate		2020 vs. 2019	
	2020	2019			2020	2019	\$	Coll %
World Service	\$ 60,098	\$ 65,257	\$ 77,848	\$ 77,761	77.2%	83.9%	\$ (5,159)	-6.7%
Episcopal	\$ 19,933	\$ 20,225	\$ 23,054	\$ 23,028	86.5%	87.8%	\$ (291)	-1.4%
Ministerial Education	\$ 15,673	\$ 16,583	\$ 19,720	\$ 19,698	79.5%	84.2%	\$ (910)	-4.7%
Black College	\$ 8,388	\$ 8,967	\$ 10,488	\$ 10,477	80.0%	85.6%	\$ (580)	-5.6%
General Administration	\$ 7,029	\$ 7,749	\$ 9,244	\$ 9,233	76.0%	83.9%	\$ (720)	-7.9%
Africa University	\$ 2,074	\$ 2,117	\$ 2,347	\$ 2,345	88.4%	90.3%	\$ (43)	-1.9%
Interdenom. Cooperation	\$ 1,669	\$ 1,732	\$ 2,056	\$ 2,054	81.1%	84.3%	\$ (64)	-3.2%
Total	\$ 114,863	\$ 122,630	\$ 144,757	\$ 144,596	79.3%	84.8%	\$ (7,767)	-5.5%

- Overall Collection Rate = 79.3% vs. 84.8% in 2019
- Episcopal Fund Collection Rate = 86.5% vs. 87.8% in 2019
- World Service Collection Rate = 77.2% vs. 83.9% in 2019
- General Administration Collection Rate = 76.0% vs. 83.9 % in 2019

Collection Rate Trends – All Funds



Inflation Adjusted Data Points – 2006 = Base Year

- 2019 Local Church Net Exp. = - 8.9%
- 2020 Actual Apportionments = -20.3%
- 2020 Apportionment Collections = -28.6%

2021-2024 Quadrennial Budget

Rick King, CFO GCFA

Apportionment Sustainability Taskforce

Formed by GCFA - 15 Members - 1 Bishop, 1 Clergy, and 1 Layperson from each Jurisdiction.

The Taskforce focused its work on the following questions:

1. Are the annual conferences sustainable?
2. How are general Church apportionments currently being paid by annual conferences?
3. Is the current general Church apportionment model sustainable?
4. What adjustments should be made to the model, if any?

Apportionment Sustainability Taskforce

Recommendations:

1. Reduce the Base Percentage by 25%.
2. Recalibrate the ministries supported by general Church apportioned funds. The percentage reduction should not necessarily be spread evenly across the 7 general Church apportioned funds or general agencies.
3. The Economic Advisory Committee and GCFA review the effectiveness of the *i*-factor in the apportionment formula. The Taskforce believes it does not represent the United Methodists in the pews, but rather economic conditions in the area.

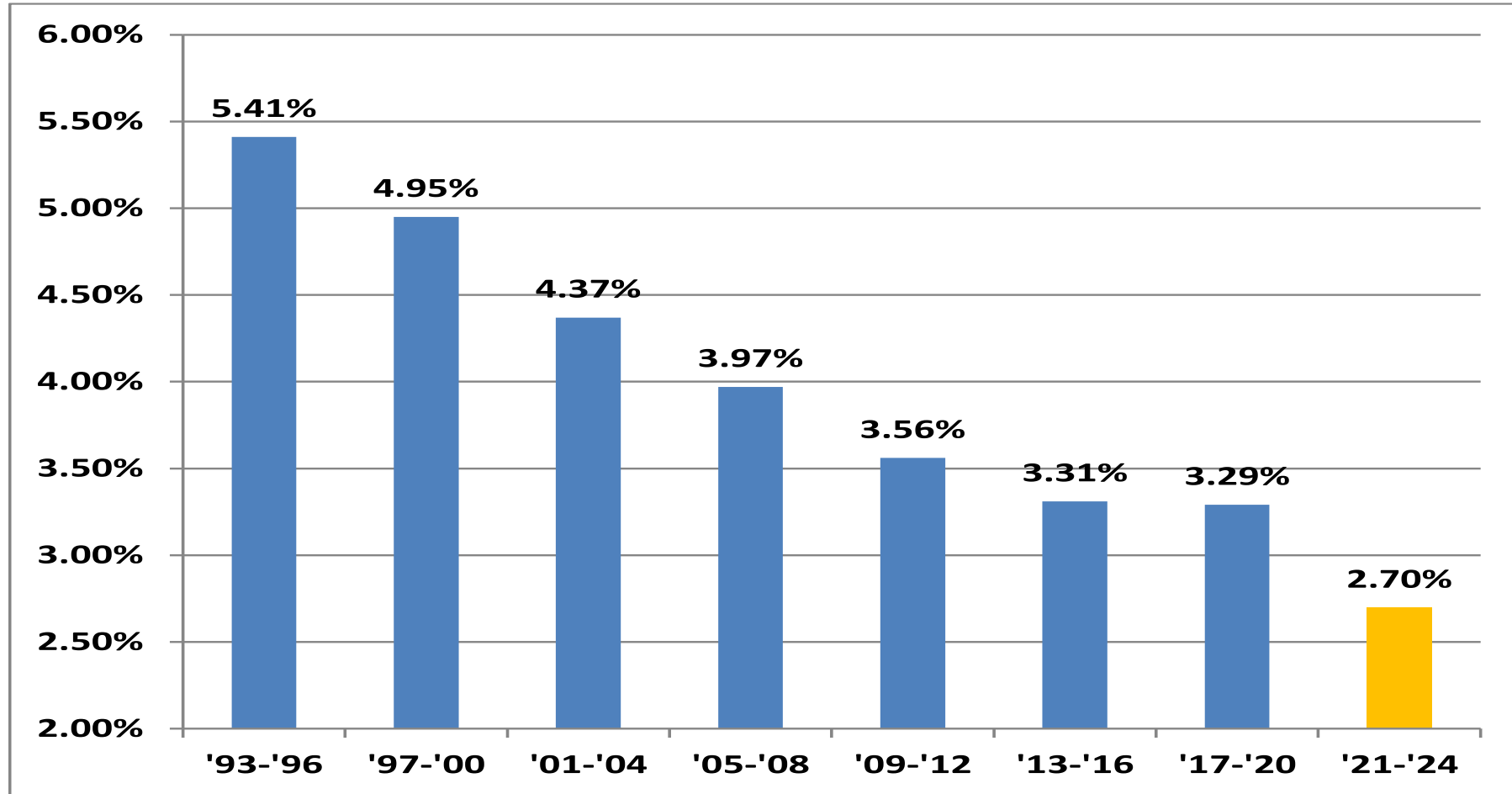
GCFA Base Percentage Recommendation

Reduction of the Base Percentage by 18%

The reduction was less than the recommendation of the Apportionment Sustainability Taskforce due to:

- Economic Status of the Episcopal Fund: Due to financial realities, the Episcopal Fund required additional funding, not less, compared to 2017-2020.
- In order to have an overall reduction of 25% this would have led to a reduction of 31% for the other funds and agencies.

Base Percentage Trends



2021-2024 Allocation Shifts from 2017-2020

Allocations Across the 7 Funds

Fund	% Change to 2017-2020
Episcopal	6.7%
Africa University	-15.1%
Black College	-15.5%
General Administration	-18.4%
Ministerial Education	-27.0%
World Service	-21.3%
Interdenominational Cooperation	-87.1%
Total All Funds	-18.3%

General Agency Allocations

General Agency / Initiative	% Change to 2017-2020
UM Communications	-35.0%
Central Conf. Theological Fund	-30.4%
Church & Society	-20.6%
General Board of Higher Education	-20.4%
Global Ministries	-20.4%
GCFA	-17.6%
Discipleship Ministries	-15.5%
Young Clergy Initiative	-14.2%
General Conference	-11.6%
Connectional Table	-5.5%
Archives & History	-5.0%
Commission on Religion & Race	-0.6%
United Methodist Men	-0.5%
Ethnic National Plans	-0.5%
The Status & Role of Women	-0.5%
Judicial Council	0.0%

Jurisdictional Survey Results – Overall impact 2021-2024

(Figures in Thousands)

Jurisdiction	2020 Apportionment	2020 Apportionment Of Respondents	Respondent Sample %	Weighted Avg Net Expend. Reduction
North Central	\$ 27,911	\$ 26,070	93.4%	21.6%
Northeastern	\$ 22,582	\$ 21,049	93.2%	13.7%
South Central	\$ 34,812	\$ 28,241	81.1%	24.3%
Western	\$ 9,556	\$ 9,556	100.0%	20.6%
Southeastern	\$ 56,470	\$ 42,451	75.2%	19.0%
Total	\$ 151,331	\$ 127,367	84.2%	20.0%

- 46 of 54 annual conferences responded to the survey:
 - 4 of the 46 were unable to provide an estimate of the impact.
 - 43 conferences represented in the sample.
- Where there were responses from the Bishop and Treasurer of a conference, the responses of the two were averaged.

Jurisdictional Survey Results – Summary of Reduction by Year

Jurisdiction	Weighted Average Reduction % by Year			
	2021	2022	2023	2024
North Central	5.4%	7.2%	4.8%	4.2%
Northeastern	3.4%	3.7%	3.9%	2.6%
South Central	5.3%	7.3%	6.1%	5.5%
Western	5.3%	6.6%	5.3%	3.4%
Southeastern	4.7%	6.0%	5.7%	2.6%
Total	4.8%	6.2%	5.3%	3.6%

Summary of Cumulative Net Reduction Reduction by Year

Jurisdiction	Cumulative Weighted Average Discount % by Year			
	2021	2022	2023	2024
North Central	5.4%	12.6%	17.4%	21.6%
Northeastern	3.4%	7.2%	11.1%	13.7%
South Central	5.3%	12.7%	18.8%	24.3%
Western	5.3%	12.0%	17.2%	20.6%
Southeastern	4.7%	10.7%	16.4%	19.0%
Total	4.8%	11.1%	16.4%	20.0%

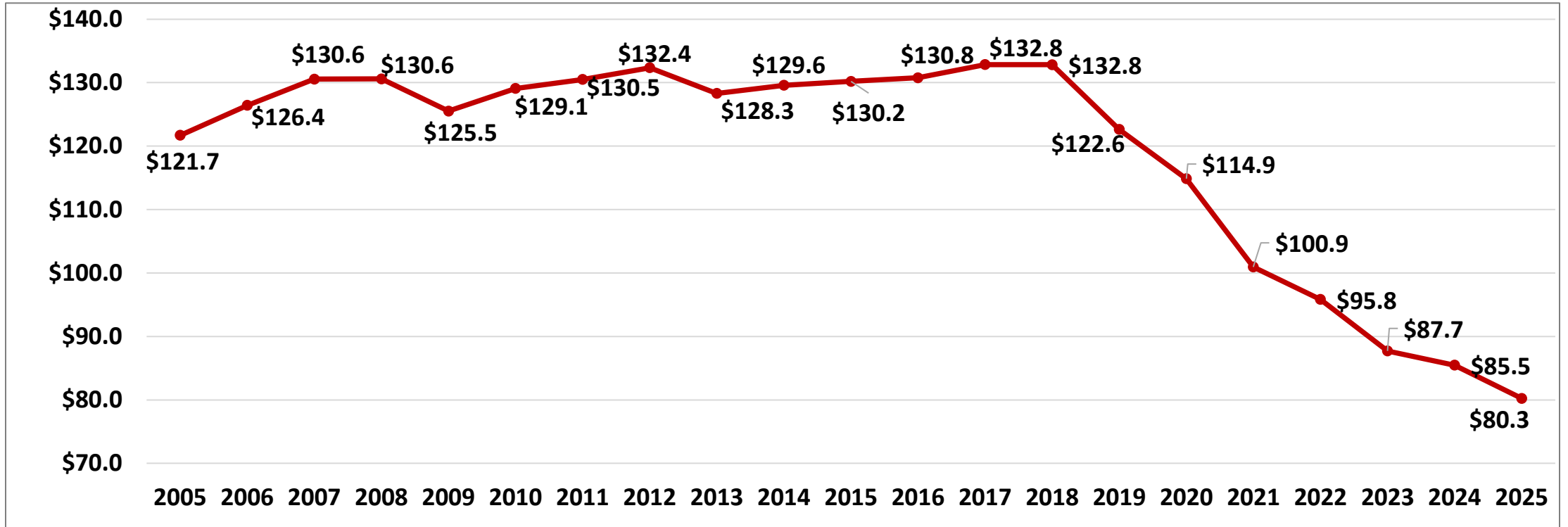
Effect on Apportionments

	2021	2022	2023	2024	2021-2024
Apportionments	\$ 127,292,295	\$ 126,949,122	\$ 124,346,452	\$ 128,926,196	\$ 507,514,065
Reduction Rate (1)	0.0%	4.8%	11.1%	16.4%	8.1%
Reduction Amount	\$ -	\$ 6,100,428	\$ 13,743,685	\$ 21,145,067	\$ 40,989,179
Reduced Apportionments	\$ 127,292,295	\$ 120,848,694	\$ 110,602,767	\$ 107,781,129	\$ 466,524,886

	2022	2023	2024	2025	2022-2025
Apportionments	\$ 126,949,122	\$ 124,346,452	\$ 128,926,196	\$ 126,517,665	\$ 506,739,435
Reduction Rate (1)	4.8%	11.1%	16.4%	20.0%	13.1%
Reduction Amount	\$ 6,100,428	\$ 13,743,685	\$ 21,145,067	\$ 25,319,217	\$ 66,308,396
Reduced Apportionments	\$ 120,848,694	\$ 110,602,767	\$ 107,781,129	\$ 101,198,448	\$ 440,431,039

(1) The Reduction rate for each year is applied to the subsequent year. The reason is that we will need to finalize apportionments by January 1st of the year and will only deduct the net expenditures for those churches that left or were closed by the end of the preceding year

Collection Projections-All Funds (in Millions)

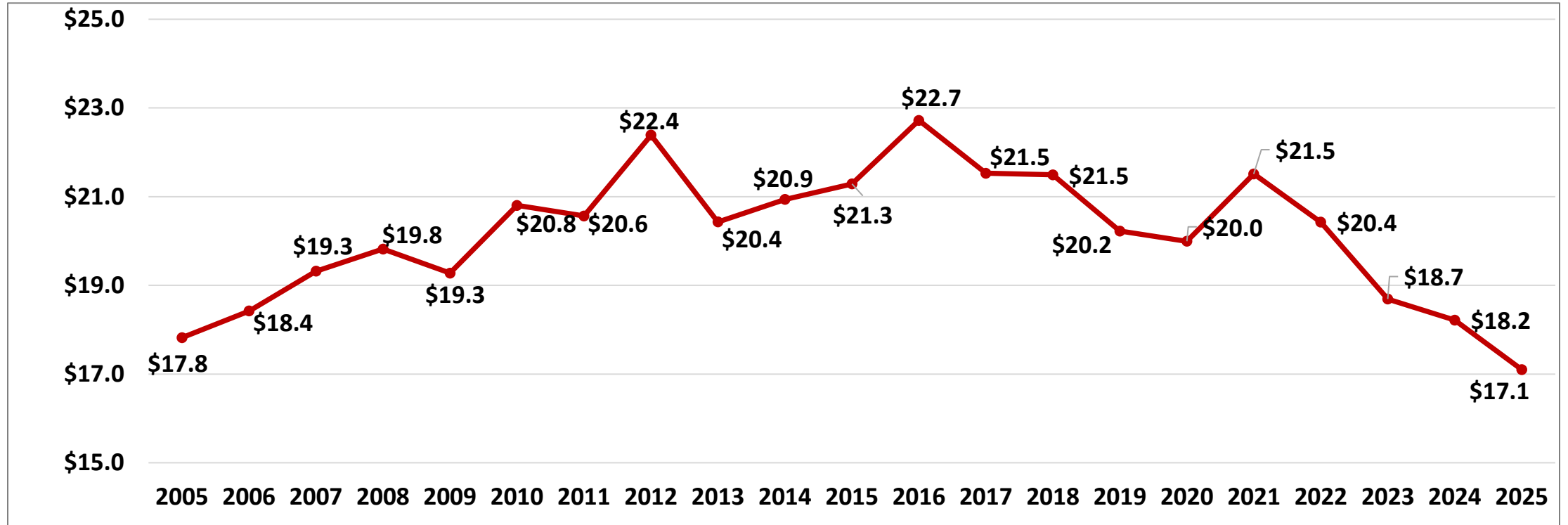


Assumes:

- General Conference approves current GCFA proposed Base Percentage and assumptions.
- Collection rates in projected years are the same as 2020 (79.3%).

Result: Collections in 2024 and 2025 are 32% and 36% less than the avg. of 2017-2020.

Collection Projections-Episcopal Fund (in Millions)

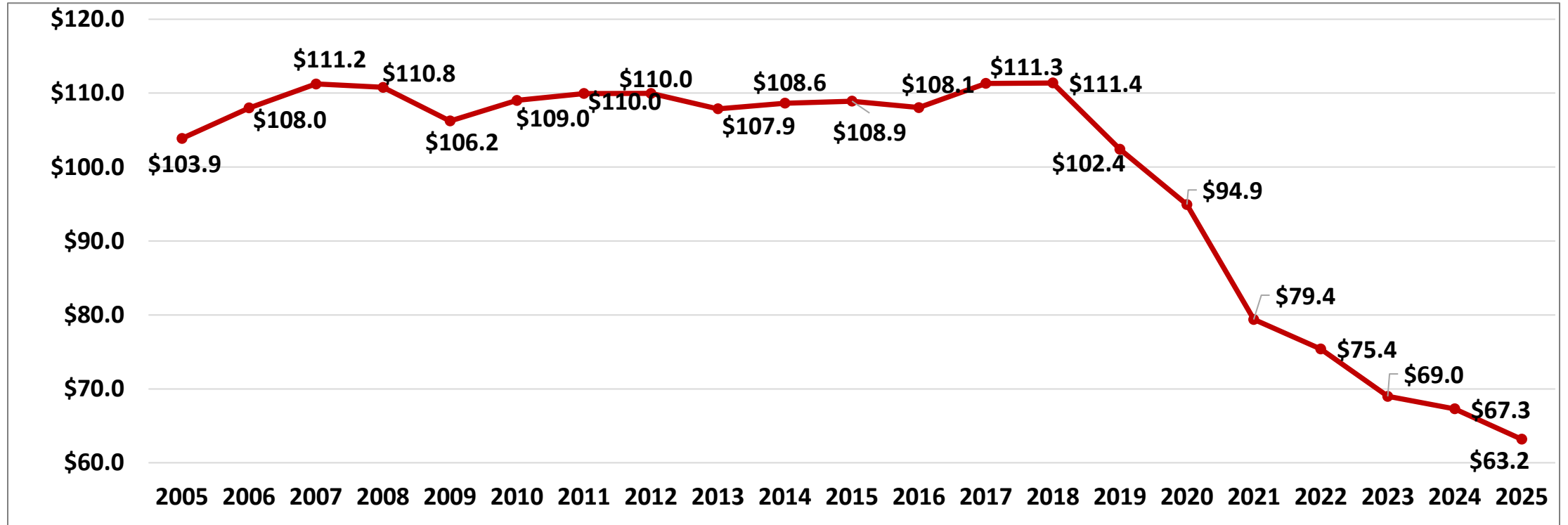


Assumes:

- General Conference approves current GCFA proposed Base Percentage and assumptions.
- Collection rates in projected years are the same as 2020 (86.5%).

Result: Collections in 2024 and 2025 are 13% and 18% less than the avg. of 2017-2020.

Collection Projections-Other 6 Funds (in Millions)



Assumes:

- General Conference Approves current GCFA proposed Base Percentage and assumptions
- Collection rates in projected years are the same as 2020 (78.1%)

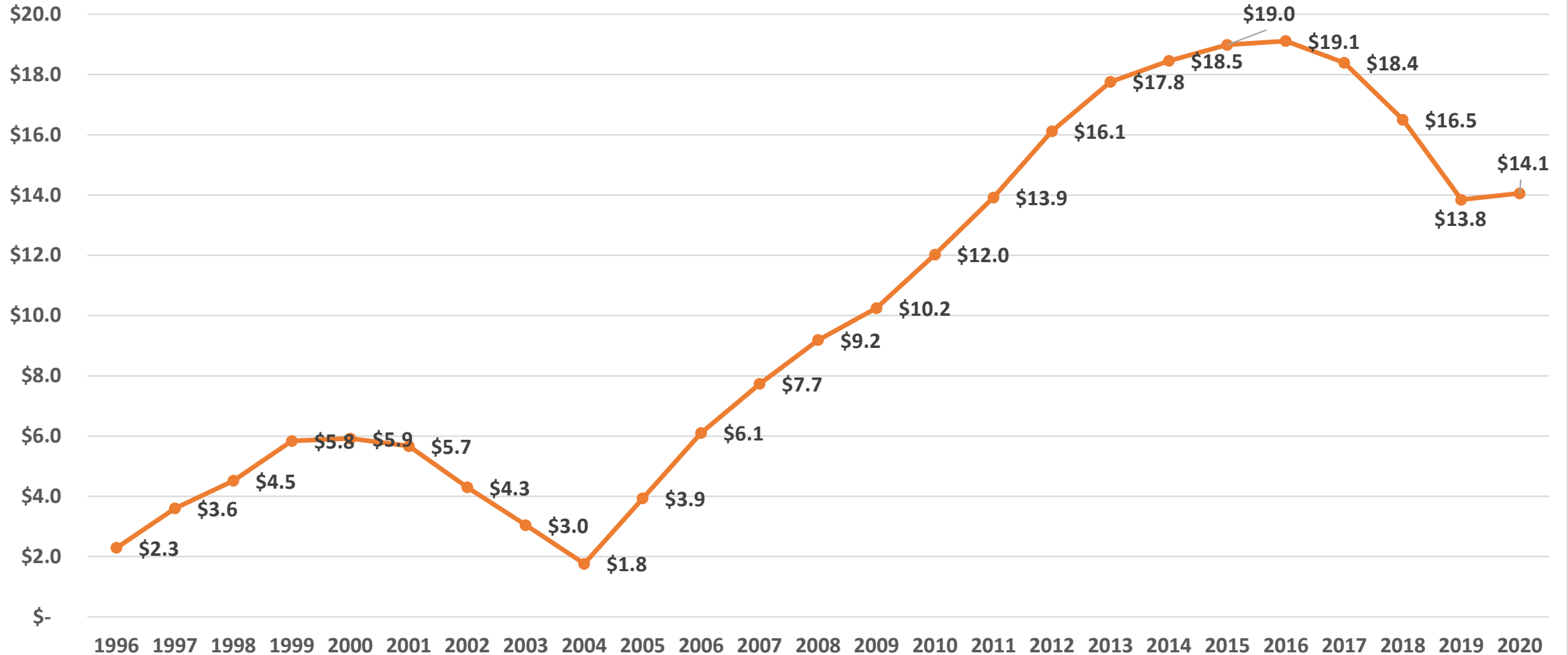
Result: Collections in 2024 and 2025 are 36% and 40% less than the avg. of 2017-2020.

Current Status of the Episcopal Fund

Bishop David Graves

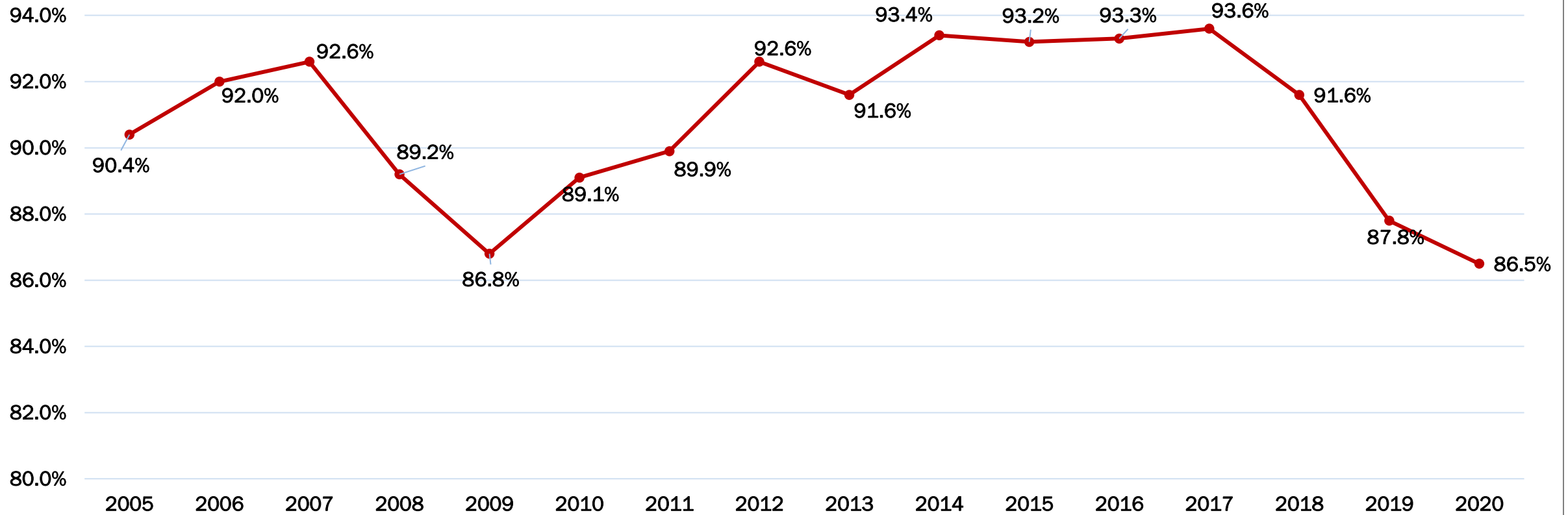
Episcopal Fund Balance Trends

Episcopal fund Reserves in Millions of Dollars



Jurisdictional Apportionments – Episcopal Fund

Episcopal Fund Collection Rate Trends



2020 is the lowest collection rate on record for the Episcopal Fund

Episcopal Fund Reserve Projections – Status Quo Scenario

Collection Rate Assumption	Projected Reserve Balance (in thousands of \$) at the End of:					# of Global Episcopal Areas to Balance Budget in 2022-2024 (1)	# of Global Episcopal Areas to Balance Budget in 2025 (1)
	2020	2021	2022	2023	2024		
90%	\$ 14,057	\$ 12,892	\$ 13,827	\$ 12,697	\$ 9,848	63	58
85%	\$ 14,057	\$ 11,739	\$ 11,473	\$ 9,244	\$ 5,323	59	54
80%	\$ 14,057	\$ 10,586	\$ 9,119	\$ 5,790	\$ 798	56	51
70%	\$ 14,057	\$ 8,281	\$ 4,411	\$ (1,117)	\$ (8,252)	49	44
65%	\$ 14,057	\$ 7,128	\$ 2,057	\$ (4,571)	\$ (12,777)	45	37
60%	\$ 14,057	\$ 5,976	\$ (297)	\$ (8,025)	\$ (17,303)	41	30
50%	\$ 14,057	\$ 3,670	\$ (5,005)	\$ (14,932)	\$ (26,353)	34	23

(1) Every reduction of \$285,000 per year of expenses would equal 1 additional Episcopal Area.

This is not a recommendation, but rather one revenue & cost scenario

Assumptions:

- Number of Episcopal Areas – No change from the 66 in 2020
- Apportionments
 - 2021 apportionments at the 2020 level of \$23.054 million. 2022-2024 changes to the current GCFA proposal approved in Nov. 2020.
- Expenses - are at the same level as 2020 except for the following increases:
 - Moving expenses increase by \$935,000 in 2021 for election of new Bishops
 - 1 in person COB meeting - \$500,000 / year
 - 6 week overlap of salaries for new and retiring Bishops (U.S. 2021 and CC 2022)

UMC SUPPORT



FINANCE & ADMINISTRATION

General Council on Finance and Administration

THE UNITED METHODIST CHURCH

*thank
you*



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