

REPORT TO THE 2021 DESERT SOUTHWEST ANNUAL CONFERENCE
Resolution to Address the DSC Budget by the Covenant Council

(The following is the report to the Covenant Council by a task force convened by the Bishop. The DSC Covenant Council will meet on May 13, 2021 to review, discuss, and act upon the following recommendations. The Covenant Council will report its decision at the 2021 DSAC.)

The June 2020 session of the Desert Southwest Conference was held virtually due to the COVID-19 pandemic. Since there was inadequate time to consider all the legislation that people wanted to offer, it was allowed that legislation submitted by the evening of the closing day of the Annual Conference would be automatically referred to the Covenant Council. The resolution, entitled "Resolution to Address the DSC Budget by the Covenant Council," was referred to the Covenant Council and consisted of several "whereas" clauses and 7 "be it resolved" clauses, or "components."

The resolution was duly brought to the Covenant Council as it met on June 25, 2020. Discussion ensued. As a result, one of the components (#6) was removed by a motion to have this component considered by the Covenant Council at a future meeting. Amendments were made to the remaining 6 components. After some time of discussion, the Covenant Council decided to request Bishop Hoshibata to form a task force to review each component for recommended action. Following consultation with Rev. Dan Hurlbert, chairperson of the Covenant Council, the decision was made to have the task force return its findings and recommendations to the Covenant Council.

The six components were dealt with in the following manner.

1. An invitation was made to all 19 petitioners who signed the resolution, asking them to offer their thoughts about the resolution. This was a confidential process.
2. The President of the Conference Council on Finance and Administration, the chairperson of the Covenant Council, the chairperson of the Conference Episcopacy Committee, the Appointive Cabinet, and the Extended Cabinet were consulted. Included in the consultation process was the Conference Treasurer and the Conference Lay Leader.
3. Upon reflection, components #4 and #7 address matters that are clearly under the purview of the Conference Council on Finance and Administration. The President of CF&A agreed to confer with CF&A about these 2 components and to make a recommendation to the Covenant Council and then to the Annual Conference.
4. Component #1 addresses a concern that is under the purview of the Conference Episcopacy Committee. The chairperson of the Episcopacy agreed to work with the Episcopacy Committee to discuss and make a recommendation to the Covenant Council and then to the Annual Conference.
5. Components #2, #3, and #5 address complex matters related to the number of FTE District Superintendents. A diverse team of 15 persons (Team of 15) was invited to

discuss and make recommendations to the Covenant Council and then to the Annual Conference.

**Reports and Recommendations of Each Component
On the Resolution referred to Bishop Bob by the Covenant Council**

Component #1 (addressed by the Episcopacy Committee)

**“request that the newly appointed bishop . . . fill the appointment of the Director of
Connectional Ministries on July 1, 2022”**

The Episcopacy Committee will place on its agenda this matter of director of connectional ministries for consultation with the new Bishop. The Episcopacy Committee commits itself to represent viewpoints of concern or discontent from our local churches. It is the opinion of the Episcopacy Committee that should a temporary interim Bishop be named, that the committee would prefer to have this stated conversation with the next elected and assigned Bishop. The rationale follows.

The Episcopacy Committee of the Desert Southwest Annual Conference has reviewed component #1 from the above-named resolution to the Annual Conference/ Covenant Council. In responding to the component #1 statement, it is the opinion of the Episcopacy Committee that our most appropriate actions lie within the framework of our responsibilities as outlined in paragraph 637 of the *2016 United Methodist Book of Discipline*. Under paragraph 637.d, the advisement component encourages us to have conversation with a bishop for purpose of advice. So, it is within our normal work to have a conversation with the “assigned” (not appointed) Bishop related to the history and spirit of this resolution or any other matter related to relationships between the people of the annual conference and the Bishop. The Episcopacy Committee therefore understands its role to converse with the Bishop related to the recommendation of paragraph 608.6, “to have a director of connectional ministries or designated person to focus and guide the mission and ministry of the United Methodist Church within the annual conference.” Therefore, the Episcopacy Committee will place on its agenda this matter of director of connectional ministries for consultation with the new Bishop. The Episcopacy Committee commits itself to represent viewpoints of concern or discontent from our local churches. It is the opinion of the Episcopacy Committee that should a temporary interim Bishop be named, that the committee would prefer to have this stated conversation with the next elected and assigned Bishop.

Component #2 (addressed by the Team of 15)

“return the position of Director of New & Vital Faith Communities . . . to a Level II exempt salaried position reporting to the Director of Connectional Ministries no later than July 1, 2021”

We recommend that the position of the Director of New and Vital Faith remain a Level 1 exempt salaried position. The rationale follows.

The Conference Rules related to this component of the resolution are:

Section B Conference Personnel Policies II Employment Policies

F. Employment status categories: It is the policy of the DSC to categorize the status of employees in order to make distinctions in benefits and conditions of employment among employees, and to aid in a better understanding of employment relationships with the DSC. The nomenclature of “employee” and “personnel” mean one and the same. All personnel will be given an employment status of either Non-Exempt or Exempt Employees.

2. Exempt Employees: Employees classified by the DSC as Exempt are ineligible for overtime pay and other employment conditions as provided for in the Fair Labor Standards Act and applicable state laws. Generally, such employees are those occupying executive, administrative, or professional positions.

G. Exempt personnel levels: There shall be a job description developed by the funding agency for every Exempt position which shall include the responsibilities for the position, the qualifications and skills needed. This description shall be filed with the Conference Personnel Files. Levels of salary ranges will be determined by the Conference Personnel Committee. Each year prior to the budget planning process, all funding agencies will recommend any changes of compensation within the ranges as approved by the DSC. Factors to be given consideration include complexity of responsibility, supervisory responsibility, budgeting responsibility; and level of decision-making responsibility.

The four areas that are instrumental in defining the difference between exempt personnel levels are listed below along with a detailed analysis of the position of Director of New & Vital Faith Communities.

1) Complexity of Responsibility

In 1995, the Conference had one staff position that worked to handle the task of congregational development and revitalization work. This was a Level I position with the job title of Council Director and Congregational Development. In 2001 the Conference separated the position into two separate Level 1 positions. One specialized in revitalization work and the other focused on

new church starts. About 2007 the Bold In Christ funding, which supported the strong ministry of starting new churches, had diminished. This is when the Director of New Faith position moved from a Level I position to a Level 2 position as job responsibilities were decreased.

In 2014, the decision was made to return the two separate job descriptions to one position. When this shift was made it was felt that with complexity and responsibility of caring for both areas, revitalization ministries and new faith communities development, required that the position return to a Level I position.

The job position now includes responsibility for congregational vitality in all of our existing churches, working to strengthen existing churches by providing church assessments, coaching and other training opportunities, problem solving with churches and matching resources. The work of new faith communities development also continues to be an emphasis of this position providing training and other resources for new faith communities, ongoing support, problem solving and coaching to the new faith communities and their pastors, as well as identifying, assessing, and training of pastors with church planting gifts.

An important function for this position is to be able to work with the appointive cabinet to consult on matters concerning the pastors with gifts and graces to lead either a new faith community start ministries or a revitalization projects as well as assisting with problem-solving.

2) Supervisory Responsibility

The Director of New and Vital Faith Communities is responsible for supervising pastors and churches that are going through the processes of either launching as a faith communities projects or as revitalization projects.

3) Budgeting Responsibility

In 2013 the New Faith Endowment was \$2.3 million, and the Faith Communities Team budget was \$682,550.

In 2021, the Director of New and Vital Faith oversees a \$6.8 million endowment fund. Recently the Director oversaw the distribution of \$500,000 in COVID relief for churches as well as providing and distributing technology grants and other financial aid to churches. The Director also oversees a budget of about \$521,500.

4) Decision-Making Responsibility

This position is a highly complex position with skills needed in adaptive leadership. The position requires that the individual has the ability to develop highly contextualized plans for both new communities of faith and those of existing congregations and the persons who lead them. Every community of faith is different, and so is every leader. The ability to assess, plan, implement and mentor is very much needed in this position.

Regarding Financial Savings Listed in Resolved #2 -

Prior to July 2014 the position of the Director of New Faith Communities was compensated at the top of the salary range when it was classified as a level 2 position. Assuming the same funding level, if the position were to be reclassified from a Level 1 to Level 2, the annual savings would be the difference between the Level 1 compensation and the maximum Level 2 compensation. For 2021, that difference, \$100,754 - \$88,685 = \$12,069, not \$30,000, as reported in the Resolution.

Recommendation of The Team:

After looking at the influencing factors in determining exempt personnel levels, it is our belief that this is an executive position requiring expertise, training, and experience in the area of congregational development. We believe that this position is highly complex, with the needed abilities to work with, coach and supervise people and churches throughout the entire Conference in a way that allows maximum flexibility. This position needs to have the maximum freedom possible to adapt to the needs of our pastors, our churches, and the changing communities in which our churches are planted. For this reason, we would not support the moving of the Director of New and Vital Faith position from a Level I to a Level II position. To return the position to a Level II would require a reduction of position responsibilities.

Component #3 (addressed by the Team of 15)

“reduce the number of District Superintendents down to three FTE* ...by July 1, 2021, and down to two FTE by July 1, 2022”

(*FTE--Full Time Equivalent)

The subcommittee tasked with researching this resolution recommends no change to the current number of District Superintendents. A review of the DSC staffing configuration may be discerned prudent following the next General Conference. The rationale follows.

- **We are not in an optimal time for major staffing reductions.** The DSC is currently in a time of great uncertainty. COVID is still impacting our churches. General Conference has been postponed to late summer 2022. We don't know when jurisdictional conferences will be held or when new Bishops will be elected. With Bishop Hoshibata retiring soon, we are not sure who our next Bishop will be and whether he/she will be an interim Bishop for a limited period of time. Stability is needed right now, not staffing changes that would be too rushed to meet July 1, 2021 and 2022 deadlines. It may be better to allow a new Bishop to address DS staffing changes after we see what our churches look like post-COVID and post-General-Conference.
- **We are not under financial pressure to make staffing changes right now.** As previously noted by the full Task Force, COVID-19 did not result in the financial decline that may have been anticipated when this resolution was presented last year. In fact, in 2020 we had

stable income, decreased expenses, and a significant PPP loan that was forgiven. As a result, our cash reserves were greater at 12/31/2020 than they have ever been. Our budget includes funding for 4 DSs and a Director of Connectional Ministries, and we are more than adequately supporting our budget. So, we are fortunate that we do not have to rush into in any staffing changes. We can afford to wait a little until some of the above uncertainties begin to stabilize.

- Cross-conference comparisons based solely on the number of churches per district can be misleading. We do have districts with a small number of churches in them when compared to other conferences. But we have to look at other factors (such as geographical distances between churches and total district staff) to get an apples-to-apples comparison. For example, Mountain Sky Conference is noted in the resolution as having 7 DSs serving 376 churches. But they also have 14 additional district staff, so they have 21 total staff serving 376 churches (an average of 18 per person). We have 4 DSs and 2 additional district staff serving 131 churches (an average of 22 per person).
- Staffing changes right now could lead to a reduction in effective ministry. As previously noted by the full Task Force, the 4 DSs have assumed many of the responsibilities of the DCM, and technology has allowed them to do that well. The DCM duties post-COVID will undoubtedly look a lot different than they did pre-COVID, and that will be true for the roles of our DSs as well. It will be more important post-COVID for DSs to be physically in their churches to re-establish a genuine connection. A reduction in DSs right now could make that difficult and exacerbate the issue of churches not feeling connected to the Conference.
- It would be wise to continually evaluate the number of DSs and other staff. As noted in the Report of the Study Committee on Districts and Staffing to our June 2013 annual conference session, our focus should be on how the conference's districts and staffing can best be structured to equip church leaders to enhance the vitality of their congregations. That is more important than cutting staff to save money. However, that Study Committee noted, and we agree, that it is good stewardship to evaluate the duties and numbers of district superintendents and conference staff on a regular basis. Right now just doesn't seem to be the best timing.

Component #4 (addressed by the Council on Finance & Administration)

“yearly present a proposed line-item, detailed budget to the Conference Covenant Council with enough time for review, scrutiny, and vote prior to being submitted to the Annual Conference”

The CF&A recommends that no action is necessary because the intent and specific request of the component has already been met. Our rationale follows.

The budget for 2022 was developed in cooperation with and with input from all of the Conference ministry teams and the Covenant Council. This year, the requested amounts resulted in a total budget of \$5,626,735, an increase over the 2021 budget of about \$66,000. The Council on Finance & Administration and the Covenant Council voted to send that budget to Annual Conference. To keep the apportionments for 2022 at the same level as 2021, CF&A voted to fund the difference of \$66,120 out of reserve funds.

Component #5 (addressed by the Team of 15)

“have Covenant Council or the Annual Conference approve all new staff positions before hiring to ensure that the vision matches the cost incurred”

It is our recommendation that no action be taken on this item at this time. The rationale follows.

In reviewing this resolution, we are trusting in the ability of the Conference office, Personnel Committee, and Council on Finance and Administration, as well as the Covenant Council to be flexible to address staffing issues that arise between Annual Conference sessions.

It is our understanding, and our sincerest hope that the policies that are currently in place are adhered to by all individuals and bodies involved, and that the intended transparency allows for complete trust in the process by all parties.

We undertook a review of the Conference Policies concerning this item.

II. EMPLOYMENT POLICIES

B. New Positions.

“New Exempt position requests must be approved by the funding agency, supervisor(s), the Conference Personnel Committee, the Council on Finance and Administration, as well as the Covenant Council or an Annual (or special) Conference of the DSC. “

We requested and reviewed comments from the resolution signers.

We did not feel the non-exempt positions were addressed clearly. When the policies are reviewed in the future we suggest the following be considered an addition.

“Non-exempt positions will be approved by the appropriate oversight committee/board and reported to the Conference Personnel Committee.”

Component #7 (addressed by the Council on Finance & Administration)

“prioritize returning conference program ministry budgets . . . to their 2019 levels and prioritize the return to full payments of global apportionments as GCFA recommends for the next quadrennium”

The CF&A recommends that no action is necessary because the intent and specific request of the component has already been met. Our rationale follows.

After the close of Annual Conference in 2020, CF&A contacted the ministry teams named in the original resolution to request they submit revised budgets for 2021. We received several requests for additional funds, all of which were granted. In some cases, the increase may not have restored the funding to 2019 levels, but each team got what they requested in their revision. The 2022 budget also includes the full amount requested from each ministry team.

Concluding Remarks

The work on this extensive resolution was done with care and thoughtful discerning, research inquiry, and prayer. This report reflects a commitment to fiscal responsibility as well as care for our diligent conference staff, but with a balanced view of how God is calling us all to always be in mission and ministry. We are called to be a people living out our faith in God’s abundance, not out of a sense of scarcity. The Desert Southwest Conference is called to live our legacy as a generous, diverse community of Christ followers.

With gratitude, the result of those who worked on the resolution is offered to the Covenant Council. We give thanks to these persons who offered leadership to the task of responding to the Resolution on behalf of the Desert Southwest Conference.

Episcopacy Committee: (Component #1)

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