

## 1 Section 5: Clergy Care & Conference Finance

### 2 Conference Council on Finance & Administration (CF&A)

#### 3 *Jerry Eyster, President*

4 101. It has been a pleasure serving as President of the Conference Council on Finance and Administration  
5 this past year. During this time our committee has spent a significant amount of time dealing with the  
6 business and finances of the Conference as well as understanding how best to strengthen our  
7 relationships with local churches and interconnected organizations.

8 102. It has also been a pleasure to work with the highly professional and competent staff of our  
9 Conference. On all levels there is full transparency, accountability and appropriate checks and  
10 balances. Our churches can be assured that stewardship of limited Conference resources is taken very  
11 seriously by both CF&A and Conference staff.

12 103. Following recent declines in Shared Ministry Apportionment giving, CF&A was tasked with finding  
13 ways to help increase the collected percentage, with a goal set for 2016 of 90%. Realizing that there  
14 could be a variety of reasons for the decline, not the least of which being the multi-year transition in  
15 Episcopal leadership, a task team for each district was formed.

16 104. These teams started by spending time with their respective District Superintendents to discuss the  
17 specific circumstances of each church whose payments were less than 100%. Based on this input, local  
18 churches continue to be engaged by the committee so that we can listen and identify ways to assist.

19 105. The table below depicts trends in the payment of Shared Ministry Apportionments and benefit billings  
20 over the past five years.

| 21 |      | Shared Ministries | HealthFlex | CRSP |
|----|------|-------------------|------------|------|
| 22 | 2012 | 87%               | 96%        | 94%  |
| 23 | 2013 | 88%               | 96%        | 93%  |
| 24 | 2014 | 86%               | 95%        | 95%  |
| 25 | 2015 | 88%               | 95%        | 93%  |
| 26 | 2016 | 87%               | 94%        | 92%  |

27 106. It is important to remember that we have three apportionment formulas, each calculated individually,  
28 and approved by this body when you accept the reports and recommendations of CF&A and the Board  
29 of Pension and Health Benefits.

30 107. **HealthFlex** for Active Clergy and Conference staff is apportioned by taking the estimated total  
31 premium billed to the Conference, adding about 2% (this number can vary), and dividing by the  
32 number of clergy and conference staff participating in the healthcare plan. The extra 2% ensures that  
33 sufficient funds are collected to cover the bill from Wespeth, expecting that some churches and  
34 pastors will fail to pay their share. This number is called the "Uniform Rate" and is what is apportioned  
35 to the church/organization for each participant employed by that church/organization. For example, if  
36 there are two full-time clergy serving a church, the church is apportioned two shares of the "Uniform  
37 Rate". Optional features of the plan, like the election of a Medical Reimbursement Account, will  
38 increase the billing that is sent to the church, but since that money is deducted from the participant's  
39 salary, there is no net effect on the church's budget. *Churches should be deducting from pastors'*  
40 *salaries everything in the HealthFlex bill that is over the "Uniform Rate". If these items are not*

1 *deducted, they are considered taxable income to the recipient and must be reported on both the*  
2 *pastor's W-2 and in Table II of the Statistical Tables.*

3 108. Apportioning health care in this way means that the church does not pay the actual cost of clergy  
4 health insurance, but instead pays an amount apportioned to it by this formula. We have discovered  
5 that billing churches for the actual cost unduly complicates the appointment process, leading some  
6 churches to plead for pastors who will not bring family members into the plan.

7 109. **Clergy Retirement Security Program (CRSP)** is a pension plan for those clergy serving 75% or greater  
8 and is apportioned by taking the salary and housing allowance (or adding 25% of salary for those  
9 pastors who are provided a parsonage) and billing the church 11.8% of that amount. Unfortunately,  
10 this formula has not provided the income that is needed to pay the entire bill received by Wespeth  
11 and monies from other pension-related accounts are often needed to fund the shortfall.

12 110. Apportioning pension in this way means that the church does not pay the actual cost of a pastor's  
13 pension, but instead pays an amount apportioned to it by this formula. However, this amount is very  
14 close to the actual cost. The denomination, through Wespeth, bills the Conference, leaving to the  
15 Conference all decisions about how to allocate the bill to churches. CF&A has decided to affirm the  
16 Board of Pension & Health's recommendation to bill churches based upon clergy compensation. For  
17 those churches who do not pay their CRSP apportionment, the Conference must find this money  
18 somewhere else – typically from reserve funds held by the Board of Pensions and Health Benefits.

19 111. The Conference budget is apportioned to each local church via **Shared Ministry Apportionments**. The  
20 basis for these apportionments is derived from the amounts reported on Table II by each church for  
21 the previous year's expenses for salaries, accountable reimbursements, office expenses, and  
22 programming (the church's "apportionment base"). Adding up the apportionment base for every  
23 church results in the Conference's apportionment base. Dividing each church's apportionment base  
24 by the Conference's apportionment base produces an apportionment factor or percentage. For  
25 example, a church reported expenses for the categories mentioned above on Table II in the amount of  
26 \$200,000. The Conference apportionment base for the same period was \$33,000,000. This particular  
27 church's apportionment base was therefore 0.606% of the Conference's base. This percentage is  
28 multiplied by the major budget categories (Clergy Support, Administration, World Service and  
29 Conference Benevolences, Ministerial Education Fund, Black College Fund, Missional Priority Fund,  
30 and Africa University Fund), and billed to each church monthly.

31 112. Local church membership or attendance has no effect on how the Conference apportions its budget or  
32 benefit obligations. It does have a bearing on the apportionments the denomination assigns to the  
33 Conference.

34 113. The apportionment base of the Conference has experienced a decline over the past five years. Listed  
35 below are the final collection percentages for the past ten years:

|      |              |      |              |
|------|--------------|------|--------------|
| 2007 | \$33,866,629 | 2012 | \$32,851,567 |
| 2008 | \$34,081,904 | 2013 | \$32,365,160 |
| 2009 | \$34,696,632 | 2014 | \$32,056,389 |
| 2010 | \$34,059,412 | 2015 | \$31,517,276 |
| 2011 | \$33,908,859 | 2016 | \$31,311,518 |

- 1 114. **Camping & Retreat Ministries (CRM).** The CRM’s Executive Director, Brooke Bradley, has undertaken  
2 a significant effort to ensure that cost structures, utilization levels and weekly rates are appropriate  
3 for our two camps. CRM is committed to managing the indebtedness downward to \$100K or less and  
4 has been making progress in doing so.
- 5 115. **Fossil Fuel Resolution:** Over the past year CF&A spent a significant amount of time working with  
6 representatives from the Board of Church and Society, Wespath, The Frontier Foundation and the  
7 Conference CFO to create a resolution that would help foster the transition to a low carbon economy.  
8 CF&A believes that a balance must be achieved between engaging with and divesting from companies  
9 that generate income from fossil fuel sources and also between environmental objectives and  
10 fiduciary responsibilities to earn competitive returns on investments. After careful study and  
11 discussion, CF&A does not support the current resolution scheduled for discussion in Section 5.  
12 Instead we prefer an aspirational approach with investment committee heads required to report  
13 annually their progress in moving investments away from companies or funds that are not reducing  
14 their carbon footprint.
- 15 116. **Thanks and Appreciation.** The Church of God is never lacking gifted people. I wish to thank Ross  
16 Williams for his dedication to the ministry of Conference finances, our Bishop Thomas J. Bickerton for  
17 his encouragement and support and our entire committee, especially Vice President of Finance Al  
18 Curtis, Vice President of Administration Jason Radmacher and all other committee members who have  
19 been active at committee meetings, on conference calls, at our annual Budget Hearings and at Annual  
20 Conference.
- 21 **2018 Recommendations:**
- 22 117. **Equitable Salaries:** CF&A supports and recommends approval of the proposal by the Commission on  
23 Equitable Compensation setting a budget of \$140,000 for Minimum Salary support.
- 24 118. **Salary Adjustment Fund:** CF&A supports and recommends approval of the proposal by the  
25 Commission on Equitable Compensation setting a budget of \$80,000 for the Salary Adjustment Fund.
- 26 119. **District Superintendent Salaries:** CF&A supports and recommends approval of the proposal by the  
27 Superintendency Committee to set the salary for a District Superintendent at \$92,707.
- 28 120. **CFO & Director of Administration, Director of Connectional Ministries, Director of Congregational**  
29 **Development & Revitalization Salaries:** CF&A recommends that the salaries for these positions be set  
30 at \$118,932, which includes a housing allowance.
- 31 121. CFA recommends that the **Proposed Budget** of \$8,503,984 or another amount approved by the body  
32 at the 2017 Annual Conference be apportioned to churches via **Shared Ministry Apportionments**  
33 according to the apportionment base of churches as reported in Table II of the Statistical Reports.
- 34 122. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health  
35 Benefits that the **Uniform Rate** for **HealthFlex** for active clergy and conference staff be set at \$17,964  
36 for each local church / organization employing one participant of which the participant will pay \$1,440  
37 (approximately 8%) and the church / organization will pay \$16,524 (approximately 92%).
- 38 123. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health  
39 Benefits that the apportionment for **CRSP** for clergy serving 75% or greater remain constant at 11.8%  
40 of total compensation (salary plus housing as defined in the BOPHB report).

- 1 124. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health  
2 Benefits that the apportionment for **CPP** (death and disability benefits) for clergy serving 100% remain  
3 constant at 3.0% of total compensation (salary plus housing as defined in the BOPHB report).
- 4 125. CF&A supports and recommends approval of the proposal by the Board of Pensions and Health  
5 Benefits that the **Retiree Health Reimbursement Account (HRA)** be set at \$2,755 per participant  
6 (adjusted for years of service) and that the **Past Pension Service Rate (PSR)** be set at \$604 per service  
7 year.
- 8 126. **Conference-wide Appeals:** CF&A recommends that appeals to local churches be limited to the  
9 following causes:
- 10 A. Anchor House
  - 11 B. Bethel Homes, Inc.
  - 12 C. Brooklyn United Methodist Home
  - 13 D. Camping & Retreat Ministries
  - 14 E. The Children’s Home of Binghamton
  - 15 F. Far Rockaway Mission
  - 16 G. NYAC Justice for Our Neighbors
  - 17 H. Methodist Church Home for Nursing & Rehabilitation in Riverdale, NY
  - 18 I. United Methodist City Society (including Camp Olmstead and Five Points Mission)
  - 19 J. United Methodist Homes of Connecticut
  - 20 K. Volunteers-in-Mission projects

21