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LA 1 2012 LAY AND CLERGY EQUALIZATION

BACKGROUND: The following tables provide the Standing Rule IIIA(1) analysis of the 2011 Annual Conference Membership

DISTRICT	CLERGY	LAY	RULE IIIA(1)	TOTAL RULE IIIA(1)	LAY EQUAL FACTOR
EAST	87	71	5	76	11
METRO	287	128	23	151	136
NORTH CENTRAL	186	117	8	125	61
NORTHWEST	82	63	4	67	15
TOTALS	642	379	40	419	223

STANDING RULE IIIA(1)

	EA	ME	NC	NW	TOTAL
Conference Lay Leader		1			1
Conference Leadership Team	1	2	1		4
UMM President		1			1
UMW President		1			1
Youth Organization President	1				1
District Lay Leaders	1	1	1	1	4
Young Adults under 25 yrs.	1	1	1	1	4
Council on Youth Ministry	1	1	1	1	4
Diaconal Ministers		15		1	16
Agency Chairs			4		4
TOTALS	5	23	8	4	40

	Membership 2011	% of Total	To Be Elected
East	12,138	8%	18
Metro	64,080	43%	96
North Central	59,382	39%	87
Northwest	15,155	10%	22
TOTALS	150,755	100%	223

LA 2

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: Nominations are always welcome from the floor of annual conference, but to be in compliance with the mandate that special attention be given to the inclusion of clergywomen, youth, young adults, older adults, persons from churches with small memberships, people with disabilities, and racial and ethnic persons when nominating membership on councils, boards, and agencies of the annual conference, this legislation is being offered as a means to create a clear and fair process by which nominations from the floor should be offered. [BOD ¶610.5]

Recommended Changes: (Bold=Addition, ~~Strike-through~~ = Deletion)

LEGISLATION: As it pertains to Standing Rule I.A.4.

4. *Election of Members.* Members and Chairs of the Agencies shall be nominated by the Conference Nominating Committee and elected by the Annual Conference. There shall be an opportunity for additional nominations from the floor. **When persons are nominated from the floor of the Annual Conference, the nominator will indicate which person from the Conference Nominating Committee's report is to be replaced by the nominee. Substitute nominations should be in the same category of inclusivity as the person in the Conference Nominating Committee's report. Votes on substitute nominees will be made individually prior to the vote on the full report.**

LA 3

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: Newly formed agencies and committees will need the ability to have the original members be nominated for various length terms.

Recommended Changes: (Bold=Addition, ~~Strike-through~~ = Deletion)

LEGISLATION: As it pertains to Standing Rule I.A.6.

6. *Terms.* Persons shall be nominated to serve a four year term on an Agency. No person shall be nominated for a position without previously agreeing to serve if elected. Persons elected shall begin their terms of office at the close of the Annual Conference session at which they are elected. **In the event of new agencies being formed, shorter terms may be permitted to allow for rotation of members to maintain agency continuity.**

LA 4

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: In accordance with the Judicial Council decision dated October 28, 2011, the following four committees are being reinstated and defined by name, function, connection and membership. Since the inception of the Strategic Plan in 2010, The Center for Missional Outreach assumed the responsibilities for the work of these four named committees. The Judicial Council ruled that the committees must be maintained, clearly identified and defined and the connectional relationships must be clear and obvious. Nomination and election of the members of the boards and committees of the operation agencies must be completed. Therefore, we submit the following.

Recommended Changes: (Bold=Addition, ~~Strike-through~~ = Deletion)

LEGISLATION: As it pertains to Standing Rule 1.B.1.d.

d. Center for Missional Outreach

The Center for Missional Outreach will address the priorities of ministry with the poor and improving global health.

It will also provide for the functions and maintain the connectional relationships required by *BOD* ¶632.1 (Ethnic Local Church Concerns), ¶642 (Commission on Christian Unity and Interreligious Concerns), ¶653 (Committee on Disabilities), ¶629.1 (Board of Church and Society), ¶ 633.1 (Board of Global Ministries), and ¶633.5 (Committee on Parish Community Development).

i. Board of Church and Society

The Board of Church and Society (*BOD* ¶629.1) shall be constituted and function in accordance with the *Book of Discipline* to provide for the functions of this ministry and maintain the connectional relationship between the General Board of Church and Society and the conference, district, and local church.

The Board of Church and Society shall be composed of eight members elected by the annual conference (clergy, laywomen, and laymen, with intentional effort to include clergywomen, youth, young adults, older adults, persons from churches with small memberships, people with disabilities, and racial and ethnic persons [*BOD* ¶610.5]) and, by virtue of their offices, the mission coordinator for social action of the conference United Methodist Women and member(s) of the General Board of Church and Society from the annual conference (*BOD* ¶629.2). The elected members shall serve for a quadrennium. Initially, the elected members shall be divided into two classes (four persons for a 2-year term; four persons for a 4-year term) in order to provide for the rotation of participation while maintaining board continuity. Work and funding of

the Board shall be coordinated through the Center for Missional Outreach.

The Board of Church and Society shall name a conference Peace with Justice Coordinator (*BOD* ¶629.2) and shall develop and promote programs on church and society within the bounds of the conference that include prison ministry and reform concerns. The Board may divide its membership into committees which shall cooperate with one another to advance the respective and mutual concerns of their respective areas in social education, service, witness, and action (*BOD* ¶629.3). Programs shall be developed that provide education and action on issues confronting the Church consistent with the Social Principles and the policies adopted by the General Conference (*BOD* ¶629.4), with primary attention to empowering the local church and to implement the missional priorities and focus areas of the North Texas Conference.

ii. *Committee on Ethnic Local Church Concerns*

The Committee on Ethnic Local Church Concerns shall be constituted and function in accordance with the *Book of Discipline*.

The Committee on Ethnic Local Church Concerns shall be composed of eight members elected by the annual conference (clergy, laywomen, and laymen, with the majority of the membership being representative of racial and ethnic people, reflecting the racial and ethnic constituencies and local churches of the annual conference.) Care shall be taken, where feasible, to ensure balance of membership with clergy and laity, men and women, youth and young adults (*BOD* ¶632.3). The members shall serve for a quadrennium. Initially, the elected members shall be divided into two classes (four persons for a 2-year term; four persons for a 4-year term) in order to provide for the rotation of participation while maintaining board continuity. Work and funding of the Committee shall be coordinated through the Center for Missional Outreach. Additionally, the Center for Leadership Development and the Center for New Church Development and Congregational Transformation are available to partner with the Committee in the development and implementation of the Committee's goals and priorities.

The Committee on Ethnic Local Church Concerns shall provide for (a) keeping the vision of the ethnic local church concerns before the annual conference; (b) providing guidance and resources to churches in the annual conference as they minister with and to ethnic constituencies; (c) coordinating annual conference strategies related to ethnic local church concerns, including general church emphases and initiatives; (d) providing a forum for dialogue among the ethnic constituencies, as well as with annual conference agencies; (e) providing training for annual conference and congregational leaders; (f) promoting and interpreting ethnic local church concerns to the annual conference; (g) working to identify and nurture leaders, lay and clergy, of ethnic communities (*BOD* ¶632.2); and (h) maintaining primary attention to empowering the local church to implement the missional priorities and focus areas of the North Texas Conference.

iii. *Board of Global Ministries*

The Board of Global Ministries shall maintain the connectional relationship and provide for global ministry responsibilities related to the objectives and scope of work of the General Board of Global Ministries (*BOD* ¶¶1302-1303) in accordance with the *Book of Discipline*.

The Board of Global Ministries shall be composed of twelve members elected by the annual conference (1/3 clergy, 1/3 laywomen, and 1/3 laymen), with intentional effort to include clergywomen, youth, young adults, older adults, persons from churches with small memberships, people with disabilities, and racial and ethnic persons [*BOD* ¶610.5] and, by virtue of their offices, the Mission Coordinator of Education and Interpretation of the conference United Methodist Women and member(s) of the General Board of Global Ministries from the annual conference (*BOD* ¶633.2). The elected members shall serve for a quadrennium. Initially, the elected members shall be divided into two classes (six persons for a 2-year term; six persons for a 4-year term) in order to provide for the rotation of participation while maintaining board continuity. Work and funding of the Board shall be coordinated through the Center for Missional Outreach.

The Board of Global Ministries shall designate the necessary committees, individual secretaries, coordinators, and other leaders to carry out the policies and promote all phases of the work.

iv. *Commission on Christian Unity and Interreligious Concerns*

The Commission on Christian Unity and Interreligious Concerns shall provide for the functions and maintain the connectional relationships with the General Commission on Christian Unity and Interreligious Concerns in accordance with the *Book of Discipline*.

The Commission on Christian Unity and Interreligious Concerns shall be composed of eight members elected by the annual conference [with the recommendation of two United Methodists from each district (also complying with (*BOD* ¶610.5)), one of whom shall be the district coordinator for Christian unity and interreligious concerns]. Laypersons shall be professing members of The United Methodist Church. Membership shall also include any United Methodists residing within the conference bounds who are members of the following: the General Commission on Christian Unity and Interreligious Concerns, the governing board of the National Council of the Churches of Christ in the U.S.A., the World Methodist Council, the United Methodist delegation to the most recent World Council for Churches Assembly, and the United Methodist delegation to the most recent plenary meeting of the Churches Uniting in Christ (*BOD* ¶642.2). The elected members shall serve for a quadrennium, initially, one person from each district for a 2-year term and one person from each district for a 4-year term in order to provide for the rotation of participation while maintaining board continuity. Work and funding of the Commission shall be coordinated through the Center for Missional Outreach.

LA 5

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee

BACKGROUND: Reconstitution of the Standing Rules Committee as a part of the Conference Structure.

Recommended Changes: (Bold=Addition, ~~Strike-through~~ = Deletion)

LEGISLATION: As it creates Standing Rule I.B.7.e.

The Standing Rules Committee oversees and recommends structural changes in the standing rules of the Annual Conference. The Standing Rules Committee consists of a Chair and seven members.

LA 6

PROPOSED AMENDMENTS TO THE STANDING RULES OF THE NORTH TEXAS ANNUAL CONFERENCE

FROM: Standing Rules Committee and Center for Connectional Resources

BACKGROUND: The *Book of Discipline* provides that certain persons shall be lay members to Annual Conference. According to Paragraph 32 of the 2008 *Book of Discipline*, these are:

Recommended Changes: (Bold=Addition, ~~Strike-through~~ = Deletion)

LEGISLATION: As it pertains to Standing Rule III.A.1.c.

Conference President of United Methodist Women; **Conference** President of United Methodist Men; **Conference** Lay Leader; District Lay Leaders; President of the **Conference** Council on Youth Ministries; and **one youth between the ages of twelve and eighteen and one young adult between the ages of eighteen and thirty from each district two young persons under twenty-five years of age from each district.** In addition, **Deaconesses, Home Missioners,** all Diaconal Ministers ~~who are in full-time service appointment,~~ all members of the Core Leadership Team not otherwise provided for, and all elected Chairs of Agencies of the Annual Conference not otherwise provided for are lay members of the Annual Conference with voice and vote. These persons shall be elected to the lay membership of the Annual Conference by the District Section.

LA 7**FINANCE AND ADMINISTRATION**

FROM: Council on Finance and Administration

INTRODUCTION

Even with all the financial challenges we have faced as a nation and in our local conference and congregations, the churches of the North Texas Conference had a total 2011 apportionment payout of 95.8%. We are very aware that several pastors and churches truly went the extra mile to make it happen. Congratulations and thank you for your dedication and commitment!

We celebrate that 269 out of 300 churches with apportionments paid 100%, and 45 churches made Second Mile contributions to help others. Both of these statistics are increases over last year. Your faithfulness in your stewardship as well as your generosity in helping one another in meeting this financial obligation is a powerful testimony. We especially recognize the NORTHWEST District for achieving 100% payment for the 20th year in a row as well as the EAST District for their 100% payout for the 17th year in a row! These pastors, lay leaders and District Superintendents Marvin Guier and Paul Gould are to be commended!

The total paid for apportionments was \$11,389,157 and the total paid for all benevolent causes was \$12,470,219.

While the Council recommends that local churches strive to designate at least 25% of their total annual budgets for causes beyond their churches, it is expected that apportionments will be given first claim by churches in their beyond-the-local church payments, with advance specials and other benevolences viewed as second-mile giving.

The Council continues to expect 100% payout of our apportionments and urges every church to take seriously the recommended ten-month payment plan in which 10% of the annual apportionment amount is remitted monthly. Without doubt, making monthly payments beginning in January or February is an important step in paying apportionments in full.

Paragraph 622 of the 2008 *Discipline* states that the Board of Pension and Health Benefits apportionment, the Episcopal Fund, the District Superintendents Fund, and Equitable Compensation are apportioned funds which are to be paid on the same schedule as the pastor's salary is paid. The Cabinet joins the Council in urging each church to adhere to this mandate monthly.

All churches are also encouraged to make contributions to their District Second Mile Fund. This is an important way to assist districts and the conference as a whole to achieve 100% payment of our total apportionments.

The Council and the Conference Treasurer continue to update reports in order to provide the information conference leaders and members expect in a more open and transparent way. The Council takes seriously its fiduciary responsibility and is working with conference leaders to ensure faithful and effective stewardship of conference funds.

END-OF-YEAR 2011 FINANCIAL OVERVIEW

1. 2011 was the third of three years in a row of apportionment budget decreases. While the apportionment budget for 2012 showed a slight increase of 0.3%, we are on track to see another small decrease for 2013.
2. The 2011 apportionment payout was 95.8%.
3. As planned, we spent down an additional \$491,344 of reserves to reduce apportionments and direct bill benefits premiums to the churches. This is in addition to the \$413,584 of planned spending of reserves in 2010. The target goal of the health insurance reserves is between \$1,000,000 and \$1,500,000. As of the end of 2011, we still had \$1,772,568 in our insurance reserve account.
4. In 2010, in accordance with the strategic plan adopted by the 2010 Annual Conference, \$1 million of apportionment beginning balances and reserves were transferred as “jumpstart” funds. The expenditures for each of these two agencies and their remaining balances are as follows:

	New Church Starts	Leadership Development
Beginning Balances	\$750,000	\$250,000
2011 Expensed	<u>(213,319)</u>	<u>(49,390)</u>
Ending Balances	\$536,681	\$200,610

5. The total funds held by the Conference Treasurer decreased by \$802,266 to \$8,829,500 (excluding approximately \$14 million held in trust for retiree pensions and our retiree medical liability at the General Board of Pension & Health Benefits). This is in part due to the planned spending down of reserves noted above as well as some timing nuances related to the modified cash basis method of reporting as referenced in the 2010 Financial Overview notes.
6. Detailed 2011 financial reports may be found in the Agency Reports section XIII of this Journal.

FURTHER INFORMATION

A. Fidelity Bond for Local Churches

Beginning in 2007, with the establishment of our Conference-Wide Property & Liability Insurance Program through PACT, a \$100,000 Employee Dishonesty (Crime) Bond was established to cover those persons authorized to handle funds in every church in the Annual Conference. Effective April 1, 2012, we placed our insurance coverage with McQueary, Henry, Bowles, and Troy. We continue to provide the \$100,000 Employee Dishonesty (Crime) Bond in our current insurance program.

B. Electric Aggregation Program

Electric utilities in the state of Texas were deregulated effective January 1, 2002. Deregulation offered the opportunity for the churches of the North Texas Conference to join together to purchase electricity. With the encouragement of CF&A, a group of large churches in the conference initiated an effort to secure a group contract for the purchase of electricity. All of the churches of the conference have been invited to participate in this effort. The program is now in its fifth aggregate contract and continues to be beneficial to the approximately 125 participating churches with the benefits of achieving scale, the ability to anticipate costs in budgeting, and protection against the volatility of natural gas prices and future cost increases.

An additional feature of the present contract is the inclusion of 10% renewable or “green” energy for every church, which was secured at no additional cost to the group contract. Churches may choose to increase the percentage of renewable energy for an additional cost. As reported in a

December 22, 2007 feature article in the *Dallas Morning News*: “In an apparently unprecedented move for a large religious group, United Methodist churches of North Texas have joined forces to buy ‘green’ electricity generated by windmills in the western part of the state.” Staff writer Sam Hodges went on to say, “Environmentalists say they’re unaware of another conference, diocese, synod or any other body of churches that has used its economic clout to spur nonpolluting electricity production.” This is a significant step as we try to live out our concern for the environment.

Effective January 1, 2012, we have entered into a new two year electrical aggregate contract for a negotiated rate of 5.55 cents per KWH for the majority of our churches.

C. Conference-Wide Property & Liability Insurance Program

In response to requests for help from several local churches and after a great deal of study and discussion over many years, the 2006 Annual Conference session voted to establish a conference-wide property and liability insurance program through the group captive established by GCFA known as UM PACT. State regulations governing group captives required each annual conference to provide a capital contribution to the captive.

In April of 2011, GCFA created United Methodist Insurance (UMI) as a single parent captive with the intent of providing greater insurance coverage opportunities and savings. By the end of the second quarter of 2012, UMI will assume all of the assets and liabilities of the UM PACT program and retain its risks and coverage.

Unfortunately, due to unusually high loss experience over the past few years, we experienced a premium increase of 23% over the previous year along with an increase in deductibles from a flat \$1,000 across the board to a wind and hail damage deductible of 2% per building with a cap of \$50,000 per building per occurrence on our October 1, 2011 insurance renewal with UMI. An Insurance Advisory Team (IAT) was created to negotiate this program on behalf of the churches of the North Texas conference. The IAT was a six member task force composed of experienced property and liability insurance professionals who were not current broker/agents, directors, or otherwise beneficiaries of any sort of insurance carrier so that they might act on behalf of the churches of the North Texas Conference without any conflict of interest. Over the course of the next several months, the IAT entered into negotiations with UMI over our existing insurance programs. In addition, they secured the services of a local commercial broker, MHBT, in order to obtain a competitive bid on our lines of coverage.

The IAT presented to CFA their recommendation that we move all lines of property and liability insurance coverage to MHBT. CFA voted unanimously to accept the recommendation of the IAT and to ask that this short term task force be an ongoing concern tasked with the work of review and continued negotiation of our insurance needs, reporting directly to CFA.

Because of continuing concern over the vulnerability of our churches in today’s litigious society and realizing that all of the other churches are at risk when some are without adequate coverage or limits, the Council is convinced that a mandatory conference wide program is the best way to protect all North Texas Conference churches in case of property losses or issues leading to liability claims. The Council desires to do everything possible to keep our churches out of harm’s way and to enhance our protection of ministry and mission.

D. Pre-1982 Pension Liability

The *2008 Discipline* requires the submission of an annual formal funding plan for our pre-1982 pension liability. (See Board of Pension and Health Benefits legislative items.)

E. Retiree Medical Liability

A plan to address the conference's Retiree Medical Liability was adopted by the 2002 Annual Conference session and updated by the 2006 and 2008 Annual Conference sessions. CF&A will continue to work with the conference Board of Pension and Health Benefits to prepare regular updates to this plan.

F. Salary, Benefits and Expenses for District Superintendents

As stated in the conference's Standing Rules, "the salary of a district superintendent shall be adjusted annually by the average percentage change in the base compensation of all full-time pastors appointed to serve local churches or appointments for which the conference is responsible." The amount of change called for in accordance with the policy for 2013 is a 1.85% increase, which brings the salary to \$108,221. Parsonages are provided by the districts. Utilities, travel and expenses are reimbursed by voucher.

G. 2011 Profile of Apportionments vs. Local Church Expenditures

Total apportionments accounted for 8.2% of total local church expenditures in the North Texas Conference in 2011, compared to 8.1% in 2010 and 8.1% in 2009. Total apportionments increased 0.3% in 2011, while local church operating expenses on the decimal decreased 1.2%. Total local church expenditures in 2011 decreased 3.6%.

H. Ten-Year Profile of Apportionments vs. Local Church Expenditures

An analysis of apportionments in the North Texas Conference between 2002–2011 indicates that total apportionments increased 28.2%, while local church operating expenses on the decimal increased 32%. Total local church expenditures increased 18.0% during the decade.

I. Future Profile of Apportionments vs. Local Church Income

It has been suggested that a more important comparison than apportionments vs. local church expenditures would be apportionments vs. local church income. The amount of borrowing by local churches is a concern. The Council and Conference Treasurer understand the concern and are certainly willing to begin considering this information in the future. However, it must be asked again of the churches that more care be given to the reporting of income in Table III of the statistical reports. Although we have completed seven years of using Table III, the data received to date is only beginning to appear to be reliable.

J. Accounting System Transition to Generally Accepted Accounting Principles

The Council recommended the transition of the conference books from a modified cash basis to Generally Accepted Accounting Principles (GAAP) basis take place over a two year period. Generally Accepted Auditing Standards require that financial statements be presented in accordance with GAAP in order to receive an unqualified audit opinion. GCFA has requested all annual conference reporting be done on a GAAP basis. Like many other conferences making this transition, it was determined that it would be very expensive and time consuming to restate the

previous two years of accounting on a GAAP basis, which is required for an unqualified audit opinion. The Council recommends that we begin the GAAP accounting with the January 1, 2012 balance sheet, and proceed using this format with the knowledge that we will receive qualified audit opinions for the years ending 2011 and 2012.

RECOMMENDATIONS FOR LEGISLATIVE ACTION

I. CONFERENCE TREASURER

The Council on Finance and Administration recommends Jodi S. Smith for election as the Conference Treasurer for the quadrennium.

II. AUDITOR FOR THE CONFERENCE TREASURY

The Council recommends Thomas Stephen & Company, LLP as the auditing firm for the Conference Treasury in 2012.

III. 2013 APPORTIONMENT BUDGET RECOMMENDATION

BACKGROUND:

Since 2009, CFA has worked diligently to reduce the total apportionment budget, accomplishing a total reduction of 11% over the last five years. We had decreases each year, with an essentially “flat” increase in apportionments of 0.3% for 2012. The recommended budget for 2013 includes an additional reduction of 0.6% from 2012, bringing the total apportionment budget recommendation to \$11,845,828. This reduction in apportionment dollars over the last five years translates to an additional \$1.4 million in ministry dollars available for the work of our local churches.

Once again, as promised, the Strategic Plan adopted at the 2010 Annual Conference session has not caused the apportionments to increase. We continue to realign our resources according to the priorities of our mission, as delineated in the Strategic Plan. Thus, aside from General Conference and Jurisdictional Conference apportionments, the Episcopal Area fund and the District Superintendents Fund, the 2012 recommended apportionment budget is built around the four centers: (1) the Center for Leadership Development, (2) the Center for New Church Development and Congregational Transformation, (3) the Center for Missional Outreach, and (4) the Center for Connectional Resources. As called for in the Strategic Plan, the District Administration Fund budgets come from the District Conferences. Although they are included in the total apportionment budget recommendation, they are not considered by CF&A.

The staff budgets are aligned with their respective centers and in the case of Communications with the Episcopal Area. According to NTC Standing Rule II.A.10, the District Superintendent level salaries are calculated with a 1.85% increase. Other staff salaries are calculated with an aggregate increase of 2.0% plus a benefits cost increase of 3.5%.

We began spending down the health insurance reserves two years ago to ease a one year sizable increase in health insurance premiums. We budgeted and spent approximately \$513,000 of reserves in 2011 and have budgeted an additional \$452,000 to be spent in 2012. For 2013, we are recommending further spending of the health insurance reserves of \$285,800 for CRSP and supplemental insurance payments in an effort to reach our targeted goal of \$1 to \$1.5 million in health insurance reserves by the end of 2013. As of the beginning of 2012, we still had \$1,772,568 remaining in the health insurance reserve fund.

The following other non-apportioned income related to the apportioned items is also anticipated: \$50,500 from another conference to partially fund the Justice For Our Neighbors attorney position, \$13,000 from youth events to fund CCYM staff, \$50,000 from health insurance premiums for staff, \$21,000 from a gift to the Area Office, \$10,000 from GCFA for the Episcopal Residence, \$1,500 from booths at the Ministry Mart for Annual Conference, and \$3,000 for printed copies of the Journal. Additional other non-apportioned but related income may be received during the year.

2013 Apportionment Budget Recommendation

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
GENERAL CONFERENCE (1)					
World Service Fund	1,878,476	1,770,113	1,821,700	1,801,746	
Ministerial Education Fund	634,595	575,516	604,406	618,568	
Black College Fund	253,129	240,637	241,070	246,729	
Africa University Fund	56,652	56,938	53,953	55,214	
Episcopal Fund	527,213	515,593	554,897	522,126	
General Administration Fund	204,980	195,549	208,057	217,413	
Interdenominational Coop. Fund	49,450	47,309	47,842	48,353	
TOTAL	3,604,495	3,401,655	3,531,925	3,510,149	-0.6%
JURISDICTIONAL CONFERENCE (2)					
Lydia Patterson Institute	65,268	62,995	65,268	73,244	
Mt. Sequoyah Assembly	14,877	14,337	14,877	17,515	
Jurisdiction Admin Fund	31,018	29,791	31,018	34,304	
SMU Campus Ministry (3)	8,160	7,861	8,160	9,023	
TOTAL	119,323	114,984	119,323	134,086	12.4%
ANNUAL CONFERENCE					
CENTER FOR LEADERSHIP DEVELOPMENT					
Board of Ministry (Professional Ministries)					
General	12,600	24,337	12,500	10,250	
Recruitment	1,750	200	5,000	0	
Residency	800	0	800	800	
Clergy Effectiveness	27,000	2,020	5,000	6,450	
Prep & Qual.	12,250	17,916	12,250	18,000	

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
Chaplains, Counseling, Exit	1,350	0	1,200	1,200	
Conf. Relations	300	0	0	0	
Sub-Total	56,050	44,473	36,750	36,700	
Board of Laity					
Board Expenses	3,000	4,464	5,000	7,691	
Lay Speaking Ministries	2,500	2,420	2,500	2,500	
Sub-Total	5,500	6,884	7,500	10,191	
Faith Development					
Children	10,000	279	5,000	8,000	
Youth	30,000	21,866	42,000	40,150	
Campus Ministries	451,864	410,179	455,000	457,859	
Conference Resource Center	6,200	361	0	1,000	
Bridgeport Summer Camp Prog	122,500	117,273	116,500	118,500	
Prothro SEEK Camp Program	20,000	21,883	20,000	20,000	
Sub-Total	640,564	571,841	638,500	645,509	
Texas Methodist Colleges	100,000	95,076	100,000	100,000	
Mentoring & Coaching Program	10,000	6,750	25,000	20,000	
Living, Leading and Developing Fruitfulness				12,800	
Conflict Management (CART) Team	10,000	11,322	10,000	15,000	
Equitable Compensation					
Salary Supplements	85,000	107,901	65,000	65,000	
Missional Grants	25,000	0	25,000	25,000	
Sub-Total	110,000	107,901	90,000	90,000	
Intentional Interim Pastors	10,000	38,132	22,000	40,000	
Assessment and Exit	10,000	0	10,000	5,000	

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
Emerging Ministries	10,000	0	10,000	10,000	
Center Admin. Expenses	10,000	16,423	10,000	13,500	
Staff (6)	350,000	322,219	359,450	340,000	
TOTAL	1,322,114	1,221,021	1,319,200	1,338,700	1.5%

CENTER FOR NEW CHURCH DEV. & CONG. TRANSFORMATION

New Church Development

Training	51,000	29,931	51,000	51,000	
Coaches/Consultants	31,000	19,923	31,000	31,000	
Demographics	6,500	8,200	6,500	8,500	
New Church Starts	981,659	836,574	1,108,944	931,852	
Less Budgeted Res Spending (7)	(543,859)	(706,675)	(705,037)	(578,694)	
Sub-Total	526,300	187,953	492,407	443,658	-9.9%
Congregational Transformation	68,000	98,449	68,000	68,000	0.0%
Center Admin. Expenses (5)	10,000	21,813	10,000	12,900	29.0%
Staff (6)	220,000	215,397	266,693	312,542	17.2%
TOTAL	824,300	523,612	837,100	837,100	0.0%

CENTER FOR MISSIONAL OUTREACH

Advisory Team

Team Expenses	5,000	205	5,000	1,000	
Education/Leadership Dev	3,000	1,983	6,500	4,000	
Website/Publicity	2,000	6,010	4,500	8,000	

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
Events	7,500	6,151	3,000	7,000	
Em Initiatives: Pov & Global Health	50,000	16,000	32,000	30,000	
Sub-Total	67,500	30,349	51,000	50,000	1.96%
Christianity Unity & Interreligious Concerns					
Team Expenses	750	969	1,000	1,000	
Education/Leadership Dev	2,500	3,094	2,500	2,000	
Emerging Initiatives	8,000	5,009	5,000	7,500	
Sub-Total	11,250	9,072	8,500	10,500	23.53%
Church and Society					
Team Expenses	750	969	1,000	1,000	
Education/Leadership Dev	2,500	3,094	2,500	2,000	
Emerging Initiatives			4,000	7,500	
Sub-Total	3,250	4,063	7,500	10,500	40.00%
Ethnic Local Church Concerns					
Team Expenses	750	969	1,000	1,000	
Education/Leadership Dev	2,500	3,094	2,500	2,000	
Emerging Initiatives	35,000	17,867	2,500	7,500	
Ethnic Local Church Initiatives	75,000	49,537	75,000	50,000	
Hispanic Ministry Initiatives	110,000	90,650	100,000	90,000	
Sub-Total	223,250	162,117	181,000	150,500	16.85%
Global Ministries					
Team Expenses	750	969	1,000	1,000	
Education/Leadership Dev	2,500	3,094	2,500	2,000	
Emerging Initiatives	15,000	14,100	44,000	7,500	
Global Health	7,500	4,127	0	5,000	
Global Partnership			20,000	20,000	
Disaster Response/VIM	30,750	3,052	32,450	4,000	
Immigration Legal Serv (JFON)	36,000	38,728	37,300	38,000	

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
Missionary Recruitment & Itineration	1,000	554	500	2,000	
Sub-Total	93,500	64,624	137,750	79,500	42.29%
Staff (6)	307,000	301,174	315,289	321,595	2.00%
TOTAL	705,750	571,399	701,039	622,595	11.19%

CENTER FOR CONNECTIONAL RESOURCES

Conference Administration

Adm. Agencies incl. D&O Ins.	57,500	34,938	48,500	40,500	
Adm. Office incl. IT	95,500	128,931	100,000	134,300	
Annual Conference Session	50,000	65,539	75,000	76,900	
Balloting Expenses	30,000	30,008	0	0	
Ministry Center Operations	147,500	128,495	147,500	144,750	
Ministry Center Debt Service	260,000	237,400	260,000	260,000	
Sub-Total	640,500	625,311	631,000	656,450	4.0%

Board of Pension & Health Benefits

Pensions

Past Service Funding	624,000	599,388	642,000	624,000	
CPP	0	0	0	0	
CRSP Supplement	0	36,345	0	0	
Board Expenses	12,000	11,367	12,000	13,100	
Sub-Total	636,000	647,100	654,000	637,100	-2.6%

Health Insurance Subsidies

Appointees	0	104,904	0	0	
Dependents	0	11,088	0	0	
Retirees					
Current Year Benefits	517,800	587,761	517,800	517,800	

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
Past Service Funding	784,000	753,083	784,000	784,000	
Ret. Med. For New Entrant	213,000	204,541	213,000	213,000	
Sub-Total	1,514,800	1,545,385	1,514,800	1,514,800	0.0%
Sub-Total for BOPHB	2,150,800	2,308,477	2,168,800	2,151,900	-0.8%
Moving Fund	117,000	133,305	117,000	117,000	0.0%
Camp & Retreat Center Operations					
Bridgeport Camp	90,000	81,175	90,000	90,000	
Prothro Center	100,000	94,000	100,000	100,000	
Sub-Total	190,000	175,175	190,000	190,000	0.0%
Staff (6)	572,000	515,718	587,444	587,444	0.0%
TOTAL	3,670,300	3,757,986	3,694,244	3,702,794	0.2%
EPISCOPAL AREA					
Area Office (7)	65,650	73,999	65,650	65,650	
Episcopal Residence	28,526	28,316	32,000	32,000	
Communications	222,900	188,335	247,900	210,150	
Communications Staff (6)	190,000	169,016	216,730	202,296	
TOTAL	507,076	459,666	562,280	510,096	-9.3%
DISTRICT SUPERINTENDENTS					
Base Salaries (4)	418,328	424,908	425,020	432,884	
Pensions	41,600	42,466	42,756	44,167	
Travel/Expenses	60,000	57,149	60,000	60,000	
Emergency Fund	10,000	9,823	10,000	10,000	
TOTAL	529,928	534,346	537,776	547,051	1.7%
TOTAL ANNUAL CONFERENCE	7,559,468	7,068,029	7,651,639	7,558,336	-1.2%

	2011 Budget	2011 Actual Expenses	2012 Budget	2013 Request	% Change
District Administration Funds (8)					
Metro District	151,862	146,414	154,850	165,881	
North Central District	152,427	166,501	154,429	164,660	
East District	152,171	132,810	157,166	159,016	
Northwest District	143,540	128,810	149,837	149,837	
TOTAL DIST ADMIN FUNDS	600,000	574,535	616,282	639,394	3.8%
GRAND TOTAL	11,883,286	11,159,203	11,919,169	11,841,965	-0.6%

Notes:

1. These are final numbers for General Conference Apportionments approved by Legislation enacted at the 2012 General Conference.
2. The Jurisdictional apportionments are final numbers approved by the Jurisdictional Conference at the July 2012 meeting.
3. Financial responsibility for the SMU Wesley Foundation will shift to the North Texas Conference over a period of 4 years beginning in 2014. The South Central Jurisdiction budgeted \$85,000 for SMU this year.
4. The amount of change in the DS level salary called for in the Standing Rules is 1.85%.
5. The actual expenditures reported for 2011 includes a total of ~10K insurance premiums for 2010 that were paid in 2011.
6. The staff budget requests include an aggregate increase of 2% plus a benefits cost increase of 3.5%.
7. Includes \$213,319 of Jumpstart Funds plus \$493,356 of New Church reserves.
8. Includes \$10,384 of 2010 expenses
9. As called for in the 2010 Strategic Plan, the District Administration Fund budgets come from the District Conference. Although they are included in the total apportionment budget recommendation, they are not considered by CF&A.

GUIDELINES FOR APPORTIONMENTS FOR LOCAL CHURCHES

A. Formula for Two-Part Decimal:

1/3 membership and 2/3 finance

B. Procedure for Computation of Decimal for Each Church:

The membership part is computed by dividing the total 2011 church membership of the Annual Conference (less discontinued churches and fellowships = 150,362) into the 2011

membership of each church. This becomes the church's membership decimal.

The finance part is computed by adding the amounts of the operating expenses reported paid by each church in columns 53, 54, 56–58, and 60–62 of the 2011 Statistician's Report. (No funds reported in other statistical columns are included in this computation.) This total is then divided by the Conference total of these same columns (less discontinued churches and fellowships = \$80,486,934). This becomes the local church's finance decimal.

The finance decimal is doubled. The membership decimal is added to the doubled finance decimal. This total is divided by three to become the apportionment decimal.

C. Procedure for Computation of Apportionments for Each Church:

The apportionment decimal for each church is multiplied by the Conference total of each apportionment to determine the amount that each church is asked to pay toward the apportionment.

D. Margin for Correction:

To assure that 100% of the amount of each apportionment will be distributed to the churches, no more than one quarter of one percent may be added to each apportionment when needed.

LA 8

RESOLUTION TO DESIGNATE RENTAL/HOUSING ALLOWANCES FOR RETIRED OR DISABLED CLERGYPERSONS OF THE NORTH TEXAS CONFERENCE

FROM: Board of Pension and Health Benefits

BACKGROUND: To be in compliance with Internal Revenue Service Revenue Ruling 75-22, 1975-1,49, as it relates to clergy housing, the North Texas Conference (the "Conference") adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergypersons of the Conference:

LEGISLATION: **WHEREAS**, the religious denomination known as The United Methodist Church (the "Church"), of which the North Texas Conference is a part, has in the past functioned and continues to function through Ministers of the Gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned or licensed ministers of the Church ("Clergypersons"); and

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation; and

WHEREAS, pensions or other amounts paid to active, retired and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as the appropriate organization to designate a rental/housing allowance for Clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation:

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the “*Discipline*”), which includes all such payments from the General Board of Pension and Health Benefits (“GBOPHB”), during the year 2013 by each active, retired, or disabled Clergyperson who is or was a member of the Conference or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and

THAT the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such active, retired or disabled Clergyperson’s pension or disability as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergyperson’s gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107 (2) and regulations there under to the least of: (1) the amount of the rental/housing allowance designated by the Clergyperson’s employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for such year; (2) the amount actually expended by the Clergyperson to rent or provide a home in such year; or (3) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year.

LA 9

PRE-1982 SERVICE YEAR RATE FOR 2013

FROM: Board of Pension and Health Benefits

BACKGROUND: Paragraph 1506.7 of the 2008 *Discipline* recommends that the past service annuity rate for ministerial service rendered before 1982 be not less than 1% of the Conference Average Compensation (CAC) as calculated by the General Board of Pension and Health Benefits. In 1999 the North Texas Conference adopted 1% of the Conference Average Compensation as its policy for setting the annual pre-1982 service year rate. For 2013 the CAC is \$73,184. Thus, the Board of Pension and Health Benefits recommends that 1% of that or \$732 be the past service rate for 2013.

LEGISLATION: That the pre-1982 Service Year Rate for 2013 be established at \$732 for approved service of clergy members in full connection, probationary members, associate members and local pastors of the conference.

LA 10

2012 FORMAL PRE-82 PENSION LIABILITY FUNDING PLAN

FROM: Board of Pension and Health Benefits

BACKGROUND: Paragraph 1506.8 of the 2008 *Discipline* requires the updating of a formal annual funding plan which has been approved by the Annual Conference and the General Board of Pension and Health Benefits (GBOPHB) for the conference's pre-82 pension liability.

The funding plan below is an update of the funding plan which has been in place since 1995 and was incorporated into the legislation adopted by the 2002, 2006 and 2008 Annual Conference sessions as part of our Retiree Medical Liability Funding Plan. It has been approved by GBOPHB. The valuation of this funding plan will fluctuate each year. In addition to increases or decreases in assets due to stock market fluctuation, GBOPHB actuarial changes also increase or decrease the present value of benefits due.

Believing in the spring of 2008 that the Pre-1982 Pension Liability was funded to a sufficient level to protect against the necessity of unexpected future contributions, which could be required because of market and/or demographic fluctuations, it was decided to transfer \$4.3 million from the conference's Pre-82 Pensions Deposit Account at GBOPHB to the conference's Retiree Medical Deposit Account at GBOPHB on December 31, 2008 and the Past Service Funding apportionment was switched from Pre-82 Pensions to Retiree Medical Liability in 2009 and reduced from \$1,717,649 to \$784,000. As a safeguard in the event of the need for additional funding of pre-82 pensions or for MPP annuities or for the required CRSP Defined Benefit contributions, the two previous apportionments to fund the NTC BOPHB (Board of Pensions and Insurance Subsidies) were combined beginning in 2009 to recognize that they are closely related and allow for transferring funds between the pension liability and the retiree medical liability if needed. As of 1/1/2010 there is in the North Texas Retiree Medical account an amount of \$3,784,700 designated for the Pre-82 Pension unfunded liability.

NOTE: While no contributions were required in 2009 and 2010, an additional contribution of \$1,133,912 for the Pre-82 Plan (in addition to \$355,934 for MPP Annuities and \$129,013 for CRSP – DB) was required in 2011 because of the decrease of the assets in the plan due to the market decline which began in the fall of 2008. For 2012, the additional contribution is \$500,618 for the Pre-82 Plan. For 2013, the contribution will be \$303,429. The GBOPHB granted a "CPP Holiday" with a total value of approximately \$1.8 million over three years in 2011-2013. During this "CPP Holiday" the North Texas Conference determined to shift the CPP apportionment to Past Service Funding to fund the required contributions to the Pre-82 Plan for 2011, 2012, and 2013. It is expected that there will be no additional funding required for the Pre-82 Plan beginning in 2014 assuming there are no major market declines. Beginning in 2014, the \$624,000 currently apportioned to the Pre-82 Plan will be redirected back to the funding of the CPP premium, alleviating any need for an increase in apportionments.

LEGISLATION: North Texas Annual Conference Funding Plan for Supplement One to the Clergy Retirement Security Program as of January 1, 2012.

The 2012 Past Service Rate (PSR) is \$721, or 1.0% of Conference Average Compensation (CAC). The present assumption is that the Conference intends to maintain the PSR at 1.0% of CAC. In spite of smaller increases in the CAC for the 2010 and 2011, the CAC has increased by an average of 4.5% per year over the past 40 years, and it is conservatively assumed in this plan that future PSRs will increase by an average of about 4.5% per year.

The conference will fund the benefits through annual contributions as needed from the Conference Deposit Accounts at the General Board of Pension and Health Benefits and apportionments to be designated for Supplement One (Annual Past Service Deposit) through 2021. A contribution of \$500,618 will be required for 2012.

The funding plan as of January 1, 2010 for January 1, 2012 is summarized below:

Current Plan Funding	\$21,298,287
--Supplement One Liability Assuming a PSR \$721.00	<u>(\$29,144,517)</u>
Funded Status	(\$ 7,846,517)
Funded Ratio	73%

*Assuming 7.0% interest and the RP 2000 Mortality Table

Jodi Smith
Director of Administration/Treasurer/Benefits Officer

March 13, 2012

LA 11

2013 BOPHB APPORTIONMENT BUDGET

FROM: Board of Pension and Health Benefits

BACKGROUND: The two previous apportionments to fund the work of the Board of Pension and Health Benefits (Insurance Subsidies and Board of Pensions) were combined beginning in 2009 to recognize that they are closely related and allow for transferring funds between the two areas as needed. The proposed 2013 apportionment budget request reflects the plans included in previous legislation regarding Clergy Retirement Security Plan (CRSP) funding, Pre-1982 Service Year Rate for 2013 and the 2012 Pre-82 Pension Liability and Retiree Medical Liability Funding Plans. The notes following each section of the apportionment offer further explanation.

As planned, \$36,344 from reserves was spent for pensions and \$476,618 from reserves was spent for health insurance subsidies in 2011. For 2012, it is budgeted that approximately \$252,200 from reserves will be spent for apportioned pension supplements; \$200,000 from reserves will be spent for apportioned health insurance subsidies.

At the beginning of 2012, approximately \$1.77 million remained in health insurance reserves. It is anticipated that the balance of the health insurance reserves will be about \$1.32 million at the end of 2012. The target for this fund has been between \$1–\$1.5 million (approximately \$1 million was the ending balance from the conference self-funded health insurance program upon entering the denominational program HealthFlex in 1995) so as to be able to preserve the options of the conference health insurance program. In order not to increase the apportionment budget for 2013 as CF&A desires, the budget requests below assume the further spending of approximately \$50,000

from reserves for apportioned pension supplements and \$235,800 from reserves for apportioned health insurance supplements. There are no more planned health insurance subsidies planned beginning in 2013. The projected balance of the health insurance reserves at the end of 2013 is \$1,055,000.

LEGISLATION:

PENSIONS

	Anticipated Expenses	Budget Request
Pre-1982 Years Service (Unfunded Liability)	624,000	624,000 (1)
Comprehensive Protection Plan (CPP)	0	0 (1)
CRSP Supplement	50,000	0 (2)
Operating Expenses	12,000	13,100
Sub-Total	686,000	637,100 (3)

- (1) An additional minimum contribution of approximately \$500,618 will be required in 2012 for our unfunded liability due to the decline of the assets in the plan in 2008. To offset the increase in minimum contributions for this liability caused by the market decline in 2008, GBOPHB granted a “CPP Holiday” which we are taking in 2011-2013. The amount which would have been budgeted in those years for CPP is now allocated to fund the additional minimum contribution required for the unfunded liability. This request is a slight decrease from 2011 given that the minimum contribution has decreased for 2012 and 2013.
- (2) The CRSP Supplement provides supplements for churches under the Denominational Average Compensation and covers pastors on incapacity leave and provides a small amount for uncollectable premiums. Nothing was budgeted for this in 2010, 2011 or 2012 due to a large beginning balance to spend down. The expenditure in 2009 was \$39,392, \$43,575 in 2010, and \$36,344.78 in 2011. The anticipated expense for 2013 is approximately \$50,000. Approximately the same amount is anticipated in 2014 and nothing additional is requested as it is proposed to use approximately \$50,000 from reserves for this item.
- (3) The Sub-Total is a decrease of \$18,000 or approximately 2.8% from the 2012 amount budgeted of \$654,000.

HEALTH INSURANCE SUBSIDIES

	Anticipated Expenses	Budget Request
Appointees Subsidies	80,000	0 (1)
Dependents Subsidies	15,000	0 (2)

	Anticipated Expenses	Budget Request
Retirees Medical Benefits		
Current Year Cash Basis Premium Benefits	625,000	517,800 (3)
Past Service Funding	784,000	784,000 (4)
Retiree Medical for New Entrants	213,000	213,000 (5)
Sub-Total	\$1,717,000	\$1,514,800 (6)
TOTAL	\$2,403,000	\$2,151,900 (7)

(1) \$75,543 was expended on this in 2011, and the anticipated cost in 2012 is approximately \$80,000. Approximately the same amount is anticipated in 2013, and nothing additional is requested as it is proposed to use approximately \$80,000 in available health insurance reserves for this item.

(2) \$11,088 was expended on this in 2011, and the anticipated cost in 2012 is approximately \$15,000. Approximately the same amount is anticipated in 2013, and nothing additional is requested as it is proposed to use approximately \$15,000 in available health insurance reserves for this item.

(3) \$587,761 was expended on this in 2011. The anticipated cost in 2012 is approximately \$600,000. Approximately \$605,000 is anticipated in 2013, but nothing additional is requested as it is proposed to use approximately \$85,000 from health insurance reserve funds for this item.

(4) The Retiree Medical Liability funding plan updated by the 2008 Annual Conference session shifted the Past Service Funding apportionment at this level from Pre-82 Pensions to the Retiree Medical Liability beginning in 2009 and continuing until that liability is fully funded.

(5) The Retiree Medical Liability funding plan updated by the 2008 Annual Conference session calls for this item to be frozen at \$213,000 until the Pre-82 Pension Plan and the Retiree Medical Liability are fully funded and the Past Service Funding apportionment is eliminated.

(6) The Sub-Total is no change from 2011.

(7) The TOTAL is a decrease of \$18,000 or 0.8%.

LA 12

ANNUAL CONFERENCE NOMINATIONS

FROM Conference Nominating Committee

(see green pages)

LA 13

EQUITABLE COMPENSATION ANNUAL DETERMINATION

FROM: Center for Leadership Development (CLD)

BACKGROUND: Historically, the North Texas Conference embraces the primary purpose that Equitable Compensation Pastors Funds be allocated to assist local churches in moving from part-time pastoral positions to full-time pastoral positions. These funds are meant to be transitional funds and not long-term subsidies. Some congregations have the potential to reach a sustained average worship attendance of adults to move from a part-time to a full-time pastoral position with short-term conference assistance. The time frame and benchmarks for moving from part-time to full-time should be reflected in yearly increases in worship attendance, Sunday School and small group attendance, professions of faith, those enrolled in annual confirmation classes, and annual increases in the number of individuals and families supporting the church's mission and ministry budget (operations) of the church. In essence, growing churches can move from a part-time to full-time pastoral position in three to five years. To continue receiving Equitable Compensation Funds a transitional setting congregation shall pay 100% of the annual apportionments.

The North Texas Conference also has a history of supporting missional settings where full-time pastors have been appointed to congregations not able to pay a full-time salary. Continued conversations with the pastor, congregation, District Superintendent, and Center Directors of the NTC are essential to ensure these congregations continue to be effective in reaching others, transforming lives, and sharing the gospel of Jesus Christ in word and deed. Annually, congregations in missional settings must also manifest the fruitful increases in worship attendance, small groups, professions of faith, confirmation classes, along with annual stewardship training and education. To continue receiving Equitable Compensation Funds a missional setting congregation shall pay 100% of the annual apportionments.

The Center for Leadership Development in consultation with the Bishop and the NTC Cabinet takes into consideration not only the appropriate minimum level compensation for full-time clergy of the conference but also the needs of the churches in determining whether they can afford a full-time pastor or not.

LEGISLATION: The CLD requests that Pastors Subsidies Equitable Compensation support and administrative expenses be apportioned at \$65,000 for 2013.

A. Guidelines for Conference Members and Full-Time Local Pastors

1. The Commission on Equitable Compensation requests that \$44,235 be set for the minimum equitable compensation (including base salary, utilities, amount for vouchered travel reimbursement, dependent premium payments made by the local church, dependent premium supplemental payments paid by the conference at the discretion of the District Superintendent, and other conference subsidies received, but excluding any reimbursement for Annual Conference expenses or grants to assist with the expenses to attend expected spiritual formation or continuing education events for all of the clergy members of the conference (e.g., the Clergy Retreat)) for conference members in full connection, associate members and provisional members of the North Texas Conference serving full time for 2013.

For the sixth year the same formula is being applied per the 2006 Annual Conference adopted rate at the recommendation of CF&A for changes to the District Superintendent level compensation. The percent change to the travel & utilities amount is included in the total. The amount of change for 2013 is an increase of 1.85% from \$43,432 in 2012.

2. Adjustments for years of service:

Years of Service	Equitable Compensation Amounts
0–5	\$44,235
6	44,335
7	44,435
8	44,535
9	44,635
10	44,735

3. Compensation for additional churches on a charge: Each charge with more than one church shall receive \$200 additional for the second church and \$100 each for the third through the fifth additional churches.

4. Recommendation for housing, utilities and travel expenses:

- a. Housing shall be provided in a church-owned parsonage or provided for with a monthly allowance.
- b. Utilities shall be provided with payments made by the local church or reimbursed when paid by the pastor.
- c. Travel shall be reimbursed at the IRS rate with appropriate records and documentation provided to the church.

5. Local Pastors serving full time:

Five years or less	\$39,062
Six years or more	\$39,162
Expense recommendations same as above.	

6. Deacons serving under salaried appointments in a local church:

- a. Are not eligible to receive Equitable Compensation support from the Annual Conference.
- b. Shall be granted the same minimum salary as an elder in full connection when their primary appointment is within a local church. * **

*(Judicial Council decision #807)

** (2008 *Book of Discipline*, Paragraphs 331.14, 625.4)

B. The following policies are proposed to the North Texas Annual Conference for the distribution of equitable compensation assistance in 2013:

1. A local church exists to serve, not to be served. All churches should be motivated to a larger sense of ministry. Churches whose pastors receive salary subsidy should be open to linkage with other churches in order to utilize efficiently the service of full-time conference members to reduce the need for subsidy.

2. Equitable Compensation levels can best be met when appointments are open to all ministerial members without regard to race or gender. We continue to urge every conference member to make the subject of a fully open Conference and adequately supported ministry at the local church level a matter of daily personal prayer. Only as the love of Christ dwells in us can an Annual Conference be a communion of caring persons.
3. Growth in stewardship should be achieved by all below-minimum remuneration churches. In making application for salary subsidy, District Superintendents are to provide evidence of stewardship education and growth of the church.
4. Tenure payments are designed to honor the years of service of pastors who continue for more than five years in ministry to below minimum compensation charges because of the needs of the Conference. The Bishop and the Cabinet are urged to make every effort to move pastors to above-minimum compensation charges within five years after they begin full-time service.
5. Applications for salary subsidy from Equitable Compensation are to be made by the District Superintendent on the prescribed forms.
6. The Charge Conference of any charge unable to pay the minimum salary set by the Conference shall be informed by the District Superintendent of the guidelines for receiving equitable compensation assistance. The Charge shall be informed of the amount required to bring the compensation level up to the minimum and shall be challenged to move toward the goal of full self-support at the earliest possible time. On the application for salary assistance, the District Superintendent shall certify that the charge has been duly notified. The amount of subsidy granted to a pastor shall be acknowledged annually at the Charge Conference.
7. Equitable Compensation assistance is not available to pastors serving as associate pastors or in staff positions other than pastor-in-charge. In order that such persons receive an equitable wage, however, it is recommended that local churches use Conference minimum standards as minimum guidelines to setting associate and staff salaries.
8. It is expected that the minimum housing allowance that will be paid by those churches or charges that do not provide a parsonage for their pastor will be \$12,000 per year, and requests for salary supplements where housing allowances exceed \$12,000 will not be considered.
9. Pastors who decline an appointment which would reduce or eliminate compensation support are ineligible for the Equitable Compensation tenure payment given for years of service.
10. Equitable Compensation assistance is not available for a North Texas Conference member appointed to serve in another Annual Conference, nor is it available to members of other Annual Conferences serving under appointment in the North Texas Conference.
11. There shall be no lump sum payments to persons receiving Equitable Compensation assistance unless such sums are too small for monthly payments to be made.
12. It shall be the responsibility of the pastor receiving Equitable Compensation subsidy to inform the District Superintendent of any increase in remuneration or any changes

in eligibility which occur after an application for Equitable Compensation has been approved.

EXCEPTIONAL REQUESTS BY THE CABINET:

All requests for exceptional support (assistance requested by the Cabinet in excess of the 25% maximum standard) shall be submitted in writing to the Center Director for Leadership Development and to the Center Director for Connectional Resources. The requests shall include the amount of assistance requested, length of time for assistance and reason(s) for exceptional request.

LA 14

MINISTRYSAFE SAFETY SYSTEM

FROM: Center for Leadership Development

BACKGROUND: The General Conference of The United Methodist Church, in April 1996, adopted a resolution aimed at reducing the risk of child sexual abuse in the church. The General Conference of 2008 readopted the resolution. The resolution includes the following statement: Jesus, said, “Whoever welcomes [a] child ... welcomes me” (Matthew 18:5). Children are our present and our future, our hope, our teachers, our inspiration. They are full participants in the life of the church and in the realm of God.

Jesus also said, “If any of you put a stumbling block before one of these little ones...it would be better for you if a great millstone were fastened around your neck and you were drowned in the depths of the sea” (Matthew 18:6). Our Christian faith calls us to offer hospitality and protection to the children, youth and vulnerable persons. The Social Principles of The United Methodist Church state, “children must be protected from economic, physical, emotional and sexual exploitation and abuse” (§ 162C).

Tragically, churches have not always been safe places for children, youth and vulnerable persons¹. Child sexual abuse, exploitation, and ritual abuse occur in churches, large and small, urban and rural. The problem cuts across all economic, cultural and racial lines. It is real, and it appears to be increasing. Most annual conferences can cite specific incidents of child sexual abuse and exploitation within churches. Virtually every congregation has among its members adult survivors of early sexual trauma. Such incidents are devastating to all involved: the child, the family, the local church and its leaders. Increasingly, churches are torn apart by the legal, emotional and monetary consequences of litigation following allegations of abuse.

God calls us to make our churches safe places, protecting children, youth and other vulnerable persons from sexual and ritual abuse. God calls us to create communities of faith where children, youth and adults grow safe and strong. [From The Book of Resolutions of The United Methodist Church-2008, p. 245, ¶ 3084. Copyright © 2008 by The United Methodist Publishing House.]

LEGISLATION: Be it resolved that the North Texas Annual Conference establish

¹ One definition of “vulnerable persons” is one who because of physical or mental infirmity or emotional disability or other physical, mental or emotional dysfunction may be vulnerable to maltreatment. Vulnerable persons are those who serve and can be in a position where accusations of abuse could mistakenly arise; or who have been abused either as a child or an adult.

MinistrySafe Safety System as the official resource equipping churches to develop a foundational safety system for children, youth and vulnerable persons.

Be it further resolved that the MinistrySafe abuse prevention policy will be implemented for all Conference and District Events, effective July 1, 2012 and enacted in all congregations within the geographical bounds of the North Texas Conference, effective January 1, 2013.

Be it further resolved that a MinistrySafe Task Force be created for the purpose of overseeing the implementation and establishment of procedures for MinistrySafe Awareness and Training for all staff and volunteer adult leaders of children, youth and vulnerable persons.

Be it further resolved that legislation be brought to the 2012 session of the North Texas Annual Conference requiring every local church school, daycare, Mother's Day Out and all extension ministries working with children, youth and vulnerable persons to develop, review, implement and train staff and volunteers for MinistrySafe Safety System.

And, finally, be it further resolved that this policy is adopted in the North Texas Annual Conference Standing Rules.

MINISTRYSAFE SAFETY SYSTEM FOR ALL CONFERENCE AND DISTRICT EVENTS NORTH TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

Introduction to Annual Conference Policy

OUR CALLING AND OUR MANDATE IS TO ENSURE A SAFE HAVEN FOR ALL OF GOD'S PEOPLE.

Throughout the gospels, Jesus provides teachings on providing a peaceable kingdom for all of God's people, including our most precious gifts, our children and youth (Matthew 5:9, Luke 18:15–17). The peaceable kingdom begins with sanctuary. Scriptures provide examples of how sanctuary is to be a community of protective nurture and harmony (Psalms 20:1–2, 27:4–5).

As Christians, we are called to create a protective environment in our churches. They must be holy, safe and protective communities for all of God's children, regardless of age or ability. The purpose of this policy is to address the communal responsibility of our children, youth, and vulnerable persons at all local churches, and at all District or Annual Conference sponsored events. The North Texas Annual Conference of The United Methodist Church recognizes the need to have a formal, written policy with procedures in place (1) to help prevent the opportunity for the occurrence and/or the appearance of abuse of children, youth, and vulnerable persons, (2) to help provide safeguards for workers from false accusations and/or suspicions and (3) to hold accountable all those who minister in the name of Jesus Christ.

The following policy and procedures are not based on a lack of trust in workers, but are intended to protect our preschoolers, children, youth, vulnerable persons, workers, employees, volunteers and the entire church body. Careful and confidential documentation is essential to show compliance with policies, to verify information as needed, and to have an accurate record in the case of an incident.

Scope of Annual Conference Policy

This policy and its provisions shall apply to all persons including all paid and unpaid persons, whether lay or clergy who have any direct or indirect contact with children and youth who participate in any activities or events sponsored by the North Texas Annual Conference of The United Methodist Church and/or its Districts.

This Annual Conference policy is effective as of July 1, 2012 for all Conference and District Events. The North Texas Annual Conference policy shall be applicable at all Conference and District activities. The local congregation's policy may expand the Conference policy, but may not/should not alter the minimum standards established by the Conference or those standards mandated by the State of Texas' licensures.

Supervision

An adult is defined as anyone 18 years of age or older.

A youth assistant is anyone under the age of 18 who may work with children and youth only when supervised by at least two adults over the age of 18 years. Youth assistants cannot be in charge of, nor left alone with children and youth. Background checks on youth under the age of 18 are inaccessible, so choose youth with great care. If using youth assistants, ensure the following is completed: 1) Application, 2) six-month volunteer history and 3) verify references. Also note, with using youth assistants, MinistrySafe training will need to be adapted for age-appropriateness.

To achieve compliance with the MinistrySafe policy it may be necessary to combine groups; recruit, train, and reference additional volunteers; or cancel an event. It is also strongly encouraged that there be present at least one adult who is trained and certified in First Aid and CPR.

Observation of activities in rooms is essential, whether it is done by windows, open doors, glass doors, electronic technology, etc.

All volunteers seeking to work with children, youth and vulnerable persons, shall have at least 6 months involvement in a local church or provide a written recommendation by a senior pastor or appropriate designee.

For the sake of outreach, evangelism, and family involvement in our ministries, Parents, Grandparents, and Legal Guardians who have not met these criteria may volunteer as guest, so long as 2 or more properly MinistrySafe trained staff or volunteers are on site and in charge. Any such individuals who intend to be a guest on an ongoing basis shall be subject to all MinistrySafe guidelines and screenings.

Supervision for Nursery/childcare at Conference and District events:

- There shall be a minimum of two (2) adults per room or within line of sight.
- The State of Texas Childcare Minimum Standards (http://www.dfps.state.tx.us/Child_Care) must be followed, particularly in relation to the number of adults to child ratio.

Supervision of children and youth at Conference and District events:

- Conference and District events shall observe the —“2 Adult Rule” (2 adults per classroom, 2 adults within line of sight). -OR-
- Any one-to-one mentoring or consulting shall be conducted in sight of another adult. -OR-
- Understanding that there is safety in numbers, one adult can be in contact with multiple youth (6th–12th grades) so long as they are in line of sight of other adults.

Overnight Accommodations

At events that require overnight accommodations:

- At least (2) adults are present in every room/cabin. - OR -
- When staying in a hotel, adults shall sleep in an adjoining room with the same gender of the children/youth; or if necessary for children/youth to share a room with an adult, adults

shall sleep in separate beds from children/youth so long as any one adult shall not be alone with any one child/youth.

Definitions of Abuse

Verbal Abuse—Any verbal act that humiliates degrades or threatens any child or youth.

Physical Abuse—Any act of omission or an act that endangers a person's physical or mental health. In the case of child or youth physical abuse, this definition includes any intentional physical injury caused by the individual's caretaker. Physical abuse may result from punishment that is overly punitive or inappropriate to the individual's age or condition. In addition, physical abuse may result from purposeful acts that pose serious danger to physical health of a child or youth.

Sexual Abuse—Child or youth sexual abuse is the sexual exploitation or use of same for satisfaction of sexual drives. This includes, but is not limited to: 1) incest, 2) rape, 3) prostitution, 4) romantic involvement with any participant, 5) any sexual intercourse, or sexual conduct with, or fondling of an individual enrolled as a child or youth in sponsored activities of this church, 6) sexualized behavior that communicates sexual interest and/or content.

Examples are not limited to: displaying sexually suggestive visual materials, making sexual comments or innuendo about one's own or another person's body, touching another person's body, hair or clothing, touching or rubbing oneself in the presence of another person, kissing, and sexual intercourse.

Emotional Abuse—Exposing a youth or younger child to spoken and/or unspoken violence or emotional cruelty. Emotional abuse sends a message to the youth or child that she or he is worthless, bad, unloved, and undeserving of love and care. Emotional abuse may include being locked in closets or other confining spaces, being incessantly told they are bad, or being forced to abuse alcohol or illegal drugs.

Neglect—Endangering a child or teen's health, welfare, and/or safety through negligence. It may include withholding food, medical care, affection to destroy the child or teen's sense of self-esteem and self-worth.

Ritual Abuse- Abuse in which physical, sexual, or psychological violence is inflicted on a child or youth, intentionally and in a stylized way, by someone (or multiple people) with responsibility for the victim's welfare. Typically the perpetrator appeals to some higher authority or power to justify his or her abuse. Examples of ritual abuse may include cruel treatment of animals or repetitious threats of sexual or physical violence to the youth or child victim or to people related to the victim.

Screening for Adults

Careful screening is one way to prevent the abuse of children and youth and vulnerable persons. Screening calls for a careful gathering and review of information in search of those who can provide safe and caring supervision in a safe environment. All screening shall be done in accordance with guidelines to be established by the Conference Ministry Safe Awareness and Training Task Force.

Persons having a criminal history of any of the following types of offenses shall not be allowed to serve in any ministry with children and youth:

- Child abuse, whether physical, emotional, sexual, or neglectful

- Violent offenses, including murder, rape, assault, domestic violence, etc.
- Drug related conviction within the five (5) years immediately prior to application.
- Persons having a criminal history of DUI or DWI conviction within the five (5) years immediately prior to application shall not be allowed to act as a driver.

If there are questions regarding an individual's background check or screening, due to special circumstances (acquittals, discharges, exonerations, pardons, etc.), please notify the District Superintendent or appropriate Conference Staff before making those decisions.

Training

The North Texas Annual Conference shall develop and implement training for all persons in leadership who work with children, youth and vulnerable populations at the District and Conference level. None of these persons shall, after July 1, 2012, have any direct or indirect contact with children and/or youth until they have completed the MinistrySafe Safety System. We recommend that at the beginning of each Conference/District event a review of this policy be conducted. As of January 1, 2013, all congregations shall implement this same training standard.

The MinistrySafe Safety System must be reviewed and renewed annually.

Reporting of Incidents

1. When an adult leader of an event or activity suspects that abuse or any suspected violation of the Texas Penal Code is taking or has taken place, he or she shall call 911 when needed and report the abuse to the appropriate local law enforcement agency and/or the Department of Protective and Regulatory Services (800-252-5400). The adult leader shall contact the administrator or event leader immediately, and cooperate fully with the investigation conducted by law enforcement officials or child protective services.
2. Address any needs the child or youth may have, medical or otherwise. Report to the parent(s) and/or legal guardians(s).
3. The person suspected of abuse (respondent) shall, for the safety and well-being of the children or youth, be removed with dignity from further contact with the children and youth until an appropriate investigation has taken place. The matter shall remain confidential. If the adult event leader is the respondent, then the report should be made to that person's supervisor.
4. Following the report of an incident, the adult event leader, or supervisor in charge shall speak with the alleged victim, and document the report, according to Section 5.
5. All such conversations shall be documented. Careful and confidential documentation is essential. The documentation should include the following:
 - a. The name of the adult leader observing or receiving the disclosure of abuse, including the date, time and place and any action taken by this person.
 - b. The alleged victim's name, age, and date of birth.
 - c. Any statement made by the alleged victim.
 - d. Name of the respondent, the date, time and place of any conversation or any statement made by the respondent.
 - e. Any action taken, i.e. suspension of the respondent.
 - f. Date and time of call to the appropriate agency, name of worker spoken to, content of that conversation and case number assigned.
 - g. Date and time of call to law enforcement agency, name of officer spoken to and content of that conversation.

- h. Date and time of any other contacts made regarding this incident.
6. Notify the Conference/District authorities immediately.
 7. It shall be the goal to provide supportive care to both the victim and the respondent and to restore such persons to wholeness. Supportive care can include the procedures of the criminal justice system, provisions of the current Book of Discipline, appropriate counseling referrals and continued pastoral visitation.
 8. Confirmed reports of proven incidents of abuse shall be retained in a confidential file for future screening purposes.

Media Response

The Bishop shall be informed of all investigations or allegations of abuse. If investigations or allegations of abuse should come to the attention of the media, a response shall come from the Office of the Bishop.

Do not give out any information, simply state that all inquiries will be answered through the Office of the Bishop.

OTHER INFORMATION

Appropriate Discipline

Children and youth should be made aware that appropriate behavior is expected at all events. Gentle reminders are always necessary when dealing with children and youth. When these reminders don't work, then discipline needs to move to the next step. In cases where behavior has to be addressed, designated event adults should handle it. In no case is physical discipline an appropriate measure to deal with problems. A reasonable response might include a period of "time out" for the child or youth. This should be done with necessary supervision keeping MinistrySafe guidelines in mind.

Keeping parents involved is important. They need to be kept up-to-date on their child's behavior. For serious offenses, the appropriate response will be to send the child or youth home immediately. Parents and the leaders will help make proper arrangements.

Appropriate Physical and Emotional Boundaries

Physical boundaries are most important in dealing with children and youth. Persons working with children and youth have to understand and respect those boundaries. Obviously these boundaries change as children grow older. A young child sitting in the lap of a caregiver is most appropriate, whereas an older child or youth sitting in an adult's lap would not be acceptable. Hugs and kisses from a toddler to an adult are entirely different than the same from a youth.

Emotional boundaries are also important. As a child grows older it is important for the adult to maintain appropriate boundaries in relationships. It is important for those working with children and youth to not step outside of those lines and allow the younger person to become too attached to them. It is important for the older person to be careful where conversations might lead and to steer clear of inappropriate talk. When an adult recognizes that there might be an issue with these boundaries, great space should be allowed to come between them and the child or youth in question. If that does not solve the problem, then the event leadership should address the issue.

Leader Misconduct

It is a privilege to work with youth. Great responsibility is required. Those who violate this policy shall immediately be removed from contact with children and youth and appropriate authorities

shall be notified immediately.

Spiritual Boundaries for MinistrySafe

As we seek to lead young people in the development of their faith story, it is essential that we guide them and do not manipulate their emotions. This is especially true at longer youth/children's events. The attendees may be exhausted by longer and more active days than they are accustomed to and thereby more susceptible to emotional manipulation. It is therefore necessary that, as we present the message of the Gospel of Jesus Christ and the opportunity to follow Jesus in a life-long journey, we present the invitation with "no strings-attached." We must allow each person involved to make their own decisions without stigma, coercion, or pressure in any form. As we do this faithfully, we will see more fruitful commitments in the lives of all our participants.

LA 15

MERGER OF ELMWOOD UMC AND EL BUEN SAMARITANO UMC

FROM: North Texas Conference Board of Trustees

BACKGROUND: The El Buen Samaritano UMC, a member church in the Rio Grande Conference, and the Elmwood UMC (Metro District) of the North Texas Conference are merging to become one congregation. The new congregation, Elmwood–El Buen Samaritano UMC will be housed at the current Elmwood UMC location in Dallas, Texas. Due to the transitioning neighborhood in Oak Cliff this merger is especially relevant for these two congregations. The merged congregation will be a member church of the North Texas Conference.

LEGISLATION: The North Texas Conference Board of Trustees recommends the merger of these two congregations. The El Buen Samaritano parsonage will become property of the new church and the pastor will continue to live in the home. The El Buen Samaritano church has sold their former church building. The stream of income from that sale will come to the new congregation. All assets of both congregations will be combined in the merged church.

LA 16

MERGER OF ARTHUR CITY: ST. MARK'S AND MT. ZION

FROM: North Texas Conference Board of Trustees

BACKGROUND: Because only a small number of members remained and they could not continue to support the church and provide vital ministry to the parish area, members of the Arthur City: St. Mark's UMC, East District, concluded that it is the time to merge with the Mt. Zion UMC in Paris, TX.

LEGISLATION: The North Texas Conference Board of Trustees recommends the merger of these two congregations. The Mt. Zion UMC will sell the assets of the Arthur City: St. Mark's UMC and incorporate the proceeds of the sale with their funds and property.