

The General Convention Budget
2010 – 2012
The Process

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The General Convention Budget
2010 – 2012
Executive Council Draft

Draft Budget 2010 – 2012: Background

The triennial budget:

- **Reflects the Church's mission and priorities**
- **Includes input from staff and Executive Council**
- **Must be balanced financially**

Draft Budget 2010 – 2012: Process

Summer 2007:	Budget Committee of Executive Council is appointed
Fall 2007:	Format for budget input is developed
February 2008:	EC holds think sessions to identify ministry and mission needs, opportunities, goals and priorities
June 2008:	EC aggress overall mission goals and priorities for the budget
Summer 2008:	Initial budget requests are received from staff and CCABs
October 2008:	EC evaluate whether initial budget requests address mission priorities
January 2009:	EC adopts proposed budget for 2010-2012

Draft Budget 2010 – 2012: Challenges and Assumptions

- **Currently witnessing economic conditions not seen since the Great Depression of the 1930s**
- **Initial spending requests were \$23 million more than expected income**
- **Assumes that diocesan giving, the major source of income, will increase by one percent in 2010 and by two percent in each of the remaining two years of the triennium**
- **Requires increasing the draw on endowment income – approximately 20% of revenue – from 5 percent to 5.5 percent**
- **Requires deferring major debt repayment; freezing Church Center salaries in 2010; making \$300K in additional staff cost reductions; and cutting most non-personnel expenditures, while making certain exceptions as rent and insurance payments**
- **Ignores neither the concept of abundance nor the concept of being good stewards for all those who come after us**

Draft Budget 2010 - 2012: Funding Assumptions

Total revenue is down \$2.5 mill compared to the current triennium forecast

- **Diocesan Commitments up \$5 mill assumed to grow 1%, 2% and 2% in 2010, 2011, 2012**
- **Asking continues at 21% of diocesan operating income. If all dioceses could pledge at 21%, there would be \$7 million annually of additional funds for mission**
- **Investment income down \$5 mill even with higher 5 1/2% dividend rate due to impact of 32% decline of endowment in 2008**
- **Government revenue and expenses vary with refugee arrivals but reflect currently known contracts**

Draft Budget 2010 – 2012: Next Steps

Program, Budget & Finance Committee at GC 2010 will:

- **Hold open hearings and listen**
- **Discuss and decide after open hearings**

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2010 – 2012

Program, Budget & Finance Proposal

Pre-Convention: Challenges and Assumptions

- **During March and April 2009, a few dioceses reduced their commitments to the budget.**
- **We forecast that diocesan income for 2009 would be some \$1.0 million or 3% lower than anticipated in the 2009 budget approved by EC in October 2008. We shared that forecast and Management's actions to reduce spending with PB&F in March and with EC in April 2009.**
- **In May, we asked all diocesan bishops to provide their best forecasts of changes in their own diocesan income for 2010-2012. The 25 responses showed average changes of -4.9%, +0.5% and -0.2% in each year. We shared these changes on PB&F BaseCamp each day.**

PB&F Proposal 2010 – 2012

- **During Funding Hearings at GC2009, dioceses asked for more relief from Askings. PB&F listened and responded by increasing the operating income exclusion (income not subject to the Asking rate) from \$100K to \$120K for each diocese; and reducing the Asking rate from 21% in each year to 21%, 20% and 19% in each of 2010, 2011 and 2012. Both actions were made in an effort to ease the economic burdens faced by every diocese.**
- **PB&F believed that diocesan commitments could continue to decline during 2010-2012 – and assumed declines of -4%, -2% and -2% in each of the years 2010-2012.**
- **As a result, diocesan income during the next triennium is budgeted at \$11.4 million less than income expected during the 2007-2009 triennium and nearly \$17 million less than in the original EC Draft Budget.**
- **PB&F decided the Budget should also include more appropriate provisions for legal expenses and debt amortization.**

Future Draft Budgets: Recommendations

- **Provide more flexibility when the draft Budget is presented to General Convention**
- **Present base budget and expansion budget**
- **Expand capital reserves**