

SUBJECT TO FINAL EDITING

JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

DECISION 1426

[Docket No. 1021-5]

IN RE: Review of a Bishop's Ruling on Questions of Law in the Greater New Jersey Annual Conference Regarding the Legality of Process and Procedures Relating to the January 2021 Special Session of Annual Conference.

DIGEST

The information in the submitted record does not support the presuppositions underlying the questions of law that were submitted during the 2021 special session of the Greater New Jersey Annual Conference. While affirming the Bishop's ruling, the Judicial Council also stresses that fiscal and other matters not germane to the request should properly come under the oversight authority of the annual conference and bodies specifically assigned by the *Discipline*.

STATEMENT OF FACTS

In late November 2020, the CFO/Treasurer of the Greater New Jersey Annual Conference reported to the Conference Council on Finance and Administration [hereinafter CFA] and bishop that there were significant discrepancies between the reported and actual figures in the conference budget.

In response to this information, the bishop convened a meeting, on December 17, 2020, with representatives of the Cabinet, CFA, Board of Pensions, Board of Trustees, and several conference agencies to receive a report directly from the Conference CFO/Treasurer. At that meeting, it was agreed that an independent financial review team should be formed to investigate the financial problems, especially the reasons for the underbilling of congregations by \$8,000 per year for benefits and insurance programs, the \$6 million budget gap, and the \$10 million drawing-down of the reserves. The leadership also felt that a special session of the annual conference needed to be called to address the budget gap and underbilling. This group decided to reconvene on January 7, 2021 to review a financial report with recommendations from the CFA Executive Committee.

At their meeting on January 4, 2021, the bishop and cabinet set January 22, 2021, as the date for the special session of annual conference.

In the meantime, the CFA Executive Committee met several times between December 21 and 30, 2021 to develop, review, modify, and approve a report from the independent financial review team, including a new proposed budget and recommended actions.

On January 7, 2021, a report was presented to and approved by a joint meeting of the members of the Cabinet, CFA, Board of Pensions, Board of Trustees and Connectional Table. The following day, January 8, the approved report was sent to the leadership of all congregations in the annual conference.

On January 22, 2021, at the special session of Greater New Jersey Annual Conference, the CFA presented the proposed budget with eight recommendations for action by the members the annual conference. Those action items were approved by a vote of 324 to 133.

During that session, a lay member requested a ruling of law, composed of three questions:

Question of Law #1

In the reference to the GNJ-Financial-Report and the legislation to the Special Annual Conference Session on Jan. 22, 2021, does the Bishop have the authority or power to initiate and bring a recommendation to the annual conference without legislative action by the annual conference?

Question of Law #2

In the reference to the GNJ-Financial-Report and the legislation to the Special Annual Conference Session on Jan. 22, 2021, does any board, committee, or all combined have the authority or power to initiate and bring a recommendation to the annual conference without legislative action by the annual conference between the annual conferences?

Question of Law #3

In light of Judicial Council Decision # 1311, in which the Council declared, “The Bishop does not have the authority to create a task force, nor select its members, nor chair such a group that reports directly to the annual conference” - as Bishop Schol has done, is any the entire process illegal?

On February 18, 2021, the presiding Bishop issued his written analysis on the questions of law:

As to Question #1, the presenter of the question of law was asked by the bishop if there was something, some action or legislation brought by the bishop to the special session of annual conference. The questioner responded, "this is my understanding this whole thing came about." The questioner could not point to anything brought by the bishop, and the bishop clarified that the only items before the special session of annual conference were the CFA budget recommendations brought by CFA. This Question of Law is null and void because the fact on which it is based is false. The bishop did not "initiate and bring a recommendation to the annual conference."

As to Question #2, it is confusing how to interpret "...legislative action by the annual conference between annual conferences?" If this is meant to question if there is a body of the annual conference that can bring a recommendation to the Annual Conference, the answer is "yes."

In this case, the recommendation was brought by the CFA. The process followed was:

The bishop with the unanimous approval of the cabinet called for the special session of the annual conference (Par. 603.5).

The business of the annual conference includes "receiving and acting upon records from bodies of the annual conference" (Par. 605.4).

Paragraph 613.1 of the Book of Discipline states one of the responsibilities of the CFA is:

To recommend to the annual conference for its action and determination budgets of anticipated income and proposed expenditures for all funds that provide for annual conference clergy support, annual conference administrative expenses, and annual conference benevolence and program causes.

These paragraphs apply also to a special annual conference as defined in Paragraph 603.5; a special annual conference shall have only such powers as stated in the call.

As to Question of Law #3, the ruling request is based on a statement that the annual conference session is "illegal" because the bishop created a task force. The bishop did not create a task force (independent financial review team); nor had a task force met prior to the special session; nor was the task force part of the call for the special session; nor was it in the legislation of the special session; nor was it presented for discussion or action during the special session. While a clergy

member asked during the special session if the annual conference should wait to hear from the independent team when it finished its work on how the financial challenges occurred, there was no discussion about the team, but only that the vote needed to occur no because GNJ had a budget deficit that needed to be addressed.

This question is null and void because the fact on which it is based is false. The independent financial review team was not part of the special session of annual conference, and the bishop did not create a task force to report to the special session. The task force that Mr. Sim refers to is authorized by the CFA pursuant to Par. 612.5(b). While the CFA has the authority to create a task force, it should carefully review Judicial Council Decision 1311 about a task force not created by the annual conference session reporting directly to an annual conference session.

The presiding Bishop then summarized his rulings as follows:

Question #1 - null and void because the bishop did not bring a recommendation to the special annual conference session.

Question #2 - Yes, by the Book of Discipline, boards and agencies of the annual conference may bring actions to the annual conference.

Question #3 - null and void because the bishop did not create a task force, and a task force did not report to the special session, and there was no agenda item or presentation about a task force.

Jurisdiction

The Judicial Council has jurisdiction pursuant to ¶ 2609.6 of *The Book of Discipline 2016* [hereinafter *Discipline*].

Analysis and Rationale

The record shows that the “chairperson of CFA, presented an overview and key points in the Revised Consolidated Budget for 2021” and another CFA member “presented the Balanced Consolidated Budget” for action by the members of the Greater New Jersey Annual Conference, *not* the bishop. *Minutes of Special Session* at 8-9. As reflected in the official minutes, after the budget presentation and prior to its adoption, a debate ensued during which one substitution motion was defeated and two amendments passed, thereby refuting the presupposition in the first question that the bishop did “initiate and bring a recommendation to the annual conference without legislative action by the annual conference.”

The *Discipline* empowers the CFA to perform the tasks and functions it did before and during the special session. ¶ 613. See Memorandum 521 (holding that “it is finally the responsibility of the Council on Finance and Administration to present the budget recommendations to the Annual Conference.”). The presupposition in the second question, that the CFA acted without legal authority in between sessions of an annual conference, is unsupported

Further, in his Affidavit given on February 17, 2021, the CFA chairperson stated in part:

3. CFA initially thought that it would be the Bishop who would select and appoint the independent study team, and this is the information that was put in the conference-wide letter dated December 18, 2020. Subsequently, we discovered that it was not the Bishop who selected and appointed such a team, but that CFA itself. [Emphasis added]
4. Names for people to serve on the team were submitted and various people were asked to see if the suggested people would be willing to serve. CFA received those names. The Bishop did not submit any names. [Emphasis added]
5. Then on January 18, 2021 CFA held a meeting where they voted to approve the independent study team and their work.
6. On January 29, 2021, the independent study team had its first meeting.
7. I have personally met with the chair of the team and the full team via zoom and helped finalize the charter for the team.

This sworn statement directly contradicts the presupposition in the third question that the bishop created a task force and selected its members in violation of JCD 1311 and, therefore, rendered “the entire process illegal.”

In a separate brief that includes twenty-five exhibits primarily composed of financial reports and open-source information, the lay member raised additional issues not germane to the matter at hand. Given the magnitude of the budgetary challenges and complexity of financial reporting, a request for decision of law is not the appropriate way to address fiscal matters. By constitutional and disciplinary mandate, our jurisdiction is strictly limited to reviewing decisions of law on questions properly submitted in an annual conference session and recorded in the official minutes but does not include addressing allegations of the kind made by the lay member. This oversight authority belongs to the annual conference and the bodies assigned by the *Discipline*.

Without sufficient information directly pertaining to the matter at hand, we find that the presuppositions in the questions of law are unsupported. The Bishop's ruling is affirmed.

Decision

The information in the submitted record does not support the presuppositions underlying the questions of law that were submitted during the 2021 special session of the Greater New Jersey Annual Conference. While affirming the Bishop's ruling, the Judicial Council also stresses that fiscal and other matters not germane to the request should properly come under the oversight authority of the annual conference and bodies specifically assigned by the *Discipline*.

Dennis Blackwell recused himself and did not participate in any of the proceedings related to this decision.

June 3, 2022