

SUBJECT TO FINAL EDITING

JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

DECISION NO. 1409

IN RE: Request from the General Council on Finance and Administration for a Declaratory Decision on The Meaning, Application or Effect of ¶ 806.1 of The 2016 Book of Discipline on 2021 General Church Apportionments

DIGEST OF CASE

The General Conference has full legislative authority in matters of quadrennial budgets and apportionment formulas and acted accordingly in 2016 by adopting the 2017-2020 budget. All recommendations submitted by the General Council on Finance and Administration as part of the process set forth in ¶ 806 require approval of the General Conference. The proposed Base Percentage cannot be used for calculating 2021 apportionments without prior authorization. Absent General Conference action, the 2017-2020 budget, including approved apportionment formulas, continues to be legally binding and operative until replaced by a new quadrennial budget.

STATEMENT OF FACTS

On May 20, 2016, the General Conference, meeting in Portland, Oregon, passed the budget for the 2017-2020 quadrennium. [See DCA, Vol. 4, No. 11 (May 21, 2016), p. 2830] The adopted budget as well as the apportionment formulas make up the Financial Commitment of The United Methodist Church and are published in the 2017-2020 Financial Commitment Book.

In early March 2020, as the World Health Organization declared the COVID-19 outbreak a global pandemic and the United States and other Western countries imposed international travel bans, it became increasingly clear that the General Conference, scheduled for May 5-15, could not proceed as planned. On March 18, 2020, the Executive Committee of the Commission on the General Conference released a statement in which it announced that the General Conference would be postponed due to the COVID-19 pandemic. [Posted at <https://www.umc.org/en/content/united-methodist-general-conference-to-be-postponed>]

Then, in a second press release of May 26, 2020, the Commission notified the public that the quadrennial legislative event would take place August 29 – September 7, 2021, at the Minneapolis Convention Center in Minneapolis. [Posted at <https://www.resourceumc.org/en/content/commission-sets-dates-for-postponed-general-conference-will-explore-new-uses-of-technology>]

On July 14, 2020, the General Council on Finance and Administration [hereinafter GCFA] submitted this Petition for Declaratory Decision with the following questions:

- (1) Whether the use of the budgets and apportionment formulas (with the 2020 Base Percentage) adopted by the 2016 General Conference in calculating 2021 apportionments – and for subsequent years, should it become necessary as a result of any additional delay in holding the next General Conference – is consistent with ¶ 806.1 of the *Discipline*;
- (2) Whether the use of the budgets and apportionment formulas (with the 2020 Base Percentage) adopted by the 2016 General Conference in calculating 2021 apportionments – and for subsequent years, should it become necessary as a result of any additional delay in holding the next General Conference – violates any other provision of the *Discipline*;
- (3) Whether GCFA can use the Base Percentage it recommended to the General Conference for use during the 2021-24 quadrennium to calculate 2021 apportionments to the annual conferences, if that Base Percentage has not yet been approved by the General Conference; and
- (4) What would be the effective date – 1/1/2021, 1/1/2022, or some other date – of the budgets and apportionment formulas adopted by the General Conference for the upcoming quadrennium (which will now occur after the quadrennium has already begun)?

Jurisdiction

The Judicial Council has jurisdiction pursuant to ¶ 2610.1 of *The Book of Discipline*, 2016.

Analysis and Rationale

Under the Constitution, the General Conference has full legislative power to “determine and provide for raising and distributing funds necessary to carry on the work of the Church.” Const. ¶ 16.9. Pursuant to this authority, the General Conference enacted comprehensive legislation circumscribing the rights and duties of the GCFA but also establishing a process for setting quadrennial budgets and apportionment formulas. *See* JCD 1208.

The *Discipline* provides, in relevant parts:

Amenability—The [GCFA] shall report to and be amenable to the General Conference, and it shall cooperate with the Connectional Table in the compilation of budgets for program agencies participating in World Service Funds, as defined in ¶ 806.1. (¶ 804)

...The [GCFA] shall be accountable to The United Methodist Church through the General Conference in all matters relating to the receiving, disbursing, and reporting of such funds, and agencies receiving such funds shall be fiscally accountable to the council... (¶ 806)

[The GCFA] shall submit to each quadrennial session of the General Conference, for its action and determination, budgets of expense for each of the general funds of the Church,

as listed or defined in ¶ 810.1, and such other general funds as the General Conference may establish. It shall also make recommendations regarding all other funding considerations to come before General Conference... (¶ 806.1)

[The GCFA] shall recommend the formulas by which all apportionments to the annual conferences shall be determined, subject to the approval of the General Conference. (¶ 806.1[c])

[The GCFA] shall receive and disburse in accordance with budgets and/or directives approved by the General Conference all funds raised throughout the Church for any of the general funds of the Church, as listed or defined in ¶ 810.1, and for any other fund or funds, as directed by the proper authority. (¶ 806.2)

The language of those disciplinary provisions makes abundantly clear that: GCFA is amenable to the General Conference; *all* recommendations submitted by the GCFA as part of the budgetary process must be approved by the General Conference in order to become legally binding and operative; and the GCFA cannot act contrary to approved budgets, apportionment formulas, and directives without *prior* authorization.

Undoubtedly, the pandemic's economic impact has led to a drastic drop in apportionment payments from local churches and annual conferences, causing budgetary shortfalls in the General Church. The GCFA may have understandable reasons to respond to this unprecedented financial crisis by proposing a different Base Percentage for calculating 2021 apportionments. "But the constitutional authority and legislative responsibility for these matters remain with the General Conference, which cannot delegate or assign them elsewhere." JCD 1208. Hence, the GCFA cannot proceed in the manner proposed without authorization by the General Conference.

The record shows that, on May 20, 2016, General Conference exercised its full legislative power by adopting the 2017-2020 budget. It is also indisputable that, due to the postponement of the 2020 General Conference, the proposed 2021-24 budget and apportionment formulas have not been approved by the General Conference as required by the *Discipline*. Consequently, since the 2017-2020 budget and apportionment formulas, including Base Percentages, were duly enacted by the 2016 General Conference, they remain legally binding and effective until replaced by a new quadrennial budget.

Decision

The General Conference has full legislative authority in matters of quadrennial budgets and apportionment formulas and acted accordingly in 2016 by adopting the 2017-2020 budget. All recommendations submitted by the General Council on Finance and Administration as part of the process set forth in ¶ 806 require approval of the General Conference. The proposed Base Percentage cannot be used for calculating 2021 apportionments without prior authorization. Absent General Conference action, the 2017-2020 budget, including approved apportionment formulas, continues to be legally binding and operative until replaced by a new quadrennial budget.