

ITEM 10.a
FOR ACTION

<i>FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY</i>			
A. Finance		E. Corporate Property, Legal, Finance	J. Board Nominating & Governance Subcommittee
B. Justice		F. PC(USA), A Corporation	P. Plenary
C. Leadership		G. Audit	
D. Worshipping Communities		H. Executive Committee	

Subject: BUDGET REPORT FOR COGA/PMABX MEETING FEBRUARY 5, 2014

I. For Information:

REVIEW BUDGET PERFORMANCE (JAN-DEC) 2013

The 2013 GA Per Capita Budget was revised to have total revenue of \$13,413,919 and a total expenditure of \$13,792,598 thus ending with a draw on reserves of \$378,679. The actual figures for 2013 performance are not yet available, however preliminary assessment of actual expenditure show that we should end the year with figures close to the revised budget, with a draw of about \$380,000 as budgeted from reserves.

During March 2013, the Office of the General Assembly undertook a re-organization/re-structure program, which resulted in reduction of staff and re-alignment of functions serving the larger church. This necessitated severance costs that totaled about \$700,000 in 2013. In spite of this additional expense, the draw on reserves at end year has been maintained at a level close to \$380,000, which is far less than that originally budgeted and approved by the last General Assembly (original \$659,711). This was possible by reduced budgets during revision and under expenditure.

(Attachment A – General Assembly Per Capita Statement of Activities, Dec 31, 2011)

II. For Action:

PER CAPITA BUDGET PROPOSALS 2014 - 2016

1. The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) recommend that the 221st General Assembly (2014) incorporate into the Minutes the 2012 and 2013 Per Capita Apportionment Budget and Statement of Activities.

2. (a) The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) recommend to the 221st General Assembly (2014), the Revised 2014 GA Per Capita Expense Budget totaling \$12,891,246.

(b) The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) recommend to the 221st General Assembly (2014) the total Expenditure Budget for 2015 totaling \$12,279,103 and for 2016 totaling \$12,262,898.

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(c) The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) recommend to the 221st General Assembly (2014), that there be no increase in the GA Per Capita rate, and that the previously approved rate of \$7.02 for 2014, be also approved for each year 2015, and 2016.

3. The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) recommend to the 221st General Assembly (2014) that an amount of \$1,354,306 be designated from the 2015 per capita budget (about half the cost of the General Assembly meeting), and be reserved for use in the year of the General Assembly meeting (2016).

(Attachment B – Statement of Cash Flow- Per Capita Budget)

Rationale:

The Committee on the Office of the General Assembly (COGA) and the Presbyterian Mission Agency Board (PMAB) continue to be grateful to the whole church for their faithfulness in meeting their per capita obligations (about 90% collection rates) for 2013. We believe that these funds have enabled the General Assembly to carry out its core ecclesial functions so that The Presbyterian Church (USA) can carry out its ministry in faithfulness to scripture and our Constitution.

Building the Per Capita Budgets for 2015 and 2016 continues to be a challenge. The total revenue level is impacted by variables as diverse as a slow moving economy, stock market fluctuations, value of assets held, levels of membership loss, and the ability of presbyteries to fully meet their per capita obligations. Most of these factors impact the overall per capita budget negatively. On the expenditure side, challenges include added costs due to increase in number of commissioners to the General Assembly since 2010, as well as added costs to carry out an Assembly at different locations.

Given these dynamics, both OGA and PMA faced the reality that major reductions would be necessary unless there was to be a very substantial increase in the per capita rate, which we determined, would create a real hardship in the church. Recognizing that the challenges mentioned are adversely impacting governing bodies at every level, and in order to hold to a minimum increase in the per capita rate, hard choices had to be made relative to staffing levels, the consolidation of expenses, and limiting merit increases to staff compensation. In fact the OGA and PMA made several adjustments reducing the previously approved budget for 2014 by almost \$1,440,000, and are now proposing a revised budget for 2014. In order to ease the burden at every level, we are also proposing that we maintain the GA Per Capita rate at the current rate of \$7.02, without any increase for 2015, and 2016, although annual inflation is around 3%. We have budgeted to utilize reasonable amount of reserves each year, after carefully reducing budgets, in order to eliminate any increase in the per capita rate for the next two years.

The details behind these calculations can be found on the attached sheets. We believe that such restraint in holding the per capita rate without increase and the expenditure level are necessary for the well being of the church and the fiscal integrity of the Per Capita budget. We would encourage a similar spirit of restraint by commissioners as you consider other proposals that might have financial implications at the 221st General Assembly.

**PER CAPITA
Statement of Activities
Budget Proposals 2014-2016**

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	2012 Budget	2012 Actual	2013 Budget	2013 Revised	2013 Actual	2014 Budget	2014 Revised	2014 Adjustments	2015 Proposed	2016 Proposed
SOURCES OF FUNDING										
1 Apportionments	\$13,108,425	\$13,287,793	\$13,239,438	\$13,198,919		\$13,177,509	\$12,983,462	(\$194,047)	\$12,281,462	\$11,579,462
2 Income Formula	\$200,000	\$118,132	\$200,000	\$200,000		\$200,000	\$200,000		\$200,000	\$200,000
3 Manley Fund	\$13,000		\$13,000	\$13,000		\$13,000	\$13,000		\$13,000	\$13,000
4 Miscellaneous	\$2,000	\$99	\$2,000	\$2,000		\$2,000	\$2,000		\$2,000	\$2,000
5 Unrealized/Realized Gain (Loss)		187,145								
Subtotal	\$13,323,425	\$13,593,169	\$13,454,438	\$13,413,919		\$13,392,509	\$13,198,462	(\$194,047)	\$12,496,462	\$11,794,462
TOTAL REVENUE	\$13,323,425	\$13,593,169	\$13,454,438	\$13,413,919		\$13,392,509	\$13,198,462	(\$194,047)	\$12,496,462	\$11,794,462
EXPENDITURES										
1 CHURCH WIDE MINISTRIES										
1 A Assembly Operations	\$2,768,060	\$2,703,989	\$23,400	\$23,400		\$2,768,060	\$2,708,612	(\$59,448)	\$23,400	\$2,708,612
1 B Assembly Support	\$421,922	\$417,747	\$466,960	\$542,628		\$482,515	\$556,597	\$74,082	\$562,950	\$569,102
1 C Permanent & Sp. Committees	\$627,379	\$569,929	\$615,163	\$554,635		\$566,152	\$517,894	(\$48,258)	\$439,581	\$519,785
1 D Records & Historical Services (Phila)	\$1,868,445	\$1,831,970	\$1,926,612	\$1,532,005		\$1,984,356	\$1,485,864	(\$498,492)	\$1,470,951	\$1,509,842
1 E Innovation & Engagement				\$34,468			\$68,310	\$68,310	\$68,516	\$69,972
1 F Records & History Support (Louisville)			\$19,171	\$187,315		\$19,839	\$197,484	\$177,645	\$189,808	\$192,220
2 ECCLESIAL & ECUMENICAL MINISTRIES										
2 A Ecumenical Allocations	\$995,134	\$919,027	\$995,134	\$975,262		\$995,134	\$942,134	(\$53,000)	\$917,134	\$897,134
2 B Ecumenical Support	\$665,110	\$585,566	\$674,620	\$399,336		\$718,485	\$441,164	(\$277,321)	\$418,818	\$411,923
2 C Ecclesial Support	\$948,470	\$968,664	\$976,750	\$855,668		\$1,030,010	\$876,648	(\$153,362)	\$876,920	\$882,893
2 D Communications	\$622,064	\$578,859	\$643,498	\$221,756		\$646,520	\$248,850	(\$397,670)	\$241,655	\$241,962
2 E Common Office Expenses	\$208,000	\$166,771	\$207,500	\$207,500		\$207,500	\$199,750	(\$7,750)	\$200,500	\$199,350
3 MID COUNCIL MINISTRIES										
3 A Constitutional Interpretation	\$766,147	\$720,368	\$795,205	\$599,775		\$817,415	\$675,823	(\$141,592)	\$650,726	\$634,476
3 B Vocation Ministries	\$1,083,588	\$972,594	\$1,117,667	\$664,412		\$1,125,856	\$667,728	(\$458,128)	\$676,905	\$650,663
3 C Mid Council Relations	\$205,240	\$196,166	\$186,428	\$270,740		\$203,848	\$250,168	\$46,320	\$238,218	\$241,418
TOTAL SCHEDULES 1, 2, & 3	\$11,179,559	\$10,631,650	\$8,648,108	\$7,119,421		\$11,565,690	\$9,837,026	(\$1,728,664)	\$6,976,082	\$9,729,352
4 PRESBYTERIAN MISSION AGENCY/BC	1,701,963	1,729,523	1,785,971	1,785,971		1,795,569	1,804,448	8,879	1,394,051	1,286,983
5 OTHER PMA SUPERVISED WORK	1,464,888	1,531,739	1,517,040	1,517,041		1,570,870	1,424,078	(146,792)	1,754,664	1,800,869
TOTAL SCHEDULES 4 & 5	3,166,851	3,261,262	3,303,011	3,303,012	-	3,366,439	3,228,526	(137,913)	3,148,715	3,087,852
6 OTHER EXPENSES	179,000	168,543	179,000	179,000		180,000	180,000	-	100,000	100,000
7 UNCOLLECTIBLE APPORTIONMENTS	800,000	1,565,352	900,000	1,350,000		900,000	1,000,000	100,000	1,000,000	1,000,000
8 STAFF SEVERANCE COSTS				757,135				-		
TOTAL EXPENSES 1 - 8	\$15,325,410	\$15,626,807	\$13,030,119	\$12,708,568		\$16,012,129	\$14,245,552	(\$1,766,577)	\$11,224,797	\$13,917,204
Committed for Subsequent Assemblies	(\$1,384,030)	(\$1,372,280)	\$1,384,030	\$1,384,030		(\$1,384,030)	(\$1,354,306)	\$29,724	\$1,354,306	(\$1,354,306)
Estimated Under-Expenditure	(\$300,000)		(\$300,000)	(\$300,000)		(\$300,000)		\$300,000		
Planned Use of Reserves							c		(\$300,000)	(\$300,000)
TOTAL EXPENSES & COMMITMEN	\$13,641,380	\$14,254,527	\$14,114,149	\$13,792,598		\$14,328,099	\$12,891,246	(\$1,436,853)	\$12,279,103	\$12,262,898
Net to or (from) Reserve	(317,956)	(661,358)	(659,711)	(378,679)		(935,590)	307,216		217,359	(468,436)

