



**Baltimore-Washington Conference**  
The United Methodist Church

# Council on Finance & Administration

Phil Potter, CFA President

2019  
Pre-Conference

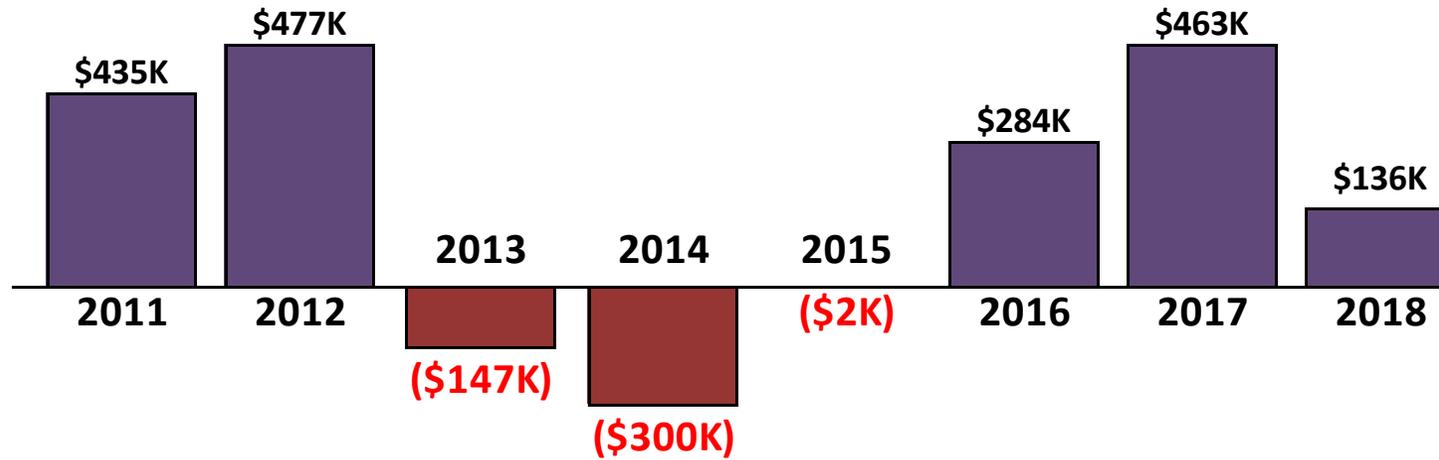
# Agenda

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- 2018 Year End Performance Summary
- 2020 Budget Highlights
- CFA Recommendation to Annual Conference

# 2018 YE Final Results

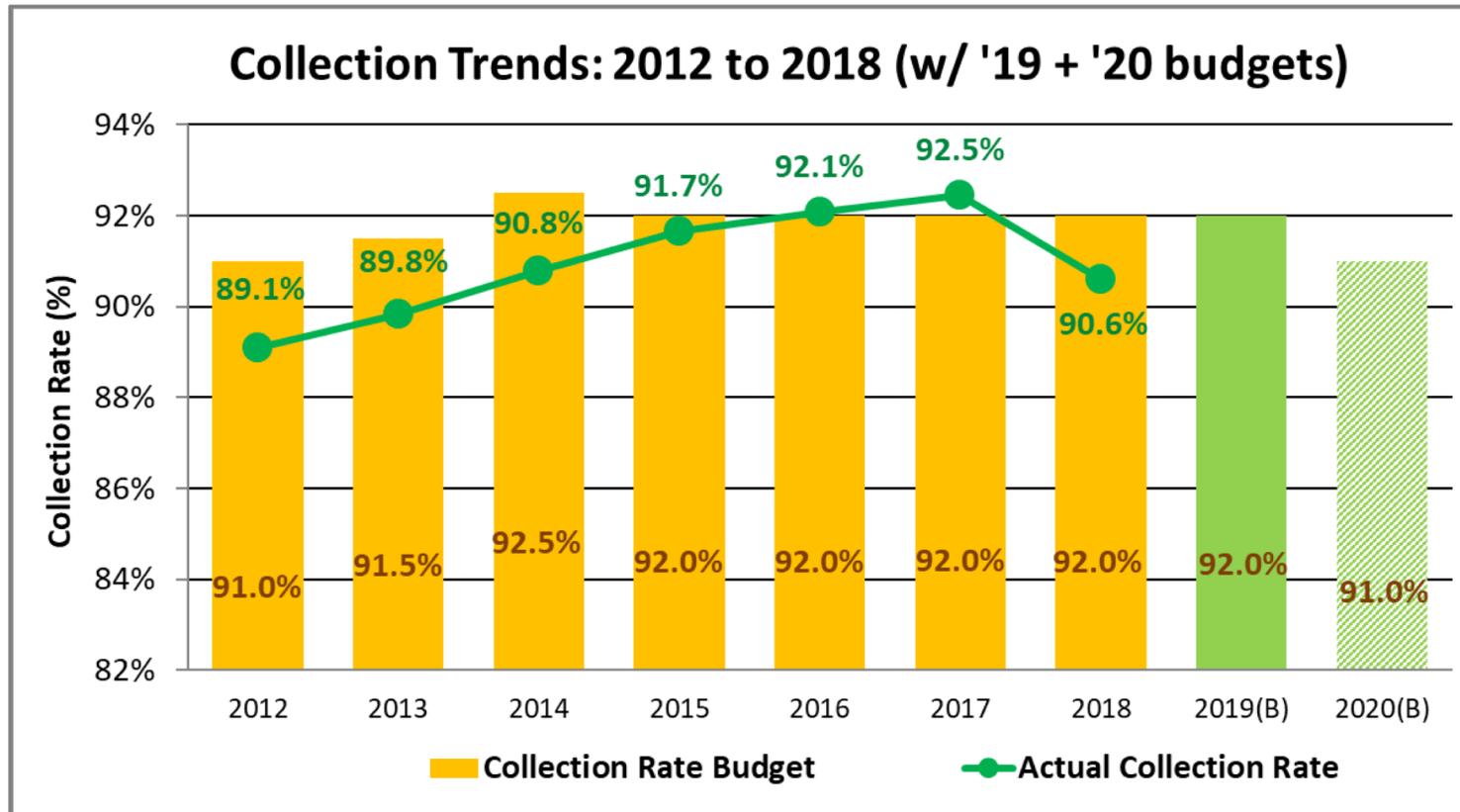
## Net Income



### Components of the 2018 YE Results:

- Mission Shares **LESS** than budget **(\$ 215,000) -1.5%**
  - Other Income **MORE** than budget **+ \$ 223,000**
  - Expenses **LESS** than budget **+ \$ 128,000**
- TOTAL + \$ 136,000 +0.7%**

# BWC Collection Rate Trends



- The 2018 collection rate of 90.6% was a change in our overall trend, but it is close to our average for the last 6-8 years.
- The 2020 budget proposal assumes a 91.0% collection rate.

# 2020 Budget Assumptions

<b>Apportionment Base</b>	<b>X</b>	<b>Benevolence Factor</b>	<b>X</b>	<b>Collection Rate</b>	<b>=</b>	<b>2020 Apportionment Income</b>
\$87.7M	X	17.600%	X	91.0%	=	\$14.0M

- The 2018 statistical data showed a decrease of 0.65% in the apportionment base to \$87.7M
- Benevolence Factor remains the same at 17.6%
- Collection Rate is reduced from 92.0% to 91.0%
- Results in a mission share decrease of \$247,000 (1.7% decrease)

# 2020 Budget Proposal

	<u>2019(B)</u>	<u>% Budget</u>	<u>2020(B)</u>	<u>% Budget</u>	<u>Change</u>
<u>Income:</u>					
Mission Shares	\$ 14,295K	76%	\$ 14,048K	75%	(247K)
Other Income	4,435K	24%	4,593K	25%	+158K
<b>TOTAL INCOME</b>	<b>\$ 18,730K</b>	<b>100%</b>	<b>\$ 18,642K</b>	<b>100%</b>	<b>(88K)</b>
<u>Expenses:</u>					
Regions	2,244K	12%	2,257K	12%	+ 13K
Ministry Teams	9,286K	50%	9,332K	50%	+ 46K
Stewardship/Episcopal	7,200K	38%	7,053K	38%	(147K)
<b>TOTAL EXPENSE</b>	<b>\$ 18,730K</b>	<b>100%</b>	<b>\$ 18,642K</b>	<b>100%</b>	<b>(88K)</b>
<b>NET INCOME</b>	<b>0K</b>		<b>0K</b>		

- The overall budget is reduced by \$88,000 (-0.5%)
- Ministry programs will increase slightly as stewardship areas absorb the overall reduction.

# 2020 Budget Highlights

- Salary funding assumes 2.0% staff increases
- General Church apportionments decreased by \$83K (-2.3%)
- Trustee Funding from Sale of Closed Churches continues to support New Faith Expressions - \$200K
- Continues accelerated debt payments - \$550K (*last payment in 2022*)
- Recognizes the \$9,000 reduced expense from the Western Region District Office move
- Increases moving expenses by \$10,000 to cover liabilities associated with the new tax laws

# Our Challenge as a Conference

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Our challenge is to maintain our sustainable ministry into an uncertain future.

## **Fundamental to this challenge, we must inherently know...**

- That more than 82% of our budget never leaves the Conference
- That a withheld mission share impacts much needed ministry within our connection
- That attempts to hurt a particular area or person, actually hurts the whole

# Budget Risk Management

## A 4-Year View of Potential Risks

- Future Risks

- New Tax Bill
- 2019 Special Session

### 2019-2022 Magnitude of Risk Potentials

10% Mission Share Decline	\$5.7M
15% Mission Share Decline	\$8.5M
25% Mission Share Decline	\$14.2M

- Risk Mitigation Approaches = \$29 Million

- Spend CFA Reserves \$ 2.4M
- Eliminate Accelerated Debt Payments 2019-2022 \$ 1.5M
- Eliminate Building Reserve Payments 2019-2022 \$ 0.4M
- Reduce Grants to Local Churches 2019-2022 \$ 4.8M
- Implement Staff Reductions – 2019-2022 \$ 4.8M+
  - 10% - \$0.6M per year (Salary & Admin)
  - 20% - \$1.2M per year
- Reduce General Church Apportionments 2019-2022 \$14.8M

# CFA Recommendations

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1. Proposed 2020 budget = \$18,641,514
2. Proposed 2020 Benevolence Factor = 17.60%
3. Combined Apportionment Budget Ratio Statement:  
33% World Service  
67% Conference and General Church Benevolences
4. Independent Auditors for 2019 - Ellin & Tucker
5. Close 2019 books on January 14, 2020
6. Grant authority to CFA, in consultation with the Bishop and the Cabinet, to act on financial matters between sessions of the Annual Conference