

United Church of God, *an International Association*
Council of Elders Meeting Report
Feb. 22, 2010—Cincinnati, Ohio

Chairman Roy Holladay called the meeting to order at 9 a.m. by calling on Darris McNeely for prayer. All of the members of the Council, some of the wives of the Council members and several guests were present.

Introduction and Approval of Minutes and Agenda

Chairman Holladay formally welcomed Dave Baker to the Council. Roy Holladay asked Dave Baker to give a brief background of his life and experiences in the Church.

The minutes of the Council meetings on Dec. 7, 8, 9, 10 and 27, 2009, and Jan. 24, 2010, were approved. Chairman Holladay then sought and received unanimous approval for the proposed agenda for these meetings.

Committee Reports

Chairman Holladay then asked Council committee chairmen to report on the work of their committees.

Ethics Committee: Victor Kubik said that the Elder's Forum is being updated with built-in safeguards to prevent unauthorized access; a final draft of an Elder's Forum violations policy is nearly ready for the Council to review; three personnel matters are being considered (two appeals and one employee improvement situation); and the sexual misconduct policy is being written over the next few weeks.

Doctrine Committee: Robert Berendt reported that the Doctrine Committee is not working on any new projects at the moment.

Media Committee: Darris McNeely stated that there are two items being addressed—an amendment to the alternate forum report and a discussion of budget items with the president and treasurer.

Strategic Planning and Finance Committee: Aaron Dean commented that the committee has been considering the health of the economy and how that will affect the work of the Church. He mentioned that employee health issues are of concern for this year. The committee is also looking at the cash reserve policy. In addition, the issue of ministerial parsonage has been raised in a court case, and this could have major implications for our long-term costs.

Roles and Rules Committee: Bill Eddington stated that the scope and responsibility of each committee is being looked at, as well as the member appeal policy and procedure and the elder appeal policy and procedure. He reported that the committee is considering reviewing all of UCG's governing documents since it has been 14 years since they were adopted.

Executive Session

The Council then went into executive session to discuss the procedures for the evaluation of the president.

President's Report

Media and Communications Services

President Clyde Kilough pointed out there are encouraging developments in media. He stated that Web visitor loyalty is up, comparing the second quarter of the fiscal year to the first quarter. In the first quarter there were 338,591 return visitors, while in the second quarter there were 348,178. Additionally, first-time Web visitors for the first quarter totaled 1,197,313, while first-time Web visitors for the second quarter were up to 1,255,942. In comparison, first-time Web visitors for the first quarter in 2008 were 837,000.

With regard to television, the current *Beyond Today* set has been redesigned. Clyde Kilough reported that the plans are nearly completed for a new media center (TV studio) to be built within the home office building. We are currently trying to determine the proper markets for commercial television testing, which is set to begin April 18 with an average budgetary outlay of \$3,750 per week. He commented that there is still the necessity to work on manpower needs. He stated that there is still the need to determine what will work and what the measurements will be by which this test will be judged.

President Kilough mentioned that an online Bible course is being developed at the FreeBibleStudyGuides.org Web site. So far, 22 lessons have been posted, including a basic initial 10-lesson series, a series on the armor of God and individual lessons on Christian living topics such as dealing with difficult people and dealing with unemployment. Another 30 lessons are written and 50 more are in the planning stages.

The plan is to not only have this material available to Web searchers (to increase first-time Web visitors) but also to create an interactive course within a Learning Management System. Students of the interactive course will be able to test themselves, receive feedback and keep track of their progress toward certificates. Clyde Kilough said that eventually this site can have audio, video, charts and maps added to it. The goal is to help increase Web visitor loyalty and the percentage of students who complete the course.

In addition to the lessons, the Bible Study Guides site also includes short mini-studies called “3 Bible Tips” that are posted several times each week.

Ministerial Services

Clyde Kilough reported that three men were hired recently—Dan Deininger, Joe Dobson and Brian Shaw.

With regard to the current budget, President Kilough stated that various cuts, totaling about \$291,000, are planned for the rest of this fiscal year. Those items being cut

are as follows:

- \$16,000, ministerial training.
- \$41,000 in “regular” travel.
- \$25,000 for regional conferences.
- \$135,000, scheduled bonus for ministerial employees.
- \$20,000, education program travel.
- \$34,000 for ministerial transfers.
- \$20,000 for sermon tape program.

The Festival coordinators’ conference was already held, but Ministerial Services expects about a \$2,000 savings on the travel for that conference.

Ambassador Bible Center acceptances are on track to be about the same number as this year—approximately 40 students.

With regard to ministerial development, the challenge lies in establishing a brand-new curriculum for the revised format.

The following was also reported to the Council with regard to the end-of-year statistics for the Church:

- U.S. average attendance:
2007: 11,420.
2008: 11,466.
2009: 11,522.
- U.S. high attendance:
2007: 13,005.
2008: 12,993.
2009: 13,350.
- U.S. congregations: 214.
- U.S. full-time field ministry: 91.
- U.S. baptisms:
2003: 177.
2004: 176.
2005: 171.
2006: 181.
2007: 196.
2008: 163.
2009: 186.
Total U.S. baptisms (2003-2009): 1,250.
- Ten largest U.S. congregations in 2009:
Houston North, Texas: 353.

Dallas, Texas: 264.
Los Angeles, California: 217.
Portland, Oregon: 205.
San Antonio, Texas: 182.
Garden Grove, California: 176.
East Texas, Texas: 173.
Phoenix Northwest, Arizona: 173.
Cincinnati East PM, Ohio: 169.
Fort Worth, Texas: 168.

Operations

The second set of surveys to members and employees has been completed. Julie Zutz will present the findings of the member survey to the Council and Steve McNeely will present the findings of the employee survey later.

Roy Holladay commented that he received several requests from the Latin American brethren to have a survey done in Spanish. He said that they expressed great interest in being able to take part in such a survey. Clyde Kilough replied that this is something that can be looked into and considered. Both he and the chairman mentioned that it would be a good thing to do.

Home Office Remodel

President Kilough reviewed the proposed plans for the first stage of remodeling the home office. This would entail moving the television studio downstairs to the first floor, expanding the conference room and adding office space where the current television studio is located.

Financial Services Report

The treasurer, Jason Lovelady, reported that the year-to-date actual income stood at 96.9 percent of the amount budgeted as of the end of January. He commented that, with this current trend, the projected income will be approximately \$760,000 below the budgeted amount, or \$23,490,786 compared to a budget of \$24,250,000. He also reported that, comparing the actual income for the first 33 weeks of the 2008-2009 fiscal year to the actual income of the first 33 weeks of the 2009-2010 fiscal year, the amount received is down by 1.20 percent. He stated that, currently, the expenses are down about the same amount that the income is down.

Jason Lovelady stated that unexpected health care costs are about \$500,000 above budget. Also, the branding project expense of \$100,000 was not in the budget. This makes a projected budget shortfall of \$1,350,000. The various areas recommended to be cut for this fiscal year are:

Cost of living adjustment (COLA) for employees: \$220,000.
Facilities expenses: \$150,000.
Reduction of reserves: \$50,000.
Congregational care: \$350,000.

Education expenses: \$36,000.
International subsidies: \$50,000.
Feast expenses: \$10,000.
Home office travel and contracted services: \$30,000.
General Conference of Elders: \$20,000.
Media: \$434,000.

The treasurer projected the end-of-the-year income at approximately \$23,491,000. He posited four scenarios to consider for the next fiscal year:

- \$23,726,000, representing approximately a 1 percent increase.
- \$23,491,000, representing no growth.
- \$23,250,000, representing a 1 percent decrease.
- \$23,021,000, representing a 2 percent decrease.

His recommendation is for a budget of 1 percent decrease in income, or \$250,000, from this year's projected amount.

With insurance and health claims projected to be between \$500,000 and \$600,000 over budget this year, the treasurer projected an increase in premiums and claims of \$300,000 for next year. He said that this is in line with actuarial projections that were requested.

Jason Lovelady also recommended a 1 percent increase in unallocated reserve amount to be incorporated in next year. With a decrease in income and with an increase in health care costs, all other operational expenses will require a decrease of \$1,500,000.

He then commented that salaries for current employees total 40 percent of the budget, while total salaries and related benefits for current and retired employees, combined, total 57 percent of the budget. In addition, those other items that can be considered as overhead, including salaries, hall rental, assistance and international subsidy makes up over 72 percent of the budget. When the other items—lease cars, mileage, telephone, travel, utilities, etc., primarily for the U.S. ministry—are added in, that makes up 79 percent of the total budget. This leaves 21 percent of the budget to handle the variable support areas.

The treasurer stated that the travel budget for the Church is projected to be cut by a total of 12.2 percent from the budget this year. Vic Kubik suggested consideration be given to having GCE meetings once every two years. Darris McNeely said that he does not believe the camp directors, regional pastors and Festival coordinators require a face-to-face meeting every year. He commented that many of these men are seasoned veterans who know what they are doing and do not necessarily require such meetings every year.

Scott Ashley mentioned that, when he worked for outside organizations, there were times when travel was cut, not by 10 to 20 percent, but upwards of 80 to 90 percent—with all training, seminars and such things cut from the budget.

Darris McNeely commented that he is serious about reducing the number of face-to-face meetings every year. Scott Ashley said that he would like to see another \$200,000

cut from travel and meeting expense.

Melvin Rhodes mentioned that many church organizations have seen their income drop by 15 percent or more. He recommended that UCG consider cutting its budget by 15 percent to be better placed for what may come with the economy.

Jason Lovelady presented reports showing that the local congregations in the United States that collect tithes locally spend more per capita than do those local congregations that send all their funds to the home office. His report also indicated that the estimated ending cash balances of those congregations that collect locally average \$13,838, while those congregations that send their funds to the home office have average estimated ending cash balances of \$5,519. He said this was presented to help the Council understand how best to serve all congregations. Aaron Dean suggested contacting the various congregations to see if these figures are in line with what has been presented. He said that it must be done in such a way as to not alienate individual donors.

The Council then went into executive session.

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Gerald Seelig
Council Reporter

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