

Interpretation of 2023 Approved Conference Apportionment Budget

The Conference budget for 2023 is \$16,408,099, a **decrease** of \$691,735 versus the 2022 budget. This is the lowest Conference apportionment budget in over 22 years.

CONFERENCE FUNDS:

AREA I.	MINISTERIAL SUPPORT	
	Episcopal Residence/Office/Discretionary	\$ 594,925
	Conference Communications	242,890
	District Superintendents' Compensation	1,552,500
	Equitable Compensation Fund	305,000
	Board of Ordained Ministry	<u>300,000</u>
	 Total Area I	 <u>\$ 2,995,315</u>

The Episcopal Residence and Office Fund provides the conference share of financial support for the office and residence expense for North Georgia's Resident Bishop. This budget line increased due to the creation of the Director of Community Discipleship and Development role added in 2022.

District Superintendents' Compensation line item represents salaries, health insurance and pension benefits for the eight (8) district superintendents of our conference.

The Equitable Compensation Fund enables our conference to fulfill the mandate of “security of appointment”, meaning that all appointed clergy will receive Conference minimum compensation.

The Board of Ordained Ministry is responsible for credentialing of clergy. Additionally, it coordinates the provision of support for conference clergy through myriad services, continuing education activities, seminars, etc. This ministry enables our conference to meet the high standards and expectations of local church congregations.

AREA II. RETIRED MINISTERS PENSION/INSURANCE

Retired Minister Insurance Premiums	\$1,350,000
Disability Premiums	200,000
Retirees' Past Service Pension (Pre-1982)	<u>0</u>
Total Area II	<u>\$1,550,000</u>

Retired Minister Pension/Insurance reflects “fully funded status” as of 12/31/2021 (unaudited) for both the ViaBenefits defined contribution funding for the Heath Reimbursement Account for retired/eligible clergy and Conference staff, as well as the pre-1982 plan. The premiums noted for Retired Ministers insurance (HRA) are based on claims expenses passed on to the Conference by ViaBenefits. The benefit per claimant is currently capped at \$3,600/annum. Due to the 2022 Conference Board of Pension and Health Benefits recommendation being approved by the Annual Conference there was a substantial decrease in this program’s liability.

Apportionments for pre-1982 are discontinued in 2023 based on the actuarial valuation of the liability.

AREA III. ADMINISTRATIVE FUND

Annual Conference Session/Journal/Handbook \$ 310,000

This line item represents total direct Annual Conference session production expenses including documentation. Note that the increase is due to an extra day to accommodate voting and the attendant expense for the voting system.

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

Office of Treasurer/Benefits/Admin/IT Services \$ 997,500

This office develops, maintains, and administers a comprehensive plan of fiscal and administrative policies, and benefits systems/processes and provides services for all Conference's administrative ministries. Additionally, the office provides information through various media for clergy and laity who serve as church treasurers, financial secretaries, business administrators and finance committee chairpersons. This office administers all conference databases and computer equipment. Through an increased use of technology, there has been no net increase in FTEs in this area in 15+ years.

Office of Ministerial Services and Spiritual Formation \$ 552,100

This office provides for the many needs of those who have dedicated their lives to God's service through the church, including maintenance of clergy service records/files. **This budget line item increased due to the creation of the Wellbeing Specialist position.** This department also administers the credentialing and support of all conference clergy.

BOT Methodist Center Operating Expenses \$ 160,000

This represents net operating expenses for the conference offices, including insurance and telephone service for the leased space.

Council on Finance and Administration \$ 100,000

This includes conference and district audit fees, legal fees, and meeting expenses for CFA.

District Administration \$1,165,200

This represents prior “district work funds” and includes the District AA’s salaries and compensation. Note that DS compensation is still included in Area I.

Cabinet Expenses \$ 50,000

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

Total Area III \$3,304,800

AREA IV. CONFERENCE BENEVOLENCES

Connectional Ministries:

Administrative Support & Staff \$ 329,773

Camp and Retreat Ministries 186,000

Conference Leadership Development 15,000

Sub Total Connect. Ministries \$530,773

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

Housing and Homeless Council \$ 9,500

This line item will partially fund staffing and office expenses.

Ministry of the Laity \$ 24,000

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

Total Area IV \$564,273

AREA V. CAPITAL FUNDING

This area is for computers and other equipment.

Total Area V \$25,000

AREA VI. HIGHER EDUCATION AND CAMPUS MINISTRY

Total Area VI \$ 1,150,931

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

AREA XII. CONGREGATIONAL EXCELLENCE

Total Area XII \$ 979,600

This budget includes funding for the following activities:

The Office of Congregational Development - The salaries, benefits, and expenses for personnel in the Office of Congregational Development.

CONTINGENCY RESERVE \$ 0

SUB TOTAL

2023 CONFERENCE BUDGET

\$10,569,919**GENERAL CHURCH FUNDS:****AREA VII. BLACK COLLEGE FUND**Total Area VII \$ 414,985

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

AREA VIII. MINISTERIAL EDUCATION FUNDTotal Area VIII \$ 897,684

This ministry provides our churches financial support for the recruitment and education of our future pastors and bishops. Please note that our conference retains 25% of the fund balance for use in our conference. The retained fund balance as of 12/31/2020 is \$292,247. Scholarship grants can total \$1,000 per semester for undergraduate studies (certified candidates only) and \$3,000 per semester for seminary students with a lifetime maximum per student of \$26,000.

AREA IX. INTERDENOMINATIONAL COOPERATION FUNDTotal Area IX \$ 12,413

This fund enables United Methodists to have a presence in the activities of ecumenical organizations and provides our United Methodist share of the basic budgets of those organizations which relate to the ecumenical responsibilities of the Council of Bishops and the General Commission on Christian Unity and Inter-religious Concerns. Included in this fund in 2023 is estimated support for:

National Council of Churches
World Council of Churches
World Methodist Council
Pan-Methodist Commission
Ecumenical Office and Travel
Interreligious Relations
Other

AREA X. WORLD SERVICE FUND

Total Area X \$ 2,867,108

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

AREA XI. AFRICA UNIVERSITY

Total Area XI \$ 93,297

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

AREA XIV. EPISCOPAL FUND

Total Area XIV \$ 1,151,251

This fund pays the annual salaries (approximately \$155,000) and benefits of active bishops worldwide and some support for the retired bishops worldwide, and a small portion of episcopal residence expenses. It also funds episcopal travel and moving expenses. Jurisdictional and Central Conference bishops receive support from this fund. The estimated “fully loaded” cost of an Episcopal leader is \$350,000. Note that our apportionment is roughly three times that amount, meaning NGA is, in essence, funding two other Episcopal leaders in addition to our own.

AREA XV. GENERAL ADMINISTRATION FUND

Total Area XV \$ 353,082

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

SUBTOTAL 2023 GEN CHURCH BUDGET \$5,789,820

For more information on the current quadrennial General Church Budget go to:
http://s3.amazonaws.com/Website_GCFA/reports/financial/2017-2020_Financial_Committment_Book_FINAL_071316_02.pdf

AREA XVI. JURISDICTIONAL MISSION & MINISTRY FUND

Total Area XVI \$ 48,360

This area supports the administrative functions of the Southeastern Jurisdiction.

GRAND TOTAL 2023 BUDGET

\$16,408,099

How Are Apportionments Computed?

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

Step 2: At calendar year-end, the local church completes the Local Church Report to the Annual Conference. (For the 2023 recommended budget, the latest available reports are the 2021 year-end reports.)

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

Step 4: The Treasurer's Office totals the local church operating expenses for ALL 795 North Georgia United Methodist churches. For year-end 12/31/2021, this total was \$190,307,260.

Step 5: We determine "the decimal." This is the conference budget divided by total church operating expenses (from step four). The decimal for 2023 is **.0862, or 8.62%**.

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

Step 7: Churches above 1000 members might have a "reasonableness test" applied to their apportionments (see formula below), and the Cabinet **might** adjust the computed apportionments for certain churches within that size range. This methodology was approved at AC 2006.

Step 8: We sum the apportionment for each individual district and send this information to the district offices. District Superintendents review the apportionments as calculated **and may adjust the calculated amounts**. Such adjustments should be made only after discussion with the church's senior pastor. Note that the District's aggregate apportionments cannot be changed.

Step 9: District superintendents notify local churches of their apportionment amounts. This information is provided to the pastors via "Local Church Apportionment Reports" at the summer/fall district set-up meetings.

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

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

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

- a. Existing apportionment formula and rules for year-end report completion remain unchanged.
- b. After the apportionments have been computed for all churches, three (3) comparative groups will be established churches with membership from 1000-1999; 2000-2999; 3000+
- c. The aggregate apportionments for each group will be divided by the aggregate membership of each group to calculate an average apportionment/member for each group.

- d. Any church whose apportionment/member falls below the average for its group may be reviewed to the Cabinet for discussion about possibly being moved up to the group average over a three (3) year period. Group average calculations will occur each year based on the latest reported membership statistics.
- e. The Cabinet can review the apportionments for the churches in all 3 groups and may, as a body, discuss and might adjust each church whose apportionment is below the average for its size range.
- f. Apportionments added to the affected churches will not be offset by reductions in other churches and will be applied to Conference-specific apportionment line items ONLY and will NOT be added to General or Jurisdictional line items.

Information Only

Total “normal” giving - \$253,313,664

The 2023 Conference budget, expressed as a percentage of aggregate “normal” revenues, is 6.5%.