

The Joint Standing Committee on Program, Budget and Finance

MEMBERSHIP

The Most Reverend Edmond L. Browning
The Very Reverend David B. Collins
The Right Reverend Craig B. Anderson, South Dakota
The Right Reverend David C. Bowman, Western New York
The Reverend Ann S. Coburn, *Vice-Chair*, Connecticut
Mrs. Betty Connelly, Los Angeles
Mrs. Nicholas T. Cooke III, *Treasurer*
The Reverend Canon R. Randolph Cooper, Texas
Mr. Vincent Currie, Jr., Central Gulf Coast
Mrs. Diana Dillenger-Frade, Honduras
The Right Reverend Armando Guerra, Guatemala
Mr. Harry W. Havemeyer, *Chair*, New York
Ms. Sally T. Head, Michigan
Mr. Jack Hebdon, West Texas
The Right Reverend Sam B. Hulsey, Northwest Texas
The Right Reverend George N. Hunt, Rhode Island
Mr. Lawrence M. Knapp, Pittsburgh
The Right Reverend Robert L. Ladehoff, Oregon
Mrs. Nancy L. Moody, Northern Indiana
The Reverend Donald A. Nickerson, *Secretary*
Russell V. Palmore, Jr., Esq., Virginia
Ms. Diane B. Pollard, New York
Mr. John Rohde, Colorado
Mr. Byron Rushing, Massachusetts
The Right Reverend C. Cabell Tennis, Delaware
Mrs. Anne B. Tomlinson, North Carolina
The Reverend Robert G. Two Bulls, South Dakota
The Reverend Victor T. Wei, *Secretary*, California
The Right Reverend Arthur B. Williams, Jr., Ohio
The Right Reverend Don A. Wimberly, Lexington
(Vacant, Province IX)

The organizing meeting was held on May 10, 1989, at the Church Center in New York. The meeting was convened by the Right Reverend George Hunt.

The following were elected as officers for the triennium:

Chair:	Harry W. Havemeyer
Vice-Chair	The Reverend Ann S. Coburn
Secretary:	The Reverend Victor T. Wei

The following were elected to chair the sections of the committee:

Program Section:	The Right Reverend George N. Hunt
Assessment Section:	The Right Reverend Don A. Wimberly

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Presentations Section: Mrs. Nancy L. Moody
Audit Section: Mr. Lawrence Knapp
Funding Section: Ms. Sally T. Head

There was an orientation of the Executive Committee, and a schedule of meetings was set to do the work of this triennium. Committee members were assigned to sections.

Executive Committee

This committee met on May 10, 1989, at the Church Center to organize the work of the full committee.

The Executive Committee decided that the Vice-Chair, Mrs. Coburn, will be designated as the Legislative Analyst.

The J. T. Griffin Company has coordinated the General Conventions since the 1973 General Convention in Louisville, Kentucky. Currently, bidding formats have been designed, and the Society is proceeding to gather competitive bids for the 1994 General Convention. It was noted that Program, Budget and Finance is responsible for the legal and financial concerns of each and every contract.

The committee requested that the program units at the Church Center evaluate all programs and put some programs to rest before adding new programs. The Executive Committee feels very strongly about new money and about sunseting.

The committee met again November 7-8, 1989, at the Church Center. Plans were made for the Challenge Process the following February in Houston. These reports were received:

From the Treasurer:

- The financial state of the Church, including statements of operation for all budgets
Receipts and giving to local congregations has been rising at a steady, measurable rate, as the current trend is toward decentralization.

In 1985 the percent of Net Disposable Budget Income (NDBI) which parishes said they gave to work outside the parish was 20.5%. By 1988 this figure was 22%. In 1985, 1986 and 1987 the Episcopal Church showed a declining membership. In 1988, membership leveled off. Communicants are demanding more accountability of the money that goes outside the parish and the diocese. 98% of apportionment askings have been budgeted in prior years. 97.5% is budgeted for the year 1990. Executive Council requested a balanced budget, which meant that the 1990 Budget had to be adjusted by \$400,000.

Several dioceses have attempted funding on a voluntary basis, but few have been successful. Voluntary giving, it was felt, has not been presented well and therefore it has difficulty getting off the ground. Voluntary giving implies excellent communication—communicating what is my fair share. Education and communication of stewardship issues thereby become increasingly important.

On January 1, 1990, the Society provided a program, under the Tax Code of 1986, whereby staff who wish to take advantage of tax shelters by direct payment to child care facilities can do so. The society absorbs the administrative costs.

On August 1, 1989, the Society assumed ownership of The Episcopalian, Inc. The loan from the Society to the Episcopalian, Inc., has been written off.

In response to General Convention 1988 Resolution C030a and Executive Council Resolution A/B/F-16sa, an alternative investments program was established as part of the Committee on Trust Funds. Also established is the National Episcopal Fund for Community Investment and Economic Justice. Income will continue to come into the budget, but at a lesser amount due to the types of investments.

In November 1984, Executive Council asked its Committee on Social Responsibility in Investments (SRI) to review alternative investment programs as an investment strategy for the Society. The Joint Advisory Council on Alternative Investments, made up of members of the Executive Council, the Church Pension Fund, and the Committee on Trust Funds, was established by Executive Council in June, 1987.

Copies of the committee's report, entitled "Alternative Investments: An Analysis of Issues," is available from Episcopal Parish Services at the Episcopal Church Center. In November 1989, Executive Council released \$3,500,000 from board-designated but unrestricted trust funds to create a portfolio of alternative investments, to be managed by the Committee on Trust Funds. The purpose of this portfolio, representing approximately 3% of the total Trust Fund portfolio, is to promote community-based development by supporting community-based financial institutions that make credit available for housing and job creation for the benefit of low-income persons who are unable to access traditional sources, with the full expectation that (1) principal will be fully repaid and (2) a reasonable rate of interest will be earned. A second 3%, representing funds within the Reserve Deposit Fund was voted to support 1988 General Convention Resolution C030a and to establish the National Episcopal Fund, a revolving loan fund of \$3,500,000 under the auspices of the Coalition for Human Needs (CHN) at the Episcopal Church Center.

From the Audit Committee:

- Results of its September 18, 1989, meeting

From the Planning and Arrangements Committee, regarding Phoenix

From the Subcommittee Sections of the committee

From the Executive Council:

- Budget reallocations
- Trowbridge Plan
- *Episcopal Life* publication
- Proposed 1990 budget
- Executive Council resolution A/B/F-16sa
- General Convention resolution tracking

At a meeting of the Treasurer with the Board of the Archives in June 1989, the following arrangements were made:

1. All the benefits and the payroll of the Archives are now managed through the Society's accounting system.
2. Approximately \$30,000 was spent to install an independent air conditioning system for the Archives.
3. \$15,000 from reserves will be allocated to produce a computer catalogue of all information available in the Archives.
4. The records of the Church Center will be managed in accordance with the Records Management guidelines of the Archivist.

The Executive Committee met February 13, 1990, preceding the February 13-14 meeting of the Assessment Section's Challenge Process at the Sheraton Crown Hotel in Houston Texas. Reports were received from the Treasurer regarding the financial state of the Church, including statements of operation for all budgets, along with reports on the following:

- Presiding Bishop's Fund for World Relief
- Apportionment data

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- Meeting with bishops of small dioceses and insurance costs
- Bid Process for competitive bids for the management contract for the 1994 General Convention
- Summary overview of the operating budget to each parish in 1990

Concerns were raised in Houston about a tight budget; a determination to leave the assessment percentage constant and not increase it has meant that the contingency funds are very limited for the triennium. The need to monitor expenses carefully was voiced by the committee.

Reports were also received from various Sections of the committee.

The Executive Committee passed a resolution requesting that the General Convention office become more proactive in arranging meeting sites and meeting times and securing low airfares; and that interim body members be able to telephone the General Convention office for this information.

The Executive Committee met November 6-7, 1990, at the Church Center in New York. The following reports were received and actions taken as appropriate.

From the Treasurer:

The financial state of the Church, including statements of operation for all budgets and with special focus on the following:

- Presiding Bishop's Fund for World Relief
- *Episcopal Life*
- Legal fees and law suits
- 1991 budget

The Joint Audit Committee of General Convention and Executive Council recommends that the Domestic and Foreign Missionary Society not comply with FASB-93 of the Financial Auditing Standards Board. This stance, also recommended by the external auditors of the Society, John Deviny Carrico & Associates, will require that the auditors issue a qualified opinion on depreciation of assets.

It cost the Domestic and Foreign Missionary Society about \$300,000 to assume responsibility for The Episcopalian, Inc. and to pay off all debts.

Legal counsel to the nation's major religious organizations gathered in Louisville, Kentucky, on October 22, 1990, hosted by the Presbyterian Church (U.S.A.), to identify legal matters of common concern, matters of authority and matters relating to the Religious Freedom Act. An agreement was made that all attendees would participate in an informal network and circulate briefs on major items when other denominations might wish to participate in *amicus curiae*.

There have been significant shortfalls in the Executive Council Operating Budget over the past few years, Mrs. Cooke said. Pledge responses have been less than expected. More mission is being done at the local level so that people can see what their money is being used for. Inflation and the higher cost of doing business means that fewer dollars will be passed on to the dioceses, and the dioceses will have to decide whether to cut their own programs or pass on that cut to the national Church. Three dioceses have had staff cuts this year. There is a need to identify what can be done by the national Church that cannot be done at any other level. This information should then be communicated to the Church at large. A pledge shortfall of just over one million dollars is expected as projected receipts are 95% to 99.1% of payments against askings. 96.1% or 96.2% is expected in 1990. The 1991 projections will be based on a 95% response. The 1991 Budget was unanimously approved.

THE BLUE BOOK

From the Executive Council Liaison:

- Discussion of mission on local through national levels
- Lilly Endowment, Inc., conversations with the Presiding Bishop
- Field Offices in the Budget

From Presentation Section:

From Funding Section:

From others:

- General Convention resolutions tracking
- Travel and expense guidelines
- Reimbursement for lost pay and dependent care reimbursement
- Blue Book Report
- General Convention Procedures Manual
- Environment
- Black Colleges

Assessment Section

This section met February 13-14, 1990, at the Sheraton Crown Hotel in Houston, Texas, to conduct the Challenge Process with the interim bodies of General Convention and to determine the detail of the Assessment Budget for 1990 and 1991. This section considered data for possible General Convention site change away from Phoenix, Arizona, due to non-observance in that state of the Martin Luther King, Jr., holiday.

Budget requests exceeded anticipated income from dioceses by approximately \$193,000 for the two years, with \$93,000 of the total needing to be eliminated from interim body askings through the Challenge Process. The Challenge Process resulted in a budget increase of \$81,249 to the interim bodies. The Assessment Section then made other adjustments in income and expense lines of the assessment budget, which resulted in a balanced budget without changing the Diocesan Assessment during the triennium.

The question for the next Challenge Process will be, do we want to eliminate meetings or have fewer but longer meetings per year? Bishop Wimberly, Chair of the Assessment Section, and Mr. Hiller, Assistant Treasurer, working with the Assessment Section will do an overall review of the Travel and Meetings Guidelines and come up with some guidelines to respond to this issue. It will be appropriate for Program, Budget and Finance to set guidelines in Phoenix.

Audit Section

This section met on May 11, 1989 and June 4, 1990 in conjunction with the Executive Council meetings. It received the reports of the auditors of the budgets and finances of the Church.

Presentation Section

Technicians and artists are coordinated for the newsprint presentation to the General Convention in Phoenix. The presentation will follow the format that was so well received at the previous General Convention, with minor alterations. Recycled paper will be considered for use. Besides English, and Spanish, a Native-American language will be incorporated into the report.

Funding Section

The 1988 General Convention voted Resolution A084sa, which requested the Joint Standing Committee on Program, Budget and Finance, the Standing Commission on Stewardship and Development, and the Committee on the State of the Church to consider the funding of the work of the Church at all levels of the life of the Church.

The funding section of the Program, Budget and Finance committee, chaired by Mrs. Head, has, to date (1) reviewed the work of the 1985 Select Committee on Funding; (2) updated the various surveys of the leadership across the Church; (3) requested additional analysis of available data, and (4) met with the chairs of Stewardship and Development and State of the Church. The Committee on Funding has made a report to the full membership of the three represented committees.

This report will be discussed by the Program, Budget and Finance Committee at its preliminary meeting, March 5th through 7th 1991, and in the context of its work at the 1991 General Convention.

Program Section

The work of this section will be in the days immediately prior to the General Convention in Phoenix.

Resolution #A171

Resolved, the House of _____ concurring, **That \$113,000 be allocated from the Assessment Budget of the General Convention for the work of the Standing Committee on Program, Budget and Finance for the 1992-94 triennium.**

<i>1992</i>	<i>1993</i>	<i>1994</i>
\$26,500	\$26,500	\$60,000

Expenditure for 1989-1991 Triennium

<i>Actual 1989</i>	<i>Actual 1990</i>	<i>Proposed 1991</i>
\$ 8,638.00	\$24,315.15	\$54,870.00