

Conference Finance and Administration (CF&A)

Jerry Eyster, President

101. I want to thank the New York Annual Conference for the opportunity to serve as President of the Conference Council on Finance and Administration (CF&A) since 2017. This term of service has been extraordinary as have the times. The Covid Pandemic has delayed the holding of the 2020 General Conference and the beginning of a new Quadrennium. During this extended time of service, our Council has spent a significant effort on the business and finances of the Conference while helping to implement new initiatives reflecting changing conference priorities and working to understand better the needs and concerns of our local churches and connectional organizations.

102. It has also been my personal pleasure to work with the highly professional and competent staff of our Conference. During my tenure our long-serving CFO Ross Williams retired and our current CFO Kevin Feltz assumed his duties. It is important for me to report that at all levels of administration there has been full accountability and appropriate checks and balances in place. Our churches can be assured that stewardship of limited Conference resources is taken very seriously by both CF&A and Conference staff.

103. I am particularly pleased to report that CF&A and the other bodies that invest Conference funds have implemented the Fossil Fuels Resolution that was passed at recent Annual Conferences. The reports called for in the resolution have been generated and provide the transparency in how Conference funds are invested. As of March 2021, CF&A is invested in only non-fossil fuel investments.

104. Our Shared Ministry Apportionment giving in 2021 rose to 80 % percent after having declined to 78% in 2020.

105. The table below depicts trends in the payment of Shared Ministry Apportionments and benefit billings over the past five years.

	Shared Ministries	HealthFlex	CRSP
2016	87%	94%	92%
2017	90%	93%	93%
2018	88%	93%	93%
2019	86%	93%	93%
2020	78%	93%	94%
2021	80%	93%	94%

106. It is important to remember that we have three apportionment formulas, each calculated separately, and approved by this body when Annual Conference accepts the reports and recommendations of CF&A and the Board of Pension and Health Benefits.

107. HealthFlex for Active Clergy and Conference staff is apportioned by taking the estimated total premium billed to the Conference, adding about 3% (this number can vary), and dividing by the number of clergy and conference staff participating in the healthcare plan. The extra 3% ensures that sufficient funds are collected to cover the bill from Wespath, expecting that some churches and pastors will fail to pay their share. This number is called the "Uniform Rate" and is what is apportioned to the church/organization for each participant employed by that church/organization. For example, if there are two full-time clergy serving a church, the church is apportioned two shares of the "Uniform Rate". Optional features of the

1 plan, like the election of a Medical Reimbursement Account, will increase the billing that is sent to the
2 church, but since that money is deducted from the participant's salary, there is no net effect on the
3 church's budget. Churches should be deducting from pastors' salaries everything in the HealthFlex bill that
4 is over the "Uniform Rate". If these items are not deducted, they are considered taxable income to the
5 recipient and must be reported on both the pastor's W-2 and in Table II of the Statistical Tables.

6 108. Each year the Board of Pension and Health Benefits votes to fund a significant portion of the Retiree
7 Healthcare Reimbursement Accounts (HRA) and other costs. CF&A asked the Board if they would increase
8 their standard contribution formula to cover the entire amount needed for our retirees health costs and
9 the Board agreed to do so for the fourth straight year, thus alleviating a significant cost to the conference.

10 109. Apportioning health care in this way means that the church does not pay the actual cost of clergy health
11 insurance, but instead pays an amount apportioned to it by this formula. We have discovered that billing
12 churches for the actual cost unduly complicates the appointment process, leading some churches to plead
13 for pastors who will not bring family members into the plan.

14 110. Clergy Retirement Security Program (CRSP) is a pension plan for those clergy serving 75% or greater and is
15 apportioned by taking the salary and housing allowance (or adding 25% of salary for those pastors who are
16 provided a parsonage) and billing the church 11.8% of that amount. Unfortunately, this formula has not
17 provided the income that is needed to pay the entire bill received by Wespath and monies from other
18 pension-related accounts are often needed to fund the shortfall.

19 111. Apportioning pension in this way means that the church does not pay the actual cost of a pastor's pension,
20 but instead pays an amount apportioned to it by this formula. However, this amount is very close to the
21 actual cost. The denomination, through Wespath, bills the Conference, leaving to the Conference all
22 decisions about how to allocate the bill to churches. CF&A has decided to affirm the Board of Pension &
23 Health Benefit's recommendation to bill churches based upon clergy compensation. For those churches
24 who do not pay their CRSP apportionment, the Conference must find this money somewhere else –
25 typically from reserve funds held by the Board of Pensions and Health Benefits.

26 112. The Conference budget is apportioned to each local church via Shared Ministry Apportionments. The basis
27 for these apportionments is derived from the amounts reported on Table II by each church for the
28 previous year's expenses for salaries, accountable reimbursements, office expenses, and programming
29 (the church's "apportionment base"). Adding up the apportionment base for every church results in the
30 Conference's apportionment base. Dividing each church's apportionment base by the Conference's
31 apportionment base produces an apportionment factor or percentage. For example, if a church reported
32 expenses for the categories mentioned above on Table II in the amount of \$200,000 and the Conference
33 apportionment base for the same period was \$30,000,000, this church's apportionment base would be
34 0.666% of the Conference's base. This percentage is multiplied by the major budget categories (Clergy
35 Support, Administration, World Service and Conference Benevolences, Ministerial Education Fund, Black
36 College Fund, Missional Priority Fund, and Africa University Fund), and billed to each church in the form of
37 apportionments monthly.

38 113. Local church membership or attendance has no effect on how the Conference apportions its budget or
39 benefit obligations. It does have a bearing on the apportionments the General Church assigns to the
40 Conference.

41 114. The apportionment base of the Conference has experienced a decline since 2017. Listed below are the
42 apportionment bases for budget for the past thirteen years:

43 2011 \$33,908,859

1	2012 \$32,851,567
2	2013 \$32,365,160
3	2014 \$32,056,389
4	2015 \$31,517,276
5	2016 \$31,311,518
6	2017 \$32,030,061
7	2018 \$31,412,038
8	2019 \$31,063,736
9	2020 \$28,312,028
10	2021 \$31,101,130
11	2022 \$28,178,166
12	2023 \$27,971,485 Preliminary

13 115. **Camping & Retreat Ministries (CRM).** The CRM’s Executive Director, Brooke Bradley, has undertaken a
14 significant effort to ensure that cost structures, utilization levels and weekly rates are appropriate for our
15 two camps. This is especially important since the 2020 camping season was canceled due to concerns
16 about Covid-19. CF&A granted a loan to CRM of \$300,000 to bridge its operation until the 2021 season in
17 the absence of camper registration and retreat income. At the end of 2020, CRM indebtedness to the
18 conference was \$461,327. CF&A voted to forgive the loan allowing CRM to work with a clean slate of no
19 indebtedness.

20 116. **Thanks and Appreciation.** The Church of God is never lacking gifted people. I wish to thank Kevin Feltz for
21 his dedication to the ministry of Conference finances, our Bishop Thomas J. Bickerton for his
22 encouragement and support and our entire Council, especially Vice President of Finance Al Curtis, Vice
23 President of Administration Jason Radmacher, Secretary Martha Epstein, and all other Council members
24 who have been active at committee meetings, on conference calls, at our annual Budget Hearings and at
25 Annual Conference.

26 117. 2023 Recommendations:

27 118. Minimum Salary: CF&A supports and recommends approval of the proposal by the Commission on
28 Equitable Compensation setting a budget of \$160,000 for Minimum Salary.

29 119. Salary Support: CF&A supports and recommends approval of the proposal by the Commission on Equitable
30 Compensation setting a budget of \$90,000 for Salary Support.

31 120. District Superintendent Salaries: CF&A recommends that the salaries for these positions be set at \$97,689.
32 This 0.6% increase is tied to the increase in Conference Average Compensation (CAC).

33 121. CFO & Director of Administration and Director of Connectional Ministries Salaries: CF&A recommends that
34 the salaries for these positions be set at \$126,052, . This 0.6% increase is tied to the increase in
35 Conference Average Compensation (CAC).

36 122. CF&A recommends that the Proposed 2023 Budget of \$7,468,440 or another amount approved by the body
37 at the 2022 Annual Conference be apportioned to churches via Shared Ministry Apportionments according
38 to the apportionment base of churches as reported in Table II of the Statistical Reports. CF&A has

1 attempted to take into account the impacts on local churches of the Covid 19 Pandemic and kept
 2 projected apportionments on average for 2023 equal to the average apportionment for 2022. CF&A took
 3 action in 2021 to reduce apportionments to their lowest level since 2010. CF&A reduced budgeted
 4 apportionments by more than \$900,000 between 2020 and 2022 to help local churches deal with the
 5 financial stress caused by the Covid 19 pandemic. This was more than a 10 percent decline in
 6 apportionments from 2020 to 2022. This led CF&A to create a 2023 budget that holds the average
 7 apportionment constant between 2022 and 2023. Significant reductions in spending, including reductions
 8 in staff, have been budgeted for 2023 to hold the average apportionment constant. Individual churches
 9 may experience increases or decreases in their apportionment based on their own spending. However,
 10 the conference operating budget was set to achieve level apportionments on average.

11 **NYAC Budgeted and Actual Apportionments,** 12 **2010 through 2023**

	Budgeted	Paid		%
	Apportionments	Apportionments	Diff	Paid
2010	8,472,694	7,518,064	(954,630)	89%
2011	8,594,558	7,453,229	(1,141,329)	87%
2012	8,627,709	7,531,400	(1,096,309)	87%
2013	8,339,213	7,306,134	(1,033,079)	88%
2014	8,285,082	7,104,991	(1,180,091)	86%
2015	7,994,407	7,070,264	(924,143)	88%
2016	8,143,308	7,106,235	(1,037,073)	87%
2017	8,254,282	7,405,133	(849,149)	90%
2018	8,503,984	7,443,291	(1,060,693)	88%
2019	8,419,242	7,257,558	(1,161,684)	86%
2020	8,429,443	6,570,876	(1,858,567)	78%
2021	7,998,800	6,372,566	(1,626,234)	80%
2022	7,518,337			
2023	7,468,440			

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 17 123. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health Benefits
 18 that the Uniform Rate for HealthFlex for active clergy and conference staff be set at \$19,200 for each local
 19 church / organization employing one participant. The amount paid by the clergy / staff will vary depending
 20 upon which plans they choose for coverage.

- 1 124. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health Benefits
2 that the apportionment for CRSP for clergy serving 75% or greater remain constant at 11.8% of total
3 compensation (salary plus housing as defined in the BOPHB report).
- 4 125. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health Benefits
5 that the apportionment for CPP (death and disability benefits) for clergy serving 100% remain constant at
6 3.0% of total compensation (salary plus housing as defined in the BOPHB report).
- 7 126. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health Benefits
8 that the Retiree Health Reimbursement Account (HRA) be set at \$2,936 per participant (adjusted for years
9 of service) and that the Past Pension Service Rate (PSR) be set at \$629 per service year.
- 10 127. Conference-wide Appeals: CF&A recommends that appeals to local churches be limited to the following
11 causes:
- 12 A. Anchor House
 - 13 B. Anti-Racism Ministry Fund
 - 14 C. Bethel Homes, Inc.
 - 15 D. Brooklyn United Methodist Home
 - 16 E. Camping & Retreat Ministries
 - 17 F. The Children's Home of Binghamton
 - 18 G. Far Rockaway Mission
 - 19 H. NYAC Justice for Our Neighbors
 - 20 I. Methodist Church Home for Nursing & Rehabilitation in Riverdale, NY
 - 21 J. United Methodist City Society (including Camp Olmstead and Five Points Mission)
 - 22 K. United Methodist Homes of Connecticut
 - 23 L. Volunteers-in-Mission projects