

TO: BYM Yearly Meeting Attendees

FROM: Richard Liversidge for Stewardship & Finance Committee

DATE: August 7, 1998

SUBJECT: Formula for Calculating Monthly Meeting Apportionments

During the question-and-answer period following the first reading of BYM's proposed budget and apportionment for calendar 1999, on August 4, I was asked to provide for distribution copies of the apportionment formula that was approved by the Yearly Meeting last summer and used last year and again this year. The apportionment formula describes how each meeting's preliminary apportionment figure is calculated. The meetings' preliminary apportionments are then modified based on a 25% ceiling and floor for annual increases and decreases, penalties for not reporting data to BYM, and other special circumstances that S&F is asked to take into consideration. This modification process is conducted at an open meeting in April of each year, to which each monthly meeting is urged to send representatives.

Portion of Apportionment to Contributions

Portion to Investment Income

$$\$A_{MM} = \left[\left(\$A_Y * \frac{\$C_Y}{\$T_Y} \right) * \left(\frac{\$C_{MM} + CHH_{MM}}{\$C_Y + CHH_Y} \right) \right] + \left[\left(\$A_Y * \frac{\$I_Y}{\$T_Y} \right) * \left(\frac{\$I_{MM}}{\$I_Y} \right) \right]$$

Where:

- $\$A_{MM}$ = the preliminary apportionment amount calculated for an individual monthly meeting
- $\$A_Y$ = BYM's total budget amount to be apportioned to all BYM member meetings
- $\$T_Y$ = Total contributions and investment income of all BYM member meetings
- $\$C_Y$ = Total contributions of all BYM member meetings
- $\$CHH_Y$ = Total contributing households (\$50 or more) of all BYM monthly meetings
- $\$I_Y$ = Total investment income of all BYM meetings available for their operating budgets
- $\$C_{MM}$ = Individual monthly meeting's contributions amount
- $\$CHH_{MM}$ = Individual monthly meeting's contributing households (\$50 or more)
- $\$I_{MM}$ = Individual monthly meeting's investment income available for operating budget

The present apportionment process is intended to achieve fairness in the allocation of BYM's unfunded budget requirement to the monthly meetings. The formula gives equal weight to contribution and investment income dollars available to member meetings for operating-budget purposes. Previously, this equity was achieved on a more ad-hoc basis, and the apportionment formula was revised and adjusted over the years during periods of high inflation, interest-rate fluctuations and stock market volatility. The present formula is intended to make the fairness principle more transparent.

The formula splits the amount to be apportioned into two amounts, in proportion to contributions and investment income as reported by BYM's monthly meetings. In 1998, that split in reported meeting revenues was almost exactly 70% contributions and 30% investment income. Individual meetings are allocated their shares of the BYM apportionment based on their reported contributions and investment income as percentages of BYM's totals for those categories.

The Contributions portion of the formula is made up of two elements. One element calculates, as a percentage, a monthly meeting's dollars contributed vs. total contributions reported by all BYM member meetings. That element is intended to measure the meeting's relative wealth within BYM. The second element calculates, as a percentage, the monthly meeting's number of contributing households vs. the total of BYM contributing households. That element is intended to measure the meeting's size (but the \$50 limit avoids penalizing the meeting for less-affluent members or attenders who can't contribute). These two percentage figures are then averaged to create a single Contributions factor for the meeting, which is applied against the apportionment amount related to BYM contributions. The resulting contributions-related dollar amount for the meeting is thought to reflect both its wealth and its size relative to all BYM member meetings.

The Investment Income portion of the formula has a single element, which represents the individual monthly meeting's percentage share of investment income vs. that for all BYM member meetings. This measure includes all investment income available for the operating budget, but excludes income that is restricted for specific purposes by donors, such as for burial-ground maintenance or education. The individual meeting's Investment Income factor is applied against the apportionment amount related to BYM investment income.

The apportionment dollars calculated for the monthly meeting, related to its contributions and investment income shares, are combined to form its preliminary apportionment amount.

Because of a change in one monthly meeting's FGC/FUM membership reporting to BYM, beginning in 1999 BYM's membership contributions to FGC and FUM will no longer be calculated on a per-capita membership basis, as they have been in the past. This has resulted in the elimination, in the proposed 1999 apportionment, of the joint-member surplus that certain meetings have paid when their combined FGC/FUM membership total exceeded 100% of their enrolled memberships. Membership contributions to FGC and FUM are now made on the same basis as those to FWCC, and are based on consideration of the value of the organization to the Yearly Meeting, its mission, its contribution to diversity, its publications, and other factors that may be brought to the attention of S&F.

The budget and apportionment processes are always evolving to meet new challenges and needs. The Stewardship and Finance Committee welcomes your ideas and suggestions for making our processes more responsive and accurate. Please let us know how we can improve further.