

# Pacific Yearly Meeting Finance Committee Report to Representative Committee 2020

## **SUMMARY**

Finance Committee requests approval of the following action items:

1. Adoption of Pay-As-Led for Annual Session 2020 registration.
2. Addition of \$1000 for “RepCom Support” to the 2020-21 General Budget.
3. Combining the Young Friends Travel fund with the Vogel Youth Work Reserve fund.
4. Augmentation of \$13,811 to the Communications Committee budget.

## **Overview of the Finance Committee's work:**

The Finance Committee prepares two budgets for Pacific Yearly Meeting. The Annual Session Budget is prepared in advance of Representative Committee for its approval, and the General Fund Budget for Pacific Yearly Meeting is prepared in advance of Annual Session for its approval. It is up to the Yearly Meeting or its Representative Committee to discern what the expenditures within those budgets should be. Finance Committee manages our funds and arranges to meet our obligations. The Committee sometimes offers advice on how to handle some situations where financial experience seems needed.

The Finance Committee has met twice, via Zoom, since Annual Session.

## **Annual Session 2020 Budget and the Pay-As-Led approach**

The Finance Committee is proposing the adoption of a Pay-As-Led approach for Annual Session 2020 which invites attenders to consider for themselves how much they are led to pay towards the cost of Annual Session. This proposal was created after considering input from a joint M&O and Finance Committee interest group at our 2019 Annual Session and with input from PacYM's Treasurer and a former registrar. The document *Implementing 'Pay As Led' for PYM's 2020 Annual Session* (Attachment A) explains in detail the various aspects of this approach and how they would affect the budgeting process. Given that the Annual Session reserves are now at a level that would allow PacYM to absorb the risk of a one-year experiment, Finance Committee recommends the adoption of this proposal.

We encourage all Representatives to read the proposal as it clarifies both the concept and the details of implementation of the “Pay As Led” approach. (All those questions coming to mind are addressed in the proposal!)

The proposed Annual Session 2020 Budget (Attachment B) reflects the adoption of the Pay As Led proposal. The estimated sources of income have shifted slightly, with less coming from attenders payments and more coming from donations from individuals and meetings. The expenses reflect a slight increase in facilities cost and an increased request from the Children's Program Committee for the purchase of new curricula, supplies and equipment. These expenses are offset by the elimination of the registration discounts for long distance travel, which are no longer needed with Pay As Led financing.

## **General Operations Budget**

### **Line Item for Rep Com Support**

Ongoing discussions with Assistant to the Clerk Sharon Gates and others have illuminated the concern that meetings in the Southern Quarter (SQM) are finding it a burden to continually host RepCom, while Annual Session continues to be held in the north at Walker Creek. It may in future be necessary to host RepCom at locations other than home meetings, so a small fund to assist meetings with expenses associated with hosting RepCom would be helpful. Finance Committee proposes that a “RepCom Support” line item in the amount of \$1000 be considered the 2020-21 general budget, to be administered by the Assistant to the Clerk. It was not felt that the 2019-20 budget needed to be augmented for this purpose as no one was aware of unmet expenses for RepCom 2020.

### **Line Item for Contingency Spending**

Finance Committee discussed the possibility of creating a line item for contingency spending if needs arise in the period after Annual Session and before Rep Com, as there are no funds in the general budget that can be used in this way except for the Clerk's Discretionary funds. This idea was prompted by a request from Communications Committee to fund work they were pursuing in the fall. (See their proposal for RepCom 2020.) Members of Finance felt that large expenses should come before either RepCom or Annual Session for approval. Our current Treasurer and a past PacYM Treasurer agreed that this has not otherwise come up in their combined experience of over 10 years, so we agreed not to propose such a line item.

### **Young Friends Travel and Reserve funds**

In their report to Annual Session 2019, the Youth Programs Coordinating Committee asked Finance Committee to consider combining the Young Friends Travel fund with the Vogel Youth Work Reserve fund. As a result, Finance Committee proposes the following:

**Beginning with the 2020-21 budget, PYM approves replacing line item 5288 - Young Friends Travel with an annual budgeted contribution to line item 2782 - Vogel Youth Work Reserve, with the understanding that the Youth Programs Coordinating Committee will continue to use a portion of the Vogel Youth Work Reserve fund each year to support Young Friends travel (children, teens, young adults). The \$500 budgeted for 2019-20 for 5288 - Young Friends Travel will be transferred to the Vogel Youth Work Reserve, after which the accounting details for this annual transfer will be left to the Treasurer in consultation with the Finance Committee. A one-time transfer of the remaining balance of \$752 in line item 2742 – Young Friends Travel Reserve will be made to the Vogel Youth Work Reserve for 2019-20, after which line 2742, and its corresponding \$2500 cap, will be eliminated.**

### **Casa de los Amigos support**

For many years, Orange Grove Meeting has been serving as a conduit for financial contributions to Casa de los Amigos in Mexico City. They recently wrote a letter to PacYM stating that "...due to problems at the Casa de los Amigos, Orange Grove Meeting can no longer serve as the financial conduit for funds from donors to the Casa." OGM returned to PacYM \$1500 for our donations from FY 2016-17, 2017-18, and 2018-19. Finance Committee agreed to keep the line item in our budget, but to make no further disbursements until we have a better idea about the situation at the Casa. We will seek further clarification and guidance from M&O on what to do with the returned funds and with future donations.

### **Augmentation Request to 2019-20 Budget from Communications Committee**

The Communications Committee has requested an augmentation of \$750 for travel (**line item 5239**) and \$2,160 for an Information Technology Administrator for the PacYM website. In addition, they have requested \$10,901 for a consulting contract for implementation of a contact management system for PacYM. They will present a proposal at RepCom.

### **2020-21 Budget Increases**

It was noted that because PacYM is now affiliated with Friends General Conference **line item 5264 - Support for FGC** will increase to reflect a contribution of \$1.50 per member. **Line item 5278 - FGC Central Committee Travel** will also be increased to support the travel of two delegates. Those increases will be included in the proposed 2020-21 budget which will be presented to Annual Session in July.

The Finance Committee consists of Sharon Shen, Emma Castanedo, Robert Levering, Sherri Sisson, Doug Smith, Roy Allen (Treasurer, ex officio), DJ Bloom (Statistical Clerk, ex officio), Martha Hunkins (Clerk)

Finance Committee Report – Attachment A  
Implementing “Pay As Led”  
for PYM’s 2020 Annual Session  
A Proposal

For many years, Pacific Yearly Meeting’s Annual Session expenses have been paid for primarily by charging fees based on each individual attendee’s number of days attended, number of meals taken, and type of lodging accommodations requested, with the fee schedule intended to recover most of the costs of putting on the annual session. Over time, we have devised an increasingly complex body of adjustments, primarily to address concerns of equity with respect to differences in individuals’ and families’ financial resources, and differences in travel costs to a central location for Friends traveling for distances ranging from a few miles to several thousand miles.

A number of yearly meetings in the United States report that they have replaced their previous methodologies for attendee payments with an approach inviting Annual Session attendees to determine for themselves how much they are led to pay towards the cost of the annual session. These **pay as led** methodologies do not all take the same form, varying in their implementation details depending on the differing circumstances of each yearly meeting.

At our 2019 Annual Session, PYM’s Ministry and Oversight and Finance committees led an interest group that explored the possibility and desirability of experimenting with a **Pay as Led** approach to the finances of our future Annual Sessions. A degree of financial risk would be entailed, as there would be no advance certainty about whether Friends’ perceived leadings would, in aggregate, suffice to cover the full cost of the Annual Session. The reception of the idea at the interest group was generally strongly favorable, with recognition that many details that could affect the success of such an approach were not yet known.

The Finance Committee, noting that the Annual Session reserves are now at a level which we think would allow PYM to absorb the risk of a one-year experiment, now proposes that the finances of the 2020 Annual Session be managed on a **Pay As Led** basis. The remainder of this document describes in detail how current practices would be changed for this experiment. If the Yearly Meeting approves proceeding with this plan, the Finance Committee will evaluate the financial and functional results of this one-year experiment and report to RepCom 2021 its recommendation as whether to continue the process for the 2021 and subsequent Annual Session, and if so, any adjustments to the process that might be advisable.

### **Basic Registration Fee Replacement Process**

The current registration fee process involves establishing a detailed fee schedule based on such considerations as the length of each attendee’s stay, overnight stays versus daily commuting, the type of lodging accommodations selected (for example, camping, dormitory, or semi-private room), and age group, with adjustments to subsidize family attendance, and with provision for non-residents to partake of meals at the Session. The fee schedule is structured to recover, in addition to the direct costs of each individual’s participation, the other budgeted costs of the Annual Session, such as overall facility expenses, Children’s’ and Junior Yearly Meeting (JYM) programs, secretariat operations and supplies, arrangements expenses, insurance, guest speakers and the like. This fee schedule is proposed each year by the Finance Committee in consultation with the Registrars, for approval at the RepCom immediately preceding the Annual Session.

The online registration process leads each registrant through their selection of the various factors, then applies their choices in combination with the fee schedule to tell the registrant their net fee payable.

For **Pay As Led**, we propose that a similarly structured schedule of allocated costs be prepared, and a similar online registration process will

- lead the registrant through the relevant choices,
- apply their choices in combination with the schedule of allocated costs to estimate the total cost to the Yearly Meeting of the registrant's participation, then
- show the registrant their estimated allocated cost, and
- invite the registrant to specify and pay whatever amount they are **led to pay**, which may be less than, equal to, or greater than the stated allocated cost.

Choosing to pay more than the stated allocated cost will be treated as a tax-deductible charitable contribution to the Yearly Meeting; see "Donations at Registration Time" below.

### **Most Subsidies and Discounts Discontinued**

Currently the Yearly Meeting includes in its annual operating budget two amounts available as grants to assist attenders with their costs of registration: one specifically for young adults, and one for all attenders. People who want such grants first register for the Annual Session, then apply to their respective monthly meetings for financial assistance, which forward approved requests to PYM's Ministry & Oversight Committee, which customarily matches the amount of the monthly meeting's grant, subject to budget limitations.

With **Pay As Led**, this subsidy process will be completely eliminated; registrants in effect determine their own attendance assistance when needed, to the extent that they feel led to pay less than their allocated cost. We propose that the amounts previously budgeted by PYM for Attendance Assistance grants (General accounts 5213 and 5206) be simply provided as a subsidy to the Annual Session; this provision may be reviewed for future years after we develop experience as to the extent of subsidy needed for Annual Sessions.

Similarly, the program implemented in recent years to provide registration fee discounts for people traveling long distances to the Annual Session will be eliminated in a **Pay As Led** system.

The retention of the structured schedule of allocated costs would continue the subsidy of children's attendance and, to a lesser degree, young adult Friends' attendance. (Under the current fee structure, only adults staying in semi-private accommodations cover the full cost of their attendance.)

Discontinuing the two PYM Attendance Assistance programs will implicitly mean that monthly meetings will no longer be asked to provide grants for people from their meetings who want to attend the Annual Session but need financial assistance. This reduces the financial burden on monthly meetings; it also means that the Annual Session will no longer receive that attendance assistance income from monthly meetings. In 2019 Monthly Meetings directly paid attenders' fees of about \$13,000. In addition, some Meetings reimbursed attenders directly. These monthly meeting contributions do not appear explicitly in either the budget or the financial reports, as they have been treated as part of registration fee income from (or in this case on behalf of) registrants. We encourage monthly meetings that in the past have provided attendance assistance grants to their members and attenders to consider replacing those grants with donations directly to the Yearly Meeting to help make **Pay As Led** possible.

### **Donations at Registration Time**

The current registration process includes two invitations to make donations to the Yearly Meeting over and above registration fees: a voluntary Carbon Offset "Tax" that contributes to the Unity With Nature Committee's Project Fund in recognition of the adverse environmental impact of travel such as that to Annual Session, and a contribution to support financial assistance to attenders. Any such contributions

are reflected in Contribution Acknowledgement letters sent to donors by the Treasurer after the end of the calendar year.

The Carbon Offset “Tax” program will not be affected by **Pay as Led**.

With **Pay As Led**, donations other than a Carbon Offset “Tax” will be implied by the registrant’s choice to pay more than their stated allocated cost, and will be acknowledged as described above. We encourage those designing online registration pages to do so in ways that will encourage and facilitate those who are able to do so to pay more than their own allocated cost, in order to help support those who need to pay less than their cost.

### **Waived Registration Costs**

Currently, registration fees are waived for certain individuals in appreciation for their special services at the Annual Session: registration fees up to those for dormitory accommodations are waived for Children’s Program staff, and for JYM Friendly Responsible Adult Presences (FRAPs); invited guests of the Presiding Clerk (typically keynote speakers) may also have their registration fees waived. Such waived fees are budgeted as expenses of the respective programs, and credited as registration income from Session accounts.

With **Pay As Led**, for each of those people, the amount that would be the allocated cost for an adult full-time attender with dormitory lodging will be treated as an expense to the corresponding program and as registration income from Session accounts.

The online registration process will need to identify people eligible for such waivers at the time they register, showing their allocated cost to be zero. For anyone who becomes eligible for the waiver after their registration has been completed and paid, the Treasurer will issue a refund in the amount of either the amount the individual actually paid, or the cost for a full-time adult registrant with dormitory accommodations, whichever is less.

### **Budgeting for Annual Session**

The following changes will be made to budgeting for the Annual Session with **Pay As Led**:

#### **Renamed budget lines:**

8220 Fees from Attenders → *Attendees’ Payments for Registration*

8230 Fees from Session Accounts → *Registration Waivers from Session Accounts*

8240 Fees paid from PYM General Funds → *AS Subsidy from PYM General Funds*

#### **Discontinued budget line:**

8520 – Registration discounts – long-distance travel.

Finance Committee Report - Attachment B  
Pacific Yearly Meeting  
PROPOSED BUDGET  
2020 Annual Session

	2019 Budget	2019 Actual	2020 Budget (PROPOSED)
<b>Income</b>			
8210 — Miscellaneous session income			
8220 — Attenders' Payments for Registration	96,000	95,988	88,450
8230 — Registration Waivers from Session Accts.	12,000	15,355	12,000
8240 — AS Subsidy from PYM General Funds	11,000	12,250	11,000
8250 — Interest on PYM Sessions Accts	100	128	100
8271 — Carbon Offset donations received		840	
8272 — Carbon Offset donations pd to UWN Project Fund		-840	
8280 — Donations received for Annual Session	1,500	-53	10,000
<b>Total Income:</b>	<b>120,600</b>	<b>123,668</b>	<b>121,550</b>
<b>Expense</b>			
8410 — Registrar's Expenses	1,000	790	1,000
8420 — Secretariat Expenses	100		100
8430 — Arrangements Expenses	2,400	1,467	2,400
8440 — Children's Program	9,000	7,300	11,000
8450 — Cost of Facilities	95,000	99,153	96,000
8460 — Junior Yearly Meeting	5,000	3,145	5,000
8470 — Young Adult Friends	200		200
8480 — Breakage and Equipment	100		100
8490 — PYM Clerk's Invited Guests	2,500	2,500	2,500
8500 — Insurance	1,100	999	1,100
8520 — Registration discounts - long-distance travel	3,000	4,525	
8530 — Bank fees	50	7	50
8531 — Online payment service fees	800	338	800
8540 — Miscellaneous expense	1,300	381	1,300
<b>Total Expense:</b>	<b>121,550</b>	<b>120,605</b>	<b>121,550</b>
<b>EXCESS (DEFICIT):</b>	<b>-950</b>	<b>3,063</b>	<b>0</b>