

## **The Standing Committee on Administration & Finance**

**Quito, Ecuador  
February 11-14, 2008**

Present and constituting a quorum were: David Alvarez, Vicky Garvey, Del Glover, Tom Gossen, Bettye Jo Harris, Josephine Hicks, Gay Jennings, Dennis Stark; the Presiding Bishop and Archivist, Mark Duffy; from the staff, Kurt Barnes, Nancy Caparulo, Alpha Conteh, Lori Ionntiu, Babs Meairs (new to the Office of the Bishop Suffragan for Chaplaincies) Gregory Straub, Caspar vanHelden, Linda Watt; Pan Adams-McCaslin, Chair of PB&F; and visitor, Todd Wetzel. Absent with notification: Jon Bruno.

Chair, Josephine Hicks, called the meeting to order on February 11 at 1:35 PM EST with prayer, followed by the introduction of Caspar van Helden, Gregory Straub's Deputy Secretary, replacing Tony Jewiss, who retired in December.

The Agenda was reviewed and amendments were made with point persons identified. The budget must be presented on Wednesday at 1:30 PM EST.

### Finance Report

The preliminary report for 2007 was posted on 1/31 with actual revenue of \$53.2 million against budget of \$51.1 million. Expenses were \$52.2 million, resulting in a budget surplus and a swing of \$1.7 million. The Church Center controlled expenses by not filling a number of staff positions as the reorganization took shape. On the revenue side diocesan commitments were in line with that budgeted and dioceses paid the commitments they made. Investment income was slightly higher because interest rates on the short-term reserve were higher than expected.

Alpha reviewed the 2007 results, including 1) the status of diocesan payments against commitments; 2) reduction in the provision for uncollectible pledges; 3) an analysis of assets and liabilities; 4) explanation of a more systematic approach to funding lay missionary pensions; 5) reduction in the expenditures for audit fees; and 6) accrual for legal fees. Expenses have been held down. Discussion followed about whether post-retirement benefits other than pensions should be funded. Questions arose regarding budget over-runs in certain budgetary areas, the causes for those and what possible consequences might be developed should this occur in future.

### **Budget 2008**

Kurt began with the presentation of legal expenses and Title IV and the identification of how spending has related to the GC budget priorities. Department heads were asked to identify what portions of their budgets relate to the priorities and the pie chart in the budget document reflects their answers. Pan noted that D031 identifies youth and young adults as the #2 priority and that very little money is allotted for young adults. She asked, "What does it mean to have priorities and how are they reflected in the budget?" This becomes part of the new triennium budget discussion. Monies allocated to priorities were not necessarily ranked according to the priority but the necessary amount would be spent to achieve the mission. Kurt explained the difference in the old structure and the new (reorganization) and how the change in the structure affected

where the dollars landed. Gay observed that the three ethnic congregation desks are situated in one place and the fourth in advocacy. Linda explained that missionaries had been consulted and had given a description of the thrust of their work. Black, Asian and Hispanic desks fell into congregational development and Native American was better placed in advocacy and justice.

On the income side, commitments are lower than those approved by GC owing to estimates made in 2005 prior to reductions in income due to the inability to fulfill pledges made by Pennsylvania and other dioceses. Commitments for 2008 at this time are up about 4% compared with 2007 with increases ranging from small to large across dioceses. Investment income is proposed at a payout rate of \$1.07 (at a 5% draw and because we had 5 good years), one penny less than the \$1.08 for 2007 at 5.5% dividend rate. It is impossible to predict what is going to happen in 2009. Kurt continued with various other income items: Episcopal Life, refugee program, Episcopal Books and Resources, and the General Board of Examining Chaplains. Suggestion was made to have the House of Bishops (HOB) agree to raise the GOE fee and, perhaps, also agree to pay the increased costs in the meantime. Various other line items included HOB (line lower because it was found to be over-budgeted), House of Deputies (added cost for additional part time, 18-month staff person for the President). David asked how we might help bishops from Province IX attend HOB meetings that are so costly for them. He also raised the matter of accountability and assessment of programs in supported dioceses and the role of the partnerships office and covenant committees. The Grants and Covenants position in Partnerships will be charged to discuss with covenant committees what would be the umbrella reporting system to track program and finance going forward.

Tom asked for clarification about the Episcopal Life income and cost to produce and opined that the ability to look at Episcopal life as a product is not identifiable. Conversation covered the location of these line items (public affairs and communication) and suggestion that Bob Williams could communicate what their plans are moving forward. Episcopal Life remains heavily subsidized but a significant number of dioceses partner with them, which complicates the issue. Request was made that income and expense for Episcopal Life be broken out.

A wide-ranging discussion ensued about how to close the DFMS Budget gap for 2008. Kurt reminded everyone that the budget is balanced over the triennium, not year to year. Swing in 2007 can be used to offset the deficit in 2008 or any time during the triennium.

Bob Williams joined the meeting. Josephine identified issues involved with various line items: 1) how to report legal fees; 2) PHOD request for additional staff; 3) request from Bishop Packard for additional \$15,000 for Guam; 4) continued support for Diocese of Ecuador so that Bishop Wilfrido can continue for another year and pay for a new bishop election; 5) staffing potential for Episcopal Life vacancies; 6) Philippine covenant money remaining in the budget; 7) Archives fundraising should be added; 7) identifying the difference between capital and operating expenses and another category, extraordinary expense.

After a short break, Josephine reconvened the session with Bonnie Anderson, Bishop Wilfrido and Kim Tucker in attendance. Additions were made to the list for budget discussion: 1) funding carryover from 2007; 2) 2007 accruals; 3) Mission Funding didn't spend its budget and requests to accrue \$150K for use this year.

The President of the HOD and Kim Tucker discussed the request for an additional staff leading to and cleaning up from GC in 2009. Kim outlined her current workload and observed as we approach GC this work increases. This additional person would be located in Michigan and work 20 hours per week. The salary will come from the PHOD budget rather than the GCO budget line as it has appeared in the past. The amount requested is \$32K and no benefits are necessary. Another \$15K are added travel dollars for the PHOD.

Bishop Wilfrido was present to discuss the needs of his diocese. He reviewed a little history of Ecuador Central and the poor morale of the clergy when he arrived in June 2006. The missions had been abandoned among other things. The Diocese of Atlanta has given \$20K in help. The diocese is now in the process of growth, development and transformation. He believes that it would be detrimental to the diocese if he were to leave in May as scheduled and asked to spend another year so he could call for an election for a new bishop, with an eye toward consecration in February or March 2009, after which time he would leave. With various components, his request amounts to about \$50K plus funding for the election process, perhaps \$30K.

Bob Williams came to talk about Episcopal Life. There is improved planning for ELife Media, a sea change. The Internet totally changed the operations of Episcopal Life. In consultation with Board of Governors there was unanimous endorsement of the configuration of ELife Media that includes web, print, and broadcast media to serve the Church. The online activity has potential to draw ad revenue, as did the paper in recent years. There is a decline in paid subscriptions and in paid advertising. In terms of subsidy, any time a printing partnership withdraws from the newspaper there is a significant amount of work required to keep the budget balanced. In considering the subsidy, the staff positions are funded. Bob explained further that three positions are currently vacant. The positions of Associate Editor and Ad Director need to be kept in the budget. The new compensation package for the editor is less than was paid in the past. Alpha added that in 2008 it is hard to see that ELife Media can be self-supporting because it is more extensive than the old stand-alone Episcopal Life newspaper, which was essentially breakeven. Part of the opportunity of the work is to combine ENS and Episcopal Life into ELIFE Media. The communication department was asked to consolidate. At a time when it is incumbent on everyone to communicate as much as possible it has been difficult to do the work on an ever-decreasing budget. Tom asked what drives the increase in 2008 from 2007. In the proposed budget the vacant positions have been budgeted. All web employees are contract employees. It gives DFMS some flexibility about renewing or not. There is a reduction in workload for the incoming editor; some duties have been redistributed to the general manager. The advantage in having contract staff is flexibility.

Linda added that management is trying to get a handle on the different types of employment status. Doesn't like the term "contracted staff" and believes it is not a good practice to have a contractor for a long period of time. If you were to fire someone in spite of it being an at-will type of employment, it's easier not to renew a contract than it is to fire someone. Gay suggested that EC needs an update from HR at an upcoming meeting.

Sally Johnson joined the meeting at 4:15 PM.

Chuck Robertson was present also to discuss various items. Beginning with GOEs, he'd asked and learned that the amount put aside for the boards was an arbitrary number. There was an agreement in the past that the fees wouldn't cover expenses and that it would be a shared cost but has not been able to find a record of this. Chuck explained the current design of the GOE conference (travel for 132 to Baltimore for 5-6 days to do the work with rental of computers, etc). Inquiry has been made about how money can be saved; no answers, however. The PB added that the system is broken; she is a board member and has been a reader and feels there needs to be another way to do the work. In spite of efforts for consistency there is none.

Chuck then focused on Guam/St. John's School. He has conferred with George Packard and Kurt about the DFMS purchase of a lease hold at \$3.2 million for the soccer field that the school was to have repurchased. The school has not repaid the loan but now says it is ready to forward \$1 million to DFMS. As additional payout over the next 10 years, the school would make available \$100K annually in scholarships for "underprivileged" students. Repayment of a further \$750K is unclear. In exchange, the DFMS would assign the leasehold to the soccer field to the school, a move that would not put the DFMS at any greater risk than the one that exists. If the school borrows from a bank and can't repay the loan they would be liable. The \$1 million offered is cash in hand. We would receive it this year and it would flow through the budget as extraordinary income or a loan repayment and we would write down the asset. Funds would go into reserves because that is where it came from. Since it is a balance sheet asset it will have to be reflected appropriately in the DFMS financial statements. Tom observed that the deal isn't done for 10 or 11 years and asked if there will be a lien written into the agreement against the remaining \$750K. A family in Japan owns the land and the leasehold lasts 60 years. Question arose as to what DFMS might gain by selling the rest of the leasehold.

Babs Meairs, from the Office on Chaplaincies, cited the Program Area report having to do with Guam and the request for a block grant increase. She noted significant changes requiring additional support to keep ministry going in the four churches on Guam. Two priests resigned to pursue other vocations leaving one ordained person for Guam and Saipan. Ben Helmer is there working to develop ministry and they have asked for \$15,500 additional for development of lay ministry and to raise up local clergy. More military families are moving to Guam and there is a need for ministry development with EFM training. This amount is needed to grow the work.

It was noted that every group could make a similar case to ask for more funding. It was learned that the \$15,000 request is for 2008 and is different from the amount needed for the school. Armed forces have resources to facilitate some of the needs. Chuck said there are ongoing conversations with the Diocese of Hawaii about their possibly having jurisdiction over Guam.

Chuck continued discussion turning to the Church Deployment Office (CDO), with whose board he has had conversations concerning timing to institute a search for a director and reasons for putting it off for a while until they decide what direction their work will take going forward. There is ongoing conversation about how much is being accomplished without a head. Linda said that part of the re-organization is to find areas of overlap where consolidation can be done. CDO is a component part of the leadership area whose work is being looked at with regard to how it can be done better.

## Archives

Mark began, saying since the meeting in Dearborn it was decided to continue discussions with the folks with whom he had been in conversation already. The idea for the Archives is to create a sustainable information resource for the church going into the future. DFMS lost the opportunity to buy the land at the original price offered; it was purchased out from under DFMS and the owners are interested maximizing a profit. The price being sought reflects a build out at maximum density. The committee hopes to be able to make an informed judgment about a realistic investment in a long and complicated process. One exchange can take 3-5 weeks. The task group will get together when they feel they might have a deal. An official list will be drawn up of items that will need to be investigated as part of due diligence and a final contract. Mark pointed out that there are no resources to waste time looking at what happens if this sale doesn't take place. In Dearborn, EC adopted a spending plan of up to \$2 million for due diligence for earnest money on property, etc. Concern was expressed that if a purchase goes ahead in 2008 there will be an impact on the revenue side of the budget if funding comes from reserves. Tom asked if there was a question about spending that \$2 million on start-up fundraising. Kurt said that the funding has been accrued from 2007 to the 2008 budget (\$150K allowed for start-up fund-raising). Archives won't be evicted by the seminary but will face a significant rent increase in the next triennium.

Ensuing discussion covered the location(s) of line items for legal expense, Grants & Covenants, Mission Funding Initiative (MFI) (Charles Fulton asked that funds be carried over from 2007 to 2008); \$150K for Archives fund-raising; and the location in the budget of the grant to ECF .

Pan observed that when the CCAB budget was approved, it was a triennial budget. There were things in 2007 that would be carried over to 2008. Kurt clarified that if a CCAB has spent less for a meeting than they've been granted, it goes back, (i.e., the surplus only returns to general use at the end of the triennium. CCABs have been told they have a triennial budget that can be allotted year by year, if that is their desire.

Bonnie asked about the policy regarding carry-overs, specifically the line item for PHOD. How do we reconcile a carry over for mission funding if PHOD line items are not allowed to be carried over? Comprehensive discussion followed about accruals in general, consistency in applying the policies, not penalizing departments for saving money - a problem inherent in a triennial budget. Gregory allowed as how the Treasurer is relied on for that guidance. Dennis suggested that no carry over exists unless EC approves it. All exceptions should be taken on an individual basis. Alpha agreed. He prefers not to carry over unspent items but to increase spending in the following year's budget with an explanation. That process involves the budget manager more. Kurt added that easiest accruals are those where a bill is known to be coming in the following year that was budgeted in the current year.

At 5 PM Josephine did a short recap about the work ahead, using the rest of the afternoon time and meeting after dinner. It having been overlooked earlier, it was **moved (Tom) and seconded (Del)** to approve the minutes from both Dearborn and January Conference Call. **Motion carried** without opposition.

## **Grants and Covenants**

David Alvarez asked a question regarding the discussion in Dearborn about IARCA and Mexico and accountability from supported dioceses. David learned from a visiting priest from Mexico that there are no reporting procedures in place and he feels that if an accounting is not required funds are being thrown away. It is necessary to find out what is being accomplished with the money they get from DFMS while recognizing our pastoral and relational issues and assuring they are not paternalistic.

Gay asked what does the church receive in the form of accounting. Kurt explained that audited financials and a budget are sent with a couple of paragraphs about what mission was done during the prior year. Gay continued, asking what happened with the covenant committees in monitoring those areas. Kurt sat in on three covenant committee meetings recently (IARCA, Liberia and Mexico) where they asked for baselines of what the picture was 10 years ago: how many churches, parishioners, priests? The PB observed that lacking is the same kind of accountability from domestic grants, there is no measure of how the mission of the church is being advanced with our funds. Linda said, looking at overseas and domestic grants, there is \$21 Million that the GC mandated that we support. Bonnie recalled that this block grants discussion had taken place in A&F over the years and a form was developed. Kurt said that the form is a list of items that need to be returned (audit, budget, narrative of accomplishments). Over the years A&F reviewed in a matrix format what was done when. It would be helpful to do that with both overseas and domestic partnerships. Suggestion followed that it might be done more effectively in the Partnership Office. David proposed a change in the line item, unless they can give specific accounts of the number of clergy, what programs are being carried out and where they spend their money: don't fund them above their budgets. Kurt recalled that all lines have been reduced 5% from the GC approved budget. The covenants say that adjustments in funding must be approved by the Councils of both entities.

Gay agreed that an accountability issue exists but was concerned about reducing amounts that are the result of mutual understanding. If we go that route we have to look at what the cost will be in terms of making other funds available for the budget and what happens to our relationships. Dennis asked if it was possible to authorize paying half and requiring an accounting before the other half is released. Kurt agreed this would reinforce what the covenant committees have told the recipients. With regard to the Philippines, in the last two years, they have directed all of the funding to a long-term custodial endowment. They don't use it for operating expenses and we don't ask for accountability any more. Del observed that partnership assumes good faith on all parts and expressed his desire not to meddle in recipients' affairs. He suggested putting together a timetable for each to achieve self-sufficiency so we can plan for the relationships to change from year to year as each moves toward self-sufficiency - here's what we'll do, here's what you need to do. The original covenants were drawn up that way and both sides have failed. Tom asked where the oversight rests with regard to domestic appropriations? The PB answered that day-to-day it rests with staff and the larger oversight with EC and a combination of committees. Bonnie said INC's input regarding the budget would be important. Question arose whether it would be okay to appropriate the amount in the budget but add conditions prior to releasing payments; what are the conditions and who sets them? INC will be invited to join the discussion. NOTE: Actual covenant amounts have not been changed.

### **Legal Expenses**

The discussion initiated in Dearborn continued regarding what we are spending on legal costs, focusing on transparency, accounting, reporting (generally and to the General Convention), the need for confidentiality, strategy, reputational risk, public relations and satisfying the concerns of the Audit Committee. The Presiding Bishop expressed her wishes and the rationale behind them. Discussion was extensive.

Gay pointed out that we are a church that is transparent and will do what is necessary to protect the integrity of dioceses and we approach this from our sense of responsibility. Bonnie said it's about our pro-activity to stand on the shoulders of those who have gone before us to protect the dioceses we worked so hard to develop. Del reported that we have had to defend to a nay-sayer that we're receiving money from the Church Pension Group. David observed that the dissidents are already out but that we don't expect to have these legal battles forever and we need to reassure the church. Sally asserted that reporting to GC needs to be clear and detailed.

AF-054 (thanks to Yumoto for his service to EC and A&F) was **moved and seconded**. Motion carried with 6 yeses, 1 no (Betty Jo), 1 abstention (ed note – I did not get who this was).

At 6 PM it was agreed that A&F would reconvene at 8 PM, after dinner. Josephine was to ask someone from INC to come discuss the covenant issue.

Josephine reconvened a session at 8:22 PM. NAC had also discussed legal expenses and they have a real interest in taking some of the money from reserves rather than the operating budget because it is an extraordinary expense. They suggested using 2007 legal expense numbers for the operating budget and planning to take any amount over that from reserves.

Gregory discussed EC expenses. EC was treated like a CCAB and experienced a one third cut in the budget on the assumption that EC could do a lot of its work electronically. It was agreed to go from four-day to three-day meetings but he pointed out that the real expense is not lodging and food, but travel. He gave examples of the wide range of air fare costs occasioned by those who wait too long to book flights and others whose particular requirements are costly. Chairs of Standing Committees have complied with the request to hold invitations down. Even so, it is impossible for EC to meet its canonical mandate within the amount of money budgeted. Meeting in Quito is inexpensive – getting everyone here was not inexpensive. The GCO asked for more money because, by the end of this year, EC will be over budget. None of the requests made for additional funding are reflected in the proposed budget. Lori Ionnitiu spoke about the costs of meetings and the impossibility of doing her office's work with a travel budget of only \$75,000. GCO is unclear what happened to their request for additional funds and are now confused about the negotiating process that took place. Various line items were identified and discussed. Questions arose and were answered regarding 1) who makes the budgetary decisions, 2) overspending and how to avoid that, 3) adjustments to the CCAB line items, canonical provisions for the GCO budget precedence over the rest of the budget, 4) needs for the Corporate/Canonical portion of the budget to fund its work.

Josephine cautioned that A&F needs to be careful about what its role is and how much needs to be opened for discussion beyond the work the staff has done. Del was concerned that there are

no controls to prevent spending funds that have not been approved. A&F is the place that needs to be assured that those controls are in place. It was pointed out that if Alpha and Kurt think we have a certain amount of money because there are outstanding claims for money that they don't yet know (e.g. - I'm planning to spend money I don't have), a distorted picture results regarding what is actually available and it is impossible to keep track of all the money that is spent because groups learn they can defer. Who is in charge of the checkbook? Who says you can't spend the money?

Gay said funding for EC is not in the same realm as other items being considered. EC is the governing body between GCs and if the funding passed at GC is not realistic, EC needs to listen to what the GCO is saying and take their recommendations seriously and pay attention to them. She asked to understand the thinking behind the management team decision not to include the funding. It was the will of the group that A&F see the original proposal from the GCO and take the discussion from there.

A quick recap of budget changes revealed \$50K in 2008 added for the Diocese of Ecuador; \$150K added to MFI. It was agreed that the committee would meet at 1:30 the next day.

### **Travel Guidelines**

Gregory said that for this meeting this is too big an item to deal with. He talked again about how tickets are booked, the lack of incentive of the travel agency to be helpful, the manners in which people want to tailor their travel to suit their preferences, etc. He expressed a need to make the responsibility of being an EC member as burdenless as possible within the realities of the budget. Linda said she had assumed that the discussion would cover the physical challenges at meetings that arose in Dearborn. The presenting issue was paying for scooters and/or wheelchairs at EC meetings, which raised larger questions in terms of all CCAB meetings and the GC. Ultimately, a subcommittee of A&F was suggested to look at the bigger picture. Gay thought there would be a conversation about supporting accessibility needs impacting the 2008 budget.

Welcome was extended to Sandi McPhee, Chair of INC, who came to talk about accountability issues around covenants and partnerships. She was briefed that A&F was leaning toward approving the levels of funding for the covenants but imposing conditions for accountability. Sandi said after the October meeting, when the covenant bishops were heard, the issues were discussed in INC and accountability in the broadest sense was part of the conversation. The bishops may be open to a structure. She said the question is what is A&F looking for. It was explained that we get budget, audited financials and a one-page discussion about what the recipient's activities were in the prior year but the ability to evaluate or have a report on growth is needed (communicants, priests, programs). It was learned that INC functions as the oversight of the covenant committees. Butch Gamara from CIM serves and there is an EC member on each covenant committee. What may be needed is a dual task force or working group between INC and A&F/TRO. Kurt suggested

- reconstructing the history of when the funding began
- establish criteria for the health of a diocese/parish/mission
- look at the total budget from 1994 to 2004 to 2007 (dollars received) and ask what has changed?

Sandi asked if A&F is primarily interested in how the was money used and, logistically, how would the working group operate. Linda felt this could be implemented for 2009, not 2008, and that the main focus should be on accountability. A joint subcommittee will be appointed by Josephine and Sandi. Domestic grants accountability will be addressed separately or at GC. The decision to form the subcommittee will be reflected in the A&F Minutes rather than by resolution.

The discussion on Travel Guidelines was revisited specific to accessibility. Two elected members of EC have to spend personal money in renting scooters in order to carry out their responsibilities. Additional conversation concluded that if special arrangements are made (for scooters) for this committee they should apply to the whole church. Josephine will appoint another subcommittee to deal with this larger issue.

Del **moved** AF-055 (travel guidelines) and Bettye Jo **seconded**. It was agreed that the language in the resolution should be amended so that the small yearly changes caused by IRS changes for personal vehicle mileage need never to be revisited. **Carried without opposition.**

AF-043 and 044 were reviewed for language by in-house counsel and amended. They were **moved, seconded and carried** along with AF-045 and placed on the consent calendar. AF-047 was then **approved** with a changed title. AF-048 was held for clarification of the payout amount. AF-049 was **approved with amended language**. AF-052 was **approved as written**.

AF-053 (UTO/DFMS relationship) was withdrawn. AF-056 was held for clarification of intent from Bob Williams and AF-057 was held because INC asked for clarification about the need for the \$50K.

Josephine adjourned the session at 9:45 PM with agreement that A&F would meet over lunch the next day, so she reconvened the meeting on Tuesday afternoon at 1:47 PM with a review of outstanding items needing to be solved to wrap up the 2008 budget.

The issue was raised concerning the process is by which an appeal is made for budgetary funding so there is a level playing field for all groups. The system about how funds are requested and decided upon was explained. Linda said, keeping a balanced budget in mind, that all requests for funding programs have merit. She asked if management/A&F do not have the authority to discuss and make recommendations for untouchable (budget) areas, who does? Bishop Katharine remarked that in future flexibility is needed for new initiatives in the triennium. Sally, revisiting whether or not the GCO answers to the COO, said canonically it does not, also pointing out that the canons provide for two treasurers. EC has the oversight responsibility according to canon.

Kurt presented the numbers worked up after conversation with Grant Thornton, the Society's independent auditors, regarding the presentation of the legal expenses in the budget. He walked the group through potential measures to balance the budget.

Kurt confirmed with Grant Thornton that legal expenses could be considered extraordinary expenses and would not have to flow through the operating budget. Subsequent discussion raised concerns about projections for the amount actually needed to fund legal expense; how the

report to GC will be done; whether or not the fund flow through the operating budget; the Audit Committee charge for transparency and its fiduciary responsibility both to the Church, the EC and State of NY; that attention be paid to the reality that this is the GC budget; what to title the line item; and how to arrive at a realistic estimate of cost for 2008. The amount needed for Title IV and legal support to dioceses in 2008 is uncertain.

All agreed it would be necessary to meet after dinner. Josephine reconvened a session at 8:21 PM with a quorum present and a list of items yet to be resolved to conclude the 2008 budget.

The list for consent calendar was reviewed: AF-043, 044, 045, 046, 048, 049, and 050.

Gay and Del recommend that an item up to \$3000 should be added to the GCO budget to provide assistance to members of EC with special needs. This was **moved, seconded and carried without opposition.**

Detailed discussion covered the item in the GCO requests.  
Health insurance for EC visitors: \$7000 would likely cover the need.

National Concerns proposed that all program funding be restored to the 2007 budget levels and that this be done by a combination of: 1) eliminating staff positions without program lines (namely, environmental \$74K and multi-cultural \$79K); 2) fund litigation expenses by increasing the draw on endowment and 3) increasing the draw on reserves and allowing the task force on property disputes to raise money outside the budget to cover the expenses - plus returning \$60K to Province IX. Additional discussion covered these proposals and how to approach them but reached no specific conclusion.

It was agreed that a session would reconvene at 7:30 AM. It actually was reconvened at 7:40 or so on Wednesday morning with a quorum present and recap/agreement regarding the solutions to balance the budget.

AF-059 having to do with accountability and evaluation of recipients of block grants was **moved and seconded** (Tom and David) **and approved without opposition.**

AF-051 to accept the budget was **moved, seconded and approved with one abstention (Del).**

Discussion covered budget presentation and agreement reached that there would be merit in discussing certain sensitive issues concerning the budget in an executive session.

AF-046 was passed and placed on consent as were AF-048 and AF-057. AF-056 (Hames scholarship trust) was approved and slated for being reported in plenary.  
AF-058 was explained by Kurt concerning the continuation of a salary to a clergyperson and other needs in San Joaquin with funds derived from a number of trust funds appropriate to the need.

Chuck and Bonnie talked about the reasonable assistance and support needed to help maintain faithful congregations in San Joaquin and other disaffected dioceses, including the anticipated

similar needs in Forth Worth and Pittsburgh of soon. Amendment(s) were made to AF-058 and approved. **Motion and second** made on AF-058 as perfected was **carried without opposition**.

Discussion ensued about AF-050 providing loans for relocation of key employees. Questions aired and AF-050s resulted. This was **moved, seconded and carried** with **one no vote** (Betty Jo) and **one abstention** (Dennis). Linda expressed her appreciation for the work culminating in the substitute resolution.

Quickly, Bonnie reported concerning the Budgetary Funding Task Force, saying that a letter had been provided to A&F. She commended it to everyone's study.

### **Diocesan Commitments Subcommittee**

Gay distributed the report of the committee (Jon Bruno, Vicky Garvey, Del Glover, and Gay) with its recommendations going forward. She highlighted the process of obtaining commitments to the budget. By the end of November dioceses that have not committed are called to get estimates. Follow up is currently done by Robert Abstein and Scott Kirby. The subcommittee thinks in selected dioceses phone calls by EC members might be weightier.

Gay presented recommendations of the task force.

- Undertake an analysis of the collective impact of 10-10-10 on dioceses and TEC. Disseminate the information gathered in the analysis to the appropriate people and bodies.
- 30 minute presentation annually at one of the meetings of the House of Bishops given by the Treasurer. It is critical that every member of the HOB know who the Treasurer is and how the Treasurer can be of assistance to dioceses.
- Develop an expanded Annual Report of the Episcopal Church, which could be used as a teaching tool regarding diocesan giving and commitments. It would also provide transparency as well as information about spending for mission.
- The Treasurer and co-chairs of Program, Budget & Finance be given the opportunity to meet with new bishops at the Living Our Vows program for new bishops sponsored by the College for Bishops.
- Conversations with bishops, diocesan staff, deputations, and the diocesan budget committees may be helpful. Questions to ask of dioceses might include: How does the Episcopal Church Center help the diocese? How are we doing? For those dioceses that do not give 21%, what are the reasons for that decision? For those dioceses that do give 21%, how do they make that a reality?
- Working with the Treasurer, review the current system of contacting dioceses that have not pledged or are delinquent in pledging. The use of multiple approaches should be considered. Executive Council has greater responsibility than is being employed

Bonnie suggested calling the Treasurer the GC Treasurer. That would indicate how we work together. She also described the deputies as an untapped resource; that deputations can be gathered to effect positive changes in the dioceses. Bonnie suggested her new half-time staff person could be instrumental in keeping in touch with deputations on her behalf.

The Restoration plan for Diocese of El Camino Real was commended to everyone's attention for study and perhaps to use as a model for other dioceses who wish to but are unable to meet the 21% asking.

The task force also talked about "what are the sanctions?" There really are none but the question arose if the HOB should meet in dioceses that are not living up to their (budget) responsibilities.

Tom pointed out that there are no established accounting standards for dioceses, no consistent system. He suggested standards might bring some of the giving in line and that the inconsistency should be dealt with in the bishops' Budgetary Funding group.

What are the next steps?

- Bonnie will develop a plan to involve deputies in the diocesan income issue going forward, making it part of orientation for deputies and their ongoing education. There is a responsibility for supporting the budget after it has been passed.
- Role of standing committees? These should be linked with the deputations. Bishop education is critical.
- 10-10-10 matter – refer to the Budgetary Funding Task Force – Gay will communicate with Stacy and by letter with Jim Waggoner, who chairs the committee.
- Annual Report recommendation to go to GCO and GC Treasurer. Tom commended the ELCA annual report on the web. Question about reporting on mission activities. We are to come back in June with preliminary suggestions.
- Gay will prepare a draft letter from A&F/Josephine to go to Bishop Mathews and the curriculum committee regarding the recommendation to educate the new bishops.
- Working with treasurer, work a little more on the system of contacting dioceses and report again in June. Gay will continue to do this with Chuck and hear what Scott and Bob have to say. Vicky and Del are also interested in continuing on the subcommittee.
- A&F is to send a letter of commendation to El Camino Real and recognize the work they have done in planning their restoration and take up their offer to mentor and coach other dioceses. Gay will draft for Josephine. Tom suggested that this happens by resolution and it was agreed that this should be done at the June meeting.
- Kurt will remind Chuck, Linda and the PB to include an annual budget presentation at the HOB meeting.

Question was asked about what special recognition has been given to dioceses giving at or above 21%. They are listed separately on the web site. Agreed - a special letter should go to the bishop and diocesan council to thank them. Bonnie will write the deputies and the PB should write the bishops. Is it in Spanish? Gay said that these letters should go out to these givers in the next month or so (March and April 2008).

Josephine recessed the session at 11:00 AM and reconvened another at 3:21 PM with a short review of the Budget Committee goal to provide opportunity for all of EC to have meaningful input on the budget so that management has an idea about how to focus the triennial budget work. Linda expressed her view that A&F will be the only committee that will focus on the administrative side of the budget.

### **Mission Priority Visioning**

Gay led the exercise beginning with reflections about how the current triennial budget process works. Tom: the current process (as it applies to the annual budget) does not seem to allow enough time for the other standing committees to do their analysis and provide input. Del: it is a challenge to assure that the General Convention (GC) priorities get translated into action either by staff or the Executive Council (EC). We do not see the connection between the lofty principles and the reduction to practice in a faithful way and we are subject to criticism that we are not being faithful.

Linda: priorities focus to money at GC and then to money intra-triennium. There is a disconnect between GC and EC. Unfunded resolutions are also a problem. Need to define a priority. Sally: GC passed priorities early enough so that PB&F could adjust the budget to honor the priorities. We need to clarify the expectations around the priorities.

Del: it's hard for the professionals (day to day people) who have to reduce to practice to understand and be faithful to changes because of the nature of bureaucracies, i.e. they do what they've always done. It's hard to translate how to make real the conceptual.

Linda: Is this the place to mention the opportunity fund that we have talked about from time to time and how to respond to changing priorities (or circumstances) during the triennium? It is related to the budget process. There is tension between the GC budget and the annual budget. Everything is part of the GC budget. All the pieces are underneath it - management and the administration of the Episcopal Church Center (ECC), the GC budget and the General Convention Office.

Josephine: the funding formula needs to be addressed as part of the income side. The Budgetary Funding Task Force (Sauls and Waggoner - Lemler as staff resource needs to be reassigned) feels disconnected from A&F. We will need a report in June.

**Do you believe the current budget reflects the mission priorities approved by The General Convention 2006?** Budget committee needs to work through what it means to be a priority.

Linda: is this where we mention the breadth of these priorities? They are not narrow enough to be interpreted to the budget in a reality-based way.

**Who do you believe sets the vision of the Church, articulates it and establishes it? Agreed:**

it should be the GC setting the vision with the PB and EC also; there are doubts about who establishes it. David: we are much more a confederation of dioceses instead of a whole church. Gay: there are canonical references on this question that the Budget Committee with Sally's help can call on to educate all of EC about the interplay of EC, GC and the PB and the various roles involved. Linda: who articulates it should be everyone, and it should be articulated in the budget. Gay: the budget serves the vision, not the reverse.

**Do you believe that to be happening at this time? If not, why not and what would make a difference?** Vicky: exercise such as the work that began this meeting (Scenario Planning) would be helpful to get out of the jungle and up to the Mountain Top, into the forest fire or the Ranger's

Station, needs to be part of the forward thinking as we discern the future. Bettye Jo: it was not understood that we were not required to come and it is important to do this (visioning) every triennium by requirement. If we are not in communion with one another it's tough to do this work because there is no trust.

Needs to be Scenario Planning with all of EC so they will see it as a strategy in a larger concept about getting this body to be more fleet of foot in an age that changes a lot faster than we're set up to change. You have to figure out how to incorporate into a mindset of future think.

As they are now, priorities are too broad .

**Based on the work of your committee (A&F) and its goals, what would you hold to be the priorities of the Church in the next Triennium?** Gay: interested in finding whether or not there is a way to have a priority that centers around governance (especially now); find ways to strengthen our governance, our structure, the way we meet and make decisions. Amending the canons, perhaps, in a way that no one has thought of before. Some remodeling and paying significant attention to the structure needs to be done. Kurt: wasn't thinking of governance but something that covers all of these and that is measurement and evaluation, which are part of governance. For me it's beyond and broader than just the covenants and block grants, it's all of our activities. What was your goal and how do you measure success? Tom: triggered the notion of mutual interdependence and accountability. There are holes we've identified earlier in our conversation. There is no standard for reporting, so dioceses do it however they want. It's a panoply of issues and the time is now to fashion governance and structures to facilitate mission in the new millennium. David: my impression is still of a confederation. You go to the House of Bishops and some do whatever they want, they go or not, there is no accounting, and nothing happens, etc. There is no accountability. Tom: the conversation should include diocesan lines (geographic boundaries). How long will we continue to subsidize this or that dioceses? Is it because the lines are wrong? Kurt: and what are the consequences? We don't have a stick. Gay: what does it mean to be an Episcopalian and to function in that context? Bettye Jo: a lot of congregationalism happens in my own diocese. The clergy have to be required to teach. Josephine: an opportunity presented is to expand on the new knowledge about the Anglican Communion and the General Convention.

Linda: Growing the Church is the critical priority for the next 15 years. The other priorities will fall by the wayside if we dwindle in membership. A subset of that needs to include the "under 40s" or multicultural/diverse communities and emerging churches. If we have only 1.5 million people in 10 years, we can't be a ministry of social justice.

Vicky: other than drawing back members who've left or capitalizing on new membership, in terms of worship we've used low church, high church, etc. If it's low church is it low commitment? What commitment is required of our membership? We need to focus on discipleship development. Do you want to be known that way? We domesticate discipleship, too. David: statistics say we are growing in Asian and Hispanic areas/ministries so that is an area of great importance. Also youth. New styles of worship matter. Gay: my husband's parish has grown a lot and it's a whole group of 40s and 50s disaffected by fundamentalism and Roman Catholicism's turn toward fundamentalism. Tom: this may or may not have been clarified – the

issue is and it came up a number of times in the planning session - that is the importance of clarity in terms of what we stand for. What is our Identity?

Josephine: reconciliation needs more definition. We are going to continue to need some reconciliation and healing both within the church and in the Communion at all conceivable levels. Healing. Ministry and implementation.

Linda: communications is very important and struggling to know how to communicate what and to which audience and employing the right resources is something that is constantly changing. It is hard to get that right. Josephine: environment and our earth stewardship role as a church or is that too big a picture priority?

Gay: continue with justice and peace and the MDGs. Environment is part of peace and justice. It would be interesting if the church chose one of the MDGs or two to concentrate on. Target one of the Bill Gates foundation goals.

Del: maybe those of you who participated in scenario planning didn't feel this. I can understand how, living in someone else's house, do we try to understand what we do? How is it that what we are trying to restore all people to each other. . . . we can't conceive of what we want to do in two years if we don't understand what is going on now. Tom: Scenario Planning talked about that.. What came out of scenario planning? Clarity of identity; inclusive spiritual based church; diagrammed where we could be on a grid. Del: there are certain characteristics that say who we are, so there may be a lot of things to consider. If I were a business and manufactured plastic bottles, I wouldn't try making cups. Let's know what we are really good at. Traditionally we try to do too much and don't succeed well at anything. What do we have to offer that is unique? Boundaries and barriers. Barriers keep people out boundaries invite people in. I only want to say 5 things because I have 5 fingers to remember them on. Gay: what if we took two years to identify who we really are, would it be fun to do Scenario Planning for the entire church?

Recap: Baptismal Covenant – the committee might want to look at how the priorities relate to the Baptismal Covenant.

**What would be the outcome or measurable result of each priority and strategy?** Can't yet answer this question.

**What suggestions does your committee have, as we lead up to GC, regarding the best methods to insure that this will happen?** Tom: we do so much electronic communicating now, if a good questionnaire were developed and posted online and people invited to go there to answer (in a multiplicity of ways) my sense is that we would get a much broader response than the number that CCABs represent.

Josephine: the question about such a questionnaire is what kind of questions would it ask and who reads, collates and summarizes them? One thing we talked about as a Budget Committee is for EC to come up with proposed priorities, publish them and test them broadly online. Who deals with that information? Gay: put out a paper and invite comment. Josephine: we also talked about general education concerning the budget process. Linda: What about diocesan

conventions in the next years? Ask each to do some kind of visioning. This could be part of the next triennium process. Bettye Jo: you'd have to get the bishops to agree to work that into their conventions or it won't happen.

Kurt: there are 38 members of EC who are all part of dioceses and they can telephone the bishop or have conversations with key people in their dioceses as each of them are thinking about the priorities. Gay: the best way to do this is through the deputies, most of whom are elected now. Sally: it would be super if there were a way to have a link-up discussion about the budget before you get to GC with deputies and bishops included. It is frustrating to watch the parade of pleas through the PB&F hearings and not be able to participate before the budget is 99.9% done.

David: planning committees of each diocese is a good idea but without involving the bishops at the HOB this will not happen. Del: going beyond both deputies and HOB, I'd love to know how Hillary Clinton got my email address . . . rather than going through the traditional route, find a process to get the message out broadly. We couldn't tell you who the Episcopalians are across the country.

**Do you believe that there is an abundance of resources for the mission of the church?** Yes, there is abundance. Wide agreement here.

**What inhibits us?** Lack of vision. Governance. Fear. Politeness. Silo-ing. Lack of nurturing our own people.

**What means can we use to encourage others?** Brochures and catalogs like ERD uses; being bold enough to ask. Tell the story. Have a story. Caspar: there are many ways to communicate to younger groups who do not use print media. There is a lot you can do to reach them. Gay: working on UTube videos for deputy orientation. Deputy Facebook. David: some time ago there was an effort to put Episcopal Church ads on TV. Never saw any of them (they were never funded).

The meeting concluded with a discussion about AF-060 with regard to the lay missionaries' pension plan. Margaret Larom came to explain the background and what the resolution was to achieve. After some discussion the vote carried the motion and second with one abstention (Gay).

Josephine adjourned the meeting at 4:49 PM.

Respectfully submitted,  
Nancy Caparulo  
Staff support to the Committee