NEW FUNDING MODEL SUMMARY

Goal: The intent of this reorganization is to create a sustainable and workable church structure in the face of a declining volunteer base and financial resources (from Remit 1: Three Council Model study guide). While cost reduction is not an end in itself, it is a significant aspect of these changes. The new financial model will be cheaper overall, and directly linked to congregational financial health and capacity to fund the broader church.

Sharing the costs: If Remit 4: Funding a New Model is enacted, funding both regional and denominational governance work from assessments means that all pastoral charges will share in a proportional and transparent way in the costs of the broader church.

Clearer use of the funds received: Mission & Service donations will fund the church's ministry and mission. Assessments will pay for the church's decision-making structures. The clearer purpose for Mission & Service may attract new and younger donors.

Increases phased in: Where the new assessment rate raises the assessment more than 10 percent over the 2017/2018 rate paid by the pastoral charge, the assessment can be capped at a 10 percent increase* for three years. The decision to phase in assessment increases to help communities of faith make the transition means less money will be available in 2019 than hoped.

Difficult decisions: We know we will not be able to offer the same level of personal service we have in the past. It will be important to set expectations accordingly, recognizing we will need to find new ways to achieve our goals, and make hard choices about where to invest resources and what to stop doing as a church.

Absent a dramatic change in overall church finance trends, ongoing cost reduction will be required from 2020 onwards.

*The Remit 4 study guide says, "Pastoral charges could elect an option that would limit the increase in the first year of implementation to 10 percent more than the prior year's assessment, with that level of assessment frozen for the next two years." (emphasis added). As a technical adjustment, to allow for any unusual fluctuations in 2018 assessments arising from the use of reserves, the approved principle is to use the higher of 2017 or 2018 assessment as a starting point.

The New Financial Model Arising from Remit 4 Implementation

Background
Over the last decade – and with the changes envisioned for remit implementation – General Council Office expenditures will have been reduced by about one-third while absorbing inflation as well. In round numbers this means moving from about $45 million to $30 million. This has obviously entailed painful downsizing with staff positions reduced by over one-third and grant programs reduced by as much as one-half in some cases. Operating deficits were funded from reserves. We are also trying to increase our expenditures on key initiatives such as Embracing the Spirit and maintain our financial commitment to indigenous ministry and right relations.

Through 2013, General Council Office cuts had relatively little impact on presbyteries and conferences except for the impact of reductions on local Mission Support recipients. Mission and Service was able to fund Conference operating subsidies at approximately $4.5 million. However in 2014 this grant was cut by 17.5 % and notice given that this funding would likely go to zero irrespective of remit implementation. Since most Conferences were dependent on the subsidy, a significant degree of reorganization became inevitable and Conferences have been making adjustments each year leading up to 2019.

Of the $15 million in expense cuts over the last number of years, $4 million was operating subsidies to Conferences.

With the remits now approved and up for ratification, the church has supported a fundamentally new financial model, which attempts to introduce greater transparency, sharing and consistency in how the courts of the church are funded. Assessments paid by pastoral charges will be dedicated to funding the governance and shared services of the new regions and the denominational council. This would allow Mission and Service contributions to be dedicated to mission and ministry activity. Definitions for each category have been developed and are included as appendices to this document.

Sharing of assessment revenue and Mission and Service givings is a fundamental design principle of the new model. The proportion of monies allocated to regions is higher than originally modelled in the Comprehensive Review process. The monies are divided equally amongst the 16 regions designated by the Boundaries Commission. Although the apportionment of assessment funds will be equal, the revenue basis by which Pastoral Charges in Regions contribute to assessments varies widely. Some Regions will receive significantly more than they pay in, others will receive significantly less. Wealthy Regions will pay in more than poor Regions, but all receive the same. The Regions will also have varying capacity to access supplemental local regional resources. If an overall declining revenue environment continues, there will also be sharing in how the courts respond.

With expense cuts across the church, the new courts will need to continue to find new ways of doing the work and making choices about what work to do. They will also need to re-set service expectations as there will be fewer resources. In some cases, this may actually result in new processes that improve service.

Church revenue was chosen as the recommended basis for calculating assessment because this method is seen to:

- best correlate with ability to pay;

- be more sensitive to smaller and rural churches that might be most reliant on donations and not have supplemental revenue sources;
- be most easily understood by congregations, donors and other stakeholders;
- be the most consistent fair method using the current applicable accounting rules;
- be most easily verified externally from public financial statements and annual charitable returns.

Remit 4 wording as passed:

Does the presbytery/pastoral charge agree to a new funding model for the United Church with the budgeting process guided by the following principles?
(1) use Mission and Service to fund ministry and mission activities;
(2) fund governance and support services of other courts/councils by assessing communities of faith/pastoral charges;
(3) share assessments equitably across the whole church;
(4) permit Conferences/presbyteries/regional councils to use additional resources for regional purposes; and
(5) encourage sharing of all resources across the church

Remit 4 as described in background materials:
Background material (written and whiteboard video https://www.youtube.com/watch?v=fKCoadt8B2c) provided more operational detail including the recommended shift to a consistent, transparent revenue based assessment.

- 4.5% of adjusted revenue set as a target level that could be absorbed by congregations and provide sufficient funding for essential governance and shared service functions.
- Identified types of revenue that would be excluded from assessment;
- Provided for a phase-in option which pastoral charge could elect. Where the new assessment rate raises the assessment more than 10 percent over the 2018 (or in a few cases 2017) amount paid by the pastoral charge, the assessment can be capped at a 10 percent increase for three years. The decision to phase in assessment increases was intended to mitigate the financial impact on communities of faith making the transition, but this does add an additional financial constraint on church courts.

Implications for Pastoral Charges
Remit 4 briefing materials described how it would be implemented. There have been minor additions to how revenues will be adjusted (which reduce the bill). In addition, a 3 year smoothing calculation for revenues will not be used because of lack of data. Again, in most circumstances this simplifies the calculation and reduces the actual amount billed as revenues continue to decline.

In October 2018, pastoral charges will be advised: what their 2019 target assessment should be based on 2017 revenue data; and, how a phased-in provision would apply based on what the pastoral charge had been paying previously.

For example, if the calculated assessment was $2,500.00, and the pastoral charge paid assessment for 2018 was $1,800.00

The pastoral charge could decide to:
1. **pay the new target level immediately - $2,500.00;**
2. **cap the increase at 110% of what they had been billed previously (excluding any unusual transition items) - $1,980.00; or**

3. **pay something in between as part of moving towards target.**

This early notification will allow for timely budget planning at the pastoral charge level. Based on what the pastoral charge chooses. The denominational assessment will be billed on annual basis with flexible payment terms including a provision for pre-authorized monthly payment as well.

Further transitional rules will be developed to ensure that all pastoral charges are contributing at the target level by 2025 after the transition period (2019 to 2021 when the 10% cap is available). This may require increases each year from 2022 through 2025.

SAMPLE CALCULATION
The detailed calculation of the assessment amount is available online using the annual blue statistical form information submitted. The assessment calculation is updated as you input the 2017 data for your pastoral charge.

TARGET assessment is 4.5% of <u>adjusted</u> total revenue and is calculated as follows:

2017 total revenue (including investment realized and unrealized gains)

SUBTRACT:

- **All outward revenues including M&S and refugee funds;**
- **Property sale proceeds;**
- **Bequests;**
- **Capital campaigns for building funds;**
- **Government grants;**
- **Restorative care and other insurance payouts;**
- **HST refunds from CRA; and**
- **Reimbursement of shared ministry expense.**

= ADJUSTED 2017 REVENUE SUBJECT TO ASSESSMENT CALCULATION

2019 Budget Outlook

Projection Backgrounder – Updated for Budget Assumptions Approved by General Council Executive on March2, 2018 and by the General Council Executive Sub Executive on May 17, 2018)

Budget principles:
The 2019 overall Operating Budget cannot be finalized unless and until the remit decisions are enacted at the 43rd General Council (this July, 2018), but sharing the budget assumptions and proposed decision calculation for the assessment will provide the basis for three separate but related budgeting exercises establishing:

- Core funding levels for regions (both assessment and M&S);
- Core General Council Office operating budget (assessment, M&S and other sources); and
- One time restructuring cost for implementation of remits (if ratified).

Although the General Council Office narrative budget exhibits (see the pie charts) provided a mission focused budget picture, this will be the first budget process where expenditures will more explicitly need to be determined based on a total unified income and on what income stream each particular piece of work falls under. (definition of mission & ministry versus governance and shared services). This is anticipated to be an iterative learning process. The following budget principles and assumptions were approved by the General Council Executive in March 2018.

- Core General Council Office budget is to be balanced. This will be achieved through ongoing cost reduction, but also taking into account other possible trade-offs.
- Continued decline in M&S revenue (currently $900,000 per year) and in other revenue sources including some decline in retail sales after a General Council year which usually has a sales bump.
- The COLA factor for 2019 will be 1.6%.
- We will strive to maintain the 2018 external grant program level, but the overriding goal is to balance the operating budget.
- Conference operating grants are eliminated and replaced by a combination of assessment fund grants and M&S fund grants with the anticipated implementation of Remit 4.
- We will strive to keep increasing the amount of M&S allocated to Embracing the Spirit, while maximizing the amount of M&S fund grants to the regions.
- We will work with the indigenous church in continuing our right relations journey while identifying and implementing cost reduction from current expenditure levels.
- A significant cash flow deficit will be inevitable with one-time project costs for remit implementation, which will be funded from reserves.
- Providing assurance of assessment income to regions for 2019 and 2020 as follows:
    - If income higher than expected, 100% of the excess would flow to the regions.
    - If a shortfall should occur, it will be funded by the GCO reserves.
- Provide assurance of M&S fund grants for 2019 and 2020 to the regions despite anticipated decline in the M&S revenue. This would allow regions to establish mission priorities and begin to make allocation decisions accordingly. This assurance will most certainly impact the GCO reserves/investments.

The following additional principles and assumptions, as proposed by the General Secretary with the approval of the Finance Committee, were approved by the Sub-Executive on May 17, 2018. These principles and assumptions arose from ongoing consultations and discernment of senior staff including the Conference Executive Secretaries and Speaker since March 2, 2018.

- Supplemental regional revenue where available is excluded from the financial modelling.
- The Denomination portion of assessment will fund 50% of the cost of 6 Region Executive Ministers and 6 administrative staff position in the regional court. Region assessment to fund 50% of the cost of Region Executive Ministers and corresponding administrative position out of overall assessment.

- The Denomination portion of assessment will fund: Indigenous governance ($500,000); regionally deployed stewardship staff ($500,000); and regionally deployed Office of Vocation roles ($750,000).
- Each region will be allocated 1/16 of discretionary region assessment allocation ($325,000) and Mission and Service allocation ($289,000)

These principles and assumptions were approved in order to offer clarity at this time and will allow both regional planners and those at the General Council Office to create plans for 2019, all of which is contingent on the enactment of the remits. As plans are made, some of the stress for staff and elected members during this time of uncertainty can be relieved.

Key Principles

The Remit 4 implementation financial modelling is based on a number of key principles. The first four flow from Comprehensive Renewal proposal itself as approved at GC42. The remaining arise from the remit implementation task group discernment.

1. We will live within our means in funding the work of the broader church.
2. Core assessment revenue for regions will be shared in an equitable fashion based on Boundaries Commission decisions. This provides a degree of sharing and income re-distribution from “have” to “have not” geographic areas.
3. Core assessment revenue for regions and the denomination will be directed to governance and shared services so that Mission and Service dollars can be fully devoted to mission and ministry.
4. Extension councils and other corporations, presbyteries and Conferences will decide how current resources will be held or directed in concert with the changes implemented January 1, 2019. Certain Conferences currently have more access to investment income and other funding sources than others. This will remain true with the regions.
5. To provide some stability in transition, the region assessment and Mission and Service amounts will be guaranteed for 2 years with any adverse variance to be funded by denominational reserves.
6. Assessment funding for regionally deployed staff that are accountable to the denomination will be funded by the GCO portion of the assessment. This most directly applies to Office of Vocation and Stewardship staff. Indigenous assessment is shown separately.
7. Regions should have as much flexibility as possible in allocating Mission and Service monies. This may entail:
    a. Maintaining presbytery and Conference granting programs previously funded by the previous assessment practices;
    b. Allowing broad discretion in the allocation of mission support funding;
    c. Receiving grants from the Embracing the Spirit program;
    d. Initiating other ideas consistent with above noted principles.
8. The United Nations Declaration on the Rights of Indigenous Peoples will inform financial decisions that affect the Indigenous Church.

2019 Early Budget Outlook ($Millions)				
	Denominational Council	Regions	Indigenous	Total
Governance & Shared Service	4.75	5.95	0.50	11.20
Mission & Ministry (M&S)	17.44	4.59	4.25	26.28
Embracing the Spirit (M&S)	1.75	-	-	1.75
Total spend	23.94	10.54	4.75	39.23
Core Operating Surplus/Deficit	(1.14)	-	-	(1.14)

Notes

(1) Excludes supplemental regional revenue where available

(2) Embracing the Spirit moving towards 10% of M&S target and potentially available to Regions

(3) Denomination portion of assessment funds Office of Vocation and Stewardship ($1.75)

(4) Denomination budget still to be set to nil deficit excluding one-time restructuring costs

(5) 2019-2020 Region core revenues will not be impacted by any shortfalls overall

(6) Denomination assessment funds 50% of 6 Regional Executive Ministers and 6 admin positions

(7) Overall Regional assessment funds other 50% of REM /admin ($600,000 off the top)

(8) Each Region is allocated $325,000 discretionary assessment funds and $289,000 M&S funds

(9) 16 equal shares of assessment revenue to cover 16 Regions plus $150,000 contingency

(10) Separate process for indigenous budgets and granting decisons

(11) Still work to do to balance core budget!

Core per Region Funding* (millions)		
Region Assessment		$5.950
Less funding for REM		-0.600
Less shared contingency		-0.150
		$5.200
1/16	discretionary	$0.325
Region Mission & Service		$4.590
1/16	discretionary	$0.289
Total Discretionary** funding / region:		$0.614

* "Core" funding excludes additional local resources.

** $37,500 per region allocated to REM costs upfront. (600/16)

Key pressure points and information:
The task group has identified a number of items that could have an impact on future budgets. Some of these items are under discussion currently, and others will be on the task group's agenda in the near future.

1. Funding and/or staff time allocation to support networks and clusters. There are varying expectations about how clusters and networks will be part of the church of the future.
2. Assessment funding under the denominational assessment is capped for the first three years in recognition of the financial pressure congregations face.
3. The initial 2019 budget outlook assumes a change in the way mission support grants are handled throughout the church.
4. Consultation with incorporated bodies and other asset owners who could potentially assist with funding the new model is planned for mid-June 2018.
5. We have also gathered information about all granting activities in presbyteries and Conferences that may previously have been funded by assessment. Region commissions will make 2019 granting decisions based on available funds.
6. We know that ongoing trade-offs will be required to balance the budgets going forward. The current modelling assumes NO REDUCTION to existing 2019 external grant programs and continued ongoing expansion of Embracing the Spirit. Yet without some further action, the budget won't be balanced. The church may determine that this is not sustainable or that we might choose other cuts to provide more funding capacity for new initiatives.
7. Neither the summary charts nor the program view exhibit, below, reflect the potential for supplemental funding in certain parts of the country. While Boundaries Commission decisions and local discernment may affect the final number, we estimate that there is now and will be in the future the potential for $2-3 million in supplemental local funding for certain regions.
8. The more detailed financial exhibit below provides a "program" view based on our national narrative budget pie chart methodology. The specific categories and wording may change in future budget presentations.

Remit 4 Funding discussion
This summary chart shows our current thinking in terms of implementing Remit 4 and related allocation of revenues based on our narrative budget "pie chart" methodology. The program costs include the allocation of support services including: office rent and support services; accounting and financial reporting (to members and the government); administration; information technology; and human resources.

PROGRAM VIEW OF FINANCES

	2017 Actual	2018 Budget	2019 Outlook (4, 5)	2020 Outlook
General Council Office				
Revenue				
Contributions	23,869	22,632	21,882	21,132
Other Revenue	7,205	7,227	6,992	7,027
Self Funded Progams	(2,567)	(2,669)	(2,707)	(2,744)
Investment income & net gains	**1,567**	578	718	678
Total M&S and Other Revenue	**30,073**	**27,767**	**26,885**	**26,093**
Governance				
Assessment	-	-	11,200	11,100
General Council Leadership and Governance	(3,941)	(3,982)	(3,000)	(2,780)
Office of Vocation	-		(1,250)	(1,303)
Stewardship	-		(500)	(509)
Shared Services	-		-	-
Subtotal of OV, Stewardship & SS	-	-	(1,750)	(1,812)
Indigenous Governance			(500)	(506)
Regional Governance	-	-	(5,950)	(6,002)
Other	-	-	-	-
Total Governance Expenses	**(3,941)**	**(3,982)**	**-**	**-**
Mission & Ministry Expenses				
Denominational Council				
Global Mission & Service	(4,955)	(4,901)	(4,900)	(4,802)
Community and Justice Work	(2,333)	(2,391)	(2,372)	(2,404)
Theological Education and Ministry Work	(1,531)	(1,640)	(1,628)	(1,638)
Faith Formation	(5,861)	(6,024)	(5,270)	(5,373)
Support to Local Ministries	(3,712)	(3,935)	(3,271)	(3,254)
Conference Leadership	(2,116)	(658)	-	-
	(20,508)	**(19,549)**	**(17,441)**	**(17,471)**
Regions				
New M&S for Regions (Grants)	-	-	(3,600)	(3,600)
New M&S for Regions (Program Support)	-	-	(990)	(1,039)
Community and Justice Work	-	(116)	-	-
	-	**(116)**	**(4,590)**	**(4,639)**
Indigenous	(5,005)	(5,164)	(4,245)	(4,413)
Total Mission & Ministry Expenses	**(25,513)**	**(24,829)**	**(26,276)**	**(26,523)**
Embracing the Spirit	**(876)**	**(1,250)**	**(1,750)**	**(2,000)**
Final Operating Surplus (Deficit)	**(257)**	**(2,294)**	**(1,141)**	**(2,430)**

Notes

(1) Excludes one time costs (2017 office consolidation, 2018/2019 one time costs for transition to 3 courts)

(2) 2017 and 2018 columns show General Council Office results only (current model)

(3) Excludes supplemental regional revenue

Over the last decade – and with the changes envisioned for remit implementation - General Council Office expenditures will have been reduced by about 1/3 while absorbing inflation as well. There is still a $1.141 million deficit in 2019 which must be addressed, but this is seen as manageable within the various tradeoffs identified. Similarly, ongoing budget management will be needed looking ahead.

APPENDIX – BACKGROUND MOTIONS

GS 69 FUNDING CATEGORIES

Origin: General Secretary, General Council

1. **What is the issue?** (describe in broad terms)

We believe God is calling us to equip the church with resources that support the life and work of communities of faith and foster effective leadership and, specifically, that assist the church in the transition to new structures and policies (subject to remit enactment by the 43rd General Council 2018).

2. **Why is this issue important?**

Remit #4 – Funding a New Model described two ways in which The United Church of Canada will receive and spend funds at the denominational council and regional council levels. Mission & Service donations will fund “mission and ministry” activities. “Assessments will pay for “governance and shared services”.

Remit #1 outlined responsibilities assigned to the various church councils. *The Manual* includes other responsibilities that were not affected by the remits.

Staff have worked on the regional and denominational council responsibilities fit into the “mission and ministry” and “governance and shared services” categories. The General Council Executive is being asked to review this work (see Appendix), to adopt the descriptions, and to receive for information the detailed list of responsibilities sorted into the two categories, noting that the entire lists are not exhaustive of all tasks to be done and may change from time to time.

3. **How might the General Council Executive respond to the issue?**

That the GCE adopt the descriptions of regional and denominational council responsibilities as they relate to “mission and ministry” and “governance and shared services” funding categories, and receive for information the detailed list of responsibilities sorted into the two funding categories.

Appendix: Responsibilities at the denominational and regional level based on GC42 motions [DRAFT]

<u>Background:</u> GC42 and the resulting Remit #1 laid out responsibilities for the three-council structure, and Remit #3 dealt with the establishment of an Office of Vocation. Remit #4 on the funding model identified two funding categories - Governance and Support Services, and Mission and Ministry. A budget will be designed based on which responsibilities fall into which categories. GCE is asked to confirm that the categories are generally correct so that budgeting can proceed. The draft 2019 budget being shown to the GCE will be adjusted based on information that emerges.

Two notes:

1. <u>Other responsibilities:</u> While GC42 addressed responsibilities related to a three-council structure, the list was not exhaustive and did not cover other responsibilities named in the current *Manual* or related handbooks which have not been changed by the remits. In general, those responsibilities are found in *The Manual* (2016) at Sections C (Presbyteries), D (Conferences), and E (General Council). Responsibilities not changed by the remits are accounted for in the draft 2019 budget.
2. <u>Indigenous Ministries:</u> Defining how the responsibilities of the regional and denominational councils will relate to Indigenous Ministries is a work in progress. Through the work of the Caretakers (see separate report), much thinking has been done about the role of Indigenous Ministries within the church. The responsibilities will be informed by the best wisdom as determined by the Indigenous Church according to the principles identified by the Caretakers.

Denominational Council

The responsibilities of the denominational council include…

<u>Mission and ministry</u>

1. Joining our collective hearts, voices, and resources to witness to the gospel and vision of Jesus for a compassionate and just society, both in Canada and around the world
2. Engaging denominational-level ministry and mission including resource development and being a resource to regional councils and communities of faith
3. Encouraging local and regional mission and ministry, partnerships, ecumenical, and interfaith
4. Engaging in national and global partnerships, ecumenical, and interfaith relationships
5. Honouring and living into intercultural mission and ministry
6. Living in covenant with Mother Earth and All my Relations in the Earth community
7. Providing leadership in global partnerships and national-level ministry and mission work
8. Committing to support new ministries and new forms of ministry through what is now known as Embracing the Spirit (see GC42 Comprehensive Review motion #1)
9. Indigenous Ministries (see GC42 Comprehensive Review motion #2)

a. Establish a process to continue conversations with the Aboriginal ministries that form the Aboriginal Ministries Council to build a relationship based on mutuality, respect, and equity
b. Maintain funding for Aboriginal ministries at current levels, to the extent possible, during the next triennium while the conversations continue; and
c. Establish a process for developing a model for funding Aboriginal Ministries and Indigenous Justice on a going forward basis.

Governance and shared services

1. Providing for Indigenous Ministries governance costs
2. Setting policies for the denomination on doctrine, worship, membership, governance, pastoral relations, property and the entrance to paid accountable ministry
3. Making decisions on denomination-shaping issues related to public witness
4. Dealing with proposals from regional councils
5. Electing a Moderator
6. Electing the executive of the denominational council
7. Referring all unfinished matters to the executive of the denominational council
8. Meeting once every three years in person, with members having the option of full participation through electronic or equivalent means
9. Meeting more frequently as required through electronic or equivalent means
10. Approving the number and boundaries of regional councils, supporting them and promoting parity of services across regions
11. Setting a three-year budget framework for the church
12. Determining the assessment formula for communities of faith and assessing them to meet the requirements of the budget
13. Maintaining denominational archives
14. Hiring staff based on assessments of communities of faith, grants from Mission & Service, and other denominational income
15. Hiring staff based on the priorities and needs as determined denominationally
16. Administering denominational policies
17. Providing centralized technical services such as information technology, communication, payroll, accounting, human resources, administration, and pension plan
18. Supporting the Moderator
19. Establishing an Office of Vocation (as authorized by Remit #3).

Regional Council

The responsibilities of the regional council include…

Mission and ministry

1. Providing on-going leadership training for ministry personnel and lay persons

2. Providing funding partnerships with United Church educational and leadership training centres and camps as determined regionally
3. Support emerging new ministries
4. Support communities of faith in their life and work
5. Promoting articulation of mission and ministry
6. Joining our collective hearts, voices and resources to witness to the gospel and vision of Jesus for a compassionate and just society, both in Canada and around the world
7. Engaging in local regional national and global initiatives and partnerships (community, ecumenical and interfaith) for ministry, mission and justice work
8. Engaging in ministry with children, youth and young adults
9. Honouring and living into intercultural ministry and mission
10. Living in covenant with Mother Earth and All my Relations in Earth community
11. Recruitment and discernment of persons for ministry
12. Accompaniment and supervision of persons in the ministry preparation process
13. Celebrating retirements
14. Encouraging and supporting ministry personnel towards health, joy and excellence in ministry practice
15. Promoting and fostering direct dialogue between communities of faith and the denominational council councils

<u>Governance and shared services</u>

1. Recognizing a new community of faith by entering into a covenantal relationship with it
2. Living in a covenantal relationship with each community of faith, with mutual responsibilities for the life and mission of the community of faith, and fulfilling its responsibilities under the covenant
3. Living in a covenantal relationship with ministry personnel
4. Providing support, advice and services to communities of faith in human resource matters
5. Providing support, advice and services to communities of faith in dealing with congregational property
6. Managing regional archives
7. Administering policy set by the denominational council, and setting appropriate regional policy
8. Buying, selling, leasing and renovating community of faith property in cooperation with communities of faith, and distributing any proceeds within denominational guidelines
9. Buying, selling, leasing and renovating regional property, and distributing any proceeds within denominational guidelines
10. Receiving, dealing with, and forwarding on proposals from communities of faith to the denominational council based on denominational policy
11. Setting and maintaining its annual budget including revenue from the denominational assessment and setting any additional regional assessment for any additional services the regional council wishes to undertake
12. Participating in determining priorities for mission and ministry work through Mission & Service
13. Meeting at least annually as the entire regional council or through its executive
14. Ordination and commissioning of members of the order of ministry

15. Recognition of Designated Lay Ministers
16. Licensing of Licensed Lay Worship Leaders
17. Celebrations of admissions and readmissions
18. Cooperating with communities of faith in recruiting, choosing, calling, appointing and covenanting with ministry personnel and communities of faith, and in ending calls and appointments/covenants with ministry personnel and other staff
19. Assisting with informal conflict resolution processes
20. Maintaining the roll of ministry personnel and informing the office of vocation of those ministry personnel in good standing
21. Electing members to serve on denominational council
22. Receiving, dealing with, and forwarding on proposals from members of the community of faith to the denominational council communities of faith
23. Assuming control of a community of faith in extraordinary circumstances where the community of faith is unable or refuses to meet its responsibilities or acts outside of denominational policies
24. Serving, supporting and providing oversight when necessary of camps and incorporated ministries in the region
25. Reviewing and periodically auditing the self-assessments of communities of faith in light of the covenant between the community of faith and the regional council
26. Ensuring compliance with the policies and polity of The United Church of Canada and reviewing any relevant records
27. Through staff, supporting the regional council in meeting its responsibilities

GS 70 LOCAL RESOURCES

Origin: General Secretary, General Council

1. **What is the issue?** (describe in broad terms)

We believe God is calling us to equip the church with resources that support the life and work of communities of faith and foster effective leadership and, specifically, that assist the church in the transition to new structures and policies (subject to remit enactment by the 43rd General Council 2018).

2. **Why is this issue important?**

In the current church structure corporations, extension councils, some presbyteries and some Conferences manage considerable amounts of financial assets. Some of those bodies, e.g. corporations, may continue past the January 1, 2019 date for the implementation of the remits, while others, e.g. presbyteries and Conferences, will effectively come to an end and will need to determine what happens with the resources under their control. All bodies holding financial resources will need to review how their assets will be used within the new church structure.

Questions have arisen as to whether the resources should be spent down prior to January 1, 2019. Some fear that the General Council will be making an effort to control those funds.

The Remit Implementation Task Group and Staff Leaders are recommending that the General Council Executive clarify that resources will continue to be under the oversight and management of the bodies that have been looking after them to date.

3. **How might the General Council Executive respond to the issue?**

That the General Council Executive affirm the statement that *"Corporations, including extension councils, presbyteries and Conferences will decide how current resources will be held or directed in concert with the changes implemented January 1, 2019".*

GS 71 CLUSTERS AND NETWORKS

Origin: General Secretary, General Council

1. **What is the issue?** (describe in broad terms)

We believe God is calling us to equip the church with resources that support the life and work of communities of faith and foster effective leadership and, specifically, that assist the church in the transition to new structures and policies (subject to remit enactment by the 43rd General Council 2018).

2. **Why is this issue important?**

Remit #1 briefly describes clusters and networks as ways in which The United Church of Canada can live out its faith. There is minimal definition and there is no mention of funding.

Staff have developed some descriptions for how clusters and networks will be found within the new structure of the United Church (see Appendix).

3. **How might the General Council Executive respond to the issue?**

That the General Council Executive discuss a description of clusters and networks with a view to adopting the statements.

Appendix: Clusters and Networks

Background: GC42 and the resulting remit stated the following:

> Alongside the three-council structure, there are clusters and networks that, while not formal governance bodies, are central to the living out of the faith of the United Church:
>
> - *Clusters*: local clusters of communities of faith that would provide community and support for communities of faith and their leaders, and focus on worship, mission, learning, collegiality, and strategic planning; and
> - *Networks*: linking people working on specific issues (e.g. supportive housing, intercultural ministry, youth ministry) or for project work (e.g. event planning) that function through the whole church, depending on the issue.

GCE is asked to affirm the following (based on notes from Staff Leaders and/or CESS)

Defining clusters and networks:

1. Those involved in clusters and networks define their own meaning and responsibilities.
2. Church councils will not define clusters and networks.
3. The church is encouraged to experiment with how clusters and networks can assist in the living out of the faith of The United Church of Canada.

Support for clusters and networks:

1. Clusters and networks are encouraged to seek support from local resources.
2. Local bodies that wish to support clusters and networks are encouraged to do so.
3. Church councils support clusters and networks to their level of ability and within their areas of responsibility.

Sharing and learning

1. Clusters and networks are encouraged to share their experiences with others in the church and the wider world through media available to the church.
2. Following a period of experimentation, the church will learn intentionally from the experiences of clusters and networks.