California-Pacific Annual Conference
The United Methodist Church

Supplement to the 2015 Annual Conference Budget
Subject: Information regarding budget line items
Submitted by: Archana Carey, Conference Treasurer

Dear Brothers and Sisters: The narrative budget 2015 is provided for better understanding of the apportionment budget line items. The Conference Council on Financial Resources voted at its March 2014 meeting to keep the apportionment budget at the level equal to current year’s (2014) budget. As always, this budget challenges us to carefully and prayerfully use the resources at our disposal to undertake the ministries to which God has called us. This budget is the result of collaborative efforts of the Council on Financial Resources and Connectional Ministries. Here is a snap shot of the 2015 proposed apportionment budget:

General Church and Jurisdiction Giving $3,010,336
California-Pacific Annual Conference Budget $7,797,980
Allowance for gap (Insurance non-payment) $ 350,000
Allowance for gap (Apportionment non-payment) $ 1,660,789

Total Apportionment Budget $12,819,105

General Church and Jurisdiction Apportionment Giving = ( $2,810,336 + $200,000 for gap allowance = $3,010,336) - The General Council on Finance and Administration (GCFA) establishes the amount of apportionment for the seven funds as outlined here for each of its annual conference. The California-Pacific Annual Conference remits the connectional giving to these funds regularly every month to the GCFA based on the giving from the church.

World Service Fund: $1,395,112 - Paragraph 812 in The Book of Discipline proclaims that the World Service Fund “is basic in the financial program of The United Methodist Church. World Service on apportionment represents the minimum needs of the general agencies of the Church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the Church.” Giving to the World Service Fund enables the people of The United Methodist Church to play an active role in reaching the denomination’s four areas of focus. The World Service Fund equips United Methodist boards and agencies to work in developing principled Christian leaders for the church and the world, creating new places for new people and renewing existing congregations, engaging in ministry with the poor, and stamping out killer diseases of poverty by improving health globally.

The World Service Fund truly demonstrates the mission of The United Methodist Church by supporting work with children, youth, students, people with mental and physical challenges, adults and older adults. Anyone wishing to see a detailed budget of this and any other General Church apportionment may do so by going to www.gcfa.org and typing, “Financial Commitment” in the search box. World Service Fund assists local churches by enabling them
to reach out with love and compassion in the name of Jesus Christ to the world’s most needy people.

**Ministerial Education Fund, $478,958** The Ministerial Education Fund is a General Church apportionment which is used “to enable the Church to unify and expand its program of financial support for the recruitment and education of ordained and diaconal ministers and to equip the annual conferences to meet increased demands in this area.” ([The Book of Discipline](#) ¶816). The largest portion of the funds collected go to support the theological schools (usually, seminaries) of the United Methodist Church. However, the annual conference retains 25% of apportionment funds remitted for use by the conference’s Board of Ordained Ministry to support the education of our clergy. The Ministerial Education Fund assists local churches in the development of current and future clergy leaders to guide local churches in their efforts to make disciples for Jesus Christ.

**Black College Fund: $191,061.** The Black College Fund (¶815) began in 1972 as one of the apportioned General Church funds. The objective of the fund is to provide financial support for institutions of higher education that have historically served the educational needs of black students. Eleven institutions of higher learning are supported by the Fund. The Black College Fund assists local churches in reaching out to improve the lives of dedicated and ambitious young people of color, who might otherwise have no means to fulfill their life potential.

**Africa University Fund: $42,752.** Founded in 1992, Africa University is educating leaders for the continent of Africa who bring hope to the most desolate of circumstances. Located in Old Mutare, Zimbabwe, our apportionment giving to Africa University is extremely important. We cannot insist that developing nations become self-supporting without providing them with the educational tools to do so. The Africa University Fund provides an avenue for local churches to supply those tools. Six (6) undergraduate faculties (equivalent to bachelor’s degrees) are offered and five (5) graduate faculties (equivalent to master’s degrees) are offered. More information can be accessed by visiting www.africaau.edu

**Episcopal Fund: $418,425.** The Episcopal Fund supports active and retired bishops, and provides for active bishops’ salary, office and travel expenses. ([The Book of Discipline](#) ¶818). Bishops oversee the United Methodist faith community. Bishops assist local churches by appointing pastors, guiding the work of the Cabinet, encouraging leaders of all kinds, providing guidance and leadership to every level of the United Methodist Church.

**General Administration Fund: $168,398.** “The General Administration Fund shall provide for the expenses of the sessions of the General Conference, the Judicial Council, special commissions and committees constituted by the General Conference, and other administrative agencies and activities recommended for inclusion in the general administration budget by the General Council on Finance and Administration and approved by the General Conference.” ([The Book of Discipline](#) ¶813). In other words, the General Administration Fund is the engine that makes the General Church go. This apportionment line item serves local churches by providing administrative funds for denominational entities that provide quality resources for local churches and answers to important questions. It also enables delegates from local churches to have a voice and vote in the formation of denominational decisions and policies. The fund provides the church with a system of checks and balance to ensure the denomination operates efficiently and enables
church law and practice to be heard and decided.

**Interdenominational Cooperation Fund: $37,476.** “This fund shall provide United Methodist Support of the basic budgets of those organizations that relate to the ecumenical responsibilities of the Council of Bishops.” *(The Book of Discipline ¶814)*. Participation in ecumenical efforts reminds us that we are not alone in our work for Jesus Christ. All of us: local churches, conferences and denominations are stronger together than as separate entities. Working together, we advocate and strive for Christian unity in every aspect of church life, encourage approaches to mission and ministry that more fully reflect the oneness of Christ’s church in the Christian community, support worldwide ecumenical efforts, witness a common Christian faith, minimize human suffering and advocate for global peace and justice.

Established in 1952, the fund enables United Methodists to have a presence and a voice in the activities of the World Council of Churches, World Methodist Council, Pan-Methodist Commission and the National Council of the Churches of Christ in the USA.

**Jurisdictional Conference Fund: $78,154.** This is an apportionment from the Western Jurisdictional Conference. The WJC Conference is a regional organization of the United Methodist Church. The Jurisdictional Conference Fund serves local churches by providing the means to elect leaders who are integral to the life of the church and by extending the missional reach of each congregation.

Allowance for gap (non-payment of General Church apportionment) $200,000

**California-Pacific Annual Conference Budget: $7,807,005**

The conference apportionment is received and distributed to the 5 Essential Ministries teams, episcopacy, superintendents, and other approved ministries and programs to fulfill the mission of the California-Pacific Annual Conference.

**Episcopacy: $91,000 — This budget includes funding needs of Episcopacy Committee, Episcopal Area Office and Episcopal Residence:**

**Episcopacy Committee: $1,000** The responsibilities of the Conference Committee on Episcopacy are found in *The Book of Discipline ¶637*. The committee provides support and feedback for the Bishop. The Committee on Episcopacy serves by providing a direct link between local churches and the Bishop.

**Los Angeles Episcopal Area Office - $70,000.** More commonly called the “Bishop’s Office,” these apportionments are utilized for the support of the Area Office which is located in the United Methodist Center in Pasadena. The LA Episcopal Area Office will also receive funding from General Church for $80,000 for 2015. Personnel expenses and travel expenses beyond the ministries of the annual conference for the Bishop are paid by the General Church from the “Episcopal Fund” (see above.) The LA Area Office serves local churches – and the denomination as a whole – by providing a place to connect with the Bishop and the Cabinet.

**Episcopal Area Residence: $20,000** The Episcopal Residence is the place where the Bishop resides. This fund pays for the maintenance, utilities and other expenses of the conference owned
property in Pasadena close to the conference headquarter. The General Church share of residence support is $10,000 for 2015.

**District Superintendents and District Offices: $1,632,200**

**District Office: $1,295,200.** The 5 superintendents provide oversight to over 350 local churches and several mission churches, averaging 75 churches per district. The District Superintendents assist local churches in the orderly transition of pastors, in helping local churches work through crisis situations, in assisting the Bishop in the oversight of the life of the annual conference and in aiding local churches and pastors to fulfill the mission that God places before them.

The 2015 budget reflects best efforts, based on the actual 2013 figures to account for the increase in health insurance rates, travel and lodging costs, assumed by each Superintendent and Administrative Assistant, and basic operational support in the Offices.

**DS Transition: $2,000**

**The Cabinet Resources: $30,000** line item is used by Cabinet to address matters that are created due to suspensions, exceptions to standing rules, or other happenings that are not cared for in at any other place in the budget. Disbursements from Cabinet Resources require Cabinet vote and minutes of such decisions are shared with the Conference Treasurer’s Office to verify approval and detail disbursement details.

**Sustentation: $25,000** - in place to support clergy in desperate situations when the local church or other funds are not available to assist. Such funds are managed by the Cabinet and the Board of Ordained Ministry.

**Pastoral Transition: $30,000** The cabinet helps those pastors who would like to transition to other vocation.

**The Moving Expense line item: $250,000** is governed by Conference Rules, and any exceptions to the Rules are voted on by the Cabinet in advance of any funds being disbursed. The itinerant system is the accepted method of the United Methodist Church by which ordained elders, provisional elders and associate members are appointed by the bishop to fields of labor. For all mainland appointments, the annual conference and the local church share the moving expenses in the ratio of 70:30%. For Hawaii appointments, the expenses are shared 80:20% respectively.

**Navigation Essential Ministries Team: $680,794**

**Connectional Ministry Staff and operating expenses: $193,797** This request covers the personnel cost of the Executive Director of Connectional Ministries (EDCM), assistant to this position and other operating expenses. The EDCM focuses and guides the mission and ministry of the United Methodist Church within the California-Pacific Annual Conference through leadership and example.

**Communication: $129,164** This request covers the personnel cost of the Director of Communication and other operating expenses. This program helps the boards, agencies, councils, committees and commissions and local churches of the annual conference stay in touch
with each other. In collaboration with the Resident Bishop and the Mission Articulation area of the Navigation Essential Ministry Team (EMT), the director sets the strategy, content and methods for all communications, website and public relations messages to consistently guide and articulate the vision of the California-Pacific Annual Conference.

**Database Manager: $42,000** Consulting fees for services as conference registrar, contract negotiator for the annual conference with University of Redlands, data base manager.

**Mission Vision Sub Teams: $98,000**

**Standing Committees: $217,833** This includes cost of publishing journal, committee expenses of COSROW (Commission on the Status and Role of Women), CUICC, a budget for the upcoming General Conference in 2016, new request for funding the Hispanic-Latino Ministries of the annual conference, meeting expenses for committee on Race and Religion and Systems Assessment.

The bulk of the above request under standing committees category is for the annual conference session 2015 $145,200: The expense of the Annual Conference session is funded primarily by this apportionment. Smaller amounts are also utilized from various departments, fees and grants. The Annual Conference session serves the local church by providing a gathering place for every Charge to participate in the formation of the policies and practices of the Annual Conference. Further, attendees are spiritually enriched with dynamic worship and teaching. The free sharing of resources, ideas, and peer-to-peer conversations plants seeds of mission and ministry, which are carried back to local churches to grow and bear fruit.

Another expense under this category includes a line item for **Conference Secretaries $11,300**. The request covers printing expenses of any preliminary reports and handouts for Annual Conference Session. The printing cost of journal (per book of discipline) is included here.

**Leadership Essential Ministries Team: Total Request $609,027**

**Staffing and Operations: $25,000** - This budget request includes personnel cost for shared position of administrative assistant in the connectional ministries offices.

**Standing Committees:**

**Board of Ordained Ministry $180,000** The Conference Board of Ordained Ministry is responsible for the approval and nurture of all ordained, commissioned and licensed persons in service to the Cal-Pac Annual Conference. The Board is responsible for examination of candidates for ministry, to ensure that they have the gifts and graces to serve local churches and have fulfilled all of the educational requirements. Budget funds are utilized for the administrative expenses of the Board: meetings, travel, training, orientation and other expenses associated with certification, licensing and ordination of candidates. Scholarships and other expenses are supported by the Ministerial Education Fund (mentioned under General Church – Ministerial Education Fund). The Board of Ordained Ministry serves local churches by ensuring that pastors meet or exceed the qualifications necessary for leading successful ministries.
Campus Ministry: $60,000

Claremont School of Theology: $40,000 – This United Methodist Seminary in the Western Jurisdiction helps prepare future leaders in ministry. The Cal-Pac Annual Conference shares the connection by supporting the School of Theology through this budget request.

Laity Council: $15,000 – Fosters an awareness of the role of laity both within the local congregation and through the ministries in the home, workplace, community and world in achieving the mission of the Church. Provides support and direction for the ministry of laity in the local, district and annual conference levels and helps develop local church leaders. This request includes meeting and event expenses.

Orders: $2,500 – This committee provides for gatherings of ordained deacons and ordained elders for continuing formation in relationship to Jesus Christ. Helps develop a bond of unity and common commitment to the mission and ministry of the United Methodist Church.

Young People Staff Expenses: $104,602 – Funds the personnel and other operating expenses of the Young People’s Ministry of the annual conference.

Camping: $181,925 – This budget provides support to the personnel expenses of the Director of Camping and Outdoor Ministries who is responsible for the oversight of the programs and operations of eight (8) Cal-Pac camp sites and supervision of the camp directors. This line item also provides up to $30,000 in camperships for our conference-led summer camp program at all of our sites. The money is also used to help communicate information about camps and retreats through print materials, mailings and web-based media.

New Ministries Essential Ministries Team: $1,524,692 - Isaiah 43 reads, “Behold, I am about to do a new thing. Do you not perceive it?” This is the work of New Ministries Essential Ministries Team (NMEMT) – to be about leading our Conference toward the new. As part of Connectional Ministries, the New Ministries EMT resources our local churches to do new things so that new disciples are made for the world’s transformation.

The operating expenses request for $187,000 includes the personnel cost, benchmark summit and demographics.

Program Vitalization: $86,000 This funds will help reach out the New Generations, enable to strategize for vitalization of ministries, coaching by visiting 4 churches, organizing 2 Bootcamps to include Hispanic and multi-ethnic congregations.

Program Multiplication: $45,000: This funding will help Raising Up New Leaders. Discipleship Huddles are hosted by local churches. During the current year, approximately 45 people have attended a Huddle. Churches are invited to Host a huddle at their church. This budget will create new leaders and make multiple disciples.
New Ministries Grant: $750,000: Grants to start new church and ministries awaken new possibilities in our Conference! Much of this budget funds local churches in doing new and exciting things. In 2015, our goal is to give back $750,000 to churches doing new things!

Trainings for Vitalization: $78,000 We want to strengthen our local churches for the 21st Century. This year 20 churches in the South will begin a process of becoming more vital. This 18-month journey will include workshops, coaching and achieving goals that boost vitality.

Equitable Compensation: $378,692. This fund is utilized to assist local churches with pastor salary expenses where there is potential for church growth or some other transition is taking place. Limits are applied for the amount of support given and the time period that a church/charge can receive support. Funds are requested by the Cabinet, approved by the Commission on Equitable Compensation and distributed by the Treasurer’s office to the local church or charge. Mandated by the book of discipline. The equitable compensation grants $189,000; Vital Presence Church Grants $148,692; Vitality Initiative $40,000 and meeting expenses and others $1,000.

Justice and Compassion Essential Ministry Team: $346,860

Staff and Operating Expenses: $159,360 Covers the personnel cost for the director of JCEMT, shared support staff and other operating expenses.

Ministry Enabling: $107,500 Supports the communication, training and outreach ministries of the Cal-Pac Annual Conference. This request also includes $40,000 to be given out as grant funding for local justice and compassion ministries.

Justice/Church and Society: $45,000 Provides programs covering a variety of social issues and responses to critical issues.

Compassion/Global Ministries: $35,000 Helps coordinate the work of JCEMT with the denomination’s boards and agencies such as General Board of Church and Society and General Board of Global Ministries.

Resource Essential Ministry Team (Excluding Retirees and HR Administration) $1,375,354

Trustees: $266,400. The Conference Treasurer and Board of Trustees maintain oversight of about 15 Conference-owned properties, including the United Methodist Center. The trustees become the custodians of local church properties when they are abandoned. This fund primarily pays for the legal expenses ($50,000), insurance expenses ($150,000 – conference property and liability, conference director and officers) and consultant fees (Chancellor $36,000).

Council on Financial Resources: $555,845. The Treasurer’s office is responsible for managing annual budget of approximately $32 Million (apportionment $12 Million, active health and retiree billings $9 Million, property and liability billings $4.5 Million, camping program $2.5 Million and designated funds $4 Million. This fund pays for the personnel and other expenses of the Treasurer’s office, controller, a bookkeeper/AP assistant, a payroll/ledger assistant, and one
billing/facility-coordinator/receptionist and the assistant to the Treasurer’s positions.

Also included in the budgets $67,500 to pay for external audit, bank charges, renewal of several licenses and annual subscriptions for systems such as accounting software.

**Conference Center Operations: $341,509**-This budget includes staffing expenses for IT coordinator and part-time receptionist. All expenses tied to the Conference headquarters building in Pasadena, including mortgage, utilities, equipment contracts, repairs and maintenance of the center, are also paid through this fund.

**Other R-EMT Expenses: $211,600**

**Working Capital: $35,000** – Provides cash flow and working capital for emergency needs that may arise in 2015.

**Archives and History: $26,600.** The very extensive responsibilities of the Commission on Archives and History are found in ¶641 of The Book of Discipline. These funds are utilized by the conference’s Commission on Archives and History for meeting expenses and programmatic purposes. The Commission serves local churches by preserving and safeguarding vital records which define our past and guide our future. This request also pays for a part-time staff position that helps with the program.

**Capital Replacement Plant Fund: $150,000** pays for the depreciation expenses of conference owned assets.

**Retiree Medical and Other $1,438,051**

The premium expense for retiree healthcare is a fixed cost. The bills received from the insurance carriers must be paid, no matter what. There are two sources of revenue to cover the premium expense. The retirees pay about 35% of the total premium as their share of the cost. That leaves 65% to be paid with the Board of Pensions’ share of the apportionment. For 2015, the actual amount needed to cover what the retirees don’t pay for themselves is $1,413,392.

The Board of Pensions, through apportionments, fully subsidizes the health insurance premium cost for active clergy who are on disability leave. For 2015, the amount needed in order to pay these premiums will be $210,120.

The salaries and benefits of the HR Director, Pension Coordinator and Health Benefits Coordinator, as well as Board of Pensions meeting and program expenses, are covered by administrative fees added to the benefits billings that go to the churches. The salary and benefits of the HR Assistant, as well as HR administrative expenses such as meeting and program expenses and legal fees, are included in the amount that is asked from the apportionment. For 2015, the amount needed is $73,564.

Retiree and incapacity health premiums are fixed costs. Based on history, the Board estimates that they would receive 83% of what is actually needed to cover the premium bills. The Board has calculated the amount of the gap between what is needed and what is estimated to be
received from the apportionments. The amount of the gap has been included as a revenue item in the Board of Pensions budget to ensure that sufficient funds are received to be able to fully pay the premiums. This amount is **$210,120**.

The four items included in the apportioned budget are retiree health, incapacity health, human resources administration and the retiree and incapacity health insurance premium gap allowance. The combined amount needed from apportionments for 2015 is **$1,888,051**. In order to lower the apportionment asking, the Board of Pensions has budgeted to withdraw $250,000 from the Endowment Fund, and has also authorized a withdrawal from their deposit account at the General Board of Pensions in the amount of $200,000, which reduces the amount needed from the apportionments to **$1,438,051**.

**Congregational Loan Repayment**: $100,000 - The annual conference borrowed $4 Million from the Congregational Loan fund during the years of 2000-2011 to fund its operating deficit and help ease the cash flow issues. The Council on Financial Resources made an agreement with the Congregational Loan Committee in 2012 to repay the borrowed amount.

**Allowance for Insurance non-payment**: **$350,000**. The annual conference participates in the group health insurance program to help local church pastors and their families receive the best care at cost effective rates. The conference also purchases property and liability insurance on behalf of the local church. Each month the conference pays to the vendors and subsequently bills the churches for the local pastor’s health insurance (approximately $7+ Million) and church property and liability insurance ($4.5 Million). While most churches send their payments to the annual conference in a timely manner, there are many who go delinquent. Due to the lack of any other source of income, the conference is forced to dip into the apportionment funds to pay for the delinquencies of the local churches. This line item will ease the stress of utilizing the apportionment funds meant for programs.

**Allowance for gap on apportionment**: **$1,660,789** – The budget presented to the annual conference is the actual spending plan for 2015. Historically, the annual conference has not received 100% connectional giving from all its local churches. In order to pay for the expenses listed above, full participation will be required from local churches in their giving. But that is not the case and lessor amount is received than apportioned thus creating a gap between the spending plan and actual receipt. The allowance is budgeted and factored into the apportionment to help meet the gap.

**TOTAL CALIFORNIA-PACIFIC ANNUAL CONFERENCE BUDGET FOR 2015 (as proposed) = $12,819,105**

*And God is able to bless you abundantly, so that in all things at all times, having all that you need, you will abound in every good work. 2 Corinthians 9: 8 (NIV)*