Interpretation of
2020 Conference Apportionment Budget

The “normalized” Conference budget for 2020 is $20,209,649, a decrease of $1,711,002 versus the approved 2019 budget. Conference direct mission and ministry budgets (Areas I, IV, VI and XII) comprise 63.7% of the Conference portion of the budget versus 64.31% in 2019. Note, however, that the percentage in the 2020 budget is the second highest in 10 years.

The recommended budget absorbs a 1.6% increase in general church apportionments, while reducing Conference-specific line items by 12.3% (normalized).

Please note that, as a result of a revision to Standing Rule E.3, the total budget apportioned by the Conference will be $20,984,649. This amount includes $775,000 reclassified from the twelve District Office apportionment budgets. The result of this reclassification is “budget neutral” in aggregate.

The recommended budget includes a 2.9% salary adjustment for Cabinet and staff, derived from the estimated increase in the consumer price index (CPI).

CONFERENCE FUNDS:

AREA I. MINISTERIAL SUPPORT
Episcopal Residence/Office/Discretionary $ 297,500
Conference Communications 262,000
District Superintendents' Compensation 1,978,767
District AA Salaries and DS Expenses 775,000
District AA Pension/Ins 92,250
Equitable Compensation Fund 425,000
Board of Ordained Ministry 552,000

Total Area I $ 4,382,517

The Episcopal Residence and Office Fund provides the conference share of financial support for the office and residence expense for North Georgia's
Resident Bishop. (In 2019, the General Church share of residence support is $10,000, while the General Church's share of office support is $88,000).

District Superintendents' Compensation line item represents salaries, health insurance and pension benefits for the twelve (12) district superintendents of our conference.

The Equitable Compensation Fund enables our conference to ensure all appointed clergy will receive Conference minimum compensation. The increase is due primarily to the designation by the Cabinet of specific “missional congregations.”

The Board of Ordained Ministry coordinates, with the Cabinet, deployment and credentialing of clergy. Additionally, it coordinates the provision of support for conference clergy through myriad services, continuing education activities, seminars, etc. This ministry enables our conference to meet the high standards and expectations of local church congregations. Decrease in 2020 is due to the designation of Trustees funds for the “ACEx2” clergy enrichment program. As a result, $250,000 was removed from the BoM budget.

**AREA II. RETIRED MINISTERS PENSION/INSURANCE**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired Minister Insurance Premiums</td>
<td>$2,200,000</td>
</tr>
<tr>
<td>Disability Premiums</td>
<td>335,000</td>
</tr>
<tr>
<td>Retirees' Past Service Pension (Pre-1982)</td>
<td>150,000</td>
</tr>
<tr>
<td>Total Area II</td>
<td>$2,685,000</td>
</tr>
</tbody>
</table>

Retired Minister Pension/Insurance reflects “fully funded status” as of 12/31/2018 (unaudited) for both the ViaBenefits defined contribution funding for the Heath Reimbursement Account for retired/eligible clergy and Conference staff, as well as the pre-1982 plan. The premiums noted for Retired Ministers insurance are based on claims expenses passed on to the Conference by WesPath (the General Board of Pension and Health Benefits). The benefit per claimant is currently capped at $3,600/annum. The small apportionment for pre-1982 is recommended to ensure continued funded status despite vagaries in both the investment markets as well as actual mortality data versus estimates based on mortality tables.

The disability premiums are increasing because, quite simply, there are more clergy filing for and being granted disability status.
AREA III. ADMINISTRATIVE FUND

Annual Conference Session/Journal/Handbook $ 265,000
This line item represents total direct Annual Conference session production expenses including documentation.

The following Area III office "sub totals" include director and staff salaries and benefits and office related expenses.

Office of Treasurer/Benefits/Admin/IT Services $ 913,000
This office develops, maintains and administers a comprehensive plan of fiscal and administrative policies, and benefits systems/processes and provides services for the all Conference's administrative ministries. Additionally, the office provides information through various media for clergy and laity who serve as church treasurers, financial secretaries, business administrators and finance committee chairpersons. This office administers all conference databases and computer equipment.

Office of Ministerial Services and Spiritual Formation $ 354,865
This office provides for the many needs of those who have dedicated their lives to God's service through the church, including maintenance of clergy service records/files. This department also provides for credentialing and support of all conference clergy.

BOT Methodist Center Operating Expenses $ 125,000
This represents net operating expenses for the conference offices, including insurance and telephone service for the new leased space.

Council on Finance and Administration $ 115,000
This includes conference and district audit fees, legal fees and meeting expenses for CFA.

Cabinet Expenses $ 80,000
This represents expenses for Cabinet members related to Cabinet meetings, including Annual Conference session and Pastor's School.

Total Area III $1,852,865
AREA IV. CONFERENCE BENEVOLENCES

Connectional Ministries:
- Administrative Support & Staff $686,250
- Program/Ministry Teams 150,000
- Camp and Retreat Ministries 376,800
- Conference Leadership Development 30,000

Sub Total Connect. Ministries $1,243,050

The Connectional Ministries functions are responsible for equipping and training local church leaders for effective ministry.

Action Ministries $500,000
This ministry continues the transformation of communities by counteracting social issues such as poverty, hunger and homelessness.

Housing and Homeless Council $10,000
This line item will partially fund staffing and office expenses.

Ministry of the Laity $30,000
The Conference Board of Laity fosters awareness of the role of laity both within the local congregation and through their ministries, develops and promotes stewardship, provides for training of lay members, provides support and direction for ministry of the laity and provides organization, direction and support for the development of local church leaders.

Total Area IV $1,783,050

AREA V. CAPITAL FUNDING

CAPEX $24,000
This represents funding for office equipment and computers.

UM Center Replacement Reserve $100,000
This is included in order to build a reserve fund to either continue leasing the UM Center after lease expiration, or to have funding to consider building.
Total Area V  
$124,000

**AREA VI. HIGHER EDUCATION AND CAMPUS MINISTRY**

Total Area VI  
$1,474,000

This line item represents support to the nine (9) United Methodist Colleges (7 in NGA) and eighteen (18) Wesley Foundations (12 in NGA) on college campuses in Georgia. The balance goes to support office expenses and capital funding.

**AREA XII. CONGREGATIONAL DEVELOPMENT**

Total Area XII  
$1,404,500

This budget includes funding for the following activities:

- **The Office of Congregational Development and Staff** - The salaries, benefits and expenses for personnel in the Office of Congregational Development.
- **New Church Salary and Support** - These funds are used to underwrite the compensation packages of our new church pastors and also to provide some start-up funding.
- **Market Research** - These funds are used to maintain a contract with a demographic consultant and to provide partnership opportunities with districts to develop district strategies.

**CONTINGENCY RESERVE**  
$50,000

**SUB TOTAL**
2020 CONFERENCE BUDGET  
$13,755,932

**GENERAL CHURCH FUNDS:**

**AREA VII. BLACK COLLEGE FUND**

Total Area VII  
$497,116

This line item represents our denomination's support, via supplements, of the operations and capital funding of historically black colleges and medical
schools related to the United Methodist Church, including Clark Atlanta University and Paine College.

**AREA VIII. MINISTERIAL EDUCATION FUND**

| Total Area VIII | $ 1,246,245 |

This ministry provides our churches financial support for the recruitment and education of our future pastors and bishops. Please note that our conference retains 25% of the fund balance for use in our conference. The retained fund balance as of 12/31/2018 is $166,392. Scholarship grants can total $1,000 per semester for undergraduate studies (certified candidates only) and $3,000 per semester for seminary students with a lifetime maximum per student of $26,000.

**AREA IX. INTERDENOMINATIONAL COOPERATION FUND**

| Total Area IX | $ 97,465 |

This fund enables United Methodists to have a presence in the activities of ecumenical organizations and provides our United Methodist share of the basic budgets of those organizations which relate to the ecumenical responsibilities of the Council of Bishops and the General Commission on Christian Unity and Inter-religious Concerns. Included in this fund in 2019 is support for:

- National Council of Churches $29,300
- World Council of Churches $25,680
- World Methodist Council $22,700
- Pan-Methodist Commission $1,170
- Ecumenical Office and Travel $12,605
- Interreligious Relations $1,760
- Other $4,250

**AREA X. WORLD SERVICE FUND**

| Total Area X | $ 3,689,804 |

The World Service Fund enables our denomination to strengthen its evangelism efforts, stimulate church growth, expand Bible studies and enrich spiritual commitment. This fund allows us to share in a worldwide ministry, including support for missionaries.

**AREA XI. AFRICA UNIVERSITY**

| Total Area XI | $ 111,252 |
This fund supports the development of the first private university for young men and women from all over Africa. Courses of study include agriculture, theology, medicine and dentistry, education, technology and management.

**AREA XIV. EPISCOPAL FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Total Area XIV</td>
<td>$1,092,701</td>
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</tbody>
</table>

This fund pays the annual salaries (approximately $155,000) and benefits of active bishops worldwide and some support for the retired bishops worldwide, funds the majority of the expenses related to episcopal offices and a portion of episcopal residence expenses. It also funds episcopal travel and moving expenses. Jurisdictional and Central Conference bishops receive support from this fund.

**AREA XV. GENERAL ADMINISTRATION FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Area XV</td>
<td>$438,134</td>
</tr>
</tbody>
</table>

This area funds those General Church activities that are specifically administrative in nature, such as the General Council on Finance and Administration, General Conference session, Archives and History and Judicial Council.

**SUBTOTAL 2020 GEN CHURCH BUDGET** $7,172,717


**AREA XVI. JURISDICTIONAL MISSION & MINISTRY FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Area XVI</td>
<td>$56,000</td>
</tr>
</tbody>
</table>

This area supports the administrative functions of the Southeastern Jurisdiction.

**GRAND TOTAL 2020 APPORTIONED BUDGET** $20,984,649

**How Are Apportionments Computed?**

**Step 1:** Conference determines annual budget, consisting of several ministries and programs, including retired ministerial support, regional ministries, new
church development, General Church and Jurisdictional apportionments to the North Georgia Conference.

**Step 2:** At calendar year-end, the local church completes the Local Church Report to the Annual Conference. (For the 2020 recommended budget, the latest available reports are the 2018 year-end reports.)

**Step 3:** The Treasurer's Office accumulates all local church reports and determines each local church's operating expenses. Operating expenses consist of salaries, pension benefits, clergy housing-related expenses, expense reimbursements, current program expenses, expenses related to commercial insurance and other current operating expenses. Operating expenses (also referred to as "decimal" expenses) do NOT include: Elder HealthFlex insurance expenses, payments on indebtedness, or capital-related expenditures. Also, expenses related to "self-sustaining" activities and local benevolences are NOT considered operating expenses.

**Step 4:** The Treasurer's Office totals the local church operating expenses for ALL 800+ North Georgia United Methodist churches. For year end 12/31/2018, this total was $195,856,625.

**Step 5:** We determine "the decimal." This is the conference budget divided by total church operating expenses (from step four). The decimal for 2020 is .1071, or 10.71%. This is a reduction of .59 percentage points from the 2019 approved budget. This means that the Conference budget, expressed as a percentage of local church expenditures, in aggregate, is down 5.2% versus the 2019 budget (.59/11.3). Please note that this is the lowest decimal percentage in at least 20 years.

**Step 6:** We multiply an individual church's operating expenses by the decimal, arriving at the total gross apportionment. We then prorate the gross apportionment to fifteen individual apportionment line items.

**Step 7:** Churches above 1000 members might have a "reasonableness test" applied to their apportionments (see formula below), and the Cabinet might adjust the computed apportionments for certain churches within that size range. This methodology was approved at AC 2006.
Step 8: We sum the apportionment for each individual district and send this information to the district offices. District Superintendents review the apportionments as calculated and may make adjustments to the calculated amounts. Such adjustments should be made only after discussion with the church's senior pastor. Note that the District’s aggregate apportionments cannot be changed.

Step 9: We will add the District Work Fund (DWF) apportionment to each church based on information provided by the District offices.

Step 10: District superintendents notify local churches of their apportionment amounts. This information is provided to the pastors via "Local Church Apportionment Reports" at the summer/fall district set-up meetings.

Please note that churches that are considered "newly constituted" have 5 years to transition into their full computed apportionment. In effect, the difference between their computed apportionment and what they are actually apportioned is subsidized by the other churches in the Conference for a five year period. (This is accomplished generally by apportioning in increments of 20% of computed apportionments per year for 5 years-20% in year 1, 40% in year 2, etc.)

Detailed Explanation of Step 7 as originally approved at 2006 Annual Conference Session (and re-ratified each year since):

In order to assure that our apportionment computation and allocation system is as equitable as possible, we recommend that a "reasonableness test" be implemented, which will work as follows-

a. Existing apportionment formula and rules for year-end report completion remain unchanged.

b. After the apportionments have been computed for all churches, three (3) comparative groups will be established-churches with membership from 1000-1999; 2000-2999; 3000+

c. The aggregate apportionments for each group will be divided by the aggregate membership of each group in order to calculate an average apportionment/member for each group.

d. Any church whose apportionment/member falls below the average for its group will be referred to the Cabinet for discussion about possibly being
moved up to the group average over a three (3) year period. Group average calculations will occur each year based on the latest reported membership statistics.

e. The Cabinet can review the apportionments for the churches in all 3 groups and will, as a body, discuss and might make adjustments to each church whose apportionment is below the average for its size range.

f. Apportionments added to the affected churches will not be offset by reductions in other churches and will be applied to Conference-specific apportionment line items ONLY and will NOT be added to General or Jurisdictional line items.

Information Only

Note: Information reported by our churches on the year end “Table III” report, which is a report of revenues, indicates the following-

Total “normal” giving (from 2018 aggregate Table III Report) - $269,362,482

The 2020 apportioned Conference budget, expressed as a percentage of aggregate “normal” revenues, is 7.8%.