

## THE JOINT STANDING COMMITTEE ON PROGRAM, BUDGET AND FINANCE

### MEMBERSHIP

Ms. Pan Adams-McCaslin, <i>Chair</i>	Arkansas, VII
The Rt. Rev. Andrew Smith, <i>Vice Chair</i>	Connecticut, I
Ms. Holly McAlpen, <i>Secretary</i>	California, VIII
The Rt. Rev. Lloyd Allen	Honduras, IX
Ms. Anne Bardol	Northwestern PA, III
Mr. Peter Bickford	Maine, I
Mr. Jon B. Boss	Southern Ohio, V
The Rev. Ann Broomell, <i>Resigned</i> , <i>replaced by</i> The Rev. Mary Glasspool	Maryland, III
The Rt. Rev. George E. Councill	New Jersey, II
Mr. Pete Dawson	Eau Claire, V
Ms. Judith Esmay	New Hampshire, I
The Rev. Canon John Floberg	North Dakota, VI
The Rt. Rev. Duncan M. Gray III (IV), <i>Resigned</i> , <i>replaced by</i> the Rt. Rev. Keith B. Whitmore	Atlanta, IV
Mr. David Grizzle	Texas, VII
Ms. Lyn Headley-Deavours	Newark, II
The Rt. Rev. Mark Hollingsworth, Jr.	Ohio, V
Ms. Tess Judge	East Carolina, IV
The Rev. Gerald W. Keucher	New York, II
The Rt. Rev. W. Michie Klusmeyer	West Virginia, III
Mr. Daniel W. Land	Wyoming, VI
The Rev. Cristobal Leon (IX), <i>Not reelected</i>	Southeast Florida, IV
Mr. Thomas G. O'Brien III	Los Angeles, VIII
The Rev. Altagracia Perez	Puerto Rico, IX
Mr. Francisco Quinones	Iowa, VI
The Rt. Rev. Alan Scarfe	Spokane, VIII
The Rt. Rev. James Waggoner	Kansas, VII
The Rt. Rev. Dean Wolfe	

### Executive Committee

Pan Adams-McCaslin, *Chair*  
Drew Smith, *Vice-Chair*  
Holly McAlpen, *Secretary and Chair, Funding Section*  
George Councill, *Vice-Chair, Funding*  
Tom O'Brien, *Chair, Canonical*  
Altagracia Perez, *Vice-Chair, Canonical*  
Lyn Headley-Devours, *Chair, Mission*  
Francisco Quinones, *Vice-Chair, Mission*  
Jon B. Boss, *Chair, Presentation*

Membership is comprised of three representatives from each province, two deputies and one bishop, appointed by the Presidents of the House of Deputies and House of Bishops.

The Canonical responsibilities of the Joint Standing Committee on Program, Budget and Finance (PB&F), found in Canon I.1.2(m) and Canon 1.4 section 6, 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 in which income is equal to proposed expenditures each year and (c) to act in

an advisory capacity to the officers of the General Convention and the Executive Council. Other mandates are found in the Joint Rules of Order 11.

During the 2007-2009 triennium, PB&F continued to evaluate and to help improve budget-making procedures to preserve the mission-driven budget. Cooperating with several key task forces of the General Convention and the Executive Council, PB&F also assessed budgetary and funding issues. The Committee worked with the Church Center staff and the Standing Committee on Administration and Finance of the Executive Council to honor the mission priorities set forth by the 75th General Convention in 2006, especially with regard to the Church Center reorganization and decentralization process. As that reorganization progressed, PB&F devoted particular attention to management and staff accountability for upholding mission priorities, stewardship of resources and fiduciary responsibilities of the staff and the Executive Council. What became apparent was the disparity between the budget passed by the General Convention in 2006 and the spending realities brought about by the reallocation of funds to support the reorganization of the Church Center staff. This raised the question concerning Executive Council's authority during the triennium to change the budget passed by the Convention.

While the majority of PB&F's work is achieved during the General Convention, PB&F worked directly with the Standing Committee on Administration & Finance of the Executive Council during the triennium by participating in its conference calls, as well as having representation at all Administration and Finance Committee meetings. During this time, the Committee reviewed monthly financial statements, Reports of the Executive Council Committees on Investment and Audit and Administration and Finance Committee meeting minutes. The Executive Committee of PB&F met by conference call on January 31 and November 15, 2007, and on June 2 and September 5, 2008. One face-to-face meeting of the whole committee took place September 24-26, 2008, and another is planned for March 24-27, 2009. In addition, several conference calls will be held prior to the General Convention. Minutes of those meetings may be accessed on The Episcopal Church web site. PB&F is also working closely with the General Convention Office to find ways to prepare electronically for meetings and the General Convention, allowing sections of the Committee to meet and discuss impending legislation prior to the General Convention.

PB&F sent a management letter to the Joint Standing Committee on Administration and Finance documenting areas of concern that frequently arise during the budget process at General Convention. At the conclusion of the Convention in 2006, the management letter from PB&F called the church to increase its use of telecommunications and assess its future needs to maximize the use of time, talent and resources throughout its work. In addition, the letter noted a possible lack of clear communication between the Church Center and the Committees, Commissions, Agencies and Boards (CCABs) regarding the budget process. This was also true for some covenant and partnership relationships. Additional concern was raised about faithful dioceses, which pay their full asking, unduly carrying the weight of funding the budget while others enjoy full rights without paying their fair share. The importance of staffing the Mission Funding Office and the support of the Presiding Bishop in encouraging the church to make significant major gifts were noted.

Members of PB&F served on an Executive Council Task Force on Budget Development, whose purpose was to give wider input into setting budget priorities and to develop the draft triennial budget. Representatives of all the Executive Council standing committees, members of the Finance Office and PB&F worked together to obtain budget-building information from Church Center staff, CCAB chairs and the Executive Council standing committees.

Resolution A112 of the 75<sup>th</sup> the General Convention called all Commissions and Committees to reevaluate their mandates and placement within the church structure and to report through the Standing Commission on Structure. PB&F took seriously this call by the Convention and invested in a thorough evaluation of the rules of order, as well as the canons of The Episcopal Church, to evaluate the detailed work of the Joint Standing Committee on PB&F. What became apparent as a result of this evaluation is that (a) the canons and rules are inconsistent regarding PB&F's oversight role with regard to budgetary and financial decisions that must be made

during the triennium, (b) the canons and rules are not consistent with actual practice and (c) that the discrepancies in the canons and rules need to be rectified.

It is in the final year of a triennium that PB&F's principal work is accomplished, after it has received the *draft* budget for The Episcopal Church, developed in collaboration with the Executive Oversight Group and Church Center staff and approved by the Executive Council upon the recommendation of the Joint Standing Committee on Administration and Finance. This *draft* is a working document for the 76<sup>th</sup> General Convention.

The General Convention Office, at PB&F's request, provides the *draft* budget for The Episcopal Church to all deputies and bishops in a format that clearly demonstrates that it is a work in progress. Following the open hearings and Resolutions from legislative committees at General Convention, final work on the budget will take place. The budget presented by PB&F is governed by Canon I.4.6(c). The Presentation Section of PB&F plans a budget format that can be easily interpreted by the General Convention bishops and deputies and with language translations available. Members of PB&F are committed to presenting a budget that reflects proper stewardship of resources, demonstrates attention to fiduciary responsibility and—above all else—is transparent in the use of God's gifts returned for God's work in the world.

In March 2009, PB&F continued its preparation for General Convention by looking closely at the *draft* budget in detail and meeting with Church Center staff. PB&F's charge is to present to the Convention a mission-driven budget, focused on the mission priorities that will be offered to General Convention for its approval. Open Hearings will be held on Mission Priorities (July 7 from 12:30-1:30 pm); Spending Issues (July 9 at 7:30 pm); and Funding Issues (July 10 at 7:30 pm). The budget will be presented to a joint session of the Houses on Wednesday, July 13, at 2:30 pm, with the vote to accept the proposed budget scheduled for the following day. At General Convention all Resolutions with funding implications will be identified and discussed by PB&F before they are sent to legislative committees. Balancing available dollars with God's mission and the church's common ministry is an ever-present challenge for PB&F.

Funding God's mission and the church's common ministry have been addressed in innovative ways during this triennium with offices and task forces created by the General Convention and the Executive Council (see related Blue Book Reports).

- The Mission Funding Office was funded and resources for that work were increased by the Executive Council during the triennium;
- The Budgetary Funding Task Force, established by Resolution B004 at the 74<sup>th</sup> the General Convention, continued its work during the triennium and offers a comprehensive recommendation for funding mission work in the church (Bishops Waggoner and Smith serve from PB&F on the Task Force);
- The Executive Council's Joint Standing Committee on Administration and Finance's Subcommittee on Diocesan Commitments is preparing recommendations for those dioceses paying markedly lower than the 21% diocesan asking. At the time of this writing, it is anticipated that these recommendations will come before the Executive Council at the end of January 2009; and
- Diocesan askings continue at 21%. See the Finance Section on TEC web site (<http://www.episcopalChurch.org/finance.htm>) for current commitments for 2009.

Grant Thornton, DFMS's independent auditing firm, completed the annual audit and made its recommendations. The books for fiscal year 2008 will be closed at the end of January 2009. The audit for 2008, expected to be completed by May 2009, will be available before the General Convention meets in July and will be reported to the Convention through PB&F.

**RESOLUTIONS**

**RESOLUTION A005 ANALYSIS OF BUDGETING PROCESS**

- 1 *Resolved*, the House of \_\_\_\_\_ concurring, That the 76<sup>h</sup> General Convention of The Episcopal Church mandate  
2 and provide funds in an amount not to exceed \$50,000 for The Standing Commission on the Structure of the  
3 Church in conjunction with the Standing Commission on Constitution and Canons to conduct a professional  
4 comprehensive analysis of the budgeting process and budget of The Episcopal Church during the Triennium  
5 2010-2012, paying particular attention to the relationship between the General Convention (and its officers and  
6 committees), the Executive Council (and its officers and committees), the Presiding Bishop and the staff of The  
7 Episcopal Church; and be it further  
8  
9 *Resolved*, That the study address any conflicts and ambiguities among the Canons, Joint Rules of Order, Executive  
10 Council and Domestic and Foreign Missionary Society Bylaws and actual practice with the goal of eliminating  
11 these conflicts and ambiguities so that the roles and functions of various bodies and offices regarding the  
12 creation, adoption, revision, oversight and all other aspects of the budgeting process and budget are clear; and be  
13 it further  
14  
15 *Resolved*, That the Standing Commission on Structure offer a report on the analysis with appropriate  
16 recommendations and any proposed changes to the Constitution and Canons of The Episcopal Church, the Joint  
17 Rules of Order and the Bylaws of Executive Council and the Domestic and Foreign Missionary Society to the 77<sup>th</sup>  
18 General Convention for its consideration and action.

**EXPLANATION**

In the course of its recent work, the Joint Standing Committee on Program, Budget and Finance (PB&F) has identified ambiguities, inconsistencies and an occasional lack of information that create conflicting interpretations between the Constitution and Canons of The Episcopal Church and the Rules of Order, which pertain to the creation, adoption, revision and oversight of the budget for The Episcopal Church.

PB&F seeks clarity concerning (a) its own advisory role in overseeing and/or approving changes in the budget between General Conventions and (b) concerning the specific roles of the various officers of the church who are charged with budget responsibilities, especially the several named financial officers of the General Convention, the Executive Council and the Domestic and Foreign Missionary Society.

The lack of definition concerning these leadership roles is the end product of Resolutions amending the procedures and practices of the church, designed at different General Conventions to address a variety of budget oversight issues where concomitant amendments to the Rules were absent. The result is that the responsibilities of the General Convention, the Executive Council, the various officers of the church named in the Constitution and Canons and the Church Center's staff and their interrelationships are unclear, especially with regard to the purpose and intention of the budget, who, if any, have the authority to override budget expense limitations and budgetary Resolutions, make changes to the budget during the triennium and which committee or office within The Episcopal Church is responsible for authorizing and approving such changes.

The Resolution asks that the system of the church's governance—actual and written—be analyzed by an experienced and competent independent firm, under the auspices of the Standing Commission on Structure, and that recommendations for amendments to the Constitution, Canons and Rules to achieve appropriate procedural changes be brought to the 77<sup>th</sup> General Convention.

**RESOLUTION A006 JSCPB&F 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 2010-2012 triennium.