

FINAL ALLOCATION OF WORLD SERVICE AND OTHER APPORTIONED FUNDS

After receiving affirmation from the boards of both the Connectional Table (CT) and the General Council on Finance and Administration (GCFA), the CT’s recommended funding allocation of the World Service and other apportioned funds for the 2021-2024 quadrennium will go to General Conference 2020.

The Book of Discipline, in paragraph 806.1b2, requires that both the CT and GCFA agree on the budget proposal. The boards voted during a joint meeting on April 4, 2019, after the CT’s two-day biannual meeting in Nashville, TN. The CT widely approved the recommendations, with 29 in favor and three opposed. GCFA’s approval was narrower, with nine in favor, eight opposed and one abstention. Below is a summary of the recommendation.

WORLD SERVICE CONTINGENCY FUND

In the report published in January of 2019, the CT Allocation Team recommended a robust World Service Contingency Fund (WSCF) with the intent of insuring that funds would be available for innovation as well as unanticipated needs. The team recognized, however, that the results of the Special Session now leave The United Methodist Church in a time of extreme uncertainty. To bring stability to the connection at a time when innovation would be an added challenge, the team decided to return the WSCF to an allocation more in line with past quadrennia.

A March addendum report to the board recommended a **\$1.4 million World Service Contingency Fund**.

REDUCED APPORTIONMENT PROJECTION

At an April Budget Advisory Team (BAT) meeting comprised of members of Connectional Table and GCFA, the BAT discussed the Economic Advisory Committee’s projection of a **\$4,885,764 reduction in the 2021-2024 apportionments from 2018 projections**. Taking those projections into account, reductions were made to the Episcopal fund and General Administration fund. The portion of the reduction that affected the Connectional Table allocation was a \$2,975,764 additional reduction, resulting in \$358,579,025 to allocate.

	Amount	% of Total
March 2019 EAC Reduction of Apportionments Projection	\$ 4,885,764	100.0%
Reduction to Episcopal Fund	\$ 1,850,000	37.9%
Reduction to General Admin. Fund	\$ 60,000	1.2%
Total GCFA Recommended Reductions	\$ 1,910,000	39.1%
Amount to be Reduced by CT	\$ 2,975,764	60.9%

The CT Allocation Team recommended taking the first \$1 million from the World Service Contingency fund, reducing that fund to **\$0.4 million**, which is similar to past quadrennia allocations.

The remaining reductions were based on the expected percentage of the distribution of the allocation to the agencies and other funds. The result is each fund and agency will receive some reduction to their budget for the 2021-2024 quadrennium.

The complete spreadsheet and chart of the distribution of the allocation by percentage to each fund, which were approved by the Connectional Table and General Council on Finance and Administration, are below.

	2017-2020 Quad	Current %	Final 2021-2014 Quad	Change in \$\$ Final	Final % Change	Final Share %
Total Apportioned @ 2.7 Net Expenditures	\$ 604,033,991					
Less						
Episcopal Fund	\$ 92,019,335					
General Administration Fund	\$ 36,896,453					
Available before fixed charges & On-Ratio	\$ 475,118,203					
Fixed Charges						
Interdenomination GCFA-Fixed	\$ 204,600					
GCFA	\$ 7,372,537					
Total Fixed Charges	\$ 7,577,137					
	2017-2020 Quad	Current %	Final 2021-2014 Quad	Change in \$\$ Final	Final % Change	Final Share %
On-Ratio & Fixed-Available	\$ 467,541,066					
Fixed						
Connectional Table	\$ 2,140,350	0.5%	\$ 2,021,858	\$ (118,492)	-5.5%	0.6%
Interpretation Resources	\$ 1,432,197	0.3%	\$ 1,068,114	\$ (364,083)	-25.4%	0.3%
Total Fixed	\$ 3,572,547	0.8%	\$ 3,089,972	\$ (482,575)	-13.5%	0.9%
On Ratio						
COSROW	\$ 3,957,518	0.8%	\$ 3,936,309	\$ (21,209)	-0.5%	1.1%
GCORR	\$ 7,354,467	1.6%	\$ 7,313,697	\$ (40,770)	-0.6%	2.0%
Minority Group Self-Determination Fund	\$ 2,488,777	0.5%	\$ 2,475,359	\$ (13,418)	-0.5%	0.7%
United Methodist Men	\$ 1,476,974	0.3%	\$ 1,468,905	\$ (8,069)	-0.5%	0.4%
UMCOM	\$ 71,651,059	15.3%	\$ 46,601,201	\$ (25,049,858)	-35.0%	13.0%
Korean (GBGM)	\$ 3,061,048	0.7%	\$ 3,043,230	\$ (17,818)	-0.6%	0.8%
Pacific Island (GBGM)	\$ 540,302	0.1%	\$ 537,041	\$ (3,261)	-0.6%	0.1%
Asian American (GBGM)	\$ 1,398,428	0.3%	\$ 1,392,327	\$ (6,101)	-0.4%	0.4%
Native American (DM)	\$ 1,073,317	0.2%	\$ 1,069,109	\$ (4,208)	-0.4%	0.3%
Strengthening the Black Church (DM)	\$ 1,976,432	0.4%	\$ 1,964,176	\$ (12,256)	-0.6%	0.5%
National Hispanic Plan (GBGM)	\$ 3,143,830	0.7%	\$ 3,126,770	\$ (17,060)	-0.5%	0.9%
Interdenominational Cooperation	\$ 8,003,220	1.7%	\$ 994,520	\$ (7,008,700)	-87.6%	0.3%
Ministerial Education (inc AC 25% share)	\$ 104,949,647	22.4%	\$ 76,578,011	\$ (28,371,636)	-27.0%	21.4%
Black College Fund	\$ 41,863,455	9.0%	\$ 35,388,986	\$ (6,474,469)	-15.5%	9.9%
Africa University	\$ 9,368,872	2.0%	\$ 7,956,157	\$ (1,412,715)	-15.1%	2.2%
Central Conference Theological Fund (HEM)	\$ 10,000,000	2.1%	\$ 6,961,637	\$ (3,038,363)	-30.4%	1.9%
Young Clergy Initiative (HEM)	\$ 6,952,413	1.5%	\$ 5,967,118	\$ (985,295)	-14.2%	1.7%
GBHEM	\$ 26,932,588	5.8%	\$ 21,427,920	\$ (5,504,668)	-20.4%	6.0%
GBCS	\$ 11,021,677	2.4%	\$ 8,751,773	\$ (2,269,904)	-20.6%	2.4%
GBGM	\$ 111,338,501	23.8%	\$ 88,582,858	\$ (22,755,643)	-20.4%	24.7%
DM	\$ 34,952,169	7.5%	\$ 29,537,233	\$ (5,414,936)	-15.5%	8.2%
Total On-Ratio-Program Agencies	\$ 463,504,694	34%	\$ 355,074,338	\$ (108,430,356)	-23.4%	99.0%
World Service Contingency Fund	\$ 463,825		\$ 414,715	\$ (49,110)	-10.6%	0.1%
Total On-Ratio	\$ 463,968,519	99.2%	\$ 355,489,053	\$ (108,479,466)	-23.4%	99.1%
Grand Total On Ratio, CT & Interpretation	\$ 467,541,066	100%	\$ 358,579,025	\$ (108,962,041)	-23.3%	100.0%
Running Total of available amount	\$ -					

Distribution of the allocation by percentage to each fund

AGENCY/FUND	CURRENT % ALLOCATION	PROPOSED % ALLOCATION	% CHANGE	INC./DEC. SHARE
General Board of Global Ministries	23.8	24.7	0.9	Increase
Ministerial Education Fund	22.4	21.4	-1.0	Decrease
United Methodist Communications	15.3	13	-2.3	Decrease
Black College Fund	9.0	9.9	0.9	Increase
Discipleship Ministries	7.5	8.2	0.7	Increase
General Board of Higher Education and Ministry	5.8	6	0.2	Increase
General Board of Church and Society*	2.4	2.4	0.1	Increase
Central College Theological Education Fund	2.1	1.9	-0.2	Decrease
Africa University	2.0	2.2	0.2	Increase
Interdenominational Cooperation Fund	1.7	0.3	-1.4	Decrease
General Commission on Religion and Race	1.6	2	0.5	Increase
Young Clergy Initiative	1.5	1.7	0.2	Increase
General Commission on the Status and Role of Women	0.8	1.1	0.2	Increase
National Plan Hispanic/Latino Ministry	0.7	0.9	0.2	Increase
Korean Ministry Plan	0.7	0.8	0.1	Increase
Connectional Table	0.5	0.6	0.1	Increase
CORR Action Fund	0.5	0.7	0.2	Increase
Strengthen the Black Church for the 21 st Century	0.4	0.5	0.1	Increase
United Methodist Men	0.3	0.4	0.1	Increase
Native American Comprehensive Plan*	0.2	0.3	0.1	Increase
Asian American Language Ministries	0.3	0.4	0.1	Increase
Interpretation Resources (fixed charge)	0.3	0.3	0	No Change
Comprehensive Plan Pacific Island United Methodist	0.1	0.1	0	No Change

(*GBCS and NACP represent a .01 increase in allocation amount according to this chart due to rounding.)

See below report made public previously.



Connectional Table

The United Methodist Church

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- I. Edited Allocations Report p. 5
- II. Addendum to the Allocations Report (reflects recent changes) p. 45
- III. Connectional Table Allocations Recommendations: Executive Summary for report published January 29, 2019 p. 51
- IV. Allocations FAQ p. 58-59

Recommendations for Allocations of the 2021-2024 Quadrennial Budget

CT Allocations Team
Report January 29, 2019
Updated: March 20, 2019



Connectional Table

The United Methodist Church

OVERVIEW

The Connectional Table (CT) is mandated by The Book of Discipline of The United Methodist Church to make allocations to the five apportioned funds: **World Service, Africa University, Black College Fund, Ministerial Education Fund**, and the **Interdenominational Cooperation Fund**, (cf. BOD ¶806.1B, 806.2). As the Discipline notes,

*“The Connectional Table will review the program priorities, missional priorities, and special programs and the **estimated amount available** to the general program agencies, and then **establish the amounts to be distributed** to those agencies from the annual World Service allocation. The Connectional Table will review both the funding priorities and the estimated amount available to the other funds and then establish the amounts to be distributed to each.” BOD ¶806.2 (emphasis added)*

The General Council on Finance and Administration (GCFA), is to determine, in conversation with CT, the **amount available** for allocations, (cf. BOD¶806.1b.1). GCFA has made that determination after considering the recommendations of the *Apportionment Sustainability Task Force*, the *Economic Advisory Committee*, the *CT-GCFA Budget Advisory Team* and others.

Accounting for a proposed base percentage rate of 3.27% and estimated local church net expenditures, GCFA has determined that **\$361,555,000** is available for allocation to the five funds for the 2021-2024 quadrennium (See chart below). This is an 18% reduction over the current quadrennium. Because of changes to the Episcopal Fund, it is effectively a 23% reduction.

	2017-2020 Budget	2021-2024 Budget	% Change
Total Apportionments	\$ 604,033,991	\$ 498,654,000	-17.4%
GCFA Recommended Allocations:			
Episcopal Fund	\$ 92,019,335	\$ 100,026,000	8.7%
General Administration Fund	\$ 36,896,453	\$ 30,170,000	-18.2%
World Service Fund Fixed Charges	\$ 7,372,537	\$ 6,839,000	-7.2%
Interdenominational Cooperation Fund Fixed Charges	\$ 204,600	\$ 64,000	-68.7%
Total GCFA Recommended Allocations	\$ 136,492,925	\$ 137,099,000	0.4%
Amount Available for CT Allocations	\$ 467,541,066	\$ 361,555,000	-22.7%

BASE PERCENTAGE RATE = 3.27%

↓

18%

EFFECTIVE REDUCTION = 22.7

It is important to note, however, that the original recommendation of the Apportionment Sustainability Task Force was a 25% reduction. With changes in the Episcopal Fund, this would have resulted in an actual 32% reduction in the amount of funds available to allocate.

The reductions in the overall budget are caused by this decrease in the funds available for allocation—a decrease in the size of the pie, so to speak. Such reductions are separate from changes that result from a shift in the allocations—in how the pie is cut. As you will see later in

this report, the actual share of the budget (the size of the slice of the pie) has not changed significantly for most agencies and funds. In some cases, that share of the pie has increased.

HISTORICAL BACKGROUND

Since its inception, the Connectional Table has not made significant changes to allocations. However, there have been adjustments to allocations over the years (see timeline in Appendix A). For instance, in 2008 United Methodist Communications received an increased allocation to improve communications in the hope of stemming denominational decline. In 2012, \$12 million in allocations were shifted from the four major program agencies to fund the Central Conference Theological Fund and the Young Clergy Initiative. These adjustments were targeted to reduce impact on the smaller agencies. Following the failed Call to Action proposal in 2012, which put significant pressure on the general agencies, CT leadership stressed that there would be no changes to allocations in the 2016-2020 quadrennium, to allow a time of relationship and trust building. The expectation has been, however, that for the budget-setting process for the 2021-2024 quadrennium, that maintaining the same allocations would not be assumed. This expectation is reflected in the CT/GCFA Budget Advisory Team's Guiding Principles.

- *“Historical allocation of the WSF to the agencies as well as the level of funding for the Black College Fund, Ministerial Education Fund, Africa University Fund and the Interdenominational Cooperation Fund will not be assumed. The allocation will be made based in part on the following:*
 - *The church's missional priorities*
 - *Levels of reserves*
 - *Evaluations*
 - *Demonstrated commitment to administrative and program efficiencies.”*

CURRENT REALITY

The Apportionment Sustainability Task Force has highlighted realities that point to the necessity for change:

- We are an aging and shrinking denomination.
- The current trajectory of apportionments is no longer sustainable for annual conferences in the U.S., some of which are paying apportionments from reserves.
- There is a strong desire within the connection to redirect funds to the annual conference and local church level to support mission at the grass roots.

The \$361,555,000 available for allocation is a reduction of \$105,986,066 from the current quadrennium. Changes in allocations are not the cause of this reduction. However,

some agencies and funds will experience further reductions or no reduction at all because of changes in allocations.

With a reduction of nearly \$106 million and changes in allocations, agencies and funds likely will have to focus their ministry, consider reducing programming, seek increased opportunities for collaboration and partnership, and consider new ways of operating that may necessitate petitioning the General Conference for changes in mandates. Agencies and funds will be challenged to find ways to transition to new ways of operating, and the connection must support this transition.

This report takes these realities into account and includes recommendations for allocations to the five apportioned funds. We have given the leadership of these bodies an opportunity to provide feedback and have given serious consideration to their feedback, making some changes based on our foundational values (described later in this document) and budgetary constraints.

This process has not been easy. We have been very aware of the complexity of our task, and at times we have struggled. Each of us on the Allocations Team has been painfully aware of the significant changes that are ahead, of the important ministry that could be lost, the lives that could be upended and the anxiety that this very process is causing.

We have wrestled with the knowledge that change is painful, and we have tried our best to listen. We have held multiple listening sessions, met individually with treasurers and others, and have communicated about our process on a regular basis. We are very grateful for all who have made the time to meet with us, answered our questions and provided us with the data upon which we have based our work.

What follows are details about our reasoning; our biblical, theological and missional grounding; and more specifics about our recommendations. We prayerfully offer this work to The United Methodist Church.

REBUILDING FOR THE BODY OF CHRIST: A THEOLOGICAL GROUNDING

The Body of Christ lives out its mission in an ever-changing, diverse global community. Even as we live with the tension of an expanding mission field and declining financial resources, we look to the future with the eschatological hope of the rebuilding of Zion. The psalmist reminds us that our focus is on resourcing the Church for generations to come.

“³⁵ For God will save Zion
and rebuild the cities of Judah;
and his servants shall live there and possess it;
³⁶ the children of his servants shall inherit it,
and those who love his name shall live in it.

(Psalm 69:35-36, NRSV)

Rebuilding offers the opportunity for the Church to take seriously the generative nature of our mission. Since its birth, passionate disciples have re-membered The United Methodist Church and been called to use their gifts in building up the Body of Christ. We have a responsibility to build upon that heritage. The 2021-2024 budget allocations provide an opportunity for the adaptation and change necessary to meet the needs of the Church of our children and grandchildren, which may look different from the Church we know today.

As we acknowledge the reality of reduced financial resources, we also celebrate the faithful and wise stewardship of our general agencies, commissions, national plans and funds. Just as Joseph stored grain during the “years of plenty” in order that there be sustenance during “the years of famine” (Genesis 41), some have effectively managed their resources in order to set aside reserves for the future.

Others, like those in Jesus’ parable who multiplied their talents, have effectively utilized their limited resources for significant ministry beyond their mandates. Still others have focused upon aligning mission and ministry to maximize their impact. We celebrate that these prudent practices are already helping protect our capacity for ministry even as we contemplate re-shaping the budget.

WE ARE THE BODY OF CHRIST

“For just as the body is one and has many members, and all the members of the body, though many, are one body, so it is with Christ. For in the one Spirit we were all baptized into one body—Jews or Greeks, slaves or free—and we were all made to drink of one Spirit...Now you are the Body of Christ and individually members of it,” (1 Corinthians 12: 12-13, 27).

Another aspect of the biblical vision for the Church, which emerges from 1 Corinthians 12, in turn informs these allocation recommendations.

First, we continually aspire to be a connectional Church where each part of the body works for the common good (1 Corinthians 12:7). We have witnessed the benefits of synergy when each part of the body is highly functioning, coordinated and contributes its part without reservation. Such collaboration results in missional outcomes which far exceed the sum of the individual contributions.



Therefore, we have discerned the recommended allocations by looking holistically at the financial capacity of each individual agency and apportioned fund, and at all the agencies and funds “collectively” in relationship to the overall mission of making disciples of Jesus Christ for the transformation of the world. We see this mission as the common good for which we are all working at every level of the Church.

Second, we recognize the Spirit-given gifts and callings that find expression throughout every level of the Church. We value the many, diverse members of the Body of Christ (1 Corinthians 12:14) expressed through The United Methodist Church whether it be in a local, district, annual conference or general agency setting.

Therefore, we value that local churches and extensions ministries are “the most significant arenas through which disciple-making occurs” (United Methodist Book of Discipline (BOD), ¶ 120). We also recognize that “The annual conference is the basic body of the Church...,” (BOD ¶33). Annual conferences interpret and fund the best ways to equip their local churches. The budgetary changes being recommended can make possible the retention of more financial resources locally, while strategically focusing funding of the global, connectional mission represented in the five apportioned funds.

Further, we value the general agencies and funds because they are uniquely positioned to help express our common vision, mission, and ministry. Agencies and funds provide essential services and ministries beyond the scope of individual local congregations and annual conferences through services and ministries that are highly focused, flexible, and capable of rapid response (BOD ¶701.3). Funding the strategic, core mission of each agency and fund is still valid for a worldwide witness.

Third, we celebrate and defend the value that each part brings to the body. As Paul teaches, we acknowledge that each part of the body has a different capacity and function (1 Corinthians 12: 20-21).

Therefore, we recognize the unique, indispensable contributions of each of the smaller commissions and funds and are protecting their role and significance by minimizing financial hardships which otherwise might be brought about by more significant reductions in allocation.

In summary, we believe these biblical reflections are foundational to the connective nature of The United Methodist Church. As we present our budgetary recommendations, we seek scriptural alignment with the proposed budget allocations to support a “vital web of interactive relationships” (BOD ¶132).

THE VALUES THAT GUIDED US

The dictionary defines values as key principles or standards that guide behavior. As followers of Jesus, the standards that guide us are grounded in the witness of Jesus’ life. Indeed, we looked to the example of Jesus as we approached the complex task of making allocations for the quadrennial budget. We did what He did, every time He “went to the other side” for prayer. A prayer by the late Bishop Reuben Job, in particular, guided us. It noted:

“We have been given responsibility for decision making. It is a large responsibility, and the issues are complex and seldom clearly one way or the other. Even when we have gathered all the facts and looked at and listened to all the evidence, the answer may still be unclear. We bring our best thoughts and all of our previous experiences to the decision-making process, and still we find that prejudice, half-truths, insufficient evidence, and lack of wisdom leave us uncertain about God’s way in the matter. At times like this we long for the assurance of God’s presence with us. We yearn to ask Jesus, who always reflected God’s will, what our decision should be, what really is God’s will,” (From A Guide to Spiritual Discernment, compiled by Reuben Job).

Ultimately, the real question is, “What is God’s will? How do we find it?” Perhaps we begin by emptying ourselves of our own designs and opening ourselves to God’s Spirit in prayer. Then we focus on the mission of our Church. Our mission, as a key value, is at the core of everything we do. It shapes our visions and our dreams and guides us into a future that is in line with God’s call upon the Church. As our Book of Discipline notes:

“The mission of the Church is to make disciples of Jesus Christ for the transformation of the world by proclaiming the good news of God’s grace and by exemplifying Jesus’ command to love God and neighbor, thus seeking the fulfillment of God’s reign and realm in the world.” (BOD ¶121)

As we considered allocations to the World Service funded agencies and other apportioned funds, we asked how each aligns with this **mission**. And we asked how the **missional priorities** of the agencies and the funds are lived out in line with the Four Areas of Focus, which are the missional priorities of the Church. We also sought to discern the **core mission** of the agencies and funds that must be sustained to maintain the identity and integrity of The United Methodist Church. We asked our agency and fund staff to identify **emerging missional priorities** that must be addressed if we are to continue to be vital and relevant in a changing world.

We also highlighted the value of **fairness and justice** as we engaged our work and asked what our Social Principles could teach us about ways to achieve equity in our process. Because of this value, we avoided across-the-board cuts. Instead, we considered the varying capacity of agencies and funds to sustain cuts without destroying core mission. In approaching our work in this way, we sought to ensure equity. Concerns for equity recognize that equal treatment across the board does not necessarily ensure equitable access.

As well, we focused on **stewardship**, recognizing that neither the Church nor its resources are ours. The Church belongs to Jesus Christ and its resources are His. We have been given stewardship of these resources for this time in the life of our connection. God is expecting us to be good stewards by ensuring that the Church's resources are fully aligned to its mission.

Finally, we sought to live out the value of **transparency** by holding multiple listening sessions, and by sharing our work with general secretaries and fund staff, agency and fund treasurers, agency chairs, and others. We sought to shine a light on our work in an effort to build trust and ensure collaboration. We choose transparency in our process as a way to be faithful to our call to the Christian life—a call to “walk in the light as Jesus is the light,” (1 John 1:7).

SOME ADDITIONAL OBSERVATIONS ABOUT OUR PROCESS

We have taken a holistic approach that highlights our commitment to connectionalism.

As noted in our Theological Grounding, “First, we continually aspire to be a connectional Church where each part of the body works for the common good (1 Corinthians 12:7)...Therefore, we have discerned the recommended allocations by looking holistically at the financial capacity of each individual agency and fund and at all the agencies and funds “collectively” in relationship to the overall mission of making disciples of Jesus Christ for the transformation of the world. We see this mission as the common good for which we are all working at every level of the Church.”

Indeed, we have sought to care holistically for the needs of the whole body (e.g. local churches, annual conferences, general church bodies). We have put everything on the table by examining the financial capacity of all agencies and funds in light of the mission of the whole connection.

We have been rigorous in our analysis.

We have based our work on factual information and data gathered from GCFA and agency and fund treasurers. We also have talked with treasurers on multiple occasions to clarify understandings of data and have used a consultant to help us with the financial aspects of this work. We have continued to invite feedback and refine our understandings.



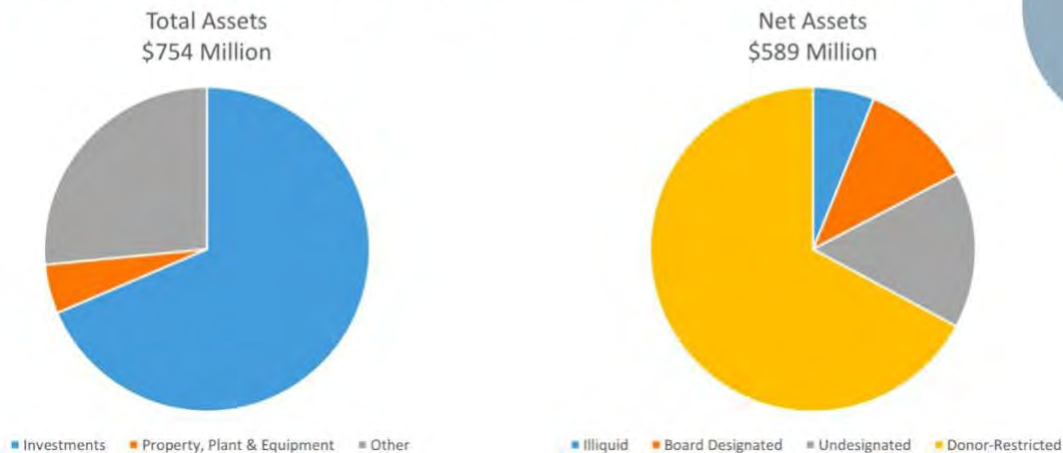
RECOMMENDATIONS FOR ALLOCATIONS

As we offer these recommendations, we begin by highlighting reasons for celebration. We celebrate that our agencies, commissions, national plans and funds continue to engage important ministry by:

- Finding innovative ways to reach out to a changing mission field;
- Preparing lay and clergy leaders for the Church and the world of tomorrow;
- Making inroads in global health and worldwide mission;
- Advocating for justice and for the inclusion of all people;
- Reaching out to be in ministry with our ecumenical partners; and
- Telling the United Methodist story through innovative and needed communications platforms.

We also celebrate that most of our agencies are well-reserved, and all of our agencies and funds are debt-free. Indeed, even at a time of declining resources, we have options and opportunities for ministry ahead.

WE HAVE RESOURCES: CONSOLIDATED FUND & AGENCY SNAPSHOT-ASSETS



What follows are the recommendations that we have made and our rationale (based on our stated values). We offer these recommendations as a continuation of a process of open conversation, collaboration, and trust-building. We ask you to join us in giving them prayerful consideration.

1. MISSIONAL ALIGNMENT THROUGH THE WORLD SERVICE CONTINGENCY FUND

THE FOUR AREAS OF FOCUS



The World Service Contingency Fund is an already existing part of the World Service apportioned fund whose mandates are explained in the *Book of Discipline*, (cf. 806.3d). There it states, “...the General Council on Finance and Administration shall estimate and communicate to the Connectional Table the sum available at that time from World Service contingency funds to meet requests for additional funding from the general program agencies. The Connectional Table shall be authorized to approve allocations to the general program agencies for additional program funding up to the limit so established.”

As noted in the GCFA Financial Commitments Book, The World Service Contingency Fund “...provides funding for emerging needs in the World Service Fund areas that occur during a quadrennium. These funds are allocated to program agencies for new programs to address unanticipated needs. Contingency fund allocations must first be approved by both CT and GCFA.”¹

The most significant change in philosophy in how we do allocations is represented by our recommendation to increase the World Service Contingency Fund to approximately \$8.9 million and to focus it missionally. **(See Allocation Worksheet, Appendix B).**

¹ *The Financial Commitment of The United Methodist Church, 2017-2020*, General Council on Finance and Administration, p. 13-14.

This increase in the contingency fund is intended to ensure collaborative missional impact through the Four Areas of Focus (or any future missional priorities set by the denomination). This fund will continue under the granting direction of the Connectional Table and under the existing disciplinary mandates that describe the fund. As is the case already and as the Discipline mandates, the CT is ineligible for support from contingency funds.

We believe that this fund will nurture collaborative, adaptive, visionary, and innovative efforts to bring vitality to our worldwide connection through a sustained focus on evangelism and church growth, ministry with poor and underserved communities, global health and innovation in leadership and leadership development (our Four Areas of Focus) as well as other areas. And we further believe that this fund will enable the denomination to respond to emerging missional needs and priorities in an uncertain future. **Rationale (Mission, Missional Priorities, Emerging Missional Priorities):**

Applications from World Service funded program agencies will be considered for this funding. In reviewing applications, the Connectional Table will consider the following criteria:

- i. Ministry that addresses the missional priorities of the denomination, which are currently Vital Congregations through the Four Areas of Focus. Such ministry should further the mission of the Church and have impact beyond what any one agency or connectional body can do.
- ii. Ministry that furthers The United Methodist Church's worldwide identity.
- iii. Ministry that is innovative, adaptive and encourages experimentation.
- iv. Ministry that addresses emerging priorities.
- v. Ministry that is collaborative, non-duplicative and nurtures partnership. Such ministry should be beyond existing disciplinary mandates.
- vi. Recognizing that our connection is in a time of adaptation and change, this contingency can also fund transition to new ways of functioning.

Examples of already-existing ministries that have been supported by this fund are the collaborative work of the Immigration Task Force and COSROW's collaborative work on boundaries training through the Do No Harm events. Increasing this fund will give the connection greater opportunities to support innovation that addresses emerging needs.

At a time of great change, this fund also can give our connection the “imaginative capacity” to adapt, dream and develop the ministries that will lead us into the future.

2. THE SMALLER WORLD-SERVICE FUNDED COMMISSIONS

We recommend maintaining the current funding levels of three of the smaller World Service funded commissions (*The General Commission on the Status and Role of Women (GCOSROW)*, *the General Commission on Religion and Race (GCORR)*, and *the Commission on United Methodist Men (UMM)*). **(See Allocation Worksheet, Appendix B). Rationale (Core Mission Sustainability, Fairness/Justice, Emerging Missional Priorities):**

- a. In the course of our listening sessions with the general secretaries, there was an expressed desire amongst that body to protect the core mission of the smaller commissions. The general secretaries affirmed, with us, that the smaller commissions have more limited revenue sources and reserve capacity.
- b. In line with the values of core mission sustainability and fairness, we recognize that a significant budget cut would prevent these three commissions from being able to sustain thriving ministry.
- c. In addition, COSROW and GCORR, and to a lesser extent UMM, are heavily dependent on apportionments for their program. Apportionment income as a percent of total expenses exceeds 75% for COSROW and GCORR.
- d. We recognized, in particular, the emerging issues related to the #MeToo movement and growing racism and authoritarianism around the world, that have made the work of GCORR, on cultural competency, of COSROW, on boundaries training and response team preparation, and of UMM on domestic violence prevention, especially important.

THE GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation²</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$3,957,518	0.8%	\$3,958,000	1.1%	0.2%

² Rounded

THE GENERAL COMMISSION ON RELIGION AND RACE

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$7,354,467	1.6%	\$7,354,000	2%	0.5%

UNITED METHODIST MEN

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$1,476,974	0.3%	\$1,477,000	0.4%	0.1%

3. THE NATIONAL PLANS (Korean Ministry Plan, Comprehensive Plan for Pacific Island United Methodists, Asian American Language Ministries, Native American Comprehensive Plan, Strengthening the Black Church for the Twenty-First Century, National Plan for Hispanic/Latino Ministry)

We recommend maintaining the current funding level for the National Plans, but seek to raise some key questions and considerations for the future. **(See Allocation Worksheet, Appendix B). Rationale (Core Mission Sustainability, Fairness/Justice, Mission, Emerging Missional Priorities):**

- a. We believe that the National Plans represent important ministry potential for the Church to more fully address a diversifying mission field in the United States. They are important to the UMC living more fully into its mission of making disciples of Jesus Christ for the transformation of the world.
- b. We also affirm that the National Plans are important in providing empowerment for underserved populations and communities.
- c. In line with our stated values of core missional sustainability and fairness, we recognize that a significant reduction in funding for some of the National Plans would negatively impact their ability to sustain their core mission.
- d. We are encouraged that the National Plans are currently involved in conversations about their future, and we would not want to impede those conversations by greatly decreasing funding at this time. However, we raise several questions that we suggest the National Plans engage over the remainder of the quadrennium as they have conversations about future mission and direction. These questions are as follows:

- i. What is the role of the National Plans within a worldwide Church? How do the National Plans further the UMC’s identity as a worldwide connection?
- ii. Might there be greater missional alignment and collaboration if the National Plans were associated with just one general agency. If this would provide needed synergy, which general agency would make the best missional fit?
- iii. We are aware that there have been conversations about consolidating the National Plans for missional impact. Noting that there are great differences in funding (for instance the Korean National Plan is funded at 300% of the Native American Plan), might the National Plans consolidate and pool resources for greater missional impact for all of the populations served?

KOREAN MINISTRY PLAN (KMP)

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$3,061,048	0.7%	\$3,060,000	0.8%	0.2%

**COMPREHENSIVE PLAN FOR
PACIFIC ISLAND UNITED METHODISTS (CPPIUM)**

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$540,302	0.1%	\$540,000	0.1%	0%

ASIAN AMERICAN LANGUAGE MINISTRIES (AALM)

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$1,398,428	0.3%	\$1,400,000	0.4%	0.1%

NATIVE AMERICAN COMPREHENSIVE PLAN (NACP)

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$1,073,317	0.2%	\$1,075,000	0.3%	0.1%

STRENGTHENING THE BLACK CHURCH FOR THE TWENTY-FIRST CENTURY (SBC21)

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$1,976,432	0.4%	\$1,975,000	0.5%	0.1%

NATIONAL PLAN FOR HISPANIC/LATINO MINISTRY (NPHLM)

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$3,143,830	0.7%	\$3,144,000	0.9%	0.2%

- 4. UNITED METHODIST COMMUNICATIONS (UMCOM)**— We recommend that the approximate \$1.432 million UMCOM receives as a fixed charge³ for the interpretation and promotion of giving for the World Service Fund remain unchanged. We also recommend that its on-ratio⁴ World Service funding be reduced by 37% due to the missional capacity that its reserves represent. We acknowledge that this change in funding will be challenging. However, we believe that UMCOM can continue to thrive. *(See Allocation Worksheet, Appendix B).*
Rationale (Stewardship, Mission, Core Mission Sustainability, Justice and Fairness):

United Methodist Communications is the communications agency of The United Methodist Church. It works globally to establish communications platforms

³Note that UMCOM receives funds for Interpretation Resources as a fixed charge of the World Service apportionment. These funds are used to promote giving and to help members of the connection understand the connectional funds to which they give. UMCOM also receives separately another approximate \$1.7 million for the interpretation and promotion of giving for Special Sundays.

⁴On-Ratio charges can change based on the payout rate or percentage of actual revenues coming in from the annual conferences. Fixed Charges do not change based on revenues.

throughout the connection and supports local churches and annual conferences in their communications efforts. We affirm the ministry UMCOM is continuing to do and we raise the following celebrations and considerations:

- a. We celebrate that UMCOM has substantial resources for mission. UMCOM’s reserves are substantial relative to other agencies and funds. It has net assets approaching \$75 million and receives the third largest apportionment allocation for the current quadrennium.
- b. Considering board-designated and undesignated assets, UMCOM has \$20 million in assets available within one year, which represents 194% of its expenses. This means that UMCOM could sustain its programming for nearly two years without any additional resources.
- c. UMCOM supports nearly 80% of its expenses with its \$70 million from apportionment dollars, which indicates a low use of its substantial reserve capacity.
- d. Stewardship and focus on the mission are key values in our allocations process. Good stewardship dictates the need for a prudent balance between apportioned funds and other resources, including reserves. When funds accumulate and grow over a long period of time, it is prudent to redirect limited apportionment resources to other missional areas (other agencies and funds).
- e. This change in allocation for UMCOM recognizes that its core mission can be sustained with a more accelerated right-sizing of its reserves or other resources and allows us to minimize the budgetary impact of the change in the base rate on the other agencies and funds and allocate for missional impact for the future.

UNITED METHODIST COMMUNICATIONS

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$71,651,059	15.3%	\$45,000,000	12.4%	-2.9%

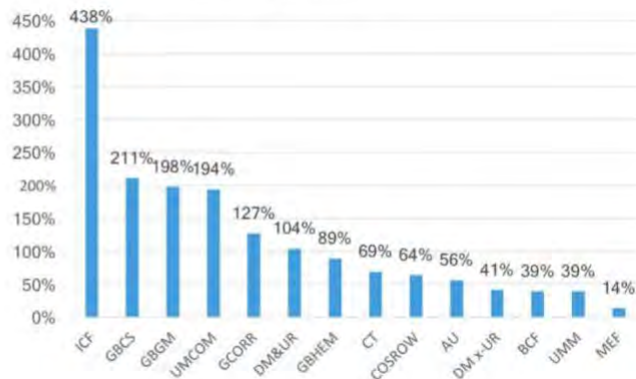
UMCOM & ICF

Values: Stewardship, Mission, Core Mission Sustainability, Justice/Fairness

Why: Considerations of financial capacity and reserves

- UMCOM: -37%
- ICF: -88%

• Funds available within 1 year, including board-designated: Total Expense



5. INTERDENOMINATIONAL COOPERATION FUND (ICF)

We recommend reducing the funding for the Interdenominational Cooperation Fund (ICF) by 88% for the 2021-2024 quadrennium only. The recommended 88% reduction represents a grant of \$1 million in funding pending further conversation and clarification.

(See Allocation Worksheet, Appendix B). Rationale (Stewardship, Mission, Core Mission Sustainability):

- The Interdenominational Cooperation Fund was created to fund ecumenical work largely through the dispersal of grants to organizations such as the World Council of Churches, the Pan Methodist Commission, the National Council of Churches and others. We recognize that this is important work. However, the Interdenominational Cooperation Fund has significantly underutilized apportionment receipts over the past three quadrennia.
- As a result, by the end of 2017 this fund had accumulated reserves more than four times larger than its 2017 expenses.⁵ In addition, reserve levels are expected to grow another \$600,000 by the end of 2018.

⁵ At the end of 2017, ICF had 438% cash and investments relative to how much they spent.

- c. Taken together, ICF’s unspent receipts (reserves) are enough to cover all expenses for the 2021-2024 quadrennium based on recent spending patterns without the allocation of additional apportionments.
- d. We have already highlighted that stewardship and focus on the mission are key values in our allocations process. Good stewardship dictates that funds given through the apportionment be used to carry out mission. When funds accumulate and grow over a long period of time, it is prudent to redirect those funds to missional areas where they are needed and will be used.
- e. We also realize that the Interdenominational Cooperation Fund is revisioning for the future. For that reason, we are recommending the \$1 million in funding so that ICF can continue to vision and plan for ways in which it will utilize apportionments for mission while keeping its current activities funded through reserves.

INTERDENOMINATIONAL COOPERATION FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$8,003,220	1.7%	\$1,000,000	.3%	-1.4%

OUR APPROACH TO RESERVES

The Connectional Table does not have a mandate to determine how agency or fund reserves should be managed. That is a decision of a board of directors of an agency or fund. The board determines reserve policies and missional uses of those reserves. The board can determine, when to designate reserves and when to exclude reserves from designation.

The CT's role is to allocate apportioned funds in light of the full disclosure of financial data. The Allocations Team has taken reserve levels into consideration as one indicator of financial capacity. The recommended allocations, based on financial capacity and other factors, do not dictate how agencies or funds should handle reserves. The realities of a reduced budget, however, require agencies and funds to manage their ministries with fewer resources. Whether an agency or fund decides to deal with that reality by tapping reserves or other resources, or by reducing program or both, is at the discretion of the agency or fund.

To better clarify how the Allocations Team considered reserves as an indicator of financial capacity, we offer the following observations and assumptions:

- We affirmed that agency financial structures and commitments are very different. We did not view all agencies in the same way or all agency reserves in the same way. For instance, we recognized that some of our agencies have reserves that are tied up in pension liabilities or commitments related to loans.
- Likewise, we assumed that substantial reserves that are not connected to such commitments indicate financial capacity to sustain funding reductions while sustaining core mission. This assertion also assumes that everyone will still need to focus mission at a time of shrinking resources. No resources were off the table.
- We assumed that if a board designates funds for reserves, it can also re-designate those funds for mission.
- We affirmed that agencies and funds need to have healthy reserves and internal policies to manage reserves. However, we also acknowledge that different agencies have differing levels of reserves and that there is no consensus about what are appropriate levels of reserves. It is of note that our primary financial institution, the General Council on Finance and Administration, has set an internal reserves policy for itself that mandates 3-6 months in operating expenses be kept in reserves. We would encourage the whole denomination to engage the conversation about contextually prudent upper and lower limits for reserve levels.
- We considered many factors beyond reserves including:
 - Revenue streams beyond apportionments
 - Other assets

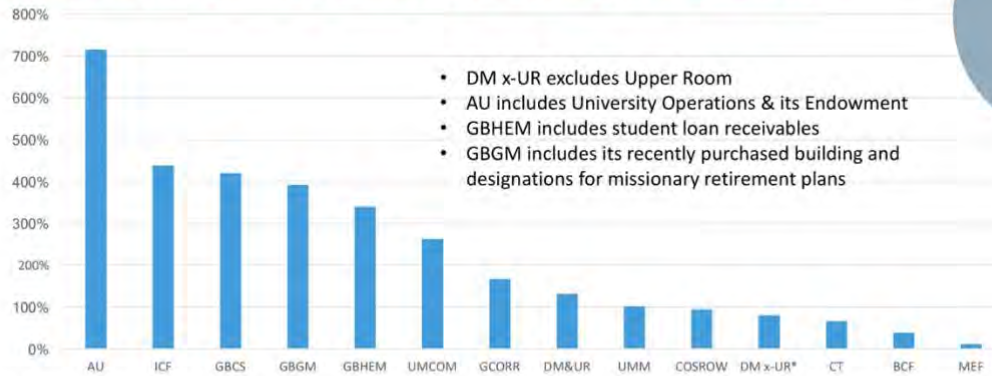
In our discussion about reserves we highlighted the values of mission, stewardship, core mission sustainability, transparency, and fairness/justice. We also grounded our thinking theologically in our understandings of connectionalism. In light of these values, we raise the following questions for consideration by our whole connection:

1. Considering that all monies given to agencies from apportioned funds ultimately come from the local church, is it a fair assumption that local churches give for mission? In what way can the whole church (including local churches and annual conferences) have a voice about reserve levels as they relate to the mission of our whole connection? **Values: mission, stewardship.**
2. How do reserve levels within different agencies comport with the priorities of the denomination as a whole? As a connectional church, and as the Body of Christ, how should we view reserves in light of the mission of the whole body? **Values: mission, stewardship.**
3. High reserves that are not allocated to legacy commitments such as pensions or loan liabilities indicate financial capacity. How is the denomination to balance the differences in financial capacity between agencies at a time of limited resources? One way to do this would be to grant a smaller allocation in apportioned funds because an agency with greater reserves has greater capacity. This is the approach that the Allocations Team took. Is it therefore appropriate to consider, in addition to other factors, the differing financial capacity of agencies based on reserve levels and the nature of commitments related to those reserves? **Values: fairness/justice, transparency, core mission sustainability.**
4. It has been suggested that reserves not be considered in the allocations process. Should the allocations and budgeting process include the full disclosure of all financial data? **Values: Transparency, Stewardship.**

AN ADDITIONAL OBSERVATION: As has been stressed before, we support the maintenance of prudent reserve levels. However, we recognize that there are varying understandings of what is prudent. We would therefore encourage future conversations that could provide guidance about appropriate levels (upper and lower thresholds) of reserves. Such guidance should consider differing financial structures and contexts and be grounded in a holistic understanding of the mission of The United Methodist Church.

NET ASSETS: 2017 TOTAL EXPENSES (%)

NOTE: THE COMPLEXION OF BALANCE SHEETS VARIES GREATLY

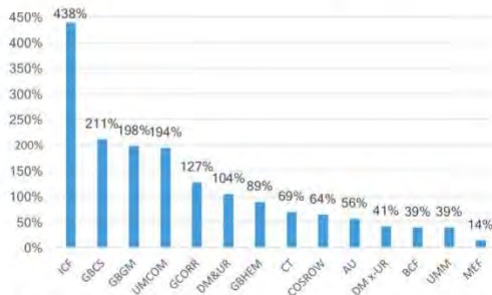


- DM x-UR excludes Upper Room
- AU includes University Operations & its Endowment
- GBHEM includes student loan receivables
- GBGM includes its recently purchased building and designations for missionary retirement plans

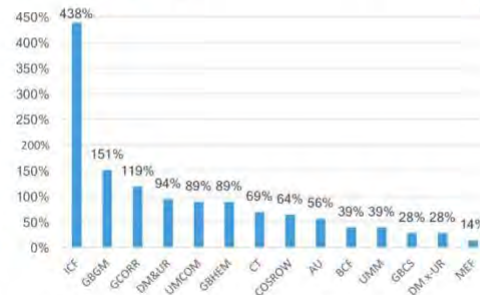
- A high ratio is an indication of financial capacity and solvency; assets may also represent significant donor-restricted assets that can't be spent in the short term.

FUNDS AVAILABLE WITHIN ONE YEAR TO MEET EXPENSES

FUNDS AVAILABLE WITHIN 1 YEAR, INCLUDING BOARD-DESIGNATED: TOTAL EXPENSE

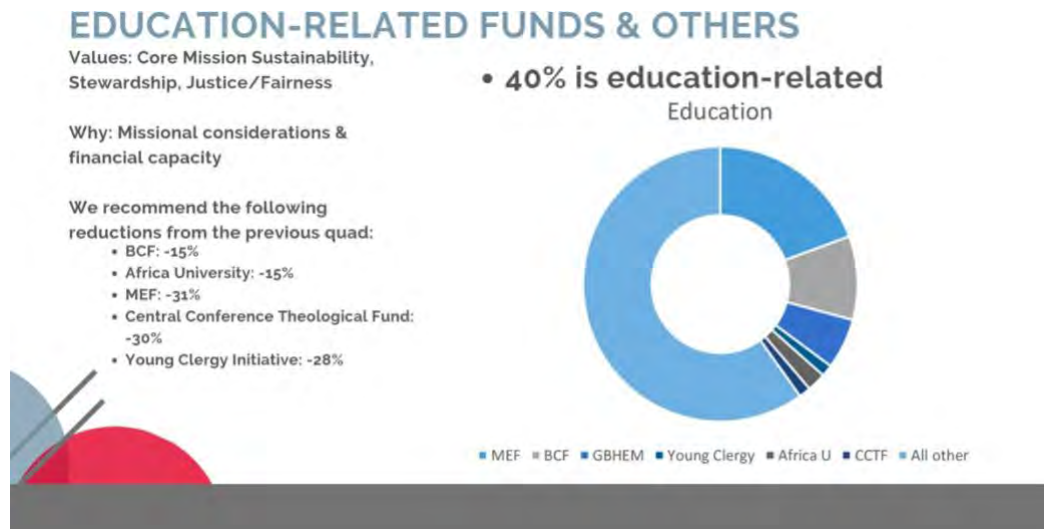


FUNDS AVAILABLE WITHIN 1 YEAR, EXCLUDING BOARD-DESIGNATED: TOTAL EXPENSE



- Indicates for how long an organization can pay its bills relative to prior year expenses; excludes things like real estate that would take more than a year to liquidate/access

6. EDUCATION FUNDS—We recommend reducing the allocation related to three education funds—Ministerial Education Fund (MEF), the Black College Fund (BCF) and Africa University (AU). *(See Allocation Worksheet, Appendix B). Rationale (Core Mission Sustainability, Stewardship):*



We recognize that these funds are crucial for preparing and equipping the future and current leaders of the Church. As well, all of these funds help to ensure the theological integrity of our connection.

- a. **MINISTERIAL EDUCATION FUND (MEF)**—The Ministerial Education Fund has the second highest (in excess of \$100 million) allocation from apportionments, second only to the General Board of Global Ministries. We believe that its core mission can be sustained with a recommended 31% reduction.

This recommended reduction in MEF should spur a needed conversation about whether or not we can continue to support 13 seminaries and all of our current licensing schools given declining resources. Associated questions and considerations include the following:

- I. We understand that a reduction in MEF could impact the connection between our seminaries and The United Methodist Church, as well as the associated training of United Methodist scholars. We encourage GBHEM to engage a conversation about how to nurture these relationships with our schools and seminaries in other ways beyond funding?

- II. In line with our value of stewardship, we acknowledge that each institution has other sources of funding, including funds coming from their own fundraising and endowments.
 - III. We understand that a reduction in funds allocated to the annual conferences could impact licensing schools and annual conference efforts to reduce clergy indebtedness. For this reason, we would encourage GBHEM to engage a conversation about the formula that determines how much goes to the annual conference and how much to the general Church.
- b. **BLACK COLLEGE FUND (BCF)**—In line with the values of core mission sustainability and fairness, we have limited the recommended reduction in the Black College Fund (relative to other reductions) to only 15%. We recommended this comparatively modest reduction in recognition of the historical significance and importance of Black colleges to The United Methodist Church and with a desire to sustain the core mission of this fund. We would raise some issues for consideration as follows:
- i. In light of the values of stewardship and mission, we would encourage examination of the distribution methodology for the Black College Fund. We do not believe that the continued practice of distributing funds equally to the Black Colleges is missionally sustainable. In addition, we would encourage exploration of how BCF disbursements are used by recipients and support the Church’s and colleges’ missions.
 - ii. We also would encourage some attention to how internal governance within our structure is impacting missional decisions.
- c. **AFRICA UNIVERSITY (AU)**—Given the importance of Africa University on the African continent and beyond, we sought to limit the recommended reduction to 15%—one of the lower recommendations for reductions in this allocation of funds. We raise the following observations and considerations:
- i. In recognition of the importance of the AU development office, which is the primary recipient of World Service funds on behalf of AU, it is our intent to ensure the sufficiency of proposed funds for AU’s development functions.
 - ii. We also recognize the complexity of AU’S governance structures and ministry, and we celebrate the ways in which AU has been accountable for the missional and effective deployment of its resources. We also affirm AU’s success at fundraising, its ability to

build its endowment, and the positive impact it has had on other fundraising efforts within the denomination.

MINISTERIAL EDUCATION FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$104,949,647	22.4%	\$72,000,000	19.9%	-2.5%

BLACK COLLEGE FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$41,863,455	9%	\$35,584,000	9.8%	0.9%

AFRICA UNIVERSITY

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$9,368,872	2%	\$8,000,000	2.2%	0.2%

7. GENERAL CONFERENCE-GENERATED FUNDING FROM WORLD SERVICE—We have recommended reducing allocations to funds created by the General Conference, namely the **Central Conference Theological Fund** and the **Young Clergy Initiative**. (*See Allocation Worksheet, Appendix B*). **Rationale (Stewardship, Core Mission Sustainability, Justice/Fairness):**

- a. **The Young Clergy Initiative.** The United Methodist Church has been making efforts to recruit, train and retain young clergy for several quadrennia. Indeed, the Young Clergy Initiative was created in 2013 to continue this effort over three quadrennia, and we are seeing fruit.
 - i. One of the ways that we have seen fruit is that a commitment to the development of young clergy has become part of the culture of annual conferences and is being carried out across the denomination, at the general Church level, in the annual conferences and within local churches.

- ii. Therefore, in line with our values around stewardship and in the belief that the core mission of this fund can still be sustained, we have recommended reducing the funding to this initiative by 28%. Note also that at \$6.9 million current funding, the Young Clergy Initiative enjoys more abundant funding than two of our commissions which have a broader scope of ministry to sustain.
- iii. The Young Clergy Initiative was to extend through the 2021-2024 quadrennium. It would be prudent for GBHEM to begin now for transition planning as this initiative reaches completion.

b. **The Central Conference Theological Education Fund.** This fund was created at General Conference in 2012 and then doubled in size to \$10 million in 2016, by action from the floor of General Conference. To accommodate this significant increase, the budget was increased. Considering the current financial situation, we have recommended a \$7 million allocation, which is a 30% reduction in this fund. We recognize the importance of this area of ministry and note the following:

- i. In the 2016-2020 quadrennium, purposeful efforts are being made to create an endowment fund to support the long-term sustainability of theological education in the central conferences.
- ii. In addition, theological education in the central conferences is being supported through other work of the general agencies. Financial support also is coming from the central conferences.
- iii. This recommended allocation is still \$2 million more than the original 2012 allocation. We believe that this allocation, with the development of other revenue streams, can continue to sustain the important ministry of theological education in the central conferences.

YOUNG CLERGY INITIATIVE

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$6,952,413	1.5%	\$5,000,000	1.4%	-0.1%

THE CENTRAL CONFERENCE THEOLOGICAL EDUCATION FUND

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$10,000,000	2.1%	\$7,000,000	1.9%	-0.2%

- 8. THE GENERAL BOARD OF CHURCH & SOCIETY (GBCS)**—Though the effective reduction in the base rate and other changes in the budget have led to an expected 22.7% decrease in apportionments, we have limited the recommended reduction for the General Board of Church and Society to 20%. We acknowledge that this change in funding will be challenging. However, we believe that even with this change, GBCS can continue to thrive with greater collaboration and exploration of alternative sources of revenue. ***(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):***

The General Board of Church and Society is the primary body that promotes our Social Principles, thereby extending the witness of The United Methodist Church around the world. It is unique in its call to make advocacy foundational as it seeks to address issues that are emerging in importance and impact, such as global migration, rising authoritarianism, climate change and poverty. We affirm the ministry that GBCS has done and is continuing to do through the wise and prophetic use of its resources, and we raise the following celebrations and considerations:

- i. We celebrate that, in terms of financial capacity and solvency, GBCS has the third highest ratio of net assets to expenses (2017). As well, GBCS is well-reserved. In line with the values we have raised, we believe that GBCS’s core mission can be sustained.

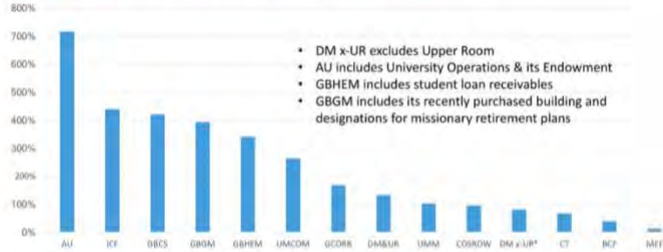
PROGRAM AGENCIES

Values: Core Mission
Sustainability, Mission, Emerging
Missional Priorities, Stewardship,
Justice/Fairness

Why: Considerations of financial
capacity and solvency

- GBHEM: -20%
- GBCS: -20%
- GBGM: -20%
- Discipleship Ministries: -15%

Net Assets: 2017 Total Expenses (%)



- DM x-UR excludes Upper Room
- AU includes University Operations & its Endowment
- GBHEM includes student loan receivables
- GBGM includes its recently purchased building and designations for missionary retirement plans



THE GENERAL BOARD OF CHURCH AND SOCIETY

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$11,021,677	2.4%	\$8,800,000	2.4%	0.1%

- 9. THE GENERAL BOARD OF HIGHER EDUCATION AND MINISTRY (GBHEM)**—We also have limited our recommended reduction for GBHEM to 20% even though we expect a 22.7 percent decrease in the amount available to allocate this quadrennium. We know that this will still be challenging for GBHEM, however we believe that GBHEM can continue to thrive with greater collaboration and exploration of alternative sources of revenue. **(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):**

The General Board of Higher Education and Ministry is the primary credentialing body for our denomination. Its work with United Methodist schools and seminaries is crucial to maintaining our theological heritage and the theological integrity of our connection. We affirm GBHEM’s ministry and the ways in which it has used its resources, and we raise the following celebrations and considerations:

- i. We celebrate the financial solvency and capacity of GBHEM which has the second highest ratio of net assets to expenses. It also is well reserved.
- ii. We have noted that GBHEM has expansive mandates in the Book of Discipline (32 objectives per ¶1405). We recognize that this change in allocations may necessitate GBHEM focusing its ministry and perhaps proposing legislation to General Conference to modify the scope of its work.

THE GENERAL BOARD OF HIGHER EDUCATION AND MINISTRY

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$26,932,588	5.8%	\$21,546,000	6%	0.2%

10. THE GENERAL BOARD OF GLOBAL MINISTRIES (GBGM)—We have limited our recommended reduction for GBGM to 20% as well, a recommended reduction that is lower than the expected 22.7 percent decrease in the amount available to allocate this quadrennium. We also believe that though this change will be challenging, GBGM can continue to thrive with greater collaboration and exploration of alternative sources of revenue. *(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):*

The General Board of Global Ministries is helping to reshape missionary service by training, equipping and sending missionaries “from everywhere to everywhere.” We affirm GBGM’s ministry and the ways in which it effectively utilizes resources, and we raise the following celebrations and considerations:

- i. We celebrate that GBGM has the highest net assets of all of the agencies. It is well reserved, though much of its reserve is donor designated or tied to missionary pensions.
- ii. GBGM has recently relocated to an area that will better sustain its mission into the future. As well, GBGM has made it a priority to reflect the worldwide Church in its hiring, in its deployment of missionaries and in its overall ministry model.

THE GENERAL BOARD OF GLOBAL MINISTRIES

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$111,338,501	23.8%	\$89,071,000	24.6%	0.8%

11. DISCIPLESHIP MINISTRIES (DM)— Discipleship Ministries is in a financially sensitive position, and we have concerns about the sustainability of its core mission at a time of great need for the growth of the Church. For instance, in terms of net assets to total expenses for 2017, Discipleship Ministries had the lowest ratio of any of the general agencies or commissions by a significant margin. It also has less than a three-month reserve. For these reasons and others, we have limited our recommended reduction for Discipleship Ministries to 15%. We know that this recommended reduction will still be challenging, yet we believe that Discipleship Ministries can continue to thrive with greater collaboration and exploration of alternative sources of revenue. *(See Allocation Worksheet, Appendix B). Rationale: Core Mission Sustainability, Mission, Emerging Missional Priorities, Stewardship, Justice and Fairness):*

Discipleship Ministries is leading our denomination in evangelism as the agency seeks to help annual conferences and local congregations, “See All the People” around them. Such ministry is crucial to the continued growth of the Church and the continued learning that is necessary as we seek to better reach out to a changing mission field. We celebrate the prophetic leadership of Discipleship Ministries and we raise the following observations and considerations:

- i. We celebrate that Discipleship Ministries is ahead of the curve in focusing its ministry for strategic impact. It has reorganized its staff to better focus its mission. This reorganization is having positive budgetary impact and reflects good stewardship and a healthy understanding of the connection’s current financial reality.

DISCIPLESHIP MINISTRIES

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$34,952,169	7.5%	\$29,700,000	8.2%	0.7%

12. The Connectional Table (CT)— We are recommending a 5% reduction in CT’s allocation. *(See Allocation Worksheet, Appendix B)*. **Rationale: Core Mission Sustainability, fairness.**

The Connectional Table discerns and articulates the vision for our worldwide Church and stewards the mission, ministry and resources of our connection in consultation with the Council of Bishops. We celebrate the ways in which the CT is living more fully into this purpose with a sustained focus on vital congregations through the Four Areas of Focus and the worldwide nature of our Church, and we offer the following considerations:

- a. GCFA made a similar 5% reduction in the allocation for General Commission on Archives and History from the General Administration Fund. This recommendation for the CT is in line with that, and we believe can sustain the CT’s core mission.
- b. Note, however, that the Connectional Table is already carrying out its responsibilities with a very limited staff and has depleted some reserves.
- c. The CT anticipates being able to revise its makeup to become a smaller body that better reflects the worldwide Church. However, this change is unlikely to decrease meeting and travel expenses because it will reflect a better representation from the central conferences.
- d. In addition, the Connectional Table is heavily dependent on apportionments. And, unlike the general agencies, the CT cannot apply for contingency funds. A more substantial reduction in allocation would impact the CT’s ability to carry out its work.

THE CONNECTIONAL TABLE

<i>Current Allocation</i>	<i>Current Percentage (of available funds)</i>	<i>Next Quad Recommendation</i>	<i>Next Quad Percentage</i>	<i>Percent Change</i>
\$2,140,350	0.5%	\$2,033,000	0.6%	0.1%

SIDEBAR B: THE SHARE OF THE PIE

As you can see from the chart, we have not actually changed the share of the budget allocated (size of the slice of the pie) significantly in most cases. Indeed, all except five agencies/funds show an increase in their share of the overall budget. This does not mean that agencies and funds are not experiencing budget reductions. However, as we have stressed, the reductions in the overall budget are because of the decrease in the funds available for allocation—a decrease in the size of the pie. Such reductions are separate from changes that result from a shift in the allocations—or in how the pie is cut. As the chart suggests, the actual share of the budget (share of the pie) has increased for most agencies and funds.

Of course, no agency or fund wanted to experience reductions. When we released preliminary recommendations on January 11, 2019, we received requests for reconsideration totaling approximately \$26.7 million. These requests exceeded what we had to allocate. We did, however, reconsider in some cases by shifting funds from the World Service Contingency Fund.



AGENCY/ FUND	CURRENT % ALLOCATION	PROPOSED % ALLOCATION	% CHANGE	INC./DEC. SHARE
GBGM	23.8	24.6	0.8	Increase
MEF	22.4	19.9	-2.5	Decrease
UMCOM	15.3	12.4	-2.9	Decrease
BCF	9.0	9.8	0.9	Increase
DM	7.5	8.2	0.7	Increase
GBHEM	5.8	6	0.2	Increase
GBCS	2.4	2.4	0.1	Increase
CCTF	2.1	1.9	-0.2	Decrease
AU	2.0	2.2	0.2	Increase
ICF	1.7	0.3	-1.4	Decrease
GCORR	1.6	2	0.5	Increase
YCI	1.5	1.4	-0.1	Decrease
COSROW	0.8	1.1	0.2	Increase
NPHLM	0.7	0.9	0.2	Increase
KMP	0.7	0.8	0.2	Increase
CT	0.5	0.6	0.1	Increase
SBC21	0.4	0.5	0.1	Increase
UMM	0.3	0.4	0.1	Increase
NACP	0.3	0.3	0.1	Increase
AALM	0.3	0.4	0.1	increase
CPPIUM	0.1	0.1	0	No Change

13. ADDITIONAL RECOMMENDATIONS FOR THE AGENCIES AND FUNDS—In addition to the recommendations for the agencies and funds that we have highlighted in this document, we make the following suggestions:

- a. That all agencies and funds review their disciplinary mandates to ensure the scope of expectation is in line with financial resources. In some cases, agencies or funds may wish to suggest revisions to their mandates.
- b. That World Service funded agencies explore alternative sources of revenue beyond World Service allocations such as an increase in the annual Benefit Trust disbursement, a review of board and donor designated assets for purpose and missional alignment, and changes in spending policies on invested assets.
- c. That all agencies review their governance structures to ensure boards understand their fiduciary responsibilities to the respective agencies and to any funds that they oversee.
 - i. Further, that governance structures and practices ensure that funds are represented in decision-making processes in ways that further the specific fund’s mission.
- d. That our agencies and funds explore greater collaboration and seek to decrease duplicative services. One such example is in having publishing operations at GBHEM, Discipleship Ministries/Upper Room and the United Methodist Publishing House.
- e. That all of the agencies and funds consider seriously the greater use of shared services including IT, human resources, communications, financial management services and the like. It is likely that the greatest area of duplication among our agencies is in administrative services.
- f. That our agencies and funds explore ways to decrease meeting costs by expanding online meeting capacity and reducing the size of boards where such action has not already occurred and where appropriate.

IN CONCLUSION

This report is being offered to the Connectional Table and the General Council on Finance and Administration for consideration at their joint April 2019 meeting. These bodies will decide whether or not to alter the recommendations it includes or receive them as they are. Ultimately, however, the allocation of the budget is a decision of the General Conference. This allocations report lays before the General Conference key missional and stewardship questions with which we invite it to grapple as it makes decisions about the quadrennial budget.

- How does the General Conference want to respond to the work of the Apportionment Sustainability Task Force? What are the implications for mission of a given response, and will that response achieve the results desired?
- What are the General Conference's missional priorities? If they continue to be the Four Areas of Focus, will the General Conference support a missional use of an increased World Service Contingency Fund to support innovative work in the Four Areas of Focus?
- How does the General Conference want to prioritize the work of the church? If money follows mission, what do the priorities of this budget in the aggregate say about commitment to the mission of the church? For instance, what percentage of the budget does the connection want to spend on specific ministry areas, in the aggregate?

These are the types of missional and stewardship questions we all will face as we seek to proactively prepare for the future. Such preparation is not just about cuts to budgets. It also is about opportunities for creativity, innovation, and change that can help ensure a church for generations to come. This invites us into an imaginative process of rebuilding that is grounded in a vision of hope expressed in the ancient promise of Psalm 69.

³⁵ For God will save Zion
and rebuild the cities of Judah;
and his servants shall live there and possess it;
³⁶ the children of his servants shall inherit it,
and those who love his name shall live in it.

(Psalm 69:35-36, NRSV)

It is this hope upon which we stand.

May God bless and keep you,
Connectional Table Allocations Team

Bishop Christian Alsted



Rev. Kenneth J. Bigham-Tsai



Brad Brady



Amy Coles



Dave Nuckols



Lyssette Perez



APPENDIX A

HISTORICAL ALLOCATIONS TIMELINE

2004-2008

At the 2004 General Conference, the Connectional Table came into being as an outgrowth of the General Council on Ministries. The denomination was enjoying a growth budget. GCFA and the newly-formed CT created a joint *Program Budget Task Group* that provided listening sessions to help set the bottom line and shape the budget. This was the quadrennium where the Four Areas of Focus were set as missional priorities, and there was a mid-quad process around budgeting in line with the Four Areas of Focus.

In the course of the budget process, the agencies provided goals, outcomes and budget requests. At the spring 2007 joint CT/GCFA meeting, the joint Program Budget Task Group listened to each of the agency presentations and made a recommendation about allocations.

Don House, a United Methodist economist, also provided economic projections, and the base percentage rate was set at the spring 2007 meeting. However, because projections were lower than what the agencies had initially requested, the agencies had to reduce their budget requests in the joint meeting.

The Economic Advisory Committee was formed for the next quadrennium in recognition of the need for multiple voices in the setting of projections.

2008-2012

The budget-setting process during this quadrennium happened within the context of the Great Recession. Spurred by denominational decline and a financial crisis, an effort emerged to restructure the denomination. The Tower's Watson Report was commissioned and the Interim Operations Team shaped *The Call to Action*.

There also was a joint CT evaluation and budget group. However, in 2010, the CT decided to separate the budget process from evaluation. That quadrennium a joint CT/GCFA Budget Task Force also was formed to work on the Call to Action and the budget. All agencies and apportioned funds were asked to propose three budgets: no increase, modest decrease, drastic decrease. The allocations stayed generally the same, but all funds were reduced. The change in allocations that did come about did so, not as a result of action by the CT, but as a result of work of the general agencies with the Economic Advisory Committee. Twelve million in allocations shifted from the four major program agencies to fund the Central Conference Theological Fund and the Young Clergy Initiative. These adjustments were targeted to reduce

impact on the smaller agencies. Ultimately the Call to Action and other restructure legislation failed at General Conference.

2012-2016

This quadrennium provided a time to regroup and come together after the tensions that resulted from restructuring efforts. GCFA and CT created two joint teams: The Budget Leadership Team and the Budget Process Team. The Budget Process Team was a larger group that included CT and GCFA members and agency treasurers. However, due to a lack of clarity about roles and responsibilities, this team was disbanded. The Budget Leadership Team (BLT) remained. It developed the Budget Principles and determined that there would be no changes to allocations to allow time for trust and relationship building. These budget principles were approved by both CT and GCFA boards.

In 2013, the EAC, with Don House as chair, did a preliminary bottom line projection. The CT Finance Committee went to the August 2014 GCFA meeting to approve the bottom line. The recommendations from the various groups changed throughout the quadrennium: the EAC's preliminary projection was \$625 million with the BLT proposing \$617 million. The EAC updated its projections to \$603 million using the next year's lower than anticipated worship attendance figures. Thus, the new bottom line recommendation was \$603 million, which the CT supported. The general secretaries then proposed an even lower figure of \$599 million. Ultimately, the \$599 million proposal went to the General Conference. Delegates added five million for the Central Conference Theological Fund for a \$604 million budget.

2016-2020

The budget setting-process this quadrennium has been the work of a joint Budget Advisory Team comprised of CT and GCFA members and staff. That team has refined and approved budget principles. The CT and GCFA boards also approved a collaboration agreement in 2017 that details how the CT and GCFA will work together. In addition, the CT has again proposed separating the evaluation and budgeting process, noting that the evaluation data will be used in the budget process this quadrennium as descriptive, not evaluative of the ministries of the agencies.

At their August 2018 meeting, GCFA set the base percentage rate, reflecting an 18% reduction. Because of changes to the Episcopal Fund, this reduction will actually be an estimated 23%. This base rate was set with input from the BAT. However, GCFA has determined, based on their reading of the Discipline, that the full CT will not have a role in setting the base rate as has been done in the past and reflected in our Guiding Principles and Budget Timeline. The CT has formed a CT Budget Allocations Team to determine allocations per the CT's approved process. This team will do its work in preparation for a CT vote on allocations at the spring 2019 joint meeting with GCFA.

APPENDIX B

	2017-2020 Quad	Current %	2021-2024 Quad	Change in \$\$	Change in %	Share in %	Change in % Share
Total Apportioned @ 3.27 Net Expenditures	\$ 604,033,991		\$ 498,654,000	\$ (105,379,991)	-17%		
Less							
Episcopal Fund	\$ 92,019,335		\$ 100,026,000	\$ 8,006,665	9%		
General Administration Fund	\$ 36,896,453		\$ 30,170,000	\$ (6,726,453)	-18%		
Available before fixed charges & On-Ratio	\$ 475,118,203		\$ 368,458,000	\$ (106,660,203)	-22%		
Fixed Charges							
Interdenomination GCFA-Fixed	\$ 204,600		\$ 64,000	\$ (140,600)	-69%		
GCFA	\$ 7,372,537		\$ 6,839,000	\$ (533,537)	-7%		
Total Fixed Charges	\$ 7,577,137		\$ 6,903,000	\$ (674,137)	-9%		
On-Ratio & Fixed-Available	\$ 467,541,066		\$ 361,555,000	\$ (105,986,066)	-23%		
Fixed							
Connectional Table	\$ 2,140,350	0.5%	\$ 2,033,000	\$ (107,350)	-5%	0.6%	0.1%
Interpretation Resources	\$ 1,432,197	0.3%	\$ 1,432,000	\$ (197)	0%	0.4%	0.1%
Total Fixed	\$ 3,572,547	0.8%	\$ 3,465,000	\$ (107,547)	-3%	1.0%	0.2%
On Ratio							
COSROW	\$ 3,957,518	0.8%	\$ 3,958,000	\$ 482	0%	1.1%	0.2%
GCORR	\$ 7,354,467	1.6%	\$ 7,354,000	\$ (467)	0%	2.0%	0.5%
Minority Group Self-Determination Fund	\$ 2,488,777	0.5%	\$ 2,489,000	\$ 223	0%	0.7%	0.2%
United Methodist Men	\$ 1,476,974	0.3%	\$ 1,477,000	\$ 26	0%	0.4%	0.1%
UMCOM	\$ 71,651,059	15.3%	\$ 45,000,000	\$ (26,651,059)	-37%	12.4%	-2.9%
Korean (GBGM)	\$ 3,061,048	0.7%	\$ 3,060,000	\$ (1,048)	0%	0.8%	0.2%
Pacific Island (GBGM)	\$ 540,302	0.1%	\$ 540,000	\$ (302)	0%	0.1%	0.0%
Asian American (GBGM)	\$ 1,398,428	0.3%	\$ 1,400,000	\$ 1,572	0%	0.4%	0.1%
Native American (DM)	\$ 1,073,317	0.2%	\$ 1,075,000	\$ 1,683	0%	0.3%	0.1%
Strengthening the Black Church (DM)	\$ 1,976,432	0.4%	\$ 1,975,000	\$ (1,432)	0%	0.5%	0.1%
National Hispanic Plan (GBGM)	\$ 3,143,830	0.7%	\$ 3,144,000	\$ 170	0%	0.9%	0.2%
Interdenominational Cooperation	\$ 8,003,220	1.7%	\$ 1,000,000	\$ (7,003,220)	-88%	0.3%	-1.4%
Ministerial Education (inc AC 25% share)	\$ 104,949,647	22.4%	\$ 72,000,000	\$ (32,949,647)	-31%	19.9%	-2.5%
Black College Fund	\$ 41,863,455	9.0%	\$ 35,584,000	\$ (6,279,455)	-15%	9.8%	0.9%
Africa University	\$ 9,368,872	2.0%	\$ 8,000,000	\$ (1,368,872)	-15%	2.2%	0.2%
Central Conference Theological Fund (HEM)	\$ 10,000,000	2.1%	\$ 7,000,000	\$ (3,000,000)	-30%	1.9%	-0.2%
Young Clergy Initiative (HEM)	\$ 6,952,413	1.5%	\$ 5,000,000	\$ (1,952,413)	-28%	1.4%	-0.1%
GBHEM	\$ 26,932,588	5.8%	\$ 21,546,000	\$ (5,386,588)	-20%	6.0%	0.2%
GBCS	\$ 11,021,677	2.4%	\$ 8,800,000	\$ (2,221,677)	-20%	2.4%	0.1%
GBGM	\$ 111,338,501	23.8%	\$ 89,071,000	\$ (22,267,501)	-20%	24.6%	0.8%
DM	\$ 34,952,169	7.5%	\$ 29,700,000	\$ (5,252,169)	-15%	8.2%	0.7%
Total On-Ratio-Program Agencies	\$ 463,504,694	34%	\$ 349,173,000	\$ (114,331,694)	-25%	96.6%	62.9%
World Service Contingency Fund	\$ 463,825		\$ 8,917,000	\$ 8,453,175	1822%	2.5%	2.5%
Total On-Ratio	\$ 463,968,519	99.2%	\$ 358,090,000	\$ (105,878,519)	-23%	99.0%	-0.2%
Grand Total On Ratio, CT & Interpretation	\$ 467,541,066	100%	\$ 361,555,000	\$ (105,986,066)	-23%	100.0%	0.0%
Running Total of available amount	\$ -		\$ -				

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Recommendations for Allocations of the 2021-2024 Quadrennial Budget

RECONSIDERATIONS AFTER SPECIAL SESSION

CT Allocations Team Addendum March 19, 2019

After the General Conference 2019 Special Session and continued discussions with the Budget Allocation Team and GCFA staff, the CT allocation team offers the following adjustments to the previous allocation recommendation published in January of 2019.

WORLD SERVICE CONTINGENCY FUND

The team began with \$13.9 million in the World Service Contingency Fund knowing we would reduce it as we adjusted other allocations. The team later arrived at an \$8.9 million recommended allocation for the contingency fund, which was published in the January report, after receiving feedback and requests for reconsideration from the agencies and funds. We believed this funding would nurture collaborative, adaptive, visionary and innovative efforts to bring vitality to our worldwide connection through a sustained focus on evangelism and church growth, ministry with poor and underserved communities, global health and innovation in leadership and leadership development (our Four Areas of Focus) as well as other areas. We further believed that this fund would enable the denomination to respond to emerging missional needs and priorities in an uncertain future.

The team recognizes that the results of the Special Session now leave us in a time of extreme uncertainty and anxiety. To bring stability to our connection at a time when innovation would be an added challenge, the team has decided to return the WSCF to an allocation more in line with past quadrennia.

Rather than allocating nearly \$8.9 million to the World Service Contingency Fund, **the team recommends allocating the majority of the balance based on our values and leaving \$1.4 million in the WCSF.** We realize this is still slightly higher than in the past quad, but in this uncertain time the denomination will need more funds readily available.

PREVIOUS CHANGES- REDUCTION IN WORLD SERVICE CONTINGENCY FUND

After a meeting on January 11 with the General Secretaries, Treasurers and Fund Administrators and requests for reallocation from each fund, the allocation team had previously recommended additions in funding to the Interdenominational Cooperation Fund and the Central Conference Theological Education Fund by reducing the WSCF from its original \$13.9. This included a recommended addition to the Central Conference Theological

Fund of \$2 million in response to feedback from the General Board of Higher Education and Ministry and others and a desire to continue to highlight the importance of theological education in the central conferences. This also included a \$1 million addition to ICF in response to their request.

SUPPORTING OUR YOUNG PEOPLE IN MINISTRY

In line with our values of mission, missional priorities and emerging missional priorities for the denomination, **the allocations team recommends additional funding for the Ministerial Education Fund, and the Young Clergy Initiative. This additional funding has been made possible by the reduction of the World Service Contingency Fund.** The rationale is as follows:

Based on continued conversations with and requests from individual seminaries, The Association of United Methodist Theological Schools and GBHEM, the allocations team recognized the unique challenges facing our theological institutions, seminarians, and newer clergy throughout our connection. Though The United Methodist Church already greatly values its young people, even greater value must be placed on the future of our denomination during this time of change.

Ministerial Education Fund

The Ministerial Education Fund (MEF), which receives the second-highest recommended allocation from apportionments, supports our 13 seminaries and all of our current licensing schools, even during times of declining resources. A study commissioned by the Association of United Methodist Theological Schools (AUMTS) notes that, MEF is a crucial material connection that the thirteen official seminaries and their students have with the denomination. Our thirteen seminaries educate about 60% of (primarily US) UMC students enrolled in Master of Divinity degree programs as they seek ordination in the UMC. The 13 seminaries, provide the second largest source of funds for the preparation of United Methodist clergy outside the U.S. The allocation team is proud of the historic commitment to MEF as a key indicators of the UMC's dedication to an educated clergy, and we recognize that our Wesleyan tradition and ethos is passed down through education at our seminaries and theological schools. The allocation team was also made aware that a primary use of MEF funds is in supporting scholarships, financial aid, and has allowed seminaries to only increase tuition relative to inflation and absorb the increase of higher education for students in both Master of Divinity programs and Course of Study.

Rather than a 31% reduction, **we recommend a 27% reduction to the Ministerial Education Fund.** This would give the fund an additional \$5 million in its quadrennial allocation, for a total allocation of \$77 million. Note that this \$5 million increase in funding for MEF is in addition to a \$2 million increase previously recommended by the allocation team. This represents a total of \$7 million added to MEF funding. By adding this funding and therefore limiting the reduction to MEF, the allocation team demonstrates a concern for the financial health of United Methodist-affiliated seminaries, and of students seeking ordination. This new recommendation keeps the Ministerial Education Fund closer to its 2017-2020 quadrennial budget.

Young Clergy Initiative

We have already seen the fruits of supporting our young people and early career clergy. The Young Clergy Initiative (created in 2013 to recruit, train and retain young clergy over three quadrennia) has left with us an everlasting commitment to the development of young clergy that has become part of the culture at every level of the denomination, including programs and initiatives coordinated by annual conference and general

agencies. Though The United Methodist Church already greatly values its young people, even greater value must be placed on the future of our denomination during this time of change.

Rather than a 28% reduction, **we recommend a 14% reduction to the Young Clergy Initiative.** This gives the fund a \$6 million budget for the 2021-2024 quadrennium, which is much closer to its budget for the 2017-2020 quad. This 14% reduction is less than the 22.7% reduction in allocation dollars.

Ministerial Education Fund and Young Clergy Initiative are vital, important ministries we do not want to see diminished.

UNITED METHODIST COMMUNICATIONS

UMCOM has prioritized collaboration by offering grants to United Methodist Men and The General Commission on the Status and Role of Women that pay the salary and benefits of communicators for those commissions. The team celebrates the spirit of those partnerships and, in March 2019, recommended an additional \$1.5 million allocation to UMCOM. The values of stewardship, emerging missional priorities and core mission are reflected in UMCOM's partnership.

Though UMCOM requested an additional \$8.5 million, the allocation team recommended the additional \$1.5 million to help support the communicators in the smaller World Service funded commissions.

With this addition in funding, we recommend that its on-ratio World Service funding be reduced by 35% instead of 37%, as we continue to highlight the nature of the financial capacity that UMCOM's reserves represent. This allocation increases their share to 12.9% of the proposed budget.

**Request for Reconsideration from Agencies and Fund after January 11 meeting,
and after Special Session 2019.**

AGENCY/FUND	RESPONSE	REQUESTED ADDITION TO ALLOCATION	ACTION IN JANUARY 2019	ACTION IN MARCH 2019	TOTAL CHANGE
The National Plans	Accepted Allocation	NA	No Change	No Change	No Change
Commissions/Smaller Agencies (UMM, COSROW, GCORR, CT)	Accepted Allocation	NA	No Change	No Change	No Change
GBGM, GBCS, GBHEM, DM	Accepted Allocation with some statements of impact	NA	No Change	No Change	No Change
HEM ON BEHALF OF MEF, CCTF, AU, BCF, YCI (EDUCATION FUNDS)	Reconsideration	<u>MEF \$8,700,000</u> <u>CCTF \$4,000,000</u> <u>AU \$431,985</u> <u>BCF \$2,093,110</u> <u>YCI \$909,515</u>	<u>+\$2 million</u> <u>+\$2 million</u> <u>No Change</u> <u>No Change</u> <u>No Change</u>	<u>+\$5 million</u> <u>No Change</u> <u>No Change</u> <u>No Change</u> <u>+\$1 million</u>	<u>+\$7 million</u> <u>+\$2 million</u> <u>No Change</u> <u>No Change</u> <u>+\$1 million</u>
African University	Reconsideration	Requested no reduction funding	No Change	No Change	No Change
UMCOM	Reconsideration	\$ 8,738,295	No Change	+\$1.5 million	+\$1.5 million
ICF	Reconsideration	\$ 1,783,160	+\$1 million	No Change	No Change
WSCF	Reconsideration	N/A	-\$ 5 million	-\$ 7.5 million	-\$ 12.5 million
		Total request reconsideration: \$26,656,065	+\$5 million to agency & funds	+\$7.5 million to agency & funds	

Distribution of the allocation by percentage to each fund

AGENCY/FUND	CURRENT % ALLOCATION	PROPOSED % ALLOCATION	% CHANGE	INC./DEC. SHARE
General Board of Global Ministries	23.8	24.6	0.8	Increase
Ministerial Education Fund	22.4	21.3	-1.1	Decrease
United Methodist Communications	15.3	12.9	-2.4	Decrease
Black College Fund	9.0	9.8	0.9	Increase
Discipleship Ministries	7.5	8.2	0.7	Increase
General Board of Higher Education and Ministry	5.8	6	0.2	Increase
General Board of Church and Society*	2.4	2.4	0.1	Increase
Central College Theological Education Fund	2.1	1.9	-0.2	Decrease
Africa University	2.0	2.2	0.2	Increase
Interdenominational Cooperation Fund	1.7	0.3	-1.4	Decrease
General Commission on Religion and Race	1.6	2	0.5	Increase
Young Clergy Initiative	1.5	1.7	0.2	Increase
General Commission on the Status and Role of Women	0.8	1.1	0.2	Increase
National Plan Hispanic/Latino Ministry	0.7	0.9	0.2	Increase
Korean Ministry Plan	0.7	0.8	0.2	Increase
Connectional Table	0.5	0.6	0.1	Increase
CORR Action Fund	0.5	0.7	0.2	Increase
Strengthen the Black Church for the 21 st Century	0.4	0.5	0.1	Increase
United Methodist Men	0.3	0.4	0.1	Increase
Native American Comprehensive Plan*	0.3	0.3	0.1	Increase
Asian American Language Ministries	0.3	0.4	0.1	Increase
Interpretation Resources (fixed charge)	0.3	0.4	0.1	Increase
Comprehensive Plan Pacific Island United Methodist	0.1	0.1	0	No Change

(*GBCS and NACP represent a .01 increase in allocation amount according to this chart due to rounding.)

	2017-2020 Quad	Current %	2021-2024 Quad	Change in \$\$	Change in %	Share in %	Change in % Share
Total Apportioned @ 3.27 Net Expenditures	\$ 604,033,991		\$ 498,654,000	\$ (105,379,991)	-17%		
Less							
Episcopal Fund	\$ 92,019,335		\$ 100,026,000	\$ 8,006,665	9%		
General Administration Fund	\$ 36,896,453		\$ 30,170,000	\$ (6,726,453)	-18%		
Available before fixed charges & On-Ratio	\$ 475,118,203		\$ 368,458,000	\$ (106,660,203)	-22%		
Fixed Charges							
Interdenomination GCFA-Fixed	\$ 204,600		\$ 64,000	\$ (140,600)	-69%		
GCFA	\$ 7,372,537		\$ 6,839,000	\$ (533,537)	-7%		
Total Fixed Charges	\$ 7,577,137		\$ 6,903,000	\$ (674,137)	-9%		
On-Ratio & Fixed-Available	\$ 467,541,066		\$ 361,555,000	\$ (105,986,066)	-23%		
Fixed							
Connectional Table	\$ 2,140,350	0.5%	\$ 2,033,000	\$ (107,350)	-5%	0.6%	0.1%
Interpretation Resources	\$ 1,432,197	0.3%	\$ 1,432,000	\$ (197)	0%	0.4%	0.1%
Total Fixed	\$ 3,572,547	0.8%	\$ 3,465,000	\$ (107,547)	-3%	1.0%	0.2%
On Ratio							
COSROW	\$ 3,957,518	0.8%	\$ 3,958,000	\$ 482	0%	1.1%	0.2%
GCORR	\$ 7,354,467	1.6%	\$ 7,354,000	\$ (467)	0%	2.0%	0.5%
Minority Group Self-Determination Fund	\$ 2,488,777	0.5%	\$ 2,489,000	\$ 223	0%	0.7%	0.2%
United Methodist Men	\$ 1,476,974	0.3%	\$ 1,477,000	\$ 26	0%	0.4%	0.1%
UMCOM	\$ 71,651,059	15.3%	\$ 46,500,000	\$ (25,151,059)	-35%	12.9%	-2.5%
Korean (GBGM)	\$ 3,061,048	0.7%	\$ 3,060,000	\$ (1,048)	0%	0.8%	0.2%
Pacific Island (GBGM)	\$ 540,302	0.1%	\$ 540,000	\$ (302)	0%	0.1%	0.0%
Asian American (GBGM)	\$ 1,398,428	0.3%	\$ 1,400,000	\$ 1,572	0%	0.4%	0.1%
Native American (DM)	\$ 1,073,317	0.2%	\$ 1,075,000	\$ 1,683	0%	0.3%	0.1%
Strengthening the Black Church (DM)	\$ 1,976,432	0.4%	\$ 1,975,000	\$ (1,432)	0%	0.5%	0.1%
National Hispanic Plan (GBGM)	\$ 3,143,830	0.7%	\$ 3,144,000	\$ 170	0%	0.9%	0.2%
Interdenominational Cooperation	\$ 8,003,220	1.7%	\$ 1,000,000	\$ (7,003,220)	-88%	0.3%	-1.4%
Ministerial Education (inc AC 25% share)	\$ 104,949,647	22.4%	\$ 77,000,000	\$ (27,949,647)	-27%	21.3%	-1.2%
Black College Fund	\$ 41,863,455	9.0%	\$ 35,584,000	\$ (6,279,455)	-15%	9.8%	0.9%
Africa University	\$ 9,368,872	2.0%	\$ 8,000,000	\$ (1,368,872)	-15%	2.2%	0.2%
Central Conference Theological Fund (HEM)	\$ 10,000,000	2.1%	\$ 7,000,000	\$ (3,000,000)	-30%	1.9%	-0.2%
Young Clergy Initiative (HEM)	\$ 6,952,413	1.5%	\$ 6,000,000	\$ (952,413)	-14%	1.7%	0.2%
GBHEM	\$ 26,932,588	5.8%	\$ 21,546,000	\$ (5,386,588)	-20%	6.0%	0.2%
GBCS	\$ 11,021,677	2.4%	\$ 8,800,000	\$ (2,221,677)	-20%	2.4%	0.1%
GBGM	\$ 111,338,501	23.8%	\$ 89,071,000	\$ (22,267,501)	-20%	24.6%	0.8%
DM	\$ 34,952,169	7.5%	\$ 29,700,000	\$ (5,252,169)	-15%	8.2%	0.7%
Total On-Ratio-Program Agencies	\$ 463,504,694	34%	\$ 356,673,000	\$ (106,831,694)	-23%	98.6%	65.0%
World Service Contingency Fund	\$ 463,825		\$ 1,417,000	\$ 953,175	206%	0.4%	0.4%
Total On-Ratio	\$ 463,968,519	99.2%	\$ 358,090,000	\$ (105,878,519)	-23%	99.0%	-0.2%
Grand Total On Ratio, CT & Interpretation	\$ 467,541,066	100%	\$ 361,555,000	\$ (105,986,066)	-23%	100.0%	0.0%
Running Total of available amount	\$ -		\$ -				

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**CONNECTIONAL TABLE ALLOCATIONS RECOMMENDATIONS:
EXECUTIVE SUMMARY
for Report Published January 29, 2019**

The Connectional Table allocations team began with knowledge that we are in a time of change. In 2021-2024, it is estimated that we will have less money available for the five apportioned funds: World Service, Africa University, Black College Fund, Ministerial Education Fund and the Interdenominational Cooperation Fund. The base rate, as set by GCFA, that will go before the General Conference 2020 is 18% lower than the 2016-2020 quadrennium. Because of changes to the Episcopal Fund, it is effectively a 22.7% reduction. The base rate reductions represent a loss of \$105,986,066 from the current quadrennium and leave us with \$361,555,000 to allocate for the next quadrennium. **Changes in allocations did not cause this reduction. However, agencies and funds will experience varying levels of reductions because of changes in allocations.**

The team acknowledges that the \$106 million budgetary reduction and changes in allocations will not impact agencies and funds the same. Given this new reality, agencies and funds likely will have to focus their ministry, consider reducing programming, seek increased opportunities for collaboration and partnership, and consider new ways of operating that may necessitate petitioning the General Conference for changes in mandates.

OUR PROCESS

Given the new reality of the 22.7% reduction in the base rate, \$106 million budgetary reduction and changes in allocations, the allocations team knew that deep discernment and reflection were needed and, therefore, did not follow the typical budget-setting process. The team began in this mindset.

Since its inception in 2004, the Connectional Table has not made significant changes to allocation amounts. However, there have been adjustments over the years. These adjustments worked to reduce the impact on smaller agencies. Following the failed Call to Action proposal in 2012, which put significant pressure on the general agencies, CT leadership stressed that there would be no changes to allocations in the 2016-2020 quadrennium to allow a time of relationship- and trust-building. At the end of the 2012-2016 quadrennium, it was announced that the allocations would not be the same for the 2021-2024 quadrennium.

GCFA's and the CT's joint Budget Advisory Team determined that allocations would be made based in part on the following: the church's missional priorities; agencies' levels of reserves; evaluations; and demonstrated commitment to administrative and program efficiencies.

The allocations team grounded its work in two scriptures—Psalm 69:35-36 and 1 Corinthians 12—and developed a values-based process (listed below). The values-based approach cares for the whole of the connection and contrasts the traditional theory in budgeting, in which the amount of money a program receives indicates the importance of that program or fund to the organization's leadership. The team considered all programs important and balanced our stated values with rigorous financial analysis and consideration of connection-wide priorities, thereby lessening the impact of a 22.7% reduction in most cases.

We achieved this by taking the following steps:

- Grounding ourselves in theology and discernment;
- Analyzing agency and fund metrics, including:
 - Agency documents detailing missional priorities,
 - Spending plan narratives and meetings with GCFA staff, General Secretaries, and agency treasurers,
 - 2017 audited financial statements for each fund;
- Conducting evaluations of agencies and producing an evaluations report, a process that included:
 - Developing an evaluation philosophy,
 - Agency-created logic models that detailed projects, programs, operations, activities and goals, and the resources used to achieve those goals,
 - Reviewing evaluation reports and core mission documents for each agency;
- Designing a values-based allocations process that the Connectional Table approved at the Nov. 2018 meeting:
 - Key values: the UMC's mission, missional priorities, core mission of each fund/agency, emerging missional priorities for the denomination, fairness and justice, stewardship and transparency;
- Consulting with a financial professional, Bill Brownson, who:
 - Used GCFA and agency data (treasurers' reports, audited financial statements, etc.),
 - Produced comparison reports of audited financial statements,
 - Analyzed financial statements for overall agency capacity (indication of capacity included: reserves, invested assets, donor-restricted assets and illiquid assets);
- Conducting learning dialogues with the agencies and funds, some of whom expressed that this kind of conversation was a first;
- Consulting with GCFA; and
- Presenting a preliminary recommendation on Jan. 11, 2019, to all agencies and funds, after which we received requests for reconsideration totaling approximately \$26.7 million. These requests exceeded what we had to allocate. We did, however, reconsider in some cases by shifting funds from the World Service Contingency Fund.

The allocations team first had to determine if all the five funds would receive the same across-the-board reduction of 22.7%, in line with the overall budget cut. Realizing that a more holistic and complex approach was needed, the team developed the values-based approach mentioned above. This values-based approach was approved at the November 2018 CT meeting. As a result of this approach, the team decided that this large 22.7% cut to all funds would not be felt the same, since some funds would be unable to fulfill their core mission with that large of a reduction of funds.

The team acknowledges that this quadrennial budget allocation process represents significant change from the last three quadrennium in both process and financial resources available, but believe it benefits the entire connection.

ALLOCATIONS IN SUMMARY

SMALL COMMISSIONS AND NATIONAL PLANS

These organizations have smaller budgets, fewer reserves and are more apportionment-dependent. These commissions and national plans represent only 5.1% of the current budget, or \$23,983,000. A 22.7% across-

the-board reduction to these programs would not recuperate much money for the denomination, while negatively impacting their ability to sustain their core mission and thriving ministry within our Church. These organizations also demonstrate the capacity to engage in emerging missional priorities of the denomination. **The team recommends maintaining the current funding levels** of three of the smaller World Service funded commissions—The General Commission on the Status and Role of Women (GCSRW), the General Commission on Religion and Race (G CORR) and the Commission on United Methodist Men (UMM)—and the six national plans: Asian American Language Ministry, Korean Ministry Plan, National Plan for Hispanic/Latino Ministry, Native American Comprehensive Plan, Pacific Islander National Plan and Strengthening the Black Church for the 21st Century.

UNITED METHODIST COMMUNICATIONS

United Methodist Communications (UMCOM) has net assets approaching \$74 million, \$20 million of which represents 194% of its total expenses and is available within one year. The allocations team interprets this to mean that UMCOM can sustain its programming for nearly two years without any additional resources. UMCOM supports nearly 80% of its expenses with apportionment dollars, indicating a low use of its reserves. The team also assumed that board-designated reserves are different than donor designated reserves. Lastly, the team considered and questioned the high cost of communications for the denomination (UMCOM receives 15% of the allocated funds, which is the third-largest apportionment and does not include communications budgets for other agencies) compared to communications budgets for secular organizations, in which even 9% to 12% of the budget is considered high.

The allocations team recommended that the fixed charge UMCOM receives for the interpretation and promotion of giving for the World Service Fund remain unchanged. The team also recommended that its on-ratio World Service funding be reduced by 37% due to the nature of the financial capacity that its reserves represent. This allocation is 12.4% of the proposed budget. The team acknowledges that this change in funding will be challenging. However, we believe that UMCOM can continue to thrive.

INTERDENOMINATIONAL COOPERATION FUND

There has been a complete transition of staff and reconfiguration of the ecumenical and interreligious ministries of the UMC in the last five years, which led to a large balance accumulating in reserves. The office is now staffed and revisioning for the future. For that reason, the team recommended \$1 million in funding so that ICF can continue to vision and plan for ways in which it will utilize apportionments for mission, while keeping its current activities funded through reserves.

The allocation represents 62% of the current yearly budget for ICF. At the end of 2018, there was a balance of \$5,840,185 in the Interdenominational Cooperation Fund. The Interdenominational Cooperation Fund spent \$1,604,025 in 2018. Taken together, the Interdenominational Cooperation Fund's unspent reserves are enough to cover all expenses for the 2021-2024 quadrennium, based on recent spending patterns, without the allocation of additional apportionments. The Interdenominational Cooperation Fund staff alerted the team to the opportunity to invest their reserves to earn capital, and it would not be prudent to de-fund them and leave them no resources to invest by the end of the quadrennium.

The allocations team recommended reducing the funding for the Interdenominational Cooperation Fund by 88% for the 2021-2024 quadrennium only, which still gives \$1 million in funding.

EDUCATION FUNDS

The United Methodist Church greatly values education, dedicating at least 40% of the funds available to educational priorities in the denomination. Given the denomination's many missional priorities, the team welcomes discernment of the General Conference and the denomination on the question of how much money should be spent on any one area.

These changes reflect the allocations team's desire to further the mission of the whole church and balance all the needs of our connectional system in a season of declining resources.

Ministerial Education Fund

In line with the value of stewardship, the allocations team acknowledges and celebrates that each seminary and theological institution has other sources of funding, including funds coming from their own development offices and endowments. During the listening session with General Agencies and meetings with members of the Association of Theological Schools, questions arose about whether or not we can continue to support 13 seminaries and all of our current licensing schools given declining resources. This recommended reduction in the Ministerial Education Fund funding should spur a needed conversation about seminary education, clergy indebtedness and the number of seminaries the denomination can support. You may see the questions raised by the team on page 23 and 24 of the full report.

The Ministerial Education Fund has the second highest recommended allocation from apportionments—in excess of \$100 million. The allocations team believe that its core mission can be sustained with a recommended 31% reduction.

Africa University

GCFA released a report in January 2019 that shows the Africa University Fund is a popular ministry of the church, receiving 93.13% of its asking and 31 annual conferences investing in the apportionment at 100% or more. The team also recognize the complexity of Africa University's governance structures and ministry, and celebrates the ways in which Africa University has been accountable for the missional and effective deployment of its resources. The team also affirm Africa University's success at fundraising, its ability to build its endowment and the positive impact it has had on other fundraising efforts within the denomination. Africa University is a beacon of light for the denomination, and the desire to offer a limited 15% reduction rather than 22.7% speaks to the value of preserving the core mission of Africa University and the denomination.

Given the importance of Africa University on the African continent and beyond, **the team limited the recommended reduction to 15%**—one of the lower recommendations for reductions—and not an across-the-board 22.7% reduction.

Black College Fund

Aware that any cut to this fund will disproportionately affect Historically Black Colleges and Universities and racial-ethnic college students, and in light of the history of racial inequality and economic inequality in the United States, the allocations team valued limiting the reduction compared to the threshold reduction of 22.7%. **The team recommended a comparatively modest reduction of 15%** in recognition of the historical

significance and importance of Historically Black Colleges and Universities to The United Methodist Church and with a desire to sustain the core mission of this fund.

Young Clergy Initiative

The Young Clergy Initiative was created in 2013 to recruit, train and retain young clergy over three quadrennia, ending in the 2021-2024 quadrennium. The fruit of this short-term initiative is an everlasting commitment to the development of young clergy that has become part of the culture at every level of the denomination, including programs and initiatives coordinated by annual conference and general agencies. As a reasonable tapering off for the final quadrennium of this initiative, **the team recommended reducing the funding to this initiative by 28%**. It would be prudent for GBHEM to begin transition planning as this initiative reaches completion in 2024.

The Central Conference Theological Education Fund

The team celebrates that the Central Conference Theological Education Fund provides the means to support nearly 50 theological institutions in Africa, Asia (Philippines), and Europe which provide the ministerial training for clergy in the UMC. At present, the fund has more than \$2 million in unrestricted net assets, or two years of reserve funding, based on current funding and spending patterns. The fund could continue for two years without any additional apportionment funding. Throughout this quadrennium, purposeful effort has been devoted to creating an endowment to potentially support the long-term sustainability of theological education in the central conferences. Such education is already supported by the general agencies and the central conferences themselves. Though General Conference action increased the budget in 2016, the recommended allocation—a reduction from the 2016 increase—is still \$2 million more than the budget at its 2012 founding. The allocations team believes that this allocation, the two years of reserves available, and the continuation and development of other revenue streams, can sustain this important ministry.

The team recommended a 30% reduction in this fund (still a \$7 million allocation).

PROGRAM AGENCIES

Our program agencies continue to lead our denomination in the 4 Areas of Focus and in programming that connects to our mission as United Methodists to make disciples of Jesus Christ for the transformation of the world. We acknowledge that a change in funding will be challenging for each agency.

Despite the almost 22.7% decrease in apportionments, the allocations team limited the recommended reduction for the General Board of Church and Society (GBSC), General Board of Global Ministries (GBGM) and General Board of Higher Education and Ministry (GBHEM) to 20%.

The team celebrates, however, that Discipleship Ministries is ahead of the curve in focusing its ministry for strategic impact, and has reorganized its staff to better focus its mission. Discipleship Ministries is in a financially sensitive position, and we are concerned about the sustainability of its core mission. **The allocations team limited the team recommended reduction for Discipleship Ministries to 15%.**

THE CONNECTIONAL TABLE

The Connectional Table (CT) is heavily-dependent on apportionments. And, unlike the general agencies, the Connectional Table cannot apply for world service contingency funds. A more substantial reduction in allocation would impact the Connectional Table's ability to carry out its work. **The team recommended a 5% reduction in the Connectional Table's allocation.**

WORLD SERVICE CONTINGENCY FUND

The recommended allocation for the World Service Contingency Fund is intended to ensure collaborative missional impact through the Four Areas of Focus (or any future missional priorities set by the denomination). The increased allocation to this fund represents the values of Mission, Missional Priorities and Emerging Mission Priorities.

This fund has the potential to nurture collaborative, adaptive, visionary and innovative efforts to bring vitality to our worldwide connection through a sustained focus on evangelism and church growth, ministry with poor and underserved communities, global health and innovation in leadership and leadership development (our Four Areas of Focus) as well as other areas. And the allocations team further believes that this fund will enable the denomination to respond to emerging missional needs and priorities in an uncertain future.

The team recommended increasing the World Service Contingency Fund (WSCF) to approximately \$8.9 million. This fund will continue under the granting direction of the Connectional Table and under the existing disciplinary mandates that describe the fund. As is the case already and as the Discipline mandates, the **Connectional Table is ineligible** for support from the World Service Contingency Fund.

CONCLUSION

Think of the budget as a pie, and each allocation recommendation as a slice of the pie. As you can see, the team has not actually changed the share of the budget allocated (size of the slice of the pie) significantly in most cases. Indeed, all except five agencies/funds show an increase in their share of the overall budget.

This does not mean that agencies and funds are not experiencing budget reductions. However, as the team has stressed, the reductions in the overall budget are because of the decrease in the funds available for allocation—a decrease in the size of the whole pie. Such reductions are separate from changes that result from a shift in the allocations—or in how the pie is cut. The actual share of the budget (slice of the pie) has increased for most agencies and funds.

Of course, no agency or fund wanted to experience reductions. When the team released preliminary recommendations on January 11, 2019, we received requests for reconsideration totaling approximately \$26.7 million. These requests exceeded what we had to allocate. We did, however, reconsider in some cases by shifting funds from the World Service Contingency Fund.

AGENCY/ FUND	CURRENT % ALLOCATION	PROPOSED % ALLOCATION	% CHANGE	INC./DEC. SHARE
GBGM	23.8	24.6	0.8	Increase
MEF	22.4	19.9	-2.5	Decrease
UMCOM	15.3	12.4	-2.9	Decrease
BCF	9.0	9.8	0.9	Increase
DM	7.5	8.2	0.7	Increase
GBHEM	5.8	6	0.2	Increase
GBCS	2.4	2.4	0.1	Increase
CCTF	2.1	1.9	-0.2	Decrease
AU	2.0	2.2	0.2	Increase
ICF	1.7	0.3	-1.4	Decrease
GCORR	1.6	2	0.5	Increase
YCI	1.5	1.4	-0.1	Decrease
COSROW	0.8	1.1	0.2	Increase
NPHLM	0.7	0.9	0.2	Increase
KMP	0.7	0.8	0.2	Increase
CT	0.5	0.6	0.1	Increase
SBC21	0.4	0.5	0.1	Increase
UMM	0.3	0.4	0.1	Increase
NACP	0.3	0.3	0.1	Increase
AALM	0.3	0.4	0.1	increase
CPPIUM	0.1	0.1	0	No Change

(GBCS and NACP represent a .01 increase in allocation amount according to this chart due to rounding.)

Please see the [full Allocations Report](#) for more detailed information. Please see the below FAQ for more information about the World Service Contingency Fund.

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ALLOCATIONS FAQ

THE 2021-2024 QUADRENNIAL BUDGET

WHY IS THE CT MAKING ALLOCATIONS?

The Connectional Table (CT) is mandated by The Book of Discipline of The United Methodist Church to make allocations to the five apportioned funds: World Service, Africa University, Black College Fund, Ministerial Education Fund, and the Interdenominational Cooperation Fund, (cf. BOD ¶806.1B, 806.2).

HOW DOES THE CT DETERMINE THE AMOUNT OF FUNDS AVAILABLE?

The General Council on Finance and Administration (GCFA), is to determine, in conversation with CT, the amount available for allocations, (cf. BOD ¶806.1b.1). GCFA has made the determination that **\$361,555,000** is available for allocation to the five funds for the 2021-2024 quadrennium. This is an **18% reduction** over the current quadrennium.

IS THE CT CUTTING THE BUDGET?

Yes and no. The \$361,555,000 available for allocation is a reduction of \$105, 986,066 from the current quadrennium—a decrease in the size of the pie, so to speak. Such reductions are separate from changes that result from a shift in the allocations—in how the pie is cut. Therefore, the CT is not cutting the overall budget. However, some agencies and funds will experience further reductions or no reduction at all because of changes in allocations.

WHAT HELPED THE CT ALLOCATIONS TEAM MAKE THEIR DECISIONS?

The allocation team grounded our work theologically. The team sought to guide our work with the key values of the **UMC's mission, missional priorities, core mission, emerging missional priorities, fairness and justice, stewardship, and transparency.** Finally, the team attempted to balance our rigorous analysis of financial data in light of the mission of the whole connection.

IS THEIR DECISION FINAL?

No, the proposed budget will go to the entire CT and GCFA, and then General Conference 2020 as proposed budget legislation.

ALLOCATIONS FAQ

THE 2021-2024 QUADRENNIAL BUDGET

WHAT ARE THE AGENCIES SUPPOSED TO DO AFTER SUCH HIGH BUDGET CUTS?

Agencies and funds likely will have to focus their ministry, consider reducing programming, seek increased opportunities for collaboration and partnership, and consider new ways of operating that may necessitate petitioning the General Conference for changes in mandates. Agencies and funds will be challenged to find ways to transition to new ways of operating, and the connection must support this transition.

The **World Service Contingency Fund** is there as a financial resource to aid agencies in this transition and aid collaborative, adaptive, visionary and innovative efforts to bring vitality to our worldwide connection.

WHAT IS THE WORLD SERVICE CONTINGENCY FUND?

The World Service Contingency Fund is part of the World Service apportioned fund which "...provides funding for emerging needs in the World Service Fund areas that occur during a quadrennium. These funds are allocated to program agencies for new programs to address unanticipated needs."

Examples of already existing ministries that have been supported by this fund are the collaborative work of the Immigration Task Force, and COSROW's boundaries training Do No Harm events. Increasing this fund will give the connection greater opportunities to support innovation that addresses emerging missional needs and priorities in an uncertain future.

The World Service Contingency Fund mandates are explained in the Book of Discipline, (cf. 806.3d).

WHY DOES IT GO UP SO DRAMATICALLY?

At a time of great change, this fund can give our connection the "imaginative capacity" to adapt, dream and develop the ministries that will lead us into the future. The \$8.9 million is the amount that we believe will be able to make a significant missional impact.

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