

# TASK FORCE ON THE BUDGET PROCESS

## Membership

Mr. Thomas Little, <i>Chair</i>	Vermont, I	2019
Mr. N. Kurt Barnes	New York, II	2019
The Rev. Canon Mike Ehmer	Northwest Texas, VII	2019
The Rt. Rev. Jeff Fisher	Texas, VII	2019
Ms. Sally Johnson	Minnesota, VI	2019
Ms. Nancy Koonce	Idaho, VIII	2019
Mr. Bryan Krislock	Olympia, VIII	2019
The Rt. Rev. Stephen Lane	Maine, I	2019
The Rev. Mally Ewing Lloyd	Massachusetts, I	2019
Mr. David Quittmeyer	Central Gulf Coast, IV	2019
The Hon. Rose H. Sconiers	Western New York, II	2019
The Most Rev. Michael Curry, <i>Ex Officio</i>	North Carolina, IV	
The Rev. Gay Clark Jennings, <i>Ex Officio</i>	Ohio, V	

## Mandate

### 2018-A102 Create a Task Force on Budget Process

*Resolved*, That transparency throughout The Episcopal Church's budget process, and timely participation in that process by the wider Church, are critical to the whole Church's engagement in and support for the budget adopted by the General Convention; and be it further

*Resolved*, That the Treasurer of the General Convention, the Executive Council, the Joint Standing Committee on Program, Budget and Finance, and the Standing Commission on Structure, Governance, Constitution and Canons work cooperatively to examine the triennial budget process to

(a) identify ways to enhance transparency throughout the process,

(b) foster timely participation by the wider Church,

(c) clarify the respective roles of the General Convention and the Executive Council in developing the triennial budget and its funding priorities and choices, and

(d) promote effective and collaborative budgeting and management between and among all involved leadership and staff; and be it further

*Resolved*, That this examination conclude with a jointly prepared report published by December 31, 2019, with recommendations to the Executive Council and the 80th General Convention, including proposals for any needed revisions to the governing documents of the Church, the Executive Council and the General Convention so that the governing documents are consistent in all material respects; in preparing the report, resort to assistance from those knowledgeable about the Joint Rules of Order of the General Convention is encouraged.

## Summary of Work

### I. Task Force Origins

Resolution 2018-A102 directed Executive Council, the Treasurer of General Convention, the Joint Standing Committee on Program, Budget, and Finance (PB&F) and the Standing Commission on Structure, Governance, and Constitution and Canons to work cooperatively to examine the current budget process and ensure that the budget development process is transparent throughout, provides ample time for churchwide input, and that the governing documents make it clear which entity or entities are responsible for the triennial budget development, funding priorities and choices, and that the budget process promotes effective budgeting and management among all involved. To accomplish this, the Presiding Officers appointed the Task Force to undertake this work. In addition to the Resolution 2018-A102 mandate, the Task Force sought a streamlined budget process in order to conserve human and financial resources.

The Task Force members have extensive financial and budgetary experience in developing, explaining, and legislating The Episcopal Church (the Church) triennial budget. Members included the Treasurer of the General Convention (who also serves as the Treasurer of the Domestic and Foreign Missionary Society (DFMS) and as the Chief Financial Officer of the Executive Council), members of the Executive Council who serve on its Standing Committee on Finance, members of the Joint Standing Committee on Program, Budget and Finance (PB&F), members of the Standing Commission on Structure, Governance and Constitution and Canons, and longtime General Convention participants, including those familiar with Church canons and structure, as well as those who see the budget process with fresh eyes.

The Task Force and its work should be understood in the context of a continuum of discernment and dialogue over many years about how the Church develops a prudent and spirit-filled budget that stewards the resources God has given to the Church. (For more detail about the starting point and rationale for the Task Force's work, see the Report to the 79th General Convention (Blue Book Report) of the Standing Commission on Structure, Governance, Constitution & Canons at pp. 402-403.)

## **II. Summary of Work**

### **A. Points of Agreement**

1. There are inconsistencies in the Church's governing documents that make lines of authority and responsibility for budget development and oversight unclear, perhaps even contradictory.
2. General Convention, through its legislative process, sets the Church's priorities for mission, program, governance, and operations for the triennium. In accordance with Canons I.1.8 and I.4.6 General Convention adopts the budget for The Episcopal Church, including the formula for the assessments paid by dioceses.
3. Despite the best efforts of Executive Council and PB&F, each of which publishes a draft of the budget and solicits feedback, there is a general sense that the budget process lacks transparency and continuity.
4. The budget, in the current process, cannot fully reflect General Convention priorities since it must be finalized, published, and adopted before General Convention has completed work on resolutions that may call for funding. Carefully weighing the various options, the Task Force concluded that there are distinct advantages to finalizing the budget after General Convention to take into consideration the full range of General Convention actions and priorities for mission, program, governance, and operations.
5. Some Deputies, Bishops, and members of the wider Church are frustrated that resolutions requesting funding that, in some cases, have been worked on for the whole triennium, are not funded because they are adopted after General Convention has adopted the budget. Others are frustrated because the budget that comes to General Convention has little room for funding initiatives adopted by the General Convention. Distrust of the budget process and the budget itself may develop in these circumstances. The Task Force recommends making Executive Council's budget adjustment authority more explicit, perhaps in a Joint Rule, to address this concern, at least partially.

6. The current two-phase process, in which Executive Council, with input from the whole Church and staff, creates a draft budget and then hands it over to PB&F for revision during General Convention, consumes enormous human and financial resources as staff and others must bring PB&F members up to speed, repeating much of the work they have already done with Executive Council's finance committee and Executive Council itself. Despite their best efforts and having PB&F representatives at all of Executive Council's finance committee meetings, PB&F members often report that they do not have a full appreciation of the nuances of the budget they are tasked with modifying and presenting to General Convention. (See Appendix I for a fuller explanation of current process and its disadvantages)

7. Executive Council is the governing body of the Church between General Conventions. It is also the Board of Directors of the Domestic and Foreign Missionary Society, the Church's corporate entity. It has both canonical authority and legal responsibility as the board of the corporate entity for the financial health of the Church. As such, it makes sense that Executive Council should have complete and sole responsibility for monitoring, amending, and implementing budget changes during the triennium and to develop and approve each annual budget, giving due consideration to the priorities set by General Convention and the approved Church triennial budget into account.

8. PB&F is broadly representative of the Church, comprising one Bishop and two Deputies from each Province. Similarly, Executive Council is broadly representative of the Church as half of the members are elected by General Convention and half by the Provinces.

9. It is time to take bold action to simplify the process and to ensure that the budget reflects and supports the direction to which God is calling the whole Church.

## **B. Recommendations**

The Task Force recommends charging Executive Council, through a standing budget committee, with responsibility for the entire creation of the Church's triennial budget and its presentation to General Convention.

General Convention's authority to amend and approve the triennial Church budget and to approve the assessment rate and formula for diocesan assessments would remain unchanged. What would change is that after General Convention the budget committee of Executive Council would review all the actions of General Convention and recommend revisions to the approved triennial budget to Executive Council so it better reflects the priorities and actions of General Convention.

In addition, the Task Force recommends that Executive Council have sole and express responsibility for revising the budget throughout the triennium. Under this recommendation, PB&F would have no

role or responsibility for any part of the budget process. Seeing as how this is PB&F's only function, we propose to discontinue PB&F. If General Convention were to disagree, the Task Force strongly believes it would be prudent to reduce the size of the 27-member PB&F to a size that would enable it to function with greater efficiency and effectiveness while holding it accountable, ensuring reasonably broad representation, and assuring financial expertise.

### **C. Rationale**

The Task Force believes that streamlining the budget process so that one entity, broadly representative of the Church, is responsible for the whole of the budget development process will be a better use of human and financial resources with less duplication of efforts. It will also allow for clarity in communications, knowing that just one entity is responsible for information flow. And it will be easier to maintain transparency of the process and the resulting budget.

The Task Force further believes that Executive Council is the body that should be assigned responsibility for the whole of the triennial budget development process. In the Church's governance structure, Executive Council has broad canonical and fiduciary responsibilities for the fiscal health of the organization, controls, policies, and expenditures. As noted, Executive Council is broadly representative of the Church since half of Executive Council members are elected by General Convention and the other half by the Provinces.

In addition, finalizing the budget after General Convention allows for greater churchwide input into the budget, beginning with the development process and ending with all the General Convention certified resolutions. Perfecting the budget after General Convention will allow all legislation to be considered for inclusion in the budget, respecting General Convention's authority to set the Church's priorities.

Despite Executive Council's best efforts to include all of the priorities set by resolution, some of the actions adopted by General Convention may not be funded because General Convention regularly adopts resolutions with funding implications in excess of projected revenue.

## **III. Proposal for Improving the Budget Process**

### **A. Prior to General Convention – Budget Creation & Transparency**

Under the Task Force's proposal, Executive Council would establish a standing budget committee, with the membership defined in the Bylaws of the Executive Council, and members appointed by the Presiding Officers. Its membership could comprise two or three members of the Executive Council's finance committee, a representative from each of Executive Council's Joint Standing Committees,

the Treasurer of General Convention, the Chief Financial Officer, and others, whether or not members of Executive Council, as may be needed to ensure balanced representation and to include needed expertise.

The budget committee would maintain open communications with Executive Council and other Church governing and interim bodies. It would reach out to the wider Church, through Executive Council, about the budget preparation process and progress. It would offer a variety of specific opportunities for input and feedback.

Working with staff and with input as described above, the budget committee would develop a draft triennial budget which would be shared at least once, in draft form, with the whole Church for churchwide feedback, and would finally be reviewed and approved by Executive Council at a meeting at least three months before General Convention. As soon as possible following this Executive Council meeting, the proposed budget would be published churchwide, and again, feedback to the budget committee would be invited.

For comparison and background, all current and recent financial documents, including year-to-date figures, audit, and triennial and annual budgets, would continue to be available on the Finance Office page of [episcopalchurch.org](http://episcopalchurch.org) and at [generalconvention.org](http://generalconvention.org).

## **B. During General Convention**

General Convention sets the Church's priorities for mission, program, governance, and operations by its actions, passing resolutions which embody God's call to the Church. The Church budget is a concrete reflection of where the heart of the Church lies.

While General Convention Deputies and Bishops will have had the Executive Council's proposed budget for several months, the Executive Council, possibly through its budget committee, would present the budget to a joint session of General Convention close to the opening of General Convention, perhaps on the second or third legislative day, and would then hold at least one open hearing during General Convention to solicit reactions to and suggestions for the budget. Toward the end of General Convention, the two Houses would vote to approve the Church budget and the diocesan assessment rate and formula included in the budget, with or without amendment. Because there will be a diligent and coordinated effort after General Convention to review all adopted Resolutions for budget impacts, the Task Force believes that a review at General Convention of resolutions with budget impacts will no longer be necessary.

### **C. After General Convention – Budget Finalized**

The budget would be subject to changes by Executive Council following General Convention based upon (a) legislative action of General Convention, (b) changes in the Church's financial circumstances, including losses or gains in revenues and/or expenses after General Convention adjourns, and (c) Executive Council's exercise of its canonical authority and fiduciary responsibilities for the budget. This would take place following General Convention and prior to the last Executive Council meeting of the calendar year in which General Convention is held. During this time, the budget committee will review the Church's adopted triennial budget considering the whole of General Convention priorities for mission, program, governance and operations as set by resolutions adopted by General Convention. It may seek input from any source, including from staff, Joint Standing Committees of Executive Council, and former budget committee members (whose expertise may be valuable). Executive Council would then finalize the upcoming annual budget.

It is important to note that, as in the past, General Convention regularly adopts resolutions with funding implications in excess of projected revenue, meaning that a number of actions adopted by General Convention may not be funded.

### **D. Responsibility for Budget Amendments Between General Conventions**

As noted earlier, Executive Council is the governing body of the Church between General Conventions. It is also the Board of Directors of the Domestic and Foreign Missionary Society (DFMS) and thereby holds all corporate authority over the assets of the DFMS which holds all the assets of the Church. It is responsible for the fiscal health of the organization, financial controls, policies, and expenditures, etc. These dual responsibilities impose on Executive Council the ultimate oversight responsibility for the Church, its assets, budget, and operations.

The Task Force recommends that the Executive Council, both as the Board of the DFMS and as the governing body of the Church between General Conventions, using the expertise of the Treasurer, the Chief Financial Officer, the budget committee and Executive Council's finance committee, have complete and sole responsibility for monitoring and amending each triennial and annual budget between General Conventions. Executive Council would, of course, be accountable to the next General Convention for its budget adjustments.

The approved triennial and annual budgets, and any budget adjustments approved by Executive Council during the triennium, will continue to be available for public view on the [episcopalchurch.org](http://episcopalchurch.org) and the [generalconvention.org](http://generalconvention.org) websites.

#### **IV. Other Governance Changes May Be Needed**

The Task Force expects that there will be other Church governing body governance document changes needed to fully implement its recommendations. These include Executive Council Bylaw changes (among other things, to establish a standing budget committee); and existing references to the Joint Standing Committee on Program, Budget and Finance scattered throughout various Church documents and websites, inasmuch as PB&F is embedded in many different places, if only by reference.

#### **V. Budget Requests and Implications**

The Task Force does not foresee any material adverse budget impacts from its recommendations. The Task Force does not propose to extend its life past the current triennium.

#### **VI. Amendments to Canons and Rules of Order; Explanations**

The Task Force proposes to amend Canons I.1.2.m, I.1.2.o, I.1.8, I.1.9, I.1.11, I.1.13, I.2.6, I.2.8, I.4.3, I.4.5, I.4.6.a, I.4.6.c, I.4.6.i, I.5.5, I.9.10; House of Bishops Rule of Order V.D.d; House of Deputies Rule of Order VI.C.3.v.a and IX.A.1.ii.a.1; and Joint Rules of Order II.10, IV.14, and VII.21. Each proposed amendment, and its explanation follow.

##### **CANONS**

##### **Canon I.1.2.m**

I.1.2.m Every Commission whose Report requests expenditure out of the *budget funds* of The Episcopal Church General Convention (except for the printing of the Report) *shall include that request in its report to the General Convention and in accordance with Canon I.4.6 present to the Joint Standing Committee on Program, Budget, and Finance its written request, on or before the first business day of the session. Resolutions requiring additional expenditures shall be immediately referred to the Joint Standing Committee on Program, Budget, and Finance. No resolution involving such expenditures shall be considered unless so presented and until after report of the Joint Standing Committee on Program, Budget, and Finance.*

##### **Explanation**

If the elimination of the Joint Standing Committee on Program, Budget and Finance is adopted, then these revisions to Canon I.1.2.m provide a helpful redundancy, or reminder, to Standing Commission, together with existing Canon I.1.2.k.3.



**Canon I.1.2.o**

Canon I.1.2.o Following the adjournment of a General Convention, and subject to budgeted funds available for the purpose, the Presiding Bishop and the President of the House of Deputies, having reviewed the resolutions adopted by the General Convention that provide for any study or further action, shall thereupon recommend to the Executive Council, the creation of such study committees and task forces as may be necessary to complete that work. Any Executive Council resolution creating a task force or study committee shall specify the size and composition, the clear and express duties assigned, the time for completion of the work assigned, to whom the body's report is to be made, and the amount and source of the funding for the body. The members of each such body shall be jointly appointed by the Presiding Bishop and the President of the House of Deputies, and the composition of such committees and task forces shall reflect the diverse voices of the Church and a balance of the Church's orders consistent with the historic polity of the Church. Those committees and task forces so appointed shall expire at the beginning of the next General Convention following, unless reappointed by the Presiding Bishop and President of the House of Deputies and reauthorized by the Executive Council.

**Explanation**

The Task Force proposes to delete this canon here and move it, with small amendments, to a new Canon I.4.5. This subsection was added to the canons in 2018. It was proposed by the Standing Commission on Structure, Governance and Constitution and Canons with the following explanation: "This change permits task forces to be created and commence prior to the first meeting of Executive Council, allowing them more time in the triennium to do their work." Since the subsection calls on the Presiding Officers to review all General Convention resolutions calling for "study or further action" and to recommend to the Executive Council the bodies they believe necessary to carry out the work; and for the Executive Council to act on such recommendations, including providing funding, it makes more sense for this provision to be in the canon on the Executive Council, Canon I.4.

**Canon I.1.8**

I.1.8. The General Convention shall adopt, at each regular meeting, a budget for *The Episcopal Church*, including to provide for the contingent expenses of the General Convention, the stipend of the Presiding Bishop together with the necessary expenses of that office, the necessary expenses of the President of the House of Deputies including the staff and Advisory Council required to assist in the performance of the duties and matters related to the President's office, and the applicable Church Pension Fund assessments. To defray the expense of this budget, an assessment shall be levied upon

the Dioceses of the Church in accordance with a formula which the *General Convention* shall adopt as part of this *The Episcopal Church budget Expense Budget*. It shall be the duty of each Diocesan Convention to *pay its assessment forward* to the Treasurer of the General Convention *according to the schedule established by the Executive Council* annually, on the first Monday of January, the amount of the assessment levied upon that Diocese.

Explanation

These amendments implement a generic, uniform title for the triennial budget of the Church, “The Episcopal Church budget,” and requires dioceses to pay their assessments, not all on January 1 of each year, but according to the schedule (currently monthly) established by Executive Council.

**Canon I.1.9**

I.1.9. The Treasurer of the General Convention shall have authority to borrow, in behalf and in the name of the *Executive Council General Convention*, such a sum as may be judged by the Treasurer to be necessary to help *pay defray* the expenses of *the Episcopal Church budget adopted under Canon I.1.8 General Convention*, with the approval of the Presiding Bishop and the Executive Council.

Explanation

These amendments (i) state that the Treasurer’s borrowing is on behalf of Executive Council, the governing body with authority between General Conventions; (ii) conform the title of the budget as explained above under Canon I.1.8; and (iii) clarify that any borrowing requires the approval of Executive Council, of which the Presiding Bishop, under Canon I.4.2.a, is the Chair and chief executive officer.

**Canon I.1.11**

I.1.11. The Treasurer shall submit to the General Convention at each regular meeting thereof a detailed budget in which the Treasurer proposes to request appropriations for the ensuing budgetary period and shall have power to expend all sums of money covered by this budget, subject to such provisions of the Canons as shall be applicable.

Explanation

The Task Force’s proposed amendments to Canon I.4.6 make clear that Executive Council would have the sole authority to propose the triennial budget to the General Convention. Accordingly, there

would be no need for the Treasurer to also propose the same budget. (Note that the remaining three sections of Canon I.1.11 will need to be renumbered.)

**Canon I.1.13**

I.1.13.a There shall be an Executive Office of the General Convention, to be headed by a General Convention Executive Officer to be appointed jointly by the Presiding Bishop and the President of the House of Deputies with the advice and consent of the Executive Council. The Executive Officer shall report to and serve at the pleasure of the Executive Council.

b. The Executive Office of the General Convention shall include the functions of the Secretary of the General Convention and the Treasurer of the General Convention and those of the Manager of the General Convention and, if the several positions are filled by different persons, such officers shall serve under the general supervision of the General Convention Executive Officer, who shall also coordinate the work of the Committees, Commissions, Boards and Agencies funded by ~~the~~ *The Episcopal Church General Convention Expense Budget*.

Explanation

The Task Force's proposed amendments to Canon I.4.6 make clear that Executive Council would have the sole authority to propose the triennial budget to the General Convention. Accordingly, there would be no need for the Treasurer to also propose the same budget.

**Canon I.2.6**

I.2.6. The stipends of the Presiding Bishop and such personal assistants as may be necessary during the Presiding Bishop's term of office for the effective performance of the duties, and the necessary expenses of that office, shall be fixed by the General Convention and shall be provided for in the budget to be submitted by the ~~Treasurer~~ *Executive Council*, as provided in the Canon I.4.6, ~~entitled,~~ *"Of the General Convention."*

Explanation

These amendments conform Canon I.2.6 to the Task Force's other proposed canonical amendments establishing the Executive Council as the Church governing body that submits a proposed triennial budget to the General Convention, and cross-references that canon.

**Canon I.2.8**

I.2.8. Upon the acceptance of the Presiding Bishop's resignation for reasons of disability prior to the expiration of the term of office, the Presiding Bishop may be granted, in addition to whatever allowance may be received from The Church Pension Fund, a disability allowance to be paid by the Treasurer of the General Convention in an amount to be fixed by the ~~Joint Standing Committee on Program, Budget, and Finance~~, and ratified at the next regular meeting of the General Convention.

**Explanation**

Consistent with prior proposed amendments, above, this change deletes the reference to the Joint Standing Commission on Program, Budget, and Finance.

**Canon I.4.3**

I.4.3. Upon joint nomination of the Chair and the Vice-Chair, the Executive Council shall elect an Audit Committee of the Council and the Domestic and Foreign Missionary Society. The Committee shall be composed of six members: one from the Executive Council committee with primary responsibility for financial matters; ~~one from the Joint Standing Committee on Program, Budget, and Finance;~~ and the remaining ~~four~~ five from members of the Church-at-large having experience in general business and financial practices. The members shall serve for a term of three years beginning on January 1 following a regular meeting of the General Convention or immediately following their appointment, whichever comes later, and continue until a successor is appointed, and may serve two consecutive terms, after which a full triennium must elapse before being eligible for re-election. Annually the Audit Committee shall elect a Chair of the Committee from among its members. The Audit Committee shall regularly review the financial statements relating to all funds under the management or control of the Council and the Domestic and Foreign Missionary Society and shall report thereon at least annually to the Council.

Upon recommendation of the Audit Committee, the Executive Council shall employ on behalf of the Council and the Domestic and Foreign Missionary Society an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. After receipt of the annual audit, the Audit Committee shall recommend to the Council and the Domestic and Foreign Missionary Society what action to take as to any matters identified in the annual audit and accompanying management letter. The responsibilities of the Audit Committee shall be set out in an Audit Committee Charter. The Audit

Committee shall review, at least annually, the Committee's Charter and recommend any changes to the Executive Council for approval.

Explanation

This amendment is consistent with the Task Force's recommendation to transfer all responsibilities of the Joint Standing Committee on Program, Budget, and Finance to the Executive Council, thereby eliminating the need for that Joint Standing Committee.

**Canon I.4.4**

~~Sec. 4. The Executive Council may establish by its By-laws Committees and ad hoc working groups or task forces, which may include or consist of non-members, to be nominated jointly by the Chair and Vice-Chair and appointed by the Council, as may be necessary to fulfill its fiduciary responsibility to the Church. All Committees and ad hoc working groups and task forces of Executive Council will cease to exist at the close of the next General Convention following their creation unless extended by Executive Council. Executive Council may revoke, rescind, or modify the mandate or charter of all Executive Council Committees, ad hoc working groups and task forces not otherwise created by Canon.~~

*I.4.4 Following the adjournment of a General Convention, and subject to budgeted funds available for the purpose, the Chair and the Vice-Chair, having reviewed the resolutions adopted by the General Convention that provide for any study or further action, shall thereupon recommend to the Executive Council, the creation of such study committees and task forces as may be necessary to complete that work. Any Executive Council resolution creating a task force or study committee shall specify the size and composition, the clear and express duties assigned, the time for completion of the work assigned, to whom the body's report is to be made, and the amount and source of the funding for the body. The members of each such body shall be jointly appointed by the Chair and Vice-Chair, and the composition of such committees and task forces shall reflect the diverse voices of the Church and a balance of the Church's orders consistent with the historic polity of the Church. Those committees and task forces so appointed shall expire at the beginning of the next General Convention following, unless reappointed by the Chair and Vice-Chair and reauthorized by the Executive Council.*

Explanation

As explained regarding the deletion of Canon I.1.2.0, since this canon calls on the Presiding Officers to recommend to the Executive Council the creation of various bodies to carry out the work specified by the General Convention, and for the Executive Council to allocate the funds for such work, it

makes more sense to include this provision in the canon on the Executive Council than in the canon on the General Convention. The text of subsection o was moved in its entirety with the only change being to change “Presiding Bishop” to “Chair” and “President of the House of Deputies” to “Vice-Chair,” the titles they hold in their roles in the Executive Council.

**Canon I.4.6**

**Sec. 6**

- a. *At least four months prior to the next regular meeting of the General Convention, the Executive Council shall submit to the Secretary of the General Convention a proposed Episcopal Church budget for the ensuing budgetary period. The ensuing budgetary period shall comprise the calendar years starting with the January 1st following the adjournment of the most recent regular meeting of the General Convention and ending with the December 31st following the adjournment of the next regular meeting of the General Convention. The Executive Council shall submit to the Joint Standing Committee on Program, Budget, and Finance the proposed Budget for The Episcopal Church for the ensuing budgetary period, which budgetary period shall be equal to the interval between regular meetings of the General Convention. The proposed Budget shall be submitted not less than four months before the ensuing General Convention is convened.*
- b. Revenue to support the Budget for The Episcopal Church shall be generated primarily by a single assessment of the Dioceses of the Church based on a formula which the General Convention shall adopt as part of its Budget process. If in any year the total anticipated income for Budget support is less than the amount required to support the Budget approved by the General Convention, the canonical portion of the Budget for The Episcopal Church shall have funding priority over any other budget areas subject to any decreases necessary to maintain a balanced Budget.
- c. ~~After the preparation of the Budget, the Treasurer shall, at least four months before the sessions of the General Convention, transmit to the Bishop of each Diocese and to the President of each Province a statement of the existing and the proposed assessments necessary to support the proposed Budget for The Episcopal Church. The Joint Standing Committee on Program, Budget, and Finance shall also submit to the General Convention, with the Budget, a plan for the assessments of the respective Dioceses of the sum needed to execute the Budget.~~
- d.-c. There shall be joint sessions of the two Houses for the presentation of the Budget for The Episcopal Church; and thereafter consideration shall be given and appropriate action taken thereon by the General Convention.

~~e.~~d. Upon the adoption by the General Convention of a Budget for The Episcopal Church and the planned assessments for the budgetary period, the Council shall formally advise each Diocese of its share of the total assessments to support the Budget for The Episcopal Church.

~~f.~~e. Full payment of the diocesan assessment shall be required of all Dioceses, effective January 1, 2019.

~~g.~~f. Effective January 1, 2016 Council shall have the power to grant waivers from the full annual assessments of Dioceses within the limit established by the General Convention. Any diocese may appeal to Executive Council for a waiver of the assessment, in full or in part, on the basis of financial hardship, a stated plan for working toward full payment, or other reasons as agreed with the Executive Council. Effective January 1, 2019, failure to make full payment or to receive a waiver shall render the diocese ineligible to receive grants or loans from the Domestic and Foreign Missionary Society unless approved by Executive Council.

~~h.~~g. The Council shall have the power to expend all sums of money covered by the Budget and estimated Budgets approved by the General Convention, subject to such restrictions as may be imposed by the General Convention, including but not limited to the priority declaration set forth in Section 6.b of this Canon. It shall also have power to undertake such other work provided for in the Budget approved by the General Convention, or other work under the jurisdiction of the Council, the need for which may have arisen after the action of the General Convention, as in the judgment of the Council its income will warrant.

~~i.~~h. In respect of the Budget for The Episcopal Church the Executive Council shall have the power to consider and vote to make such adjustments therein, or additions thereto, as it shall deem to be necessary or expedient, and which, in its judgment, available funds and anticipated income will warrant subject to such restrictions as may be imposed by the General Convention. It shall also have power to approve other initiatives proposed by the Chair or otherwise considered by Council, ~~in consultation with the Chair of the Joint Standing Committee on Program, Budget and Finance,~~ between meetings of the General Convention, as in the judgment of the Council are prudent and which the Church revenues will be adequate to support.

~~j.~~i. Each Diocese shall annually report to the Executive Council such financial and other information pertaining to the state of the Church in the Diocese as may be required in a form authorized by Executive Council.

~~k.~~j. Each Diocese shall report annually to the Executive Council the name and address of each new congregation, and of each congregation closed or removed by reason of any of the following:

1. dissolution of the congregation;

2. removal of the congregation to another Diocese due to cession or retrocession of geographic territory in which the congregation is located, pursuant to Articles V.6 or VI.2 of the Constitution;
3. removal of the congregation to a new physical location or address, identifying both the location or address from which the congregation has removed, and the successor location or address; and
4. merger of the congregation into one or more other congregations, in which case, the Diocese shall include in its report the names of all congregations involved in the merger, and the physical location and address at which the merged congregations shall be located.

#### Explanation

These amendments further implement the Task Force's recommendation to have the Executive Council submit the proposed triennial budget to the General Convention, specifically to the Secretary of the General Convention. The changes also delete a redundant subsection requiring the Treasurer to also submit the proposed budget, and clarifies that the budget operates on a calendar year. The amendments strike current subsection c; for many years, once released the proposed budget has been distributed to the entire Church, making it unnecessary to direct Executive Council to send it to all Bishops and Provinces. Finally, the mention in subsection i of the Joint Standing Committee on Program, Budget and Finance should be struck.

#### Canon I.4.7

##### Sec. 7

- a. Every Missionary Bishop or, in case of a vacancy, the Bishop in charge of the jurisdiction, receiving aid from ~~the General Convention Budget~~ *The Episcopal Church budget*, shall report at the close of each fiscal year to the Council, giving account of work performed, of money received from all sources and disbursed for all purposes, and of the state of the Church in the jurisdiction at the date of such report, all in such form as the Council may prescribe.
- b. The Ecclesiastical Authority of every Diocese receiving aid from the General Convention Budget shall report at the close of each fiscal year to the Council, giving account of the work in the diocese supported in whole or in part by that aid.



Explanation

This amendment implement a generic, uniform title for the triennial budget of the Church, "The Episcopal Church budget."

**Canon I.5.5**

~~I.5.5. The expenses of the Archives of The Episcopal Church shall be shared by included in the General Convention the budget for The Episcopal Church and the Executive Council.~~

Explanation

The Task Force concluded that the concept of sharing the Archives' expenses between the General Convention and the Executive Council is outdated. The triennial budget makes an appropriation for the Archives, and the canon need not mention any sharing of expenses., as there is no difference between the "Executive Council budget" and the "General Convention budget." The Task Force's recommendation is to use throughout the canons and Rules of order the term, The Episcopal Church budget.

**Canon I.9.10**

~~I.9.10. The Synod of a Province may take over from the Executive Council, with its consent, and during its pleasure, the administration of any given work within the Province. If the Province shall provide the funds for such work, the constituent Dioceses then members of, and supporting, such Province shall receive proportional credit therefor upon the quotas assigned to them for the support of the Program of the Church, provided that the total amount of such credits shall not exceed the sum appropriated in the budget of the Executive Council for the maintenance of the work so taken over.~~

Explanation

This canon was adopted in 1928 and has been little used, according to the Annotated Constitution and Canons (White & Dykman). A Province that sought to take over the implementation of a General Convention-funded program could propose a plan for that to the Executive Council, which could take action to support the request, on a case by case basis with full access to the facts. The Task Force believes this canon is no longer needed and in addition seems arcane.

## **RULES OF ORDER**

### **House of Bishops Rules of Order**

Note: Under House of Bishops Rule of Order V.O.2, those Rules of Order may only be amended by the House of Bishops – not by the General Convention. The Task Force, and the Bishops serving on it, recommend that the House of Bishops amend its Rule of Order V.D.d as follows.

#### **House of Bishops Rule of Order V.D.d**

V.D.d. Before final consideration by the House, the Joint Standing Committee on Program, Budget, and Finance (PB&F) shall have been informed by the Committee considering any proposed action which, if adopted by General Convention, would require an appropriation of funds and PB&F shall have acknowledged receipt of such information by endorsement on the committee report or by other appropriate means. Implementation of any such resolution is subject to funding in the budget.

#### **Explanation**

With the Task Force's proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council's post-General Convention role of finalizing the budget, this Rule of Order is no longer necessary.

#### **House of Bishops Rule VIII.I**

I. Whenever the House shall make a determination under Article I.2 of the Constitution that a resigned Bishop shall or shall not retain a seat and vote in the House, the following understanding of the intent of the pertinent terms of that provision of the Constitution shall apply:

1. "advanced age" shall mean at least 62 years of age;
2. "bodily infirmity" shall mean either a condition for which one is eligible for disability retirement benefits from the Church Pension Fund or Social Security Administration, or a physical or mental impairment that a physician or psychiatrist (approved by the Presiding Bishop) certifies would likely result in eligibility for such disability retirement benefits should the Bishop continue in active episcopal ministry;
3. "office created by the General Convention" shall mean a ministry funded by the General Convention Budget ~~The Episcopal Church budget~~ and approved by the Presiding Bishop; and
4. "mission strategy" shall mean a strategy that would allow the election of an indigenous member of the clergy of a non-domestic diocese as Bishop, or that would allow a diocese to implement a new mission strategy as determined by the Presiding Bishop, or that would allow

a transition in episcopal leadership after a Diocesan Bishop or Bishop Suffragan has served 10 or more years in either or both of those offices.

Explanation

This amendment implements a generic, uniform title for the triennial budget of the Church, “The Episcopal Church budget.”

**House of Deputies Rules of Order**

Note: Under House of Deputies XIX.A, those Rules of Order may only be amended by the House of Deputies – not by the General Convention. The Task Force, and the Deputies serving on it, recommend that the House of Deputies amend its Rules of Order VI.C.3.v.a and IX.A.1.ii.a.1, as follows.

**House of Deputies Rule of Order VI.C.3.v.a**

3. Placing items on the Consent Calendar. Every Committee Reports on Resolutions or other matters will be placed on the Consent Calendar automatically unless:

- i. the committee votes to exclude it from the Consent Calendar;
- ii. it is removed in accordance with these Rules;
- iii. the Rules of Order, the Joint Rules of Order, the Canons, or the Constitution require a different procedure for considering the item;
- iv. the item has been set by a Special Order of Business; or
- v. the item is one of the following:
  - ~~a.~~ a report from the Joint Standing Committee on Program, Budget and Finance;
  - ~~b.~~ a. an election;
  - ~~c.~~ b. a Resolution of privilege or courtesy;
  - ~~d.~~ c. the confirmation of the election of the Presiding Bishop.

Explanation

With the Task Force’s proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council’s post-General Convention role of finalizing the budget, this House of Deputies Rule of Order is no longer necessary.

**House of Deputies Rule of Order IX.A.1.ii.a.1**

**A. General Rules on Other Committees**

**1. Appointment and Creation**

- i. The President may designate other Committees for the work of the House of Deputies at General Convention no later than 90 days before the first legislative day of General Convention except that Conference Committees will be appointed during General Convention as needed.
- ii. The Committees may include the following and any others that the President designates:
  - a. Resolution Review
    1. The Resolution Review Committee will review all Resolutions submitted prior to General Convention to review that they are consistent with the polity of this Church, and that they are in the form required by the Canons, and to assess whether they have funding implications.

**Explanation**

This Resolution Review Committee “budget impact” task will no longer be necessary under the structure and sequencing of the Task Force’s recommendations.

**Joint Rules of Order**

Pursuant to Joint Rule of Order X.25, the Task Force Recommends that the Joint Rules of Order be amended as follows.

**Joint Rule of Order II.10**

**II: Joint Standing Committee on Program, Budget, and Finance**

~~10.~~

~~a. There shall be a Joint Standing Committee on Program, Budget, and Finance, consisting of 27 persons being members of the General Convention (one Bishop, and two members of the House of Deputies, either Lay or Clerical, from each Province), who shall be appointed not later than the fifteenth day of December following each regular Meeting of the General Convention, the Bishops to be appointed by the Presiding Bishop, the Deputies by the President of the House of Deputies.~~

The Secretary of the General Convention and the Treasurer of the General Convention and the Chief Financial Officer of the Executive Council shall be members ~~ex officio~~, without vote.

The Joint Standing Committee may appoint advisers, from time to time, as its funds warrant, to assist the Joint Standing Committee with its work.

**b.** Organization. The Joint Standing Committee shall elect its Chair from its membership, and such other officers as needed.

The Joint Standing Committee shall be organized in Sections, which shall conform to the major subdivisions of the Budget, as well as Sections on Funding and Presentation, the size and composition of the several Sections to be determined by the Joint Standing Committee.

The Chairs of each Section shall be elected by the Joint Standing Committee; the several Sections shall elect their own Secretaries from among their own membership.

The Joint Standing Committee may refer to a Section any of the duties imposed upon it by this rule; provided, however, that final action on Budget shall be taken only by the full Committee, either in meeting assembled or by a vote by mail.

**c.** During the interim between regular Meetings of the General Convention, the Joint Standing Committee shall act in an advisory capacity to the officers of the General Convention and to the Executive Council, holding such meetings as may be deemed necessary for the purpose.

Meetings of the Joint Standing Committee shall be called by the Chair, or upon the request of any five members thereof.

In respect of the Budget for The Episcopal Church, the Joint Standing Committee shall have the power to consider, and either by a vote by mail, or in meeting assembled, to make such adjustments therein, or additions thereto, as it shall deem to be necessary or expedient, and which, in its judgment, available funds and anticipated income will warrant; and it shall likewise have the power to adjust the annual askings of Dioceses within the limit established by the General Convention.

With regard to the General Church Program, the Joint Standing Committee shall:

- i. Meet and consult with the Executive Council, or its Administration and Finance Committee, on adjustments to the program priorities, and on alternate income generating resources;

- ~~ii. Receive from the Executive Council, not less than four months prior to the meeting of General Convention, the proposed General Church Program for the upcoming triennium, including a proposed detailed Budget for the year next following that of such Convention;~~
  - ~~iii. Meet in such places as it shall determine, sufficiently in advance of the next General Convention to expedite its work;~~
  - ~~iv. Conduct hearings upon such proposed Program and Budget; and~~
  - ~~v. Consider such proposed Program and Budget and report thereon to the next succeeding General Convention.~~
- ~~d. Not later than the third day prior to the adjournment of each regular meeting of the General Convention, the Joint Standing Committee shall report to a Joint Session, pursuant to Canon, a proposed Budget for The Episcopal Church for the ensuing Convention period, subject to the approval of the said Budgets subject also to increase, reduction, or elimination of items, based on open hearings held during the General Convention and by subsequent concurrent action by the House of Deputies and the House of Bishops.~~

Subsequent sections would be renumbered.

#### Explanation

With the Task Force's proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council's post-General Convention role of finalizing the budget, this Joint Rule of Order is no longer necessary. (Note that the deletion of this Joint Rule of Order will require the succeeding Joint Rules of Order to be renumbered.)

**Joint Rule of Order IV.14**

**IV: Supplemental Money Bills**

14. ~~After the adoption of the Budget for The Episcopal Church, any resolution calling for the expenditure of any moneys (or containing implied funding) shall be unfunded.~~

Subsequent sections V - X should be renumbered.

**Explanation**

The Task Force proposes to change the budgeting process for the triennial Episcopal Church budget so that after General Convention a budget committee of the Executive Council will review all resolutions adopted by the General Convention, especially those with budget implications and those setting the priorities for the Church, and make recommendations to the Executive Council for appropriate revisions of the budget adopted by the General Convention. Therefore, it would no longer be the case that resolutions adopted after adoption of the triennial budget would never be funded. In fact, such resolutions could be funded by Executive Council after it completes its post-General Convention review of all adopted resolutions to see if they should be funded by the triennial budget finalized by the Executive Council.

**Joint Rule of Order VII.21**

**VII.21.**

a. The Joint Standing Committee on Nominations, through the Office of the Secretary of General Convention, will secure background checks on its and any other nominees for Secretary of the General Convention, Treasurer of the General Convention, President of the House of Deputies, Vice President of the House of Deputies, Executive Council, and Trustee of The Church Pension Fund. These background checks will cover criminal records checks and sexual offense, registry checks in any state where a proposed nominee has resided during the prior seven (7) years, any appropriate professional licensing bodies with jurisdiction over a nominee's professional status and any violations of state or federal securities or banking laws. The records checks of proposed nominees from outside the United States will cover the same information from comparable authorities in the place of principal residence of the proposed nominee.

- b.** The required background check will be done prior to accepting a proposed nomination.
- c.** Background check results will be reviewed by the Office of the Secretary of General Convention. If that Office, after consultation with the Chief Legal Officer, determines that the results should preclude a person from holding the office sought, the Office shall share the determination with the proposed nominee and remit that determination, but not the background check results, to the nominating authority. Background check information shall not be shared beyond the Office of the Secretary of General Convention, the Chief Legal Officer, and proposed nominees who request their own information. The cost of background checks under this rule shall be covered by ~~the General Convention~~ *The Episcopal Church* budget.

Explanation

This is another amendment conforming the title of the budget to “The Episcopal Church” budget.



## Proposed resolutions

### **A048 Amend Canons and Rules of Order to Implement the Recommendations of the Task Force on The Budget Process**

*Resolved*, the House of \_\_\_\_ concurring, That Canons I.1.2.m, I.1.2.o, I.1.8, I.1.9, I.1.11, I.1.13, I.2.6, I.2.8, I.4.3, I.4.5, I.4.6.a, I.4.6.c, I.4.6.i, I.5.5, I.9.10; House of Bishops Rule of Order V.D.d and VIII.l; House of Deputies Rule of Order VI.C.3.v.a and IX.A.1.ii.a.1; and Joint Rules of Order II.10, IV.14, and VII.21, be amended as follows:

#### **CANONS**

##### Canon I.1.2.m

**m.** Every Commission whose Report requests expenditure out of the *budget funds* of The Epi! copal Church General Convention (except for the printing of the Report) shall *include that request in its report to the General Convention and in accordance with Canon I-2-3* ~~present to the Joint Standing Committee on Program, Budget, and Finance its written request, on or before the 6<sup>st</sup> business day of the session. Resolutions requiring additional expenditures shall be immediately referred to the Joint Standing Committee on Program, Budget, and Finance. No resolution involving such expenditures shall be considered unless so presented and until after report of the Joint Standing Committee on Program, Budget, and Finance.~~

##### Canon I.1.2.o

**o.** Following the adjournment of a General Convention, and subject to budgeted funds available for the purpose, the Presiding Bishop and the President of the House of Deputies, having reviewed the resolutions adopted by the General Convention that provide for any study or further action, shall thereupon recommend to the Executive Council, the creation of such study committees and task forces as may be necessary to complete that work. Any Executive Council resolution creating a task force or study committee shall specify the size and composition, the clear and express duties assigned, the time for completion of the work assigned, to whom the body's report is to be made, and the amount and source of the funding for the body. The members of each such body shall be jointly appointed by the Presiding Bishop and the President of the House of Deputies, and the composition of such committees and task forces ~~shall reflect the diverse voices of the Church and a balance of the Church's orders consistent with the historic polity of the Church. Those committees and task forces so appointed shall expire at the beginning of the next General Convention following, unless reappointed by the Presiding Bishop and President of the House of Deputies and reauthorized by the Executive Council.~~

##### Canon I.1.8

**Sec. 8.** The General Convention shall adopt, at each regular meeting, a budget for *The Epi! copal Church, including to provide for the contingent expenses of the General Convention, the stipend of the Presiding Bishop together with the necessary expenses of that office, the necessary expenses of*

the President of the House of Deputies including the staff and Advisory Council required to assist in the performance of the duties and matters related to the President's office, and the applicable Church Pension Fund assessments. To defray the expense of this budget, an assessment shall be levied upon the Dioceses of the Church in accordance with a formula which the General Convention shall adopt as part of this *The Episcopal Church budget Expense Budget*. It shall be the duty of each Diocesan Convention to ~~pay its assessment forward to the Treasurer of the General Convention according to the schedule established by the Executive Council annually, on the first Monday of January, the amount of the assessment levied upon that Diocese.~~

Canon I.1.9

**Sec. 9.** The Treasurer of the General Convention shall have authority to borrow, in behalf and in the name of the *Executive Council General Convention*, such a sum as may be judged by the Treasurer to be necessary to help ~~pay defray~~ the expenses of ~~the Episcopal Church budget adopted under Canon I.1.8 General Convention~~, with the approval of the Presiding Bishop and the Executive Council.

Canon I.1.11

**Sec. 11.** ~~The Treasurer shall submit to the General Convention at each regular meeting thereof a detailed budget in which the Treasurer proposes to request appropriations for the ensuing budgetary period and shall have power to expend all sums of money covered by this budget, subject to such provisions of the Canons as shall be applicable.~~

Canon I.1.13

**Sec. 13.**

a. There shall be an Executive Office of the General Convention, to be headed by a General Convention Executive Officer to be appointed jointly by the Presiding Bishop and the President of the House of Deputies with the advice and consent of the Executive Council. The Executive Officer shall report to and serve at the pleasure of the Executive Council.

b. The Executive Office of the General Convention shall include the functions of the Secretary of the General Convention and the Treasurer of the General Convention and those of the Manager of the General Convention and, if the several positions are filled by different persons, such officers shall serve under the general supervision of the General Convention Executive Officer, who shall also coordinate the work of the Committees, Commissions, Boards and Agencies funded by ~~the Episcopal Church General Convention Expense Budget~~.

Canon I.2.6

**Sec. 6.** The stipends of the Presiding Bishop and such personal assistants as may be necessary during the Presiding Bishop's term of office for the effective performance of the duties, and the necessary expenses of that office, shall be fixed by the General Convention and shall be provided for in the budget to be submitted by the ~~Treasurer Executive Council~~, as provided in the Canon I.4.6, entitled, "Of the General Convention."

Canon I.2.8

**Sec. 8.** Upon the acceptance of the Presiding Bishop's resignation for reasons of disability prior to the expiration of the term of office, the Presiding Bishop may be granted, in addition to whatever allowance may be received from The Church Pension Fund, a disability allowance to be paid by the Treasurer of the General Convention in an amount to be fixed by the ~~Executive Council~~ Joint Standing Committee on Program, Budget, and Finance, and ratified at the next regular meeting of the General Convention.

Canon I.4.3

**Sec. 3.** Upon joint nomination of the Chair and the Vice-Chair, the Executive Council shall elect an Audit Committee of the Council and the Domestic and Foreign Missionary Society. The Committee shall be composed of six members: one from the Executive Council committee with primary responsibility for financial matters; ~~one from the Joint Standing Committee on Program, Budget, and Finance;~~ and the remaining ~~four~~ five from members of the Church-at-large having experience in general business and financial practices. The members shall serve for a term of three years beginning on January 1 following a regular meeting of the General Convention or immediately following their appointment, whichever comes later, and continue until a successor is appointed, and may serve two consecutive terms, after which a full triennium must elapse before being eligible for re-election. Annually the Audit Committee shall elect a Chair of the Committee from among its members. The Audit Committee shall regularly review the financial statements relating to all funds under the management or control of the Council and the Domestic and Foreign Missionary Society and shall report thereon at least annually to the Council.

Upon recommendation of the Audit Committee, the Executive Council shall employ on behalf of the Council and the Domestic and Foreign Missionary Society an independent Certified Public Accountant firm to audit annually all accounts under the management or control of the Council and Domestic and Foreign Missionary Society. After receipt of the annual audit, the Audit Committee shall recommend to the Council and the Domestic and Foreign Missionary Society what action to take as to any matters identified in the annual audit and accompanying management letter. The responsibilities of the Audit Committee shall be set out in an Audit Committee Charter. The Audit Committee shall review, at least annually, the Committee's Charter and recommend any changes to the Executive Council for approval.

Canon I.4.4

**Sec. 4.** ~~The Executive Council may establish by its By-laws Committees and ad hoc working groups or task forces, which may include or consist of non-members, to be nominated jointly by the Chair and Vice-Chair and appointed by the Council, as may be necessary to fulfill its fiduciary responsibility to the Church. All Committees and ad hoc working groups and task forces of Executive Council will cease to exist at the close of the next General Convention following their creation unless extended by Executive Council. Executive Council may revoke, rescind, or modify the mandate or charter of all Executive Council Committees, ad hoc working groups and task forces not otherwise created by~~  
Canon.

*Following the adjournment of a General Convention, and subject to budgeted funds available for the purpose, the Chair and the Vice-Chair, having reviewed the resolutions adopted by the General Convention that provide for any study or further action, shall thereupon recommend to the Executive*

*Council, the creation of such study committees and task forces as may be necessary to complete that work. Any Executive Council resolution creating a task force or study committee shall specify the size and composition, the clear and express duties assigned, the time for completion of the work assigned, to whom the body's report is to be made, and the amount and source of the funding for the body. The members of each such body shall be jointly appointed by the Chair and Vice-Chair, and the composition of such committees and task forces shall reflect the diverse voices of the Church and a balance of the Church's orders consistent with the historic polity of the Church. Those committees and task forces so appointed shall expire at the beginning of the next General Convention following, unless reappointed by the Chair and Vice-Chair and reauthorized by the Executive Council.*

Canon I.4.6

**Sec. 6**

**a.** *At least four months prior to the next regular meeting of the General Convention, the Executive Council shall submit to the Secretary of the General Convention a proposed Episcopal Church budget for the ensuing budgetary period. The ensuing budgetary period shall comprise the calendar years starting with the January 1st following the adjournment of the most recent regular meeting of the General Convention and ending with the December 31st following the adjournment of the next regular meeting of the General Convention. The Executive Council shall submit to the Joint Standing Committee on Program, Budget, and Finance the proposed Budget for The Episcopal Church for the ensuing budgetary period, which budgetary period shall be equal to the interval between regular meetings of the General Convention. The proposed Budget shall be submitted not less than four months before the ensuing General Convention is convened.*

**b.** Revenue to support the Budget for The Episcopal Church shall be generated primarily by a single assessment of the Dioceses of the Church based on a formula which the General Convention shall adopt as part of its Budget process. If in any year the total anticipated income for Budget support is less than the amount required to support the Budget approved by the General Convention, the canonical portion of the Budget for The Episcopal Church shall have funding priority over any other budget areas subject to any decreases necessary to maintain a balanced Budget.

**c.** *After the preparation of the Budget, the Treasurer shall, at least four months before the sessions of the General Convention, transmit to the Bishop of each Diocese and to the President of each Province a statement of the existing and the proposed assessments necessary to support the proposed Budget for The Episcopal Church. The Joint Standing Committee on Program, Budget, and Finance shall also submit to the General Convention, with the Budget, a plan for the assessments of the respective Dioceses of the sum needed to execute the Budget.*

**d.c.** There shall be joint sessions of the two Houses for the presentation of the Budget for The Episcopal Church; and thereafter consideration shall be given and appropriate action taken thereon by the General Convention.

**e.d.** Upon the adoption by the General Convention of a Budget for The Episcopal Church and the planned assessments for the budgetary period, the Council shall formally advise each Diocese of its share of the total assessments to support the Budget for The Episcopal Church.

**f.e.** Full payment of the diocesan assessment shall be required of all Dioceses, effective January 1, 2019.

**g.f.** Effective January 1, 2016 Council shall have the power to grant waivers from the full annual assessments of Dioceses within the limit established by the General Convention. Any diocese may appeal to Executive Council for a waiver of the assessment, in full or in part, on the basis of financial hardship, a stated plan for working toward full payment, or other reasons as agreed with the Executive Council. Effective January 1, 2019, failure to make full payment or to receive a waiver shall render the diocese ineligible to receive grants or loans from the Domestic and Foreign Missionary Society unless approved by Executive Council.

**h.g.** The Council shall have the power to expend all sums of money covered by the Budget and estimated Budgets approved by the General Convention, subject to such restrictions as may be imposed by the General Convention, including but not limited to the priority declaration set forth in Section 6.b of this Canon. It shall also have power to undertake such other work provided for in the Budget approved by the General Convention, or other work under the jurisdiction of the Council, the need for which may have arisen after the action of the General Convention, as in the judgment of the Council its income will warrant.

**i.h.** In respect of the Budget for The Episcopal Church the Executive Council shall have the power to consider and vote to make such adjustments therein, or additions thereto, as it shall deem to be necessary or expedient, and which, in its judgment, available funds and anticipated income will warrant subject to such restrictions as may be imposed by the General Convention. It shall also have power to approve other initiatives proposed by the Chair or otherwise considered by Council, ~~in consultation with the Chair of the Joint Standing Committee on Program, Budget and Finance,~~ between meetings of the General Convention, as in the judgment of the Council are prudent and which the Church revenues will be adequate to support.

**j.i.** Each Diocese shall annually report to the Executive Council such financial and other information pertaining to the state of the Church in the Diocese as may be required in a form authorized by Executive Council.

**k.j.** Each Diocese shall report annually to the Executive Council the name and address of each new congregation, and of each congregation closed or removed by reason of any of the following:

1. dissolution of the congregation;
2. removal of the congregation to another Diocese due to cession or retrocession of geographic territory in which the congregation is located, pursuant to Articles V.6 or VI.2 of the Constitution;
3. removal of the congregation to a new physical location or address, identifying both the location or address from which the congregation has removed, and the successor location or address; and
4. merger of the congregation into one or more other congregations, in which case, the Diocese shall include in its report the names of all congregations involved in the merger, and the physical location and address at which the merged congregations shall be located.

Canon I.5.5

**Sec. 5.** The expenses of the Archives of The Episcopal Church shall be ~~shared by~~ *included in the General Convention the budget for The Episcopal Church and the Executive Council.*

Canon I.9.10

**Sec. 10.** The Synod of a Province may take over from the Executive Council, with its consent, and during its pleasure, the administration of any given work within the Province. If the Province shall provide the funds for such work, the constituent Dioceses then members of, and supporting, such Province shall receive proportional credit therefor upon the quotas assigned to them for the support of the Program of the Church, provided that the total amount of such credits shall not exceed the sum appropriated in the budget of the Executive Council for the maintenance of the work so taken over.

**RULES OF ORDER**

**House of Bishops Rules of Order**

Note: Under House of Bishops Rule of Order V.O.2, those Rules of Order may only be amended by the House of Bishops – not by the General Convention. The Task Force, and the Bishops serving on it, recommend that the House of Bishops amend its Rule of Order V.D.d as follows.

House of Bishops Rule of Order V.D.d

d. Before final consideration by the House, the Joint Standing Committee on Program, Budget, and Finance (PB&F) shall have been informed by the Committee considering any proposed action which, if adopted by General Convention, would require an appropriation of funds and PB&F shall have acknowledged receipt of such information by endorsement on the committee report or by other appropriate means. Implementation of any such resolution is subject to funding in the budget.

House of Bishops Rule VIII.I

I. Whenever the House shall make a determination under Article I.2 of the Constitution that a resigned Bishop shall or shall not retain a seat and vote in the House, the following understanding of the intent of the pertinent terms of that provision of the Constitution shall apply:

1. “advanced age” shall mean at least 62 years of age;
2. “bodily infirmity” shall mean either a condition for which one is eligible for disability retirement benefits from the Church Pension Fund or Social Security Administration, or a physical or mental impairment that a physician or psychiatrist (approved by the Presiding Bishop) certifies would likely result in eligibility for such disability retirement benefits should the Bishop continue in active episcopal ministry;
3. “office created by the General Convention” shall mean a ministry funded by the General Convention Budget ~~The Episcopal Church budget~~ and approved by the Presiding Bishop; and
4. “mission strategy” shall mean a strategy that would allow the election of an indigenous member of the clergy of a non-domestic diocese as Bishop, or that would allow a diocese to

implement a new mission strategy as determined by the Presiding Bishop, or that would allow a transition in episcopal leadership after a Diocesan Bishop or Bishop Suffragan has served 10 or more years in either or both of those offices.

### **House of Deputies Rules of Order**

Note: Under House of Deputies XIX.A, those Rules of Order may only be amended by the House of Deputies – not by the General Convention. The Task Force, and the Deputies serving on it, recommend that the House of Deputies amend its Rules of Order VI.C.3.v.a and IX.A.1.ii.a.1, as follows.

#### House of Deputies Rule of Order VI.C.3.v.a

3. Placing items on the Consent Calendar. Every Committee Reports on Resolutions or other matters will be placed on the Consent Calendar automatically unless:

- i. the committee votes to exclude it from the Consent Calendar;
- ii. it is removed in accordance with these Rules;
- iii. the Rules of Order, the Joint Rules of Order, the Canons, or the Constitution require a different procedure for considering the item;
- iv. the item has been set by a Special Order of Business; or
- v. the item is one of the following:
  - ~~a.~~ a report from the Joint Standing Committee on Program, Budget and Finance;
  - ~~b.~~ a. an election;
  - ~~c.~~ b. a Resolution of privilege or courtesy;
  - ~~d.~~ c. the confirmation of the election of the Presiding Bishop.

#### House of Deputies Rule of Order IX.A.1.ii.a.1

##### A. General Rules on Other Committees

##### 1. Appointment and Creation

- i. The President may designate other Committees for the work of the House of Deputies at General Convention no later than 90 days before the first legislative day

of General Convention except that Conference Committees will be appointed during General Convention as needed.

ii. The Committees may include the following and any others that the President designates:

a. Resolution Review

1. The Resolution Review Committee will review all Resolutions submitted prior to General Convention to review that they are consistent with the polity of this Church, and that they are in the form required by the Canons, and to assess whether they have funding implications.

**Joint Rules of Order**

Pursuant to Joint Rule of Order X.25, the Task Force Recommends that the Joint Rules of Order be amended as follows.

Joint Rule of Order II.10

II: Joint Standing Committee on Program, Budget, and Finance

10.

a. There shall be a Joint Standing Committee on Program, Budget, and Finance, consisting of 27 persons being members of the General Convention (one Bishop, and two members of the House of Deputies, either Lay or Clerical, from each Province), who shall be appointed not later than the fifteenth day of December following each regular Meeting of the General Convention, the Bishops to be appointed by the Presiding Bishop, the Deputies by the President of the House of Deputies.

The Secretary of the General Convention and the Treasurer of the General Convention and the Chief Financial Officer of the Executive Council shall be members ex officio, without vote.

The Joint Standing Committee may appoint advisers, from time to time, as its funds warrant, to assist the Joint Standing Committee with its work.

b. Organization. The Joint Standing Committee shall elect its Chair from its membership, and such other officers as needed.

The Joint Standing Committee shall be organized in Sections, which shall conform to the major subdivisions of the Budget, as well as Sections on Funding and Presentation, the size and composition of the several Sections to be determined by the Joint Standing Committee.

The Chairs of each Section shall be elected by the Joint Standing Committee; the several Sections shall elect their own Secretaries from among their own membership.



The Joint Standing Committee may refer to a Section any of the duties imposed upon it by this rule; ~~provided, however, that final action on Budget shall be taken only by the full Committee, either in meeting assembled or by a vote by mail.~~

c. During the interim between regular Meetings of the General Convention, the Joint Standing Committee shall act in an advisory capacity to the officers of the General Convention and to the Executive Council, holding such meetings as may be deemed necessary for the purpose.

Meetings of the Joint Standing Committee shall be called by the Chair, or upon the request of any five members thereof.

In respect of the Budget for The Episcopal Church, the Joint Standing Committee shall have the power to consider, and either by a vote by mail, or in meeting assembled, to make such adjustments therein, or additions thereto, as it shall deem to be necessary or expedient, and which, in its judgment, available funds and anticipated income will warrant; and it shall likewise have the power to adjust the annual askings of Dioceses within the limit established by the General Convention.

With regard to the General Church Program, the Joint Standing Committee shall:

- i. Meet and consult with the Executive Council, or its Administration and Finance Committee, on adjustments to the program priorities, and on alternate income generating resources;
- ii. Receive from the Executive Council, not less than four months prior to the meeting of General Convention, the proposed General Church Program for the upcoming triennium, including a proposed detailed Budget for the year next following that of such Convention;
- iii. Meet in such places as it shall determine, sufficiently in advance of the next General Convention to expedite its work;
- iv. Conduct hearings upon such proposed Program and Budget; and
- v. Consider such proposed Program and Budget and report thereon to the next succeeding General Convention.

d. Not later than the third day prior to the adjournment of each regular meeting of the General Convention, the Joint Standing Committee shall report to a Joint Session, pursuant to Canon, a proposed Budget for The Episcopal Church for the ensuing Convention period, subject to the approval of the said Budgets subject also to increase, reduction, or elimination of items, based on open hearings held during the General Convention and by subsequent concurrent action by the House of Deputies and the House of Bishops.

Joint Rule of Order IV.14

#### IV: Supplemental Money Bills

14. After the adoption of the Budget for The Episcopal Church, any resolution calling for the expenditure of any moneys (or containing implied funding) shall be unfunded.

Subsequent sections V - X should be renumbered.

Joint Rule of Order VII.21

VII.21.

a. The Joint Standing Committee on Nominations, through the Office of the Secretary of General Convention, will secure background checks on its and any other nominees for Secretary of the General Convention, Treasurer of the General Convention, President of the House of Deputies, Vice President of the House of Deputies, Executive Council, and Trustee of The Church Pension Fund. These background checks will cover criminal records checks and sexual offender registry checks in any state where a proposed nominee has resided during the prior seven (7) years, any appropriate professional licensing bodies with jurisdiction over a nominee's professional status and any violations of state or federal securities or banking laws. The records checks of proposed nominees from outside the United States will cover the same information from comparable authorities in the place of principal residence of the proposed nominee.

b. The required background check will be done prior to accepting a proposed nomination.

c. Background check results will be reviewed by the Office of the Secretary of General Convention. If that Office, after consultation with the Chief Legal Officer, determines that the results should preclude a person from holding the office sought, the Office shall share the determination with the proposed nominee and remit that determination, but not the background check results, to the nominating authority. Background check information shall not be shared beyond the Office of the Secretary of General Convention, the Chief Legal Officer, and proposed nominees who request their own information. The cost of background checks under this rule shall be covered by ~~the General Convention~~ *The Episcopal Church* budget.

EXPLANATION

Canon I.1.2.m

If the elimination of the Joint Standing Committee on Program, Budget and Finance is adopted, then these revisions to Canon I.1.2.m provide a helpful redundancy, or reminder, to Standing Commission, together with existing Canon I.1.2.k.3.

Canon I.1.2.o

The Task Force proposes to delete this canon here and move it, with small amendments, to a new Canon I.4.4. This subsection was added to the canons in 2018. It was proposed by the Standing Commission on Structure, Governance and Constitution and Canons with the following explanation: "This change permits task forces to be created and commence prior to the first meeting of Executive

Council, allowing them more time in the triennium to do their work.” Since the subsection calls on the Presiding Officers to review all General Convention resolutions calling for “study or further action” and to recommend to the Executive Council the bodies they believe necessary to carry out the work; and for the Executive Council to act on such recommendations, including providing funding, it makes more sense for this provision to be in the canon on the Executive Council, Canon I.4.

#### Canon I.1.8

These amendments implement a generic, uniform title for the triennial budget of the Church, “The Episcopal Church budget,” and requires dioceses to pay their assessments, not all on January 1 of each year, but according to the schedule (currently monthly) established by Executive Council.

#### Canon I.1.9

These amendments (i) state that the Treasurer’s borrowing is on behalf of Executive Council, the governing body with authority between General Conventions; (ii) conform the title of the budget as explained above under Canon I.1.8; and (iii) clarify that any borrowing requires the approval of Executive Council, of which the Presiding Bishop, under Canon I.4.2.a, is the Chair and chief executive officer.

#### Canon I.1.11

The Task Force’s proposed amendments to Canon I.4.6 make clear that Executive Council would have the sole authority to propose the triennial budget to the General Convention. Accordingly, there would be no need for the Treasurer to also propose the same budget. (Note that the remaining three sections of Canon I.1.11 will need to be renumbered.)

#### Canon I.1.13

This amendment conforms the title of the triennial budget as noted above under Canon I.1.8. It also deletes an outdated reference to the “Expense” budget.

#### Canon I.2.6

These amendments conform Canon I.2.6 to the Task Force’s other proposed canonical amendments establishing the Executive Council as the Church governing body that submits a proposed triennial budget to the General Convention, and cross-references that canon.

Canon I.2.8

Consistent with prior proposed amendments, above, this change deletes the reference to the Joint Standing Commission on Program, Budget, and Finance.

Canon I.4.3

This amendment is consistent with the Task Force's recommendation to transfer all responsibilities of the Joint Standing Committee on Program, Budget, and Finance to the Executive Council, thereby eliminating the need for that Joint Standing Committee.

Canon I.4.4

As explained regarding the deletion of Canon I.1.2.o, since this canon calls on the Presiding Officers to recommend to the Executive Council the creation of various bodies to carry out the work specified by the General Convention, and for the Executive Council to allocate the funds for such work, it makes more sense to include this provision in the canon on the Executive Council than in the canon on the General Convention. The text of subsection o was moved in its entirety with the only change being to change “Presiding Bishop” to “Chair” and “President of the House of Deputies” to “Vice-Chair,” the titles they hold in their roles in the Executive Council.

Canon I.4.6.a, c and i

These amendments further implement the Task Force’s recommendation to have the Executive Council submit the proposed triennial budget to the General Convention, specifically to the Secretary of the General Convention. The changes also delete a redundant subsection requiring the Treasurer to also submit the proposed budget, and clarifies that the budget operates on a calendar year. The amendments strike current subsection c; for many years, once released the proposed budget has been distributed to the entire Church, making it unnecessary to direct Executive Council to send it to all Bishops and Provinces. Finally, the mention in subsection i of the Joint Standing Committee on Program, Budget and Finance should be struck.

Canon I.5.5

The Task Force concluded that the concept of sharing the Archives’ expenses between the General Convention and the Executive Council is outdated. The triennial budget makes an appropriation for the Archives, and the canon need not mention any sharing of expenses., as there is no difference between the "Executive Council budget" and the "General Convention budget." The Task Force's

recommendation is to use throughout the canons and Rules of order the term, The Episcopal Church budget.

Canon I.9.10

This canon was adopted in 1928 and has been little used, according to the Annotated Constitution and Canons (White & Dykman). A Province that sought to take over the implementation of a General Convention-funded program could propose a plan for that to the Executive Council, which could take action to support the request, on a case by case basis with full access to the facts. The Task Force believes this canon is no longer needed and in addition seems arcane.

House of Bishops Rule V.D.d

With the Task Force's proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council's post-General Convention role of finalizing the budget, this Rule of Order is no longer necessary.

House of Bishops Rule VIII.I

This amendment implements a generic, uniform title for the triennial budget of the Church, "The Episcopal Church budget."

House of Deputies Rule of Order VI.C.3.v.a

With the Task Force's proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council's post-General Convention role of finalizing the budget, this House of Deputies Rule of Order is no longer necessary.

House of Deputies Rule of Order IX.A.1.ii.a.1

This Resolution Review Committee "budget impact" task will no longer be necessary under the structure and sequencing of the Task Force's recommendations.

Joint Rule of Order II.10

With the Task Force's proposed elimination of the Joint Standing Committee on Program, Budget, and Finance, and with the clarification of the Executive Council's post-General Convention role of finalizing the budget, this Joint Rule of Order is no longer necessary. (Note that the deletion of this Joint Rule of Order will require the succeeding Joint Rules of Order to be renumbered.)

Joint Rule of Order IV.14

The Task Force proposes to change the budgeting process for the triennial Episcopal Church budget so that after General Convention a budget committee of the Executive Council will review all resolutions adopted by the General Convention, especially those with budget implications and those setting the priorities for the Church, and make recommendations to the Executive Council for appropriate revisions of the budget adopted by the General Convention. Therefore, it would no longer be the case that resolutions adopted after adoption of the triennial budget would never be funded. In fact, such resolutions could be funded by Executive Council after it completes its post-General Convention review of all adopted resolutions to see if they should be funded by the triennial budget finalized by the Executive Council.

Joint Rule of Order VII.21

This is another amendment conforming the title of the budget to “The Episcopal Church” budget.

## Supplemental Materials

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1. Appendix I - The Current Budget Process and its Disadvantages

## **Appendix I**

### **The Current Budget Process and its Disadvantages**

#### **The Current Process**

PB&F is established in Joint Rules of Order II.10 (page 346 of the Constitution, Canons and Rules of Order publication), with representative membership of 27 Bishops and Deputies appointed by the Presiding Officers. Additional DFMS staff support brings the number of meeting attendees to 35-40.

Normally, PB&F has held two face-to-face plenary meetings, which necessarily involve a large expense. The first meeting, usually in the fall prior to General Convention, is primarily for educating its members (many of whom are new and inexperienced) on the body's canonical duties, the budgetary process, and the current triennial budget. The second pre-Convention meeting (normally in February) is where PB&F officially receives the proposed budget from the Executive Council (see Canon I.4.6(a)) and begins the difficult process of understanding the budget in detail. Throughout the triennium, one or more PB&F officers have customarily attended most Executive Council meetings, working primarily with the Executive Council's Finance Committee.

During General Convention, PB&F continues to meet and revise the proposed budget. Open hearings are held where people may address special requests or concerns. In addition, PB&F frequently invites particular people to address the Committee or a subcommittee. The Joint Rules of Order require that a final proposed budget be presented to a joint session no later than the third day prior to adjournment. To accommodate translation and formatting, the final proposed budget must be completed 24-48 hours before the joint session. The respective Houses thereafter vote on the budget.

#### **Disadvantages of the Current Process**

The Task Force sees significant disadvantages with the current process. Most significant is the requirement to approve a budget before all priorities of General Convention have been established. To allow enough time for formal presentation of the budget, followed by each house, one at a time, debating and voting on the budget, PB&F's work ends four or five days before the end of General Convention, which is the period most of the resolutions come out of committee and are sent to the floor of each house, one at a time, for debate and vote. Thus, the budget may not include the true priorities of General Convention.

Another significant disadvantage is the steep learning curve required by PB&F members. In a relatively short amount of time, they must comprehend the large and complex triennial budget,



along with the extensive and detailed background knowledge needed to understand how and why each line item was included by Executive Council in the proposed budget. Additionally, the Church staff, after working throughout the triennium to help Executive Council members understand the line items in sufficient detail to make proper decisions, must now attempt to do the same thing all over again with PB&F members in a much shorter time period. The Church has been asking the impossible. In the time available, PB&F members cannot obtain the same amount of budgetary knowledge as the Executive Council finance committee members.

The current process is an inefficient, even wasteful, use of financial and personnel resources, which may not reflect the priorities of General Convention. Upon careful reflection and in consultation with past PB&F chairs and members along with staff, the Task Force believes a smaller body, adequately resourced, would be more productive and decisive. And upon further reflection, the Task Force believes that continuing the two-committee process itself is untenable.