

Report No. 6

GENERAL ADMINISTRATION FUND

The General Administration Fund (§ 813) finances those general church activities that are specifically administrative in nature, as contrasted with programmatic, missional, or ecumenical.

In the 2009–2012 quadrennium, the required apportionments for these General Administration Fund activities have increased by approximately 30% from the prior quadrennium. There are two primary themes that have given rise to the need for this increase. The first is a change in the funding source for Pension and Salary Aid. This does not represent an increase in general church spending, but merely a change to the fund that will be supporting the claim. The second relates to the costs associated with the preparation for and management of General Conference. Both of these themes are described below as are the changes in other aspects of the General Administration Fund.

The general economic pressures affecting spending at annual conferences and the shrinking membership of the jurisdictional conferences of The United Methodist Church have resulted in increasing challenges for annual conferences to respond to general church apportionment growth. Further, the needs of the agencies funded through World Service, the needs for significant increased funding for our bishops through the Episcopal Fund and the need for additional General Conference spending requires that the General Council on Finance and Administration keep increases of the General Administration Fund to a minimum. GCFA has been successful in doing this. Had the Salary and Pension Aid support been presented within the General Administration Fund for both the 2005 and 2009 quadrennia, rather than in World Service in 2005 and General Administration for 2009, the increase to the General Administration Fund for 2009–2012 would be shown to be approximately 8%.

Discussion of Specific Budget Items

Interpretation Resources (§ 1806.11-.13). United Methodist Communications has been allocated \$60,000 from the General Administration Fund for the cost of resources used by United Methodist Communications in promoting the Fund. No increase in these amounts over the prior quadrennium has been proposed.

The General Council on Finance and Administration (§ 805.6). The Council reports to and is amenable to the General Conference and is responsible for receiving and distributing general church funds. In addition, GCFA provides certain administrative services to the General Administration Funds including general ledger processing and maintenance, cash management and group insurance plan administration. As described in Report No. 14, a portion of the Council's expenses is charged to the General Administration Fund as provided in § 805.6a. These estimated charges, which are based upon certain assumptions regarding payment rates by Annual Conferences of apportionments, represent a 4% increase over the prior quadrennium.

General Conference (§§ 501-510). The amount budgeted for the General Conference includes delegate expenses, meeting operation costs (convention center and equipment rental, publishing, petition tracking software, worship, labor), language services (printed translation of advance materials and spoken interpretation on site), expenses of the offices of the secretary, business manager, and treasurer of the General Conference and expenses of the several commissions and committees in support of the event. The budget for General Conference for 2009–2012 represents a funding increase of approximately \$3.9 million over the 2005–2008 period.

The changing global nature of the church, with the increased growth of the church internationally, has increased the percentage of international delegates compared to U.S. General Conference delegates over recent quadrennia (1996–14% international, 2000–16% international, 2004–20% international, 2008–29% international, 2012–40% estimated international). This change in international representation has resulted in two of the four major cost drivers in the current quadrennium. 1) The cost of language services has increased from \$380,000 in 2000 for spoken interpretation to an estimated \$1.5 million in 2012 for the combination of spoken interpretation in seven languages as well as written translation in two languages. 2) In 2004, the average travel costs for delegates from within the United States was approximately \$500 for each delegate, while the average travel cost for delegates from outside the United States was approximately \$3,500 each. As representa-

tion outside of the United States grows, so likewise does the cost of travel for delegates. 3) The third cost driver is the continual increase in hotel and food per diem costs. In recent years, hotels, especially in major convention cities, are becoming less rate-competitive. Lodging costs are increasing at a rate that exceeds the general rate of inflation in these markets. 4) The fourth cost driver is under-funding of the General Conference in past quadrennia. A deficit of \$540,000 has accumulated from the General Conferences that took place in 1996 and 2000. An additional short-fall of \$750,000 is estimated for the 2008 General Conference. These deficits have been funded in the form of a non-interest bearing loan from the General Administration Fund of approximately \$1.3 million and \$870,000 is intended to be repaid through this proposed budget for 2009–2012. After the \$870,000 repayment, the remaining accumulated deficit will need to be addressed in the 2013–2016 quadrennium.

The General Commission on Archives and History (§§ 1701-1712). The purpose of this commission is to gather, preserve, hold title to and disseminate materials on the history of The United Methodist Church and its antecedents. The Commission’s “Ministry of Memory” envisions increased support to Central Conference historians and leaders and among racial ethnic populations. The spending in support of this new work results in an increase in the Commission’s budget of \$750,000, or 22% from the prior quadrennium.

Historic Sites and Heritage Landmarks (§ 1712). The supervision of historic sites and heritage landmarks is part of the responsibility assigned to the General Commission on Archives and History and the funds budgeted for this purpose are administered by the commission. The proposed quadrennial increases are approximately 11%.

The Judicial Council (§§ 2601-2612). The Judicial Council is the highest judicial body in The United Methodist Church. It determines the legality and/or constitutionality of actions by agencies, boards, conferences, and officials of the Church. ¶ 813.3 provides that the expenses of the Judicial Council shall be paid from the General Administration Fund, within a budget submitted annually to the GCFA for its approval. The membership of the Judicial Council has changed to now include an individual living in Africa. As a result, increased spending for language interpretation services and travel has resulted in a need for the council’s budget to increase by 57% from the budget for the prior quadrennium.

Pension and Salary Aid. Funding for several salary and pension assistance programs are combined in this item. It includes salary and pension aid to the Oklahoma Indian Missionary Conference, salary and pension aid to the Rio Grande Conference, and pension support to three unfunded pension programs (the Special Programs), as more fully described later. Funding for these programs in past quadrennia has been from the World Service Fund. During the 2009–2012 quadrennium, the funding has been moved to the General Administrative Fund so that it is no longer in competition with important missional initiatives of the World Service Fund.

Over the past few quadrennia, GCFA, working with GBOPHB and GBGM, has sought alternatives to funding these unfunded liabilities in order to minimize their ongoing financial impact on the general church. During the 2005–2008 quadrennium, GCFA, working with GBOPHB, has been able to fund the previously unfunded Rio Grande pension liabilities eliminating their impact on the 2009–2012 Quadrennium. The apportionments in support of these Rio Grande pension liabilities were approximately \$2 million in the 2005–2008 quadrennium. In addition, it is expected that the three Special Programs will be fully funded before the beginning of the quadrennium, eliminating their financial impact also.

The following table reflects apportionments for the last six quadrennia that have been used in support of these Pension and Salary Aid programs. They have totaled approximately \$32 million. Following 1988, all of these amounts were funded by the World Service Fund. As mentioned earlier, beginning in 2009, funding will be transferred to the General Administration Fund.

1985–1988	\$3,032,200
1989–1992	4,520,000
1993–1996	5,772,000
1997–2000	6,426,000
2001–2004	6,385,000
2005–2008	5,867,000

The proposed budget for 2009–2012 for these purposes is:

Oklahoma Indian Missionary Conference	
Pension Aid	\$ 240,000
Salary Aid	1,560,000
Rio Grande Conference	
Salary Aid	1,044,000
Special Programs	<u>-0-</u>
Total	\$ 2,844,000

The Special Programs provide for certain persons in a variety of fields whose pensions were not previously funded. These include *European Service*, which funds the pensions of displaced clergy who emigrated from Europe to the United States after World War II; *¶ 1506.16 payments*, which cover the pensions of retired clergy members of missionary conferences; and *Cuba Service II*, which provides funding for pensions for clergy who stayed in Cuba after autonomy for service in the annual conference prior to autonomy. As mentioned above, GCFA believes it will be able to fully fund these liabilities before the beginning of the budget period, resulting in a lower level of required apportionments than might otherwise be required by approximately \$600,000.

Contingency Reserve. This allocation provides funding for unforeseen or emergency situations that fall within the scope of general administration. In prior quadrennia these funds have been used for certain legal support grants to Annual Conferences and to provide unbudgeted financial support to the Judicial Council. The proposed funding may be used for similar purposes if needed, and if unused, will allow the reserve to be built back to a level which is believed to be more appropriate than its current level.

Report No. 6
General Administration Fund Budget
Quadrennium 2009-2012

	<u>2005-2008</u>	<u>2009-2012</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Fixed Charges						
Interpretation Resources	\$ 60,000	\$ 60,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Total Fixed Charges	60,000	60,000	15,000	15,000	15,000	15,000
On-Ratio						
General Council on Finance and Administration	17,597,000	18,298,000	4,487,000	4,312,000	4,477,000	5,022,000
General Conference	6,665,000	10,551,000	2,637,000	2,637,000	2,638,000	2,639,000
General Commission on Archives and History	3,435,000	4,185,000	1,023,000	1,033,000	1,050,000	1,079,000
Historic Sites and Heritage Landmarks	128,000	141,000	35,000	35,000	35,000	36,000
Judicial Council	273,000	456,000	103,000	108,000	110,000	135,000
Pension and Salary Aid (Note 1)	-	2,844,000	711,000	711,000	711,000	711,000
Contingency Reserve	153,000	400,000	100,000	100,000	100,000	100,000
Total On-Ratio	28,251,000	36,875,000	9,096,000	8,936,000	9,121,000	9,722,000
Grand Total	<u>\$28,311,000</u>	<u>\$36,935,000</u>	<u>\$9,111,000</u>	<u>\$8,951,000</u>	<u>\$9,136,000</u>	<u>\$9,737,000</u>

Note 1: During 2005-2008, Pension and Salary Aid was funded by the World Service Fund. These budgeted amounts were \$5,867,000 during the 2005-2008 quadrennium.