

## Interpretation of 2019 Conference Apportionment Budget

The Conference budget for 2019 is \$21,920,651, a **decrease** of \$100,153 versus the approved 2018 budget. Conference direct mission and ministry budgets (Areas I, IV, VI and XII) comprise 64.31% of the Conference portion of the budget versus 62.25% in 2018.

### CONFERENCE FUNDS:

<b>AREA I. MINISTERIAL SUPPORT</b>	
Episcopal Residence/Office/Discretionary	\$ 290,000
District Superintendents' Compensation	1,923,000
District AA Pension/Ins	90,000
Equitable Compensation Fund	425,000
Board of Ordained Ministry	<u>689,000</u>
Total Area I	<u>\$ 3,417,000</u>

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 2018, the General Church share of residence support is \$10,000, while the General Church's share of office support is \$84,558).

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 and counseling support, which is essentially a clergy-specific expanded EAP Program subsidized by the Annual Conference. This ministry





This function is responsible for providing comprehensive internal and external communications on behalf of the Conference. While budgeted in Area IV, its historical functional “home”, note that the administrative oversight is now provided by the Episcopal Office. The increase in this area is due to the anticipated

Action Ministries \$ 600,000

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 \$ 45,000

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 \$2,396,295

## AREA V. CAPITAL FUNDING

CAPEX \$ 37,000

This represents funding for office equipment and computers.

UM Center Replacement Reserve \$300,000

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 \$337,000

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

Total Area VI \$ 1,520,000

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 \$ 2,187,000

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** \$250,000

**SUB TOTAL**  
2019 CONFERENCE BUDGET \$14,803,820

**GENERAL CHURCH FUNDS:**

**AREA VII. BLACK COLLEGE FUND**  
Total Area VII \$ 489,361

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 XIV. EPISCOPAL FUND**

Total Area XIV \$ 1,075,656

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**

Total Area XV \$ 431,300

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 2019 GEN CHURCH BUDGET** \$7,060,831

For more information on the General Church Budget go to:

[http://s3.amazonaws.com/Website\\_GCFA/reports/financial/2017-2020\\_Financial\\_Committment\\_Book\\_FINAL\\_071316\\_02.pdf](http://s3.amazonaws.com/Website_GCFA/reports/financial/2017-2020_Financial_Committment_Book_FINAL_071316_02.pdf)

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

Total Area XVI \$ 56,000

This area supports the administrative functions of the Southeastern Jurisdiction.

**GRAND TOTAL 2019 BUDGET** \$21,920,651

**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 2019 recommended budget, the latest available reports are the 2017 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 830+ North Georgia United Methodist churches. For year end 12/31/2017, this total was \$194,236,808 (an **increase of 2.06%** over 2016).

**Step 5:** We determine "the decimal." This is the conference budget divided by total church operating expenses (from step four). The decimal for 2019 is .113, or 11.3 %. This is a **reduction of 0.1 percentage points** from the 2018 approved budget. **This means that the Conference budget, expressed as a percentage of local church expenditures, in aggregate, is down 0.8% versus the 2018 budget (0.1/11.4).**

**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 will 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 (Based on DART Recommendation):** 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 will 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 2017 aggregate Table III Report) - \$273,971,502

**The 2019 Conference budget, expressed as a percentage of aggregate “normal” revenues, is 8.0%.**