

ANNUAL CONFERENCE
PETITION TO THE 2006 ROCKY MOUNTAIN CONFERENCE

TITLE: CONFERENCE APPORTIONMENT FORMULA

ACTION TO BE VOTED ON:

1 The 2007 Rocky Mountain Conference budget is to be apportioned to the local United Methodist
2 churches as their share of our “Wider Mission.” Each local church in the Conference will be
3 apportioned using a formula based on their local net expenditures and their average weekly
4 worship attendance.

5 The formula is: $A = E \times (P+i)$

6 The formula elements are defined as follows:

7 “A” represents the local church’s Apportioned amount for 2007.

8 “E” is the local church’s Net Expenditures for the year from the 2005 annual report submitted in
9 January 2006. It is the total of the following annual local church expenditures as reported on the
10 Table II statistical report on lines 64 through 72. Those lines are as follows:

11 64 – Pastor’s base compensation

12 65 – Associate’s/Associates’ base compensation

13 66 – All clergy housing allowances

14 67 – Reimbursements paid to pastor(s)

15 68 – Cash allowances paid to pastor(s)

16 69 – Deacon/diaconal compensation and expenses

17 70 – Other staff compensation and expenses

18 71 – Program expenses

19 72 – Operating Expenses

20 “P” is the base apportionment percentage for each church in the Conference. It is calculated as
21 the 2007 Conference Budget divided by the total of all local church Net Expenditures for all
22 churches in the Conference as reported in the 2005 annual report. This value is the same for all
23 churches in the conference.

24 “i” is an adjustment – either positive or negative – for each local church to account for
25 differences in a local church’s ability to pay a share of the Conference budget. It is calculated by
26 taking the ratio of the local church’s Clergy and Operating Expenses (sum of Table II - lines 64-
27 69 and 72) per Worship Attendee (Table I - line 10) to the local church’s Net Expenditures (sum
28 of Table II - lines 64-72) per Worship Attendee (Table I – line 10) and comparing this ratio to the
29 average of all of our conference churches.

30
31 **MAXIMUM ANNUAL CHANGE**

32 We limit the increase to a 12% (twelve percent) change and the decrease to a 12% (twelve
33 percent) change, with the additional limitation that no church that received a decrease in 2006
34 will receive an additional decrease in 2007.

35 CLARIFICATIONS OF TERMS AND VALUES USED:

36 The *i* Factor (*i* in the formula) –

37 For churches that have a higher than average value per attendee, this factor will increase their
38 apportioned share of the total budget. Conversely, for those churches that have an average value
39 per attendee that is less than the conference average, their apportioned share will be reduced.

40 Note – this conference-wide ratio is capped to eliminate the impact of extreme values (unusual
41 circumstances, data reporting errors, etc.).

42 Attendance (needed to calculate *i* in the formula) –

43 The average weekly worship attendance is defined and reported on line 10 of Table I. On that
44 form, as defined by the General Council on Finance and Administration, it states: “*The*
45 *‘principal weekly worship service(s)’ would include any services held on a weekly basis as the*
46 *primary opportunity for worship. In many churches this will be the Sunday morning service(s).*
47 *However, if the church has other worship services attended primarily by persons who do not*
48 *attend on Sunday morning, attendance at those services should be reported also. Report the*
49 *combined average attendance at all such services. Include children who participate in all or part*
50 *of any such service.”*

51 Capital Expansion, Church Debt and Benevolence Giving –

52 Apportionments paid and any other benevolence giving (Table I, lines 38-56), any debt costs
53 (Table I, line 73) , and any capital costs for facilities expansion and/or major upkeep costs (Table
54 I, line 74) are not factors in this apportionment calculation.

EFFECTIVE DATE: January 1, 2007

TERMINATION DATE: December 31, 2007

FINANCIAL IMPACT:

Yes, this is the main apportionment formula

ORIGINATOR OF THE PETITION:

Council on Finance and Administration

PERSON TO PRESENT PETITION TO CONFERENCE:

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RATIONALE: Not debatable

55 This formula is the same formula as presented and passed in 2003, 2004 and 2005, although the
56 petition wording was significantly rewritten in 2004 for better clarity. The maximum amount of
57 change (lines 32-34) was changed slightly this year to a maximum allowable decrease of 12%
58 instead of the previous limit of 9%, thereby providing a little more relief to small, declining
59 churches.

60 The basic philosophy for this formula is that the conference budget should be apportioned to
61 local churches based on the amounts they are spending on staff, program and operations. The
62 more that is spent on staff, office and program costs, utilities and minor upkeep, then the more
63 each church should be asked to share with and support the global and conference ministries of
64 the United Methodist Church.

65 Benevolence giving, apportionments, mortgages and debt payments as well as capital
66 improvement costs should not be – and are not – part of this formula.

67 **Actual calculations for the i Factor:**

68 $i = (0.008 \times (\text{Net Expenditures per Attendee for that church} - 1) / (75\text{th percentile of all church}$
69 $\text{Net Expenditures per Attendee} - 25\text{th percentile of all church Net Expenditures per Attendee})) -$
70 $(0.01 \times (\text{Clergy and Operating Expenditures per Attendee for that church} - 1) / (75\text{th percentile}$
71 $\text{of all church Clergy and Operating Expenditures} - 25\text{th percentile of all church Clergy and}$
72 $\text{Operating Expenditure Ratios}))$

73 **What does that mean?**

74 This factor cannot be very large – it is only intended to be a small adjustment. The values in the
75 formula of 0.008 and 0.01 are statistical tools used to balance the relevant impact of clergy,
76 operating and net expenditures. And the use of the 75th and 25th percentile values eliminates the
77 extreme high and low values so that we really are using valid values and not values created by
78 incorrect church reporting or by unusual church situations. If, from year to year, a church's
79 attendance goes up faster than expenses, this factor would work to reduce apportionments.
80 Conversely, if expenses go up faster than increases in worship attendance, then the
81 apportionments would increase. And if attendance goes down while expenses stay the same,
82 apportionments will go up.