

Understanding the apportionment canon



**SEPTEMBER 2016 MEETINGS
OF THE CONVOCATIONS
OF THE EPISCOPAL DIOCESE
OF KANSAS**

LARRY BINGHAM, INTERIM CHAIR, FINANCE COMMITTEE

What is “apportionment”?



- Canon IV. 2 was **adopted by Diocesan Convention** in 2004, to become effective in 2006
- It describes the process by which **all parishes** in the diocese will **share the costs of the Mission Plan** of the diocese each year for:
 - Missionary work of the Church
 - Program of the diocese
 - Support of the Episcopate

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Mission Plan → apportionment

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Mission Plan → apportionment

For 2017, **apportionment** makes up **76.4 percent** of **revenue**

How is apportionment calculated?



How is apportionment calculated?



STEP 1

- Start with Box A of the Parochial Report

Report of Revenues and Expenses for 2014:		
Operating Revenues	3. Plate offerings, pledge payments & regular support (3) _____	
	4. Money from investments used for operations in 2014 (4) _____	
	5. Other operating income, including unrestricted gifts & restricted gifts used for operations & contributions from congregation's organizations (5) _____	
	6. Unrestricted bequests used for operations (6) _____	
	<i>Subtotal Normal Operating Income (3+4+5+6) = A</i> <input type="text"/>	
	Non-Operating Revenues	7. Assistance from diocese for operating budget (7) _____
<i>Total Operating Revenues (A+7) = B</i> <input type="text"/>		
8. Capital funds, gifts & additions (8) _____		
9. Additions to endowment & other investment funds (9) _____		
10. Contributions & grants for congregation-based outreach & mission programs (10) _____		
11. Funds for transmittal to other organizations (11) _____		
<i>Subtotal Non-Operating Revenues (8+9+10+11) = C</i> <input type="text"/>		
<i>Total All Revenues (B+C) = D</i> <input type="text"/>		

How is apportionment calculated?



STEP 2

- Exclude from Box A...
 - Any contributions to a **fund or payment to retire debt for expanding or updating church facilities**
 - Exclusion **first** has to **get approval** from the **Convocation Board** and then **Council of Trustees**

How is apportionment calculated?



- Be sure to list these excluded amounts on the Supplemental Form that must be submitted with the Parochial Report

**Supplement to the Episcopal Church Parochial Report
For _____ (Parish & City)**

For the Fiscal Year Ended December 31, 2015

Apportionment Exclusions

Excluded under Diocesan Canon IV.2 Sec. 3(a)(1)

\$ _____ Capital Fund Contributions

\$ _____ Payments to Retire Debt (Principal & Interest)

Information is required for the Diocesan Finance Committee

How is apportionment calculated?



STEP 3

- After any exclusions, figure the **average** of parish **income** from the **three most recent years** of record (Parochial Reports filed)

How is apportionment calculated?



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➤ Church A

2012 REVENUE	2013 REVENUE	2014 REVENUE	2015 REVENUE	TRUSTEE 2015 BASE	ADJUSTED 2015 BASE	2017 APPORT.	PERCENT OF TOTAL	2017 EFFECTIVE RATE
367,068	413,202	419,678	418,455		417,112	77,371	5.55%	18.55%

How is apportionment calculated?



STEP 4

- **Exception #1** to the 3-year average:
 - If a decline in **each** of the three years, then
 - The anticipated **income** for the **coming year** is used

How is apportionment calculated?



STEP 4

- **Exception #1** to the 3-year average :
 - If a decline in **each** of the three years, then
 - The anticipated **income** for the **coming year** is used

➤ Church B

2012 REVENUE	2013 REVENUE	2014 REVENUE	2015 REVENUE	TRUSTEE 2015 BASE	ADJUSTED 2015 BASE	2017 APPORT.	PERCENT OF TOTAL	2017 EFFECTIVE RATE
169,576	159,459	158,581	156,676	156,000	156,000	26,120	1.87%	16.74%

How is apportionment calculated?



STEP 4

- **Exception #2** to the 3-year average :
 - If income in the **most recent year** of record is **less than the 3-year average**
 - Use the **smaller amount**

How is apportionment calculated?



STEP 4

- **Exception #2** to the 3-year average :
 - If income in the **most recent year** of record is **less than the 3-year average**
 - Use the **smaller amount**

➤ Church C

2012 REVENUE	2013 REVENUE	2014 REVENUE	2015 REVENUE	TRUSTEE 2015 BASE	ADJUSTED 2015 BASE	2017 APPORT.	PERCENT OF TOTAL	2017 EFFECTIVE RATE
197,256	193,371	182,112	186,077		186,077	32,023	2.30%	17.21%

3-year average = \$187,187

Most recent year = \$186,077

How is apportionment calculated?



STEP 5

- Apply the **rate**, using the determined **income base**:
 - First \$50,000 12 percent
 - Second \$50,000 15 percent
 - Over \$100,00 18 percent

How is apportionment calculated?



STEP 5

- Apply the **rate**, using the determined **income base**:
 - First \$50,000 12 percent
 - Second \$50,000 15 percent
 - Over \$100,00 18 percent
- But...
 - These percentages can go **up** or **down**, **staying** in **proportion** to each other, to reach what is needed to **fund the Mission Plan**

How is apportionment calculated?



The adjusted apportionment rates to fund the 2017 Mission Plan are:

- First \$50,000 13.62785 percent
- Second \$50,000 16.62785 percent
- Over \$100,00 19.62785 percent

How is apportionment calculated?



- No parish shall be assessed an amount **exceeding 20 percent** of its Average Normal Operating Income
- The **highest effective rate** on the 2017 Apportionment Schedule is **19.15 percent**

Questions?

