The General Convention Budget
2010 – 2012
The Process

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Executive Council
October 2009
The General Convention Budget
2010 – 2012
Executive Council Draft
Draft Budget 2010 – 2012: Background

The triennial budget:
• Reflects the Church’s mission and priorities
• Includes input from staff and Executive Council
• Must be balanced financially
# Draft Budget 2010 – 2012: Process

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Activity Description</th>
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</thead>
<tbody>
<tr>
<td>Summer 2007:</td>
<td>Budget Committee of Executive Council is appointed</td>
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<td>Fall 2007:</td>
<td>Format for budget input is developed</td>
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<td>February 2008:</td>
<td>EC holds think sessions to identify ministry and mission needs, opportunities, goals and priorities</td>
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<td>June 2008:</td>
<td>EC aggress overall mission goals and priorities for the budget</td>
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<td>Summer 2008:</td>
<td>Initial budget requests are received from staff and CCABs</td>
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<td>October 2008:</td>
<td>EC evaluate whether initial budget requests address mission priorities</td>
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<td>January 2009:</td>
<td>EC adopts proposed budget for 2010-2012</td>
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Draft Budget 2010 – 2012: Challenges and Assumptions

• Currently witnessing economic conditions not seen since the Great Depression of the 1930s
• Initial spending requests were $23 million more than expected income
• Assumes that diocesan giving, the major source of income, will increase by one percent in 2010 and by two percent in each of the remaining two years of the triennium
• Requires increasing the draw on endowment income – approximately 20% of revenue – from 5 percent to 5.5 percent
• Requires deferring major debt repayment; freezing Church Center salaries in 2010; making $300K in additional staff cost reductions; and cutting most non-personnel expenditures, while making certain exceptions as rent and insurance payments
• Ignores neither the concept of abundance nor the concept of being good stewards for all those who come after us
Draft Budget 2010 - 2012: Funding Assumptions

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

- Diocesan Commitments up $5 mill assumed to grow 1%, 2% and 2% in 2010, 2011, 2012
- Asking continues at 21% of diocesan operating income. If all dioceses could pledge at 21%, there would be $7 million annually of additional funds for mission
- Investment income down $5 mill even with higher 5 ½% dividend rate due to impact of 32% decline of endowment in 2008
- Government revenue and expenses vary with refugee arrivals but reflect currently known contracts
Draft Budget 2010 – 2012: Next Steps

Program, Budget & Finance Committee at GC 2010 will:

• Hold open hearings and listen
• Discuss and decide after open hearings
The General Convention Budget
2010 – 2012
Program, Budget & Finance Proposal
Pre-Convention:
Challenges and Assumptions

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

• During Funding Hearings at GC2009, dioceses asked for more relief from Askings. PB&F listened and responded by increasing the operating income exclusion (income not subject to the Asking rate) from $100K to $120K for each diocese; and reducing the Asking rate from 21% in each year to 21%, 20% and 19% in each of 2010, 2011 and 2012. Both actions were made in an effort to ease the economic burdens faced by every diocese.

• PB&F believed that diocesan commitments could continue to decline during 2010-2012 – and assumed declines of -4%, -2% and -2% in each of the years 2010-2012.

• As a result, diocesan income during the next triennium is budgeted at $11.4 million less than income expected during the 2007-2009 triennium and nearly $17 million less than in the original EC Draft Budget.

• PB&F decided the Budget should also include more appropriate provisions for legal expenses and debt amortization.
Future Draft Budgets: Recommendations

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