

SUBJECT TO FINAL EDITING

JUDICIAL COUNCIL OF THE UNITED METHODIST CHURCH

DECISION NO. 1461

[Docket No. 1022-04]

IN RE: Review of a Bishop's Ruling on Questions of Law in the Greater New Jersey Annual Conference Concerning the Designation and Use of Funds from the Sale of Closed Churches and other Church Properties as well as Measures to Ensure Compliance with Restrictions in Trusts, Reversions, Bequests, and the like.

DIGEST

The decision of Bishop John R. Schol is affirmed for the reasons set forth therein.

STATEMENT OF FACTS

On May 23, 2022, during the business session of the Greater New Jersey Annual Conference, a lay member of the conference submitted the following request for a ruling of law:

Question Part A

In reference to the budget and finance report, found on pages 29- 30 and 80 of the 2022 pre-conference booklet and presentation by a chair of CFA during the annual conference on Monday, May 23, 2022, does the GNJAC have the right to redirect any portion of funds resulting from the sales of closed church properties to other purpose/s, such as subsidizing local church billings and the annual conference operating budget?

Question Part B

And does the GNJAC have the right to repurpose any portion of funds, the proceeds from the sales of church buildings and property, that are the product of restricted donations/gifts to the particular church by the congregation/s and/or donors, without first obtaining the donors' removal of the restriction?

On June 15, 2022, Bishop John R. Schol issued the following Decision of Law:

ANALYSIS AND RATIONALE

The annual conference approved the budget which included how the funds of closed churches were to be allocated. In part, the proceeds from the sale of closed churches were to be allocated to assist congregations with health insurance billings. For more than 20

years, the Greater New Jersey Annual Conference subsidized clergy health insurance and other direct billing from the annual conference. In 2021, it reached levels that were unsustainable. In a special called session of the annual conference in January of 2021, a plan was passed to phase out these subsidies over five years through the sale of any closed churches through 2026.

RULINGS OF LAW

As to Question A, the board of trustees may or as directed by the annual conference dispose of the real and personal property of a closed church (paragraph 2549 (5) and (6)), and if it is the sale of an urban church property, as directed in paragraph 2549.7, any proceeds of the sale of its property may be used for new and/or existing ministries within urban transitional communities as described in paragraph 212.

As to Question B, the board of trustees may or as directed by the annual conference dispose of the real and personal property of a closed church (paragraph 2549 (5) and (6)), and if it is the sale of an urban church property, as directed in paragraph 2549.7, any proceeds of the sale of its property may be used for new and/or existing ministries within urban transitional communities as describe in paragraph 212.

When a congregation member gives money designated to build a building, those funds are restricted to build the proposed building. When the building is built, the member's gift restriction has been fulfilled. If the church is closed, there are no restrictions on the use of the proceeds from the sale unless there are deed restrictions, or the closed church is in an urban area.

Jurisdiction

The Judicial Council has jurisdiction under ¶ 2609.6 of *The 2016 Book of Discipline*.

Analysis and Decision

The decision of Bishop John R. Schol is affirmed for the reasons set forth therein.

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

February 28, 2023

Separate Opinion

We concur with our colleagues regarding some aspects of the Bishop's ruling, but we note that the Digest needs to indicate the major issues that were ruled upon by the Bishop and further indicate those aspects upon which the Judicial Council specifically agrees and affirms as a matter of church law.

The specific issues that the Judicial Council is affirming in its review of a Bishop's ruling on a question of law ought to be set forth in the Digest so that those institutions and publications [especially hardcopy print publications], which quote and rely exclusively upon the Digest to provide a **concise statement of the issues** decided by the Judicial Council in each Decision or Memorandum, are able to continue to alert their respective readers or members of potential changes in the interpretation or application of church law. If a Digest states only that the Judicial Council affirms the ruling of the Bishop "**for the reason set forth therein**" then those institutions and publications which have heretofore relied upon our Digest, will no longer be in a position to immediately provide a meaningful alert to their respective readers or members concerning such decisions or memorandums that have just been released by the Judicial Council.

Beth Capen
Kabamba Kiboko
February 28, 2023

Separate Opinion

I write separately simply to emphasize that which might not seem obvious in the episcopal response to the questions of law that were submitted in this matter. An Annual Conference may not reallocate funds from the sale of church property except for those purposes and under those conditions which are set forth in the Discipline. Furthermore, in addition to the requirements in the Discipline, the denomination must also act in full compliance with local, state, and federal laws and regulations when dealing with any asset that carries restrictions, covenants, or designated use, whether that asset is real property, personal property, or financial/monetary. All local churches, Districts, and Annual Conferences are absolutely obligated to investigate and proactively ascertain whether any portion of any asset that is subject to a potential conveyance, includes any restrictive covenants or designated uses.

Concerning the matter of the Analysis, Rationale, and Digest, I also note that it is important that the Judicial Council set forth its own analysis of each episcopal ruling when it issues its decision. Of concern is that episcopal rulings contain many nuanced statements that can be interpreted in a variety of ways and thereby risk resulting in polity which could be misapplied by others. General Conference has tasked the Judicial Council, exclusively, with the responsibility of articulating those major aspects of each episcopal ruling and relating each aspect to the Disciplinary principles, polity, and former Decisions which provide the predicate for determining that the Bishop is correct or incorrect concerning that aspect of his or her ruling. The denomination is relying upon the Judicial Council to identify the key points in an episcopal ruling, and affirm, modify or reverse those key points, in whole or in part, and thereby reconcile the multiple rulings that are issued each year and ensure that our church law is not subject to more than one interpretation.

Beth Capen
February 28, 2023