

THE JOINT STANDING COMMITTEE ON PROGRAM, BUDGET AND FINANCE

MEMBERSHIP

Ms. Pan Adams, <i>Chair</i>	Arkansas, VII
The Rt. Rev. Andrew Smith, <i>Vice-Chair</i>	Connecticut, I
The Hon. Byron Rushing, <i>Secretary</i>	Massachusetts, I
The Rt. Rev. Lloyd Allen	Honduras, IX
The Rev. Howard Anderson	Minnesota, VI, <i>resigned, replaced by</i>
The Rev. Marianne Ell	North Dakota, VI
Mr. Sunand Bal	Arizona, VIII, <i>replaced by</i>
Canon Holly McAlpen	California, VIII
Ms. Anne Bardol	Northwestern Pennsylvania, III
Mr. Arthur M. Bjontegard	Upper South Carolina, IV
Mr. Jon B. Boss	Southern Ohio, V
The Rt. Rev. C. Franklin Brookhart	Montana, VI <i>resigned, replaced by</i>
The Rt. Rev. Alan Scarfe	Iowa, VI
The Rt. Rev. George E. Councill	New Jersey, II
Mr. Pete Dawson	Eau Claire, V
The Rev. Jo Ann T. Ford	Kansas, VII
Ms. Lyn Headley-Deavours	Newark, II
The Rt. Rev. Robert Gepert	Western Michigan, V <i>resigned, replaced by</i>
The Rt. Rev. Mark Hollingsworth, Jr.	Ohio, V
The Rt. Rev. Samuel J. Howard	Florida, IV
The Rev. Gerald W. Keucher	New York, II
The Rt. Rev. W. Michie Klusmeyer	West Virginia, III
The Rev. Barry Kubler	East Carolina, IV <i>replaced by</i>
Mr. Thomas G. O'Brien III	Southeast Florida, IV
Ms. Darling Martinez	Puerto Rico, IX
The Rev. Kathleen S. Milligan	Iowa, VI
The Rev. Altagracia Perez	Los Angeles, VIII
Mrs. Jennifer M. Railing	Central Pennsylvania, III <i>replaced by</i>
Ms. Amy Seitz	West Virginia, III
The Rev. Sandino Augusto Sanchez	Dominican Republic, IX
Mr. Dennis Stark	Rhode Island, I <i>replaced by</i>
Mr. Peter Bickford	Maine, I
The Rt. Rev. James Waggoner	Spokane, VIII
The Rt. Rev. Dean Wolfe	Kansas, VII

Executive Committee

Executive Committee members: Pan Adams, *Chair*; Andrew Smith, *Vice-Chair and Chair*, Funding Section; Byron Rushing, *Secretary*; James Waggoner, *Chair*, Canonical Section; Lyn Headley-Deavours, *Chair*, Mission Section; Jon B. Boss, *Chair*, Presentation Section; and Holly McAlpen.

Meetings

The Committee of the whole met March 10-12, 2005; the Executive Committee met by conference call on October 16, 2004, February 3, 2005, June 23, 2005 and December 5, 2005. The whole committee will meet February 23, 2006 in Columbus, Ohio. Minutes are posted on the Episcopal Church website.

SUMMARY OF WORK

The Canonical responsibilities of the Joint Standing Committee on Program, Budget and Finance (PB&F) are to: (a) recommend funding and spending policies to each General Convention for the succeeding triennium, i.e. mission (program), expense and budgets; (b) present a balanced Budget for the Episcopal Church, where income is equal to proposed expenditures each year; and (c) monitor the mission priorities established by General Convention, giving advice to the Executive Council with regard to any adjustments in those priorities.

During the 2004–2006 triennium, PB&F's primary concern has been maintaining a mission-driven, priority-determined budget and the Committee has worked to improve the budget-making process. PB&F worked with Church Center staff and the Executive Council Standing Committee on Administration and Finance (A&F) to maintain mission priorities established by the 74th General Convention. To this end, PB&F supported the Mission Priority Survey that was completed by dioceses and Church Center Staff in 2004. In addition, PB&F has worked with several task forces in assessing funding issues and revenue sources so as to evaluate the single Asking formula that is used for diocesan assessments.

PB&F maintains regular communication and collaboration in the budget process through the Chair's regular attendance at Executive Council and A&F meetings. At the end of the 2003 General Convention, PB&F provided a management letter to A&F requesting increased clarity in the church's fiscal management policies and procedures. Issues identified in the management letter include the following, which have been addressed during the triennium:

1. Accountability for overseas partnerships and re-allocation of monies for world mission (*GC Resolution 2003–A151*) is documented by the Finance office.
2. Financial statements acknowledge monetary contributions by the Convocation of American Churches in Europe and other convocations.
3. Called for the accurate tracking of translation services and materials for Committees, Commissions, Agencies and Boards (CCABs).
4. Recovered costs for independent and semi-independent organizations housed at the Episcopal Church Center are through in-kind contributions and not by charging rent.
5. Episcopal Relief and Development (ERD) and Jubilee Ministries examined relationship concerning Jubilee Ministry grants. Funds returned by ERD were applied to Jubilee Ministry grants.
6. National Ad Campaign ran test ads and completed Fall Campaign; Communication office reported regularly on test market strategies and results.
7. CCABs working methods were assessed and ways to utilize technology to accomplish work due to a ten percent decrease in funding. General Convention office developed guidelines and a mid-triennium CCAB chairs meeting was held to facilitate networking.
8. PB&F recommended that A&F consider funding the Standing Commission on Health, which had been approved but unfunded in the General Convention budget.

Decision-making Process for the 2007–2009 Triennial Budget

PB&F's primary responsibility is presenting a mission-driven budget to General Convention that supports the mission priorities approved by Convention. The Committee's work begins in earnest when it receives the draft budget that has been developed collaboratively through the efforts of the Management Team, church center staff and A&F. This draft budget is handed-off to PB&F after Council approves the document at its January 2006 Council meeting. The draft budget that PB&F receives is the same publication that is distributed to bishops and deputies. The Committee has requested that the draft budget be presented in a manner that clearly demonstrates it is a working document and not the final budget that will be approved by Convention.

PB&F meets in February 2006 to examine the draft budget in preparation for General Convention. PB&F's final work is done after Open Hearings on Funding and Spending are scheduled and after the Committee has reviewed resolutions with funding implications. An ongoing frustration for PB&F is to balance the monies available with the ever-swelling, creative ministry and mission of the Church that deserves support. Canon I.4.6(c) governs the budget presented by PB&F and the budget presentation will be in a format that can be easily interpreted by General Convention with the document translated. These are issues that may affect future funding of the triennial budget:

1. Mission Funding Task Force (*GC Resolution 2003–A140*) examined the abundance of available resources; recommended a chartered Mission Funding Initiative to secure major gifts from individuals, foundations, corporations, trusts, and other entities to further the transformational ministry of the Church. In 2005, Council approved the charter and funded part-time consultant.
2. Budgetary Funding Task Force (*GC Resolution 2003–B004*) reviewed the systems and procedures of the DFMS budget, the efficiency and equitable methods of funding the budget, and the theology of stewardship. (See Blue Book report, p. 403)
3. Diocesan Askings continue at twenty-one percent. As of December 1, 2005, more dioceses are giving at twenty-one percent, but total committed dollars is lower due to decreases in 2004 diocesan income, against which the Asking is applied. (<http://www.episcopalchurch.org/finance.htm>)
4. Executive Council approved a recommendation to return the draw-down on investments to five percent rather than the five and half percent used in the 2004–2006 triennium resulting in an annual decrease in budgetary income of one million dollars. Twenty-five percent of the Episcopal Church’s budget is from endowment funds.

Audit

In compliance with Joint Rules, two members of PB&F serve on the Audit Committee of Executive Council. PB&F recommended an amendment to the Council’s Handbook section concerning the Audit Committee. If Council accepts the change, the appointment of the independent auditing firm will be approved by Council at the recommendation of the Audit Committee who will review the performance of the independent auditing firm. Currently, the Audit Committee selects the auditing firm, and the Committee will continue to review the report from the auditing firm.

Important changes in the Finance Office including the hiring of a new treasurer in the fall of 2003 and a new controller in fall of 2005 delayed the closing of the 2004 books. The Finance office because of a comprehensive evaluation of policies and procedures has improved its systems. The 2004 audit report along with recommendations was made by DFMS’s independent auditing firm, Grant Thornton. PB&F will present the 2005 audit report to General Convention at the Open Hearing on Funding.

Resolution A003 Amend Joint Rules 11

- 1 *Resolved*, the House of _____ concurring, That the Joint Rules be amended to read as follows:
- 2 11. Two members of the Joint Standing Committee shall be appointed by the Chair of the Joint Standing
- 3 Committee on Program, Budget and Finance to the Audit Committee of the Executive Council. The Audit
- 4 Committee shall, *on a regular basis*, report ~~annually~~ *to and consult with the General Convention through* the Joint
- 5 Standing Committee, which shall report to the General Convention. The Joint Standing Committee shall
- 6 present the reports of its actions on audit to the General Convention at each regular meeting thereof.

EXPLANATION

PB&F recommend’s the amendment to the Joint Rules pertaining to the audit, based on a recommendation from the Finance Office and the Society’s in-house counsel.

Resolution A004 Program, Budget and Finance Budget Appropriation

- 1 *Resolved*, the House of _____ concurring, That \$92,000 be appropriated for the work of the Joint Standing
- 2 Committee on Program, Budget and Finance for the 2007–2009 triennium.