

COMMITTEE OF THE GENERAL ASSEMBLY
AND
PRESBYTERIAN MISSION AGENCY BOARD
PER CAPITA
BUDGET PROPOSAL
FISCAL YEARS 2017-2018

FOR ACTION**JOINT REPORT OF THE COGA/PMA EXECUTIVE COMMITTEE****BUDGET REPORT FOR THE COGA/PMA MEETING FEBRUARY 3RD, 2016****I. Information****BUDGET PERFORMANCE 2015****Revenue**

OGA had an approved funding source budget of \$12,583,937. The actual funding was \$12,072,159. This \$511,778 negative variance is due to (1) Per capita under budget by \$176,000 (1.4%), (2) investment income under budget by \$144,000, and (3) unrealized losses, not budgeted, on an investment of \$189,000. Overall funding has declined 4.1% from the expected budget.

Expenses

OGA's expense budget was \$12,851,570 and actual was \$11,897,168. This provides a positive variance of \$954,402 or 7.4% less than allowed by the approved budget. OGA continues to exercise fiscal restraint in use of funds to provide its mandated services. It is a responsibility taken very seriously at all levels of the OGA. This is a trend of positive performance that stretched over many years. Expenses were under budget in all ministry areas as well as in the PMA allocation (NOTE: The PMA expenses were verified with PMA fiscal leadership as accurate. It is possible that year end adjustment could impact this estimate).

The one cost that will exceed budget is the estimate for uncollectable Per Capita Apportionment. The 2015 budget was \$1,000,000. The actual needed to properly set the year end receivable reserve is \$1,200,000.

Net to Reserve

OGA had a budget loss of \$267,633 before any use of reserves. 2015 is expected to provide a net surplus of \$181,294 or a positive budget variance of \$448,927. The slight surplus accrues to reserves.

II. OGA Budget Request Revised 2016 and Proposed 2017 and 2018**Assumptions****2016 Revised Budget**

The 2016 was approved by the General Assembly. OGA is requesting the following budget modifications:

- Reduce OGA 2016 budgeted non salary expenses as agreed to by OGA Leadership by \$382,550. The expense is detailed in the attached budget presentation in the account detail section.
- RE- instate the Records Manager position at a grade 18 (position description attached) that was eliminated in 2013 as a result of the OGA staffing restructure. OGA

recommends that the salary is a component of the Shared Services account as this position serves all the agencies in a unique manner. **RATIONALE:** The lack of this position located at the OGA home office has reduced the identification and collection of records from the PCUSA Agencies located in the Louisville area. PHS and Gradye Parsons made several attempts to solicit cooperation from the agencies as part of a voluntary program. This has proved unsuccessful. The Stated Clerk and PHS believe the lack of records including important electronic records are not properly saved for future use. Further, OGA is concerned about the legal jeopardy of not having these records given the issues facing the National Church and its agencies.

- All other previously approved assumptions remain the same for the 2016 Per Capita Budget

2017 Budget

Assumptions

- Increase the 2016 Per Capita rate of \$7.12 by 3% to \$7.33
- Membership would decline by 75,000 members
- Increase staff salaries by \$1,000 each
- Benefit increase of 1.5% (**NOTE: this could change downward when we understand the impact of the new BOP benefit options proposal**)
- Continue the projected non salary cost reductions started in 2016. This would yield approx. 3% in projected saving (\$312,000) in 2017

The projected costs for OGA operations for 2017 are \$12,647,188. Projected funding is \$11,770,982. This would require the use of \$876,203 in reserves. Without the Per Capita increase and the expense reductions the needed reserves would be \$1.5 Million dollars.

2018 Budget

Assumptions

- Increase the Per Capita 2017 rate from \$7.33 to \$7.55 (3%)
- Membership would decline by 75,000
- Increase staff salaries by \$1,000 each
- Benefit increase of 1.5% (**NOTE: this could change downward when we understand the impact of the new BOP benefit options proposal**)
- Continue the projected non salary cost reductions started in 2016. This would yield approx. 3% in projected saving (\$320,000) in 2018

The projected 2018 OGA expenses for operations are \$12,738,784. Projected funding is budgeted at \$11,551,195. This will require the use of \$1,187, 589 in reserves to break even. The reserve need without the Per capita rate increase and cost savings is \$1.86 million dollars.

III. DISCUSSION

OGA as other agencies is face with declining funding. In 2013 OGA reduced staffing and costs. The approved 2014 budget was \$14,328,000 in expenses OG is proposing 2018 costs at \$12,738,000. The 2014 budget adjusted for inflation at 2% would be \$15,540,000. This compared to our proposal calculates the real dollar costs reductions that started in 2013 and will continue thru 2018 as \$2,802,000.

OGA Leaders and staff worked hard to identify areas for efficiencies. We reviewed no fewer than 7 different scenarios of possible budget outcomes. We have responded to declining funding aggressively without proposing to reduce services.

We also believe that more staff reductions at this time would compromise our ability to effectively serve the church as we are mandated. Therefore we have not included any staff reduction in this proposed budget. We are requesting that the Per Capita rate increase modestly by 3% for 2017 and 2018. No single issue was debated more thoroughly. Our proposal of cost reductions, per capita rate increase, and the use of reserves, provides OGA with time to participate in the potential reorganization discussions and further discern its own delivery of services. We understand that further reductions might become necessary in the future. We strongly believe that now is not that time.

Our proposed budgets insure that OGA will meet the reserve requirement of 30% of annual expenses thru 2012 as you can see in the Statement of cash flow. Without the Per Capita rate increase and cost reductions we would fail to meet this requirement by the end of 2017.

IV. FOR ACTION

RECOMMENDATIONS TO COGA/PMA

1. Approval of revised 2016 Per Capita Expense Budget totaling \$12,434,777.
2. Approval of 2017 Per Capita Expense Budget totaling \$12,747,185 and the 2018 Per Capita Budget totaling \$12,735,784.
3. Approval of a requested General Assembly
 - a. Per Capita rate of \$7.33 in 2017
 - b. Per Capita rate of \$7.55 in 2018
4. Approval of an amount of \$1,365,540 be designated from the 2017 Per Capita budget for the 223rd General Assembly in 2018.
5. Approval of the Designated Budget expenditures of \$1,830,588 for 2017 and \$2,071,838 for 2018

OGA
BUDGET PROPOSALS
2016-2018

I. STATEMENT OF CASH FLOW

Presbyterian Church (U.S.A.)

STATEMENT OF CASH FLOW - PER CAPITA BUDGET
Actual and Projected Sources of Funding and Expenditures 2012-2016

USING THE FOLLOWING ASSUMPTIONS:

- Projected Rev and Exp for 2017 & 2018
- number of members for 2012-2014 is as follows: (please note that apportionment revenue is based on the membership reported two years prior to the current year; that is 2016 apportionment revenue is based on membership reported at end of 2014):
(2012):2,004,192; (2013): 1,921,240 (2014): 1,666,767;
For 2015 & 2016 projected membership reduction of 100,000 each year.
For 2017 and 2018 projected membership reduction of 75,000 each year.
For 2019 and 2020 projected membership reduction of 75,000
Increase Per Capita 3% in 2017 and 2018, 2019 and 2020
Expense reduction 3% from 2017-2020 each year

OPPORTUNITIES:

- Manage expenditures to be less than budgeted
- Planned use of reserves after holding 30% of Budget

RISKS

- Actual membership declines more than projected
- Actual expenditures exceed budgeted expenses
- Church and economic related issues impacting Revenue & Investment values
- General Assembly financial implications increases expenditure
- The level of available funds from reserves (after the 30% provision) declining

Unrestricted net assets, January 1
Less: Reserve (30% annual budget)
Income from prior years available

	2015	2016	2017	2018	2019	2020
	Prop Bgt	Prop Bgt	Prop Bgt	Prop Bgt	Estimate	Estimate
	\$7,224,953	\$6,957,320	\$6,481,954	\$5,605,752	\$4,418,162	\$3,087,632
	\$3,855,471	\$3,730,433	\$3,794,156	\$3,821,635	\$3,792,933	\$3,872,878
#	\$3,369,482	\$3,226,887	\$2,687,799	\$1,784,116	\$625,229	(\$735,247)

Sources of funding	2015	2016	2017	2018	2019	2020
	Prop Bgt	Prop Bgt	Prop Bgt	Prop Bgt	Estimate	Estimate
Apportionments						
\$6.63 for 2012						
\$6.87 for 2013						
\$7.02 for 2014						
\$7.07 for 2015	\$12,368,937	\$11,744,412	\$11,540,982	\$11,321,195	\$11,082,579	\$10,809,463
\$7.12 for 2016						
\$7.33 for 2017						
\$7.55 for 2018						
\$7.78 for 2019						
\$8.01 for 2020						
Income formula and other income	\$215,000	\$200,000	\$215,000	\$215,000	\$215,000	\$215,000
Miscellaneous		\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Realized and unrealized gain on investments						
From Prior years accumulation/Reserves						
Total	\$12,583,937	\$11,959,412	\$11,770,982	\$11,551,195	\$11,312,579	\$11,039,463

Total OGA Expenses	\$11,497,264	\$9,526,867	\$7,038,064	\$9,909,171	\$7,108,445	\$10,008,263
Uncollectible Per capita		\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
PMA Allocation		\$3,161,916	\$3,134,121	\$3,104,613	\$3,034,665	\$3,034,665
Designated for Subsequent General Assembly Estimated Under Expenditure	\$1,354,306	(\$1,354,306)	\$1,375,000	(\$1,375,000)	\$1,400,000	(\$1,400,000)
Total Expenditures & Commitments	\$12,851,570	\$12,434,777	\$12,647,185	\$12,738,784	\$12,643,110	\$12,742,928
Net To/(From) Reserves	(\$267,633)	(\$475,365)	(\$876,203)	(\$1,187,589)	(\$1,330,531)	(\$1,703,465)
Unrestricted net assets, December 31	\$6,957,320	\$6,481,954	\$5,605,752	\$4,418,162	\$3,087,632	\$1,394,167
Estimated PCUSA Membership	1,749,496	1,649,496	1,574,496	1,499,496	1,424,496	1,349,496

OGA
BUDGET PROPOSALS
2016-2018

II. MINISTRY AREA STATEMENT OF ACTIVITIES

OGA Per Capita Budget Proposal 2017-2018 Ministry Level		2016		2017		2018	
		Approved	Revised	Proposed	Proposed	Proposed	Proposed
SOURCES OF FUNDING							
1	Apportionments	\$11,744,412	\$11,744,412	\$11,540,982	\$11,321,195		
2	Income Formula	\$200,000	\$200,000	\$215,000	\$215,000		
3	Manley Fund	\$13,000	\$13,000	\$13,000	\$13,000		
4	Miscellaneous	\$2,000	\$2,000	\$2,000	\$2,000		
5	Unrealized/Realized Gain (Loss)						
	Subtotal	\$11,959,412	\$11,959,412	\$11,770,982	\$11,551,195		
TOTAL REVENUE		\$11,959,412	\$11,959,412	\$11,770,982	\$11,551,195		
EXPENDITURES							
1 CHURCH WIDE MINISTRIES							
1 A	Assembly Operations	\$2,708,612	\$2,708,612	\$2,000	\$2,750,900		
1 B	Assembly Support	\$569,102	\$565,287	\$574,607	\$600,838		
1 C	Permanent & Sp. Committees	\$543,210	\$541,715	\$435,360	\$475,225		
1 D	Records & Historical Services (Phila)	\$1,509,842	\$1,471,994	\$1,506,122	\$1,538,022		
1 E	Innovation & Engagement	\$69,972	\$0	\$0	\$0		
1 F	Records & History Support (Louisville)	\$192,220	\$188,960	\$188,734	\$187,069		
		\$0	\$0				
2 A	Ecumenical Allocations	\$897,134	\$877,134	\$926,000	\$926,000		
2 B	Ecumenical Support	\$411,923	\$385,625	\$462,064	\$448,994		
2 C	Ecclesial Support	\$882,893	\$744,675	\$761,850	\$776,902		
2 D	Communications	\$340,350	\$338,880	\$346,359	\$353,929		
2 E	Common Office Expenses	\$221,350	\$171,500	\$171,500	\$171,500		
		\$0	\$0				
3 MID COUNCIL MINISTRIES							
3 A	Constitutional Interpretation	\$644,776	\$653,564	\$680,909	\$696,296		
3 B	Vocation Ministries	\$671,263	\$641,802	\$658,654	\$676,915		
3 C	Mid Council Relations	\$241,418	\$237,419	\$298,365	\$280,121		
	TOTAL SCHEDULES 1, 2, & 3	\$9,904,065	\$9,527,167	\$7,030,524	\$9,882,711		
4	PRESBYTERIAN MISSION AGENCY/BOARD	\$1,305,799	\$1,310,587	\$1,264,796	\$1,233,796		
5	OTHER PMA SUPERVISED WORK	\$1,834,329	\$1,851,329	\$1,869,325	\$1,870,817		
	TOTAL SCHEDULES 4 & 5	\$3,140,128	\$3,161,916	\$3,134,121	\$3,104,613		
6	OTHER EXPENSES	\$100,000	\$100,000	\$117,000	\$117,000		
7	UNCOLLECTIBLE APPORTIONMENTS	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000		
8	STAFF SEVERANCE COSTS						
	TOTAL EXPENSES 1 - 8	\$14,144,193	\$13,789,083	\$11,281,645	\$14,104,324		
	Committed for Subsequent Assemblies	(\$1,354,306)	(\$1,354,306)	\$1,365,540	(\$1,365,540)		
	Estimated Under-Expenditure	\$0	\$0				
	Planned Use of Reserves						
TOTAL EXPENSES & COMMITMENTS		\$12,789,887	\$12,434,777	\$12,647,185	\$12,738,784		
	Net to or (from) Reserve	(\$830,476)	(\$475,365)	(\$876,203)	(\$1,187,589)		

OGA
BUDGET PROPOSALS
2016-2018

IV. OGA DESIGNATED BUDGETS

OGA/PMA DESIGNATED BUDGET 2016-2018

Attachment C

Budget Code	2016		2017		2018		2018		2018	
	Revenue Bgt	Expense Bgt	Proj End Bal	Revenue Bgt	Expense Bgt	Proj End Bal	Revenue Bgt	Expense Bgt	Proj End Bal	Proj End Bal
	2016	2016	12/31/2016	2017	2017	12/31/2017	2018	2018	12/31/2018	12/31/2018
OGA Sales of Publications	440,000	421,700	49,632	420,000	400,000	69,632	420,000	400,000	89,632	89,632
Replacement Reserve-OGA	10,000	10,000	31,422	10,000	10,000	31,422	10,000	10,000	31,422	31,422
Ecumenical Reserve	75,000	125,000	168,651	75,000	50,000	193,651	75,000	50,000	218,651	218,651
Replacement Reserve-DOH	75,000	60,000	121,433	75,000	75,000	121,433	75,000	75,000	121,433	121,433
Presbyterian Historical Society	782,145	936,929	3,530,472	580,500	860,588	3,250,384	637,200	896,838	2,990,746	2,990,746
General Assembly Mtg - Registration	250,000	250,000	8,278	-	30,000	(21,722)	250,000	225,000	3,278	3,278
Stated Clerk Training/Fall Polity	115,000	110,000	27,202	150,000	215,000	(37,798)	150,000	220,000	(107,798)	(107,798)
Cooperative Reading Grp-Ord Exams	110,000	115,000	98,095	95,000	50,000	143,095	95,000	50,000	188,095	188,095
Moderator's Travel	5,000	2,000	44,254	5,000	5,000	44,254	5,000	5,000	44,254	44,254
Moderator's Annual Gathering	35,000	35,000	26,187	30,000	30,000	26,187	30,000	30,000	26,187	26,187
GACOR Diversity Project			-	-	-	-	-	-	-	-
Fred Jenkins Memorial Library Fund		464	-	-	-	-	-	-	-	-
Presbyterian Leader Formation	25,000	25,000	23,552	60,000	70,000	13,552	60,000	70,000	3,552	3,552
Ecumenical Consultation			(1,276)	-	-	(1,276)	-	-	(1,276)	(1,276)
Church Property and Legal		40,000	23,686	-	10,000	13,686	-	10,000	3,686	3,686
Contributions	5,000	15,000	12,749	-	5,000	7,749	-	10,000	(2,251)	(2,251)
Mid Council Financial Network Conf	20,000	20,000	21,363	-	-	21,363	-	-	21,363	21,363
Unity & Heritage Seminar	16,000	16,000	2,117	15,000	15,000	2,117	15,000	15,000	2,117	2,117
OGA/PMA Task Forces		10,000	21,876	-	5,000	16,876	-	5,000	11,876	11,876
Total	1,963,145	2,192,093	4,209,693	1,515,500	1,830,588	3,894,605	1,822,200	2,071,838	3,644,967	3,644,967