

Joint Standing Committee on Program, Budget & Finance

Linthicum Heights, Maryland

September 24, 2008.09.24

Minutes of the meeting

Adams-McCaslin convened the meeting at 7:33 PM EDT, beginning with prayer. She announced that David Grizzle would be Chaplain for this meeting.

Present from the Committee: Lloyd Allen, Bonnie Anderson, Anne Bardol, Kurt Barnes, Peter Bickford, Jon Boss, Judith Esmay, Pete Dawson, John Floberg, Mary Glasspool, David Grizzle, Lyn Headley Deavours, Mark Hollingsworth, Sally Johnson, Tess Judge, Jerry Keucher, Mike Klusmeyer, Dan Land, Pan Adams McCaslin, Tom O'Brien, Alan Scarfe, Katharine Jefferts Schori, Drew Smith; from the staff: Nancy Caparulo, Alpha Conteh, Toni Daniels, Mark Duffy, Brian Grieves, Margaret Rose, Caspar van Helden, Suzanne Watson. Absent: George Councill, Duncan Gray, Holly McAlpen, Altagracia Perez, Francisco Quinones, Jim Waggoner, Dean Wolfe.

PB Remarks

Adams-McCaslin invited everyone to check in personally, reviewed the constitution of the committee and described the committee's work as full of the Holy Spirit. She welcomed the Presiding Bishop and the President of the House of Deputies and invited the PB to give her remarks. The major points of those remarks, focused on major areas for the next triennium budget, are bulleted below:

- Ubuntu is the theme (I only exist in community. I am because we are.) Identity comes from being in a community. In Hebraic context, we are part of the body of Christ. The body functions when all the parts work together.
- Our identity is defined by each in DFMS. Identity is only useful if we can communicate it and share it with the rest of the world. Communication is central in the work and has obvious links to mission. The domestic mission field is gaining increasing attention.
- What it means to be an international church is a necessary conversation. We need to talk about Missionaries, who they are and what it means to "send" missionaries."
- Native American ministries and work on the reservations need to be a focus of domestic mission.
- Reorganizing dioceses who have had members who have chosen to leave the Episcopal Church. The whole body is responsible to help dioceses reestablish themselves as functioning, dignified, faithful and contributing members of the DFMS.
- We need to do creative work – and be nimble – in supporting congregational development and redevelopment in multicultural contexts.
- Ecumenical relationships: initiatives will come to this General Convention (GC) from the Methodists and the Moravian Church. Partnerships in mission are very important.
- Through the Office of Government relations our ability to advocate for change in this society is critical for justice and peacemaking work.
- Strengthening relationships in the Anglican Communion and with our Covenant Partners.
- MDGs - focused on development in developing nations.

- Novelty - discovering new ways of working. One of the reasons for reorganizing the staff was to make it more flexible and freely responsive to developing issues.
- How do we gather? We need to exploit technology for meetings to be better stewards of time and resources.
- The Mission Funding Initiative explores ways to work more creatively beyond what has been done in the past. This will be an effort in development to fund communications, advertising nationally, effective evangelism, leadership development. assisting with seminary debt, educating lay leaders; spirituality; reconciliation, etc. Venture In Mission 30 years ago was the last large effort.
- The development of an ecclesiastical ambassador such as other provinces in the Anglican Communion have (provincial secretaries).
- Accountability in management, measurability of the success of programs mounted by the Episcopal Church Center (ECC).

President of the House of Deputies (PHOD) Remarks

President of the House of Deputies (HOD), Bonnie Anderson, thanked the Committee for the invitation to be present. She began her remarks by citing the 6th chapter of Mark v 31: “*So many people were coming and going that they didn’t even have a chance to eat*” and likening that passage to PB&F at General Convention. The discussions PB&F will have are those about using money to do God’s work in the world. She referenced a tee shirt belonging to her spouse that says New Mexico – Not Really New, Not Really Mexico, a funny incongruity that reminds her of PB&F.

Anderson’s points were that PB&F:

- is not really a legislative committee but has a legislative committee number
- meets rarely during the triennium but meets at GC when it does most if not all of its work
- is a creature of the insight of Episcopalians gone before us and, like so much of what they give us, it works

Anderson continued with a means to do the work. Her experience is that we are

- a church becoming more and more intent on mission and recounted her recent trip to Southern Ohio to discuss lay ministry with young people, where the primary question was, “What can I do in the world to make a difference?”
- a church becoming more interested in listening to and getting to know our neighbors. She recounted the work of the Diocese of California focused on the MDGs.
- a church that will have a planned and enabled conversation at General Convention (GC) using the tool of public narrative.
- a church ready to explore *Ubuntu* and charged to do something about mission.

Anderson asked questions, couching them in the need for the church to be able to describe its identity. What are the moral values that drive us to be Episcopalian? What drives us to mission? What are we called to do together? She asked PB&F to help our church understand that the Episcopal governance and mission are *Ubuntu*; there is a relationship between the governance system that enables the voices to be heard and the gifts to be used.

At General Convention, Anderson concluded, there will be surprises and she charged PB&F to consider the surprises in three ways: 1) poor planning on the part of the surprisers; 2) the work of the Holy Spirit; and 3) possibly some combination of the two. Remembering to whom we all belong, she charged the committee to be bold and not suffer from a failure of nerve saying, "This committee works a balance beam of calculated spirituality. That's what the GC budget is. We do the best we can to get expense and income to match and to support the hopes and dreams you bring everything you have to bear on the numbers of the printed page. You and I are not in charge – God is."

The discussion that followed pointed up:

- the cross pollenization between the mission work and the work of the volunteers of the CCABs that could be strengthened with collaboration and support
- mechanics of the GC conversation, having as facilitator Marshall Ganz from the Kennedy School at Harvard, an expert in public narrative, who will train deputies as facilitators at Anaheim
- wondering at a recent House of Bishops (HOB) meeting about a growing separation in terms of identity with a more catholic view in the HOB and a more federal view of the church in the HOD
- we've never done 'conversation' at GC legitimized through the agenda. There are 800 deputies who never have time to sit down and talk to each other. We need to pay attention to how we create the story of "us" and what does the story mean?
- the HOD President's deputy online forum that enables "getting to know you" between now and GC 2009. It will be an opportunity to build a community of deputies that we have never had before. The HOB seeks to be an intentional Christian Community and the HOD doesn't have that chance.

Anderson said that she does not think there is a clear understanding of the corporate and canonical sections of the budget and hopes that Program, Budget & Finance will look at the line items in the sections and make sure they are in the right place. In addition, it is her hope that the mission section of the budget will be examined as well.

Adams-McCaslin recessed the meeting a little bit after 9:00 PM.

On September 25 at 8:00 AM the session reconvened and began with Morning Prayer. Suzanne Watson, Brian Grieves, Lloyd Allen shared the leadership of the service. The PB had departed for the UN session on the MDGs. Adams-McCaslin invited members to ask questions.

O'Brien said one of the things PB&F should do is square the priorities the PB articulated with the priorities the Executive Council (EC) approved in June.

After some housekeeping details were reviewed, a guest from the Maritime Institute presented a short course about the Institute.

Composition of PB&F

Arrangement of PB&F into sections was discussed and suggestions about GC were invited from the veterans. Recurring themes were: rest, be prepared to work and be rewarded, use 1st alternates to give you a deep breath, come well read.

Various characteristics of the work of PB&F were highlighted:

- willingness of the committee to look at each line item – the budget *is* a draft
- is a very egalitarian committee where there is cross listening
- bishop members are generous of their time, in their treatment of one another and the body
- important to balance the roles of deputy and membership on PB&F
- PB&F is a conduit for the voice of the GC

Members were reminded that PB&F would arrive early to GC and start work on the 6th of July. First hearing on priorities is at 12:30 the first day. Hearings will be held on funding, spending, priorities. The Budget is a draft and it stays a draft until there is a vote from both houses at GC.

Chuck Robertson, Canon to the PB, joined the meeting.

Smith further explained the nature of the Joint Committee. PB&F doesn't determine the life of the church but how the Budget will support the life of the church. A significant part of the work is to offer budget/mission priorities that the GC can approve. Finances are only there to support the mission. PB&F will not meet in conflict with legislative sessions or worship unless there is an emergency.

Headley Deavours discussed working norms, focusing particularly on confidentiality and group agreement about what is and is not confidential. Agreements are made by consensus. The norms and cell phone protocols will be posted on the meeting room wall. The whole committee is going to focus together on mission and ministry. When we hit difficult times we stop for prayer.

At Adams-McCaslin's request, Chuck Robertson introduced himself saying that he is specifically representing Linda Watt, who could not attend the meeting for personal reasons.

PB&F Canonical Responsibility

Sally Johnson was present to discuss the canonical/fiduciary responsibility of PB&F. An attorney, with a specialty in canon law, she works for the Church Pension Group, she is VP for Risk Management and Education (Sexual misconduct, Title IV, Safeguarding God's People training materials, etc).

Johnson began with a short course: The Joint Rules (JR) tell a lot about who we think we are. Who we have said we are since the late 1700s has changed somewhat. The Constitution tells a lot about who we are and creates the GC. And GC has the power to change the constitution and, if it chose to do so, could change the entire structure. The GC also adopts the prayer book and the Canons. The Constitution trumps the entities below it. PB&F is a creature of the JR. HOB and HOD both have their rules and they can change them when they are in session. JR cannot be changed except by a vote of both houses. Resolutions of GC have to be passed by both houses. While two references in the Canons pertain to PB&F, PB&F is not a creature of the Canons. The

Canons and JR and the by-laws of EC, do not agree on what the budget process is. There are inconsistencies and ambiguities among and between those three sets of documents. And then there is how we have been doing it in the church.

Johnson continued, remarking that it is not unusual for laws of any kind to be inconsistent and ambiguous. The time comes to either figure it out or change the rules. It's time for someone to look at the process and bring the three documents cited into sync with how the church wants to do the process. It is part of who we are and how we relate to each other. Until they are changed, the rules need to be respected.

PB&F has three primary responsibilities. Most of the work is focused on the preparation of the Budget to go to GC. The Canons say the treasurer presents the budget and the JR say PB&F presents the budget, which it has done by tradition. We need to decide how to make the rules fit. The two houses have the right to amend the budget. PB&F's fiduciary duty is to follow the rules about how the budget is prepared, to be sure that each portion of the budget has the right building blocks in the three parts of the budget. Johnson encouraged PB&F to examine the process and, if appropriate, to propose changes at GC.

The second area of responsibility for PB&F rests with oversight of the budget between GCs. This committee is given the right to amend the budget between GCs. The enabling resolution gives it to EC but the JR give it to PB&F. There is ambiguity about what body has the final authority to amend the budget between GCs. It was highly important this triennium with the staff reorganization. The budget passed by GC in 2005 will have to line up with the new budget. A decision needs to be made about who has the authority. One of the things about deciding is who gets to decide. GC gets to decide who gets to decide. The JR provides for this committee to meet between GCs. PB&F is required to present a detailed budget and GC needs to adopt a detailed budget.

The third item of responsibility is for the chair of PB&F to appoint two people to the Audit Committee. Johnson stated that the Audit Committee is a creature of the by-laws of EC and doesn't appear anywhere in the Constitution and Canons.

Johnson reviewed information regarding a detailed budget, one that essentially gives the GC the opportunity to look at the detail and decide whether or not to approve. Standing Commissions play a big role in the life and decision making of the church and Structure spends a lot of time figuring out what they do. The Canons are clear that canonical portion (PB, PHOD and office, CCABs, ecclesiastical courts, etc) takes precedence over the program portion in difficult funding times. Most resources go to the mission/program side of the budget.

Keucher observed that the "standing" nature of our committee has taken a back burner and it was noted, thanks to Johnson's review, that it is recognized the structure of PB&F and its work need to be reexamined.

Kurt said he would love to have real definitions of what is canonical and what is corporate. Pan assured him that a subcommittee will look into that since it is a key question.

Dawson asked about changes to the Constitution and its possible effects on DFMS as an NFP in NYC. Johnson answered that the query leads to a fascinating discussion about what the DFMS is. TEC is an unincorporated association recognized by law but does not function as a corporate business in the usual manner. Things work fine to be the church and have GC, but when an entity sells property, writes checks, opens bank accounts, it is infinitely easier to have a corporate entity under which you can do that. DFMS is an asset holding company, a creature of the General Convention that authorized it and, therefore, can unauthorize it.

Chuck Robertson observed that from our beginnings, TEC has given laity, priests and deacons a voice in the church.

Anderson added that through our baptismal covenant we live out in our governance system what we say in the covenant.

Finance

After a break Kurt Barnes was asked to discuss the current financial picture. He explained that a detailed analysis was done to make sure that the 2006 GC budget was honored in the administrative reorganization at the Episcopal Church Center (ECC). Kurt explained the financial statement:

- we are in line to achieve the revenue estimate made at the beginning of the year
- diocesan commitments based on a 21% asking on operating income were reviewed: 45-50 dioceses meet the 21% asking, 30 are in the 10-20% range and the rest are below 10% asking.
- 2009 Asking will be based on 21% of the income from 2007. A flat income projection for 2009 has been made.
- the dividend/pay out from invested funds is 5% based on a 5-year rolling average. A decline in portfolio of 10% was assumed as of three weeks ago. Yesterday it was down 13%. Our investments have outperformed the benchmarks but are still in negative territory.
- the 2009 dividend will be greater than that in 2008 but lower than anticipated in the 2006 GC budget.

Concerning the budget process at the ECC, staff were provided a different format through which to request funding. They were asked what *must* be done and what *might* be done in order that the budget presented will have two possibilities: a base budget and a contingency budget.

Request was made that Barnes address the legal fees line item. He explained current expenditures on legal fees and the reasoning behind the \$450K used and EC's approval of the amount. Barnes added that good decisions about budgeting might better be made using a more realistic number in the line. The decision to put it in canonical section of the budget? Kurt responded that until 2003, Title IV represented the bulk of our legal expenses and it was positioned in the canonical section and, by default, the other expenses were included as well. Discussion in depth explored this particular line item, how to forecast it, how to report it and how to fund it. Real concerns about transparency were raised with regard to the appearance of a low number in the budget. Additional concerns were raised specific to expenditures of principle from endowments to support dioceses and the reporting mechanisms around that.

This segued into a discussion about the endowment portfolio. More than 100 entities have assets with DFMS and take their chances on the performance of DFMS endowments. They receive the dividend protected against inflation (avg 3% per year). The long-term goal of the endowment is 8.5% annually to protect its purchasing power and perpetuity.

Barnes went on to explain the "Budget Crosswalk," a 22-page document that interprets the reorganized budget against the GC approved budget. The reorganization offered the opportunity to reorganize the account codes (there were 8000 and now 6000) but wanted to be sure that budgets and expenditures approved by GC in 2006 were honored and tracked crossed into the new system. Conteh explained how to find the correlatives.

Church Center Reorganization

Robertson reviewed the nature of the reorganization and emphasized that it was considered a response to the mandates of the GC. He presented the new structure by PowerPoint.

Center Directors

Brian Grieves and Margaret Rose presented the work of the Mission Department at the ECC. The new 4 centers are living out the priorities established at the last GC. Justice & Peace – MDGs; Young Adults & Youth; Reconciliation & Evangelism; Congregational Transformation; Partnerships (ACC, ecumenical and interfaith relations & partnerships). Rose provided a thorough overview of the work of the Leadership Development Center, the partnering internally and externally at the ECC as they "increase the capacity for leadership across the church."

After a break for lunch the meeting reconvened at 1:35 PM with Grieves continuing the mission report with the work of the Advocacy Center. A major task is a complete re-vamp of the mission/program website. Mission Priorities are those approved at the 2006 GC with the MDGs as the primary focus. As part of the Anglican Peace & Justice network, work is being done in antiracism, jubilee ministries, environmental stewardship and Episcopal Public Policy Network.

Suzanne Watson talked about Evangelism & Congregational life. Their common purpose is: Serving the people of TEC as they seek to restore the wholeness of God's creation by connecting them to creative and innovative resources needed to transform congregational life. The ministry of hospitality is done through Episcopal Migration Ministries, sponsoring refugees, one of the seven US agencies licensed to relocate refugees in the country.

Toni Daniels discussed Partnerships Center, where the focus is "building domestic and international relationships of mutuality to accomplish God's mission in a changing world." The challenge for staff is to explain why they do what they do and how they do it. The center includes Anglican Communion officers (Africa, Asia, Caribbean); Covenants & Grants; Ecumenical and Interreligious ministries, Diocesan Services and UTO. The mission priorities are justice and peace and accountability of grant resources.

Questions for center directors were invited. Grizzle asked if there are metrics in place against which success can be measured to determine appropriate use of funds. Watson answered that the parochial reports were helpful in measuring results.

Grievess added that all centers held retreats to discuss how better to serve the church and implement the charges of GC. They are inventing strategies to do that. They are not just looking at job descriptions and how they are being fulfilled but planning specific things in a 6-12 month period that are measurable. Success with working that way will help the development of metrics.

Keucher referred to performance review and said his perception is that the reorganization has had a tremendous effect on staff morale at 815. Some jobs were secure and others were definitely not. He hoped that “accountability works in all directions, that the person to whom a person reports is held accountable in meaningful ways to that person,” observing further that rebuilding morale is very difficult and can only happen if the people in the workplace can tell the truth to the people they report to.

Grievess reviewed in brief the various uncertainties about job retention from 9/2007 to 4/2008.

Boss reported on PB&F’s evaluation for Structure, which looked at PB&F’s effectiveness. The Committee on Structure had asked all CCABs to evaluate their work.

Anderson noted that the Ministry Development line item had been moved from the corporate section and to Mission/Program section. She inquired about how the satellite office personnel participate in the periodic staff meetings. Watson responded with a discussion of how staff support, travel and technology will be used.

Anderson also raised the issue of complaints she had heard about support staff and difficulty for center directors to manage the work done by them. Daniels responded that support staff were so heavily relied on because the program managers didn’t know how to use the software they had. Now staff are being taught to use Word, Excel and Outlook

Land observed that, “if you can’t measure it, you can’t manage it.” He described the reorganization as both organizational and cultural change and suggested that, during this transition period, morale is not the main consideration but, rather, *leadership into the new culture*.

Adams-McCaslin thanked the center directors for their time, presentations and leadership.

Budgetary Funding Task Force

Smith discussed the work of the Budgetary Funding Task Force. He reviewed the formation of the group by B004 in GC 2003 and refunded in 2006. They decided to limit their thinking to budgetary funding, specifically diocesan funding. Eventually, they concluded that there are mega-goals for the church not having to do with funding the budget, so they will ask the church for a compelling common vision that will pull us together around the mission of Christ and hopefully unify the church around the budget.

Sensing that “we are a conglomeration of parties who seem always to be in conflict,” the task force identified the need to address how the church functions and offer possibilities for a different kind of working together.

In response to Smith's comments, O'Brien asked if it would be possible to get a written report before it is in the Blue Book; Barnes said this would be a perfect subject for GC's public narrative; and Anderson considered it under the *Ubuntu* umbrella.

Audit

After a break, Bardol and Keucher. PB&F representatives to the Audit Committee discussed the work of that committee. The 2007 Audit has been completed with no material findings. The auditors rendered an unqualified opinion. Currently the committee's charter is being reviewed, issues were raised of how quickly the new committee can be constituted and be up and running after GC, and concerns are on the table about the structure of its membership. Issues were raised about half the committee being comprised of people representing financial interests in DFMS. Focus has turned to creating structure that supports best practices in the Not For Profit (NFP) world, where audit committees are more independent. Currently the 6 members are two from PB&F, two from EC and two at large. Consideration is being given to increasing the number of at large members. Reporting channels are not entirely clear. The Audit Report will be given to the joint houses of the GC at the beginning of the budget report.

David Beers was welcomed to the meeting.

General Convention Office (GCO)

Caspar van Helden, Deputy Executive Officer (to Gregory Straub) described his work. He attends CCAB meetings and supports them in their work, assessing whether they are doing work according to their mandate; he stated that he helps with travel, accommodation and budgeting. He coordinates the General Convention Office and the CCAB budgets, is looking at restructuring Information Technology support for the GCO, legislative process and communications for committees so they can work on line. He supports committees meeting in person. The technology is to help them work better together but not as a replacement for meeting face to face. The GCO manages publications (Allison Lee doing Blue Book, Red Book) and is putting them on line to cut costs.

Beers Presentation

Adams-McCaslin introduced David Beers, Chancellor to the PB, who had been asked by the PB to address the memo from Robert Royce about responsibilities and oversight. After some discussion about interpretation of the canons (and the ambiguity with EC by-laws) and applying them to the system, Beers essentially concluded that there is a good deal of work to be done between the PB and EC to clarify the executive role with regard to staff hiring and firing.

Q&A that followed yielded the following:

- Beers is not a great fan of amending the canons to "fix" things until it is impossible to work from them. It is often better to sit down in good faith and work ambiguities out.
- In Beers' opinion EC sets out a detailed framework about how program is to be carried out and the PB carries it out. There is a murky area about where EC leaves off and the PB picks up.

Archives

Mark Duffy, Archivist, was on hand to present an educational piece about the work of the Archives. Among the activities of the Archives is to capture and feed back into the church systems the cumulative knowledge and wisdom gained by our forebears, even recent ones.

Archives accomplishes a major task both during the triennium and especially on site at the GC. Duffy invited PB&F to use in complete confidence the research services offered by the Archives for any question that arises. He said the Archives would view the work of PB&F (or other Standing Committee/Commission and officer of the DFMS) as top priority in terms of response time. It is an information resource. Duffy mentioned that question was submitted to them regarding the effect of the 1987 financial downturn on the DFMS and he will provide this information to PB&F.

Triennial Budget Process

Barnes discussed the work of the EC task force looking at the budget process. A significant recommendation was that there be an EC Budget Committee having representation from each committee of EC who would participate with ECC management as the budget askings from staff were going forward. Josephine Hicks, Chair of A&F, chairs that committee, which developed a budget format with specific questions for input from members of EC and from the Committees, Commissions, Agencies and Boards (CCAB)s. Beginning in the fall of 2007 budget committee, management and program staff at the ECC were involved with the process. At its meeting in Quito each EC committee was charged to discuss the mission and ministry that should be included in the next triennium budget. In June 2008 the Budget Committee summarized that work and members of the committees developed priorities, which they did not rank in order of importance because they were all considered important.

Historically there are always \$5 Million more requests than the projected income can meet. Staff were asked what their programs/activities would be and to separate them into 1) what must be done and 2) what might be done so that for EC a budget could be presented that reflects basic budget while allowing for large contingencies. In October the initial requests will be shared with EC so they will understand what was requested. Provided also was an opportunity to explain why something is mandatory, what would happen if you got more than you asked for and what are the implications of receiving less? The narratives will also be shared. The budget will allow for measurements. EC members have had an opportunity to participate fully in this process.

Keucher requested that the budget worksheet contain whatever the department/committee/entity requested as well as the proposed budget recommendation. He asked, given the reorganization, what kind of history will be forthcoming about the current triennium or previous ones to compare with different reporting.

The matter of supporting “distressed dioceses” was discussed. Barnes said he addressed his concern for block grant recipients by requesting advocacy for them by the mission staff. Concerns were aired about the process for requests to the budget, how information about the budget process gets out to areas of the church that need to know about it and whether an article in ENS or Episcopal Life might appear soon.

Dawson pointed out that for staff and all entities with budget requests to have a dynamic ability to speak with this committee is important, which brought to light some of the difficulties the CCABs have with budget requests.

Adams-McCaslin said that a Management letter is issued by PB&F after GC in which recommendations are made to the staff about the budget process. After GC 2006 suggestions were made about better accountability from those who receive funds.

At 4:40 the committee was dispersed for section meetings.

On Friday morning the session was brought to order with morning prayer at 8:05 AM. A summary of discussions from section leaders about those meetings was heard.

O'Brien said that Corporate/Canonical will break the draft budget relating to their area into 150 line items and in the 8-10 weeks between March and GC will analyze each line, working by email.

Smith, for the Funding Section, reported that the group decided that this is not the time to change the funding formula but had dealt with the question of opening up funding for possible discretionary use of EC, and discussed whether to raise the (optional) deductible for the dioceses, which was meant to defray the costs of the episcopacy.

Structure Report

A112 adopted at GC in '06 required every CCAB to reevaluate its own mandate and placement in the church budget. Boss and O'Brien developed a questionnaire and interviewed a group of people by telephone (45-60 minutes) who had a lot of experience with the budget process and/or PB&F. Their report is based on the questions they asked 18 people, reaching the conclusions:

1. the composition of PB&F is good
2. the name is good (no reason to change)
3. the canons, rules of order and practices represent a disconnect, especially with what happens to the budget after GC

A series of recommendations (to JSC on Structure) were made having to do with examining the role of PB&F between GCs and providing information to PB&F well before GC in order for the committee to be fully informed for budget work. To this end, Barnes promised the draft budget to PB&F in October and then again in January.

Adams-McCaslin observed that when PB&F gathers, a list is made of things people know that are coming forward that may have funding implications. Even scuttlebutt has value here. She added that Province VI asked for a 15% increase to the aided dioceses, ECCIM is requesting additional funding for ITTI and for the missioner for Indian ministry. Headley-Deavours was aware that Baptismal Theology work group may request money as will Anglican Women's Empowerment in addition to \$150K for the triennium to assist with ordained ministry debt. Clergy spouses will ask again for funds and the Mission Funding Initiative may need more funds. A resolution will come through about forming a task force for equitable distribution of resources across the church. Society for Increase in Ministry will request funding for development and

fund raising for seminary scholarships. Mission Funding will ask for major money to fund that office. The Chair asked that members tag everything they hear about that could have a funding need and send them to her for vetting in March.

Duffy added that the Archives is moving forward with settling on a place for their new building and hopefully will begin and finish the project in the next triennium. While he hopes to raise part of the money for that, there will be a need for bridge loans and non-capitalized expenses (moving staff and moving the collection).

Caspar said from the GCO's point of view, technology is on the list with two issues. GCO is looking in to having a lesser paper world for the next triennium (patterning after the Presbyterians) and travel costs will increase dramatically both for meetings and the next GC with a projected 40% increase in travel costs.

There was a question from Barnes' memo on canonical spending as to whether spending in the last couple of years during the reorganization has been reduced. The memo illustrates that spending has increased by about \$2 million in the first 2 years of this triennium due to legal fees.

Keucher raised the appropriateness of citing legal fees in the canonical section, thinking that since Title IV is a canon, it is probably appropriate but not necessarily in cases involving property. Given what was experienced in 2007, maybe putting in \$450K in for 2008 was not appropriate. Discussion at length ensued about how the line item was created and how expenses are paid. It was learned that the issue of legal fees and the transparency around them will be dealt with in a small subcommittee. Barnes suggest for the sake of clarity, whether it's the PB&F budget or EC budget, that it be written in that anything over \$1.4 million show that the income will be covered with trust fund income. Judge advocated for accurate estimates within the realm of probability.

O'Brien hypothesized: suppose legal fees were to be estimated at \$4.5 million for the triennium. What would the recommendation be to pay them if they run higher than the amount estimated? Would it make sense to drastically reduce expenditures elsewhere to cover the expense?

Subsequent discussion explored ways to fund these expenses along with providing assistance to dioceses in distress. The finance office looked at some of the trusts with legal review to see if accumulated appreciation from these funds could be used to fund "mission" in areas such as San Joaquin. The conclusion: because they are board directed trusts, AF-058 was passed in February at EC to support San Joaquin and other similarly distressed dioceses. The Audit committee has asked that these trusts be revisited and the opinion rechecked to make sure the expenditure(s) is appropriate. Barnes pointed out that every time there is a draw from the trust it effects income.

Keucher noted that the invested funds are under the umbrella of the DFMS, not the GC. If the EC's budget has an authorized overdraw of invested funds, PB&F can accept that or say that those funds shouldn't be used and decide to spend less. He inquired whether PB&F has the authority to use invested funds and recalled that the decision was made at GC to take a 5.5% draw against the TF income in 1993 with the understanding that this would not be a regular

practice. Issues around indefinite support to San Joaquin were raised specific to the lack of challenge to them for becoming innovative in funding their continuance.

Adams-McCaslin reviewed dates for the next calendar year: Maryland again March 24-27, 2009, starting with dinner and ending with lunch with time spent mostly in sections. Executive committee will meet again at 3. She asked section heads to identify which staff members of the ECC will be needed and which resource people from 815. Caspar will be a primary resource to Corporate/Canonical.

At Anaheim, the Executive Committee will start with dinner on July 5th. PB&F on July 6th meets all day and lunch will be provided. When PB&F meets for long periods of time a meal is often provided. PB&F hosts three different hearings. At the spending hearing people come to talk about their mission and ministries. It is notable that if all dioceses gave 21% there would be no need to have that hearing because there would be enough money to fund the ministries.

Budget goes to bed – to the printer - at least 36 hours before it is presented to the floor. 1200 copies are printed plus a certain number in Spanish. Work must be completed at a time certain so the presentation committee can check the figures and diagrams before it goes to print.

Adams-McCaslin concluded the meeting by asking what was helpful.

- 3” binder to keep things organized – print it, read it, file it
- You may not understand it all but together we get there
- Consider free standing binder rings – pack more easily and fold smaller
- READ the BLUE BOOK - know what you are doing
- Bluebook report deadline is December 12 for CCABs
- Hard plastic post-its are helpful for tracking
- Constitution and canons are available on disk for your laptop
- Do we have wireless Internet access in the meeting rooms? Wireless router where we are meeting.
- PRINTER in the office for printing off flash drives will be essential.
- Request that all communications are to be sent in B&W and not in color

Group assignments were made:

Reviewing C/C to see if items belong there canonically

O'Brien – chair
Land
Bardol

Role of PB&F during the triennium.

Esmay
Smith
Dawson

Noted: The Structure report raises some important questions. In March the committee will begin to say what the very intentional procedure will be for decision-making.

Keucher and Glasspool will propose the decision-making guidelines for the process. It's an important time because it's post-reorganization, there are EC priorities that need to be looked at and either embraced or edited.

Barnes will help clarify the whole legal expenses, those expended, estimates going forward, how they are reported.

McAlpen, as secretary, will be working on hearings procedures.

Need to know the impact of income/expense of the possible dioceses with memberships choosing to leave the Episcopal Church.

Keeping abreast of information and breaking news:

Anderson has invited deputies to participate in an on-line conversation tool. She will use it to disseminate information, to allow people to talk about issues having to do with how we work as a House.

ENS online is a good way to get good information. Get it from the church's web site.

We have the ability to set up a link for our committee to work. Pan will get that information out.

Requests: when you receive email from Nancy, please acknowledge that you've gotten it.

There ought to be a way to upload documents to access them electronically. Van Helden is looking into it.

Reflections of the last 36 hours.

- Face-to-face gathering is helpful in getting to know one another
- Early incarnations of the budget will be helpful
- Getting together is important
 - For March it would be helpful to have the spreadsheet of resolutions that were used last time with A resolutions and to see if they've been addressed
 - Having the Askings and documentations – a spreadsheet with the history of the current triennium, the Askings and the recommendation for the new triennium
- This is well focused and well timed as we move forward; all discussion is helpful
- Need rest between now and next summer
- Good leg up on the march meeting Strengthened conviction that this body and the Episcopal Church leadership is composed of intelligent and articular people
- Unhelpful – the slant of the bed
- Appreciation of what was learned the second time around
- Have as much information as possible in March
- Journey is an interesting one – we need to be good stewards of our time
- Warm welcome – feels blessed to have the opportunity to serve PB&F
- Robert Royce memo – no framework about why PB&F was asked to read it and what needs to be done about it

- Doing a lot of listening – grateful for patience – intent on connecting vocation with participation on PB&F
- Good to meet the people
- First time around very excited to be part of the budget process, came into PB&F and spent a majority of the time on 10% of the issues
- The budget documents of GC and 815 have been synchronized
- PB&F is a cohesive group already – interesting to see a lot of issues come full circle that were being discussed in the church in the early and mid 1990s
- Always tired after these meetings – generally pleased that people in the room have some appreciation of the difficulty of putting together a budget so far in advance with requests that come from all over – most pleased there has been a focus on PB&F's continuing responsibility during the course of the triennium
- Chairs show great prescience in including the new people
- Delighted that someone's bed was also slanted
- Looking forward to seeing the October draft budget and how it stacks up against the old one – the sheer goodness of everyone around the table, the care and respect with which you talk with one another
- For your companionship
- Still learning after 5 GCs; there is a difference here – compared with what we are facing as a church – we are looking at high seas (significant drop in income) extraordinary new expenses – when they come together we will have the perfect storm – some high level creativity is going to be needed; we need to produce a product. Let's continue to be relationship-centered and keep a pastoral eye on one another.
- Each triennium after 4th triennium – the incredible synchronicity in the working with the gifts God has give us; loved listening to Sally's presentation and to put in perspective the need to identify the role between GCs. Our product is the mission of the church.

Adams-McCaslin explained that she had requested the Royce information to come to PB&F because it has to do with authority and what happens between GCs. Originally the materials were given to EC in private conversation. She asked the PB and PHOD for permission to share it and the PB agreed to release the memo as long as Beers could come speak to it.

With thanks to the staff and all attending, Adams-McCaslin adjourned the meeting at 11 AM. Eucharist followed.

Respectfully submitted,
Nancy Caparulo
Staff support to the committee