

Request for Rule of Law

Jan. 22, 2021 – Greater New Jersey Special Annual Conference Session

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?"

Submitted by
Gyuchang Sim
Lay member at large
Tenaflly UMC
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The United Methodist Church

Greater New Jersey

Decision of Law Request January 22, 2021

John R. Schol, Bishop

STATEMENT OF FACTS

In late November 2020, the new CFO/treasurer of the Greater New Jersey Annual Conference who began July 1, 2020, reported to the leadership of the Council on Finance and Administration (CFA) and to the bishop that the conference reserves amount were not as reported, that churches had been underbilled for health insurance and other billings and that the 2021 budget had a gap. The leadership felt a special session of the annual conference would need to be called to address the budget gap and address the underbilling.

On December 7, 2020, the cabinet unanimously approved the bishop's request to call for a special session of the annual conference of the Greater New Jersey Conference to consider a new budget to address the financial status of GNJ. The cabinet's initial plan was to have the special session in February, but due to the need to approve a billing and shared ministry plan sooner, CFA leadership requested the bishop and cabinet move the date to January. (See Appendix V, Affidavit of District Superintendent Sang Won Doh.) At the January 4, 2021, meeting of the cabinet, the cabinet and bishop set the date for January 22, 2021.

A meeting was convened by the bishop on December 17, 2020 of the members of CFA (budget), board of pensions (benefit billings), board of trustees (reserves and property insurance billings), the chairpersons of several conference agencies and cabinet so that the CFO/treasurer could share about the financial challenges.

At the December 17, 2020 meeting, there was consensus that an independent financial review team (task force) was needed to review how the financial issues occurred that led to underbilling congregations by \$8,000 a year for benefit and insurance programs, a \$6 million budget gap and the spending down of reserves by \$10 million. Those on the Zoom call agreed that a team was needed and that it should be comprised of people who were not part of any of the boards and Council when the financial issues occurred. People were given the opportunity to offer names for the independent financial review team, and there was confidence in the superintendents identifying names also because they knew people from congregations. (See Appendix IV, Affidavit of Vasanth Victor, CFA Chair.)

The group decided to meet again on January 7, 2021, to review a financial report with recommendations from the CFA executive committee.

The CFA executive committee met several times from December 21 through December 30, 2021, to develop, review, modify and approve a report, which included a new proposed budget and recommended actions, one of which included the independent team to review GNJ finances.

On January 6, 2021, the board of pensions approved changing the billing to congregations for health care from \$15,000 per policy to \$16,500 per policy.

On January 7, 2021, the report was presented to and affirmed by a joint meeting of the members of CFA, board of pensions, board of trustees, connectional table and cabinet. The report was sent the next day, January 8, to all church council, finance committee and staff parish relations committee chairpersons, church treasurers and lay and clergy members to annual conference.

On January 12, 2021, two information sessions were held with laity and clergy.

On January 18, 2021, CFA met to finalize the budget and recommendations and give final approval of the independent financial review team.

On January 19, 2021, an updated call letter, budget and legislation were sent to all clergy and laity members.

On January 22, 2021, the special annual conference session met to review and vote on eight recommendations and a budget. The eight recommendations and budget with amendments were approved by a vote of 324 for and 133 against.

During the session, Mr. Gyuchang Sim, lay member at large, submitted two questions in writing for rulings of law. Question #1 had two (2) parts, which are responded and ruled on as two separate 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 January 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?"

Submitted by

Gyuchang Sim

Lay member at large

Tenaflly UMC

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JURISDICTION

The Judicial Council has jurisdiction under Par. 2610 of the 2016 Discipline.

ANALYSIS AND RATIONALE

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.

Rulings of Law

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.

Submitted by: John R. Schol, Bishop

APPENDIX I

GNJAC SPECIAL SESSION of the ANNUAL CONFERENCE

January 22, 2021 – 4:00 pm – 6:00 pm Zoom

Welcome-Bishop John Schol welcomed attendees to the Special Session of the Annual Conference.

Video Presentation “Move Forward” followed highlighting accomplishments GNJAC 2020.

Bishop Schol explained reasoning behind the Special Session of the Annual Conference Zoom meeting. Friday time slot was selected due to conflicts with local events on Saturday, January 23.

Bishop Schol’s Message

Bishop Schol shared a message based on the parable of the foolish and wise builders building on sand and rock from Matthew 7:24-27.. In his message, the bishop talked about building on the rock is building on the teachings of Jesus and good organization practices. Bishop Schol gave a litany of how GNJ has built on the rock from its response to 911, 2008 financial crisis, Superstorm Sandy, the pandemic, and racism. He also talked about in the last year, we learned that some of our finances were not on a solid foundation of policies and processes and these can and will be addressed.

Bishop called GNJ to hope based on the fact that we have traveled difficult paths before and overcome past challenges. The fact that we have caught it now and have a path to rebuild is already an accomplishment. Bishop Schol explained that sometimes he thinks of the man who built on the rock and the sand were indeed the same person, who when the first house fell, had to drill down through the sand into the bedrock for a firm foundation. GNJ has to dig down into bedrock and make sure we are healthy financially for the long term. He invited us to journey forward together.

Setting the Bar for the Conference

Rev. Shelley Smith, Conference Secretary, moved:

Bishop Schol,

All participants present today on this Zoom webinar have been vetted and are clergy and lay members the Greater New Jersey Annual Conference and have right to voice and vote, or they are clergy who are serving on loan to GNJ and have right to voice.

Additionally, there are staff who are participating in this session because they are assisting with videoing and technology, or are present to be resource persons for issues and questions that may arise during the session.

Therefore Bishop Schol, I move that the bar of the annual conference be all of those on this Zoom call with right to voice and vote or to voice only for those serving on loan and that any staff person needed to provide information may speak to particular issues or questions during the session.

The motion passed.

Prayer

Prayer was offered by Rev. William Williams, Superintendent, Gateway North District.

Report of CFA

Vasanth Victor, chairperson of CFA, presented an overview and key points in the Revised Consolidated Budget for 2021 presented by CFA. He reminded the conference of the decisions made at the Annual

Conference session in October of 2020 of how property sales would be distributed. He stated that the current legislation would set aside these decisions until 2026 at latest. Property sales will be used to balance the budget after all other possibilities have been exhausted. The budget schedules will need to be reviewed and aligned with the approved budget.

Board of Pensions

Bill Wilson presented the proposal to increase of the blended rate from \$15,000 to \$16,500 along with additional expenses if chosen by clergy or lay participants.

Personnel Committee

Iona Harding presented the principles behind the decisions for layoffs. She stated that we must incur a hiring freeze immediately to balance the budget which involved laying off seven full time and three part time employees. This will impact all teams and all involved individuals are valued. These decisions and future decisions were made in collaboration with leadership and Human Resources Director, Jay Kim. The employees leaving were honored and thanked. There will be sixteen open positions.

CFA

Judy Colorado of CFA presented the Balanced Consolidated Budget. She explained the details and that this budget sets us on a path to do the important missions and ministry in GNJ.

Motion

Vasanth Victor moved for the approval of the revised budget. Bishop Schol thanked him and the staff for the work they have done.

Bishop Schol offered a pray for those laid off, that God bless and open doors for them.

Question

Rev. Tom Lank asked, why not wait to vote on the budget until we hear from the independent financial review team.

Vasanth Victor explained that there are holes in our current budget, that we do not have the income needed and to continue with the budget passed in 2020 will create debt and more spending down the reserves. The proposed budget is balanced and makes the reductions necessary to have a balanced budget.

Amendment

Rev. Dr. Bob Costello made a motion to amend the budget presented by deleting "Benevolence" in the Retiree Healthcare line. The motion passed.

Substitution

Gyuchang Sim offered the following as a substitution to the current legislation: Be it resolved that the GNJAC requests the GNJ Board of Trustees, Board of Pension, CFA and Treasurer to review all finances of the GNJUMC and report to the 2021 regular session of the GNJAC the finding of any or all discrepancies in the finance of the GNJUMC and the recommendation(s) of further action and/or auditing that includes a forensic audit of the books and finances of the GNJUMC. Be it further resolved that the GNJAC requests the Board of Trustees to report any and all properties held by the GNJUMC with the market value of each properties, the costs of maintenance if there are any, the plan of action for selling or repurposing if there is any, and the list of properties sold or transferred to and from the GNJUMC since 2012. Be it further resolved that the GNJUMC requests the GNJ Board of Trustees, Board of

Pension, CFA and Treasurer to review the health and property insurances of the GNJUMC and report to the 2021 regular session of the GNJAC the findings and recommendations. The substitution did not pass.

Amendment

Rev. Steven Elliot made a motion to item three. Delete “(churches will withhold this amount from a pastor’s salary)”. Vasanth Victor suggested the wording be changed in the original legislation in item three to read: “churches will withhold this amount from a pastor’s or lay persons salary unless they elect to pay the amount on behalf of the before mentioned person. Rev. Elliott agreed with the modification and Vasanth Victor accepted the amendment for the council on finance and administration.

The bishop explained that no one else wanted to speak to the issues of the budget but there were a number of questions people put into the chat and that he would review them to see if there was any question that needed attention. He identified that there was a question of law.

Question of Law

Gyuchang Sim raised Questions of Law as to who has the authority to convene a Special Annual Conference session. The questions were submitted in writing and stated.

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Bishop asked Mr. Sim if he (the Bishop) brought any recommendation, or legislation, or report to the special session. Mr. Sim replied, “this is my understanding the whole thing came about. Bishop Schol stated that he did not bring any legislation, report or recommendation to the special session and that the Cabinet approved the call for the special session”. Bishop Schol invited Chancellor Lynn Caterson to speak to the Question. Chancellor Caterson cited that the Cabinet has authority to convene a Special Session of the Annual Conference and, according to the Book of Discipline ¶ 612.5b, CFA is appropriately bringing the report to the Annual Conference. This Discipline Paragraph refers to the creation of a task force – not bringing a report to annual Conference.

Vote

There were no more speeches or amendments for the legislation and Bishop Schol called for the vote on the budget and legislation. The motion passed.

Closing

Bishop Schol indicated there were additional questions that came in the chat that did not relate directly to the vote, but he assured the body that their questions will be answered through the FAQ. He recognized that people were concerned and frustrated about the finances and that the people leading GNJ are doing all they can to work on resolving the issues. He stated he will send updates on the progress to the churches and that today's budget action was necessary to insure we do not deplete our reserves and ensure a balanced budget. Bishop Schol expressed that he understands all of our concerns were not fully addressed but to keep in mind the work is not done, and we need to give the independent team time to make its report to the Annual Conference.

Bishop Schol thanked everyone and closed with a prayer.
The meeting was adjourned at 5:56 pm.



Special Annual Conference Session

Called Purpose: vote on the following legislation.

LEGISLATION - SPECIAL ANNUAL CONFERENCE SESSION

The world needs GNJ, its congregations and connectional mission, to experience God's saving, merciful and just grace. God's grace works through GNJ as it recruits and develops transformational leaders who make disciples and grow vital congregations for the transformation of the world. With God's help and working together, we will meet our challenges, grow our mission and create a sustainable ministry to meet future challenges.

Whereas there is shortfall of \$6 million in the 2021 budget that has created both a financial challenge and opportunity to refocus and organize for GNJ's future mission; and

Whereas to meet a balanced budget, GNJ must bill congregations for the full cost of benefit programs and include 5% for administrative costs and 7% for uncollected billings; and

Whereas GNJ needs to rebuild its reserves and assist congregations financially to meet the full billings over five years; and

Whereas GNJ projects an 88% collection rate for shared ministry and a 93% collection rate for billables to fund the mission and ministry of GNJ;

Therefore, be it resolved that the Special Annual Conference Session adopt a revised budget to sustain the mission and support its congregations and clergy based on the following:

1. Approve a revised GNJ consolidated budget of **\$24,880,133** income and **\$24,849,672** expenses.
2. Apportion congregations 15.2% for shared ministry.
3. Bill congregations the blended health insurance rate of \$16,500 per insured and add to a church's billing any additional expenses selected by the clergy and lay employees over and above the supported plan (churches will withhold this amount from a pastor's salary).
4. Set aside the distribution percentages of property sales as approved by the October 2020 Annual Conference Session until 2026 or sooner in order to fund the transition to full billing of congregations while simultaneously growing our reserves.
5. Use property sales and draw on reserves as approved in the budget. If a balanced budget cannot be achieved, CFA, Board of Pensions, Board of Trustees and the Cabinet may jointly approve the use of additional reserve funds to achieve a balanced consolidated budget once other methods such as budget reductions have been exhausted. The chairperson of CFA is to report any additional use of reserves to the next annual conference session.
6. GNJ will give to the general church what it receives toward general church apportionments and CFA may add additional dollars if there is income over expenses in the shared ministry receipts and expenses.
7. Apportion churches **\$1,850,316** for general church apportionments.
8. The Connectional Table, CFA, Board of Pensions, Board of Trustees and Cabinet will review the following schedules and make the necessary reductions to achieve the approved consolidated budget line items by January 31.
 - a. Mission, Justice and Agency Schedule (A Journey of Hope will not be reduced)
 - b. Communications and Fundraising Schedule
 - c. Administration Schedule
 - d. Property Schedule
 - e. Billings Schedules

PROPOSED CONSOLIDATED GNJ BUDGET

Income for GNJ Mission and Ministry

Shared Ministry Receipts		7,253,387
Centenary Fund		770,000
Insurance, Pension and Billable Income		12,113,241
Reserve		550,500
Property Sales		3,182,000
Grants		
Episcopal Office	85,470	
Lilly Grant	112,000	
Covid Grant Carry Over	500,000	
Additional Grants and Donations	25,000	
Total Grants		722,470
Registrations		41,400
Shared Services		195,000
GNJ Staff Healthcare Contributions		52,136
Total Income		24,880,133

Expenses for GNJ Mission and Ministry

Personnel		
GNJ Staff	4,241,319	
Clergy and Laity Health and Dental Insurance	6,100,368	
Clergy and Laity Pensions	2,838,707	
Staff and Elected Leadership Development	35,000	
Severance and Unemployment Self-Insurance	184,096	
Total Personnel		13,399,489
Congregational and Leadership Development		1,297,776
Mission, Justice and GNJ Agencies		1,292,172
Covid Grants to Congregations		500,000
Benevolence – Retiree Healthcare		2,887,734
Communications		131,500
Administration		509,196
Property		
Congregations' Property Insurance	4,379,582	
GNJ Property	352,223	
Total Property		4,731,805
Bridge Fund		100,000
Total Expenses		24,849,672
Income Over (Under) Expenses		30,461
General Church Apportionments		1,850,316

APPENDIX III

From: Rev. Shelley Smith, Conference Secretary [mailto:conferencesecretary@gnjumc.org]

Sent: Tuesday, January 19, 2021 12:00 PM

To:

Subject: 2021 Special Annual Conference Session Registration Reminder



Dear Friends in Christ,

The 2021 Special Annual Conference Session of the Greater New Jersey Annual Conference will be held this Friday, January 22, 2021 at 4:00 p.m. Members may register for the two-hour event by [selecting this link](#). Registration will close this Thursday at noon. If you have any difficulty registering, you may email [Soomin Lee](#).

Guests and visitors can join and participate in the session through a livestream on YouTube. However, each person needs to register in order to be able to vote.

This Special Session is called to receive and act on the [attached legislation](#). We invite you to read the two-page document today and begin to familiarize yourself with the

legislation.

To assist you with your questions, please read the FAQs, which may be found by [clicking here](#). You may ask additional questions by Wednesday at noon, those of which will be added to the FAQs in preparation for the Special Session. Asking your questions now will facilitate our conversation and voting online.

A confirmation email will be sent Friday morning to all registered participants with Zoom link instructions. The Zoom link will be open at 3:30 p.m. for a technology presentation. Additionally, the participants guide [can be found on our website here](#).

I look forward to our time together on Friday.

Rev. Shelley Smith, Conference Secretary
United Methodists of Greater New Jersey



UNITED METHODISTS
OF GREATER NEW JERSEY

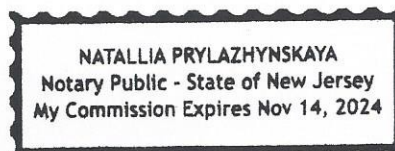
**AFFIDAVIT
RE: Question of Law
Docket No. TBA**

I, Vasanth Victor, of full age, having been duly sworn according to law, upon my oath, hereby swear and say:

1. I am the Chair of the Committee of Finance and Administration in the Greater New Jersey Annual Conference and I have personal knowledge of the following facts.
2. I attended the GNJ Finance meeting on December 17, 2020, when the members and chairs of the Board of Pension, Board of Trustees, Council of Finance and Administration, members of the GNJ Cabinet and Bishop agreed that an independent study team needed to be formed to review the financial matters and identify how and why the current financial challenges occurred and make recommendations to prevent this from happening in the future. Those on the call agreed that a team was needed and that it should be comprised of people who presently did not serve on the trustees, pension and CFA agencies or in the past. People were offered the opportunity to offer names and there was trust in the superintendents who knew people from the congregations to identify names.
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.
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.
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.

Vasanth Victor
Vasanth Victor

Sworn to and subscribed before
me this 17th day of
February, 2021.
Natallia Prylazhynskaya
Notary Public



AFFIDAVIT
RE: Question of Law
Docket No. TBA

I, Sang Won Doh, of full age, having been duly sworn according to law, upon my oath, hereby swear and say:

1. I am the Dean of Cabinet and a District Superintendent in the Greater New Jersey Annual Conference and I have personal knowledge of the following facts.
2. I attended the cabinet meeting on December 7, 2020, when the cabinet unanimously approved the Bishop's request to call for a special annual conference session of the Greater New Jersey Conference to consider a new budget to address the financial status of GNJ. Our initial plan was to have this special session in February, but as things developed in this matter, we changed our plan to hold the conference in January.
3. I attended the GNJ Finance meeting on December 17, 2020, when the members and chairs of the Board of Pension, Board of Trustees, Council of Finance and Administration, members of the GNJ Cabinet and Bishop discussed the need to form an independent study team to review the financial matters and identify how and why the current financial challenges occurred and make recommendations to prevent this occurring in the future. We were all invited to identify names for people who would serve on such a team. There was consensus that an independent team was appropriate and there was support for the district superintendents to identify people with accounting and legal experience to be on the team.



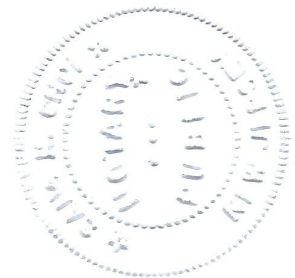
Sang Won Doh

Sworn to and subscribed before
me this 18th day of
February, 2021.

Notary Public

SANG H. CHOI

NOTARY PUBLIC OF NEW JERSEY
My Commission Expires June 5, 2025



APPENDIX VI

The United Methodist Church of Greater New Jersey
Decision of Law Request – January 22, 2021
John R. Schol, Bishop

Interested Parties *See the next page for updated contact list*

Docket 1021-5

Interested Parties & Persons To Whom Copies Should Be Sent

Rev. Shelley Smith [Conference Secretary] <ConferenceSecretary@gnjumc.org>,

Mr. Gyuchang Sim [asked Q] <simgc@bellatlantic.net>,

Robert Zuckerman [Conference Treasurer] <rzuckerman@gnjumc.org>,

Vasanth Victor [CF&A Chair] <vasanth_victor@hotmail.com>,

Sang Won Doh [Dean of Cabinet] <sdoh@gnjumc.org>,

Bishop John R. Schol [Presiding Resident Bishop] <bishopjohnschol@gnjumc.org>