

PETITION
to the
2018 ROCKY MOUNTAIN ANNUAL CONFERENCE

TITLE: Phased Rollback of Connectional Giving to 10%

ACTION TO BE VOTED ON:

- 1 The Rocky Mountain Conference shall amend the Standing Rules and Operational Procedures (SROP), Section 3.2.2,
2 third full paragraph of text only, as follows, to phase in a return of the local-church Connectional Giving amount
3 (apportionment) to the traditional tithing of 10%.
- 4 For 2018, the Church Tithing Plus Mission Giving for a local church is 13% of Adjusted Gross Revenue, the
5 same as 2017. For 2019, the Church Giving amount will be 12% of Adjusted Gross Revenue. Beginning
6 in 2020 and continuing into the future, the Church Giving amount will be 10% of Adjusted Gross
7 Revenue. To continually improve equity in the practice of applying the rules in this petition all churches
8 need to comply by fully reporting Gross Revenue and the allowable exclusions monthly.

PETITION DETAILS

This petition is a

- Binding Action
 Non-Binding Resolution

Effective Date: January 1, 2019

Termination Date: December 31, 2019

Does this petition modify the Annual Conference Standing Rules and Operational Procedures (SROP)?

- Yes
 No

If "Yes," please complete the information below.

- This petition will modify Section 3.2.2
 This petition will create a new Section x.x.x

Conference Agency responsible for implementation and termination review:
Council on Finance and Administration

NOTE: All paragraph numberings within the SROP and the final designation of the Conference Agency responsible for implementation and termination review are subject to review by the Rules Committee.

ORIGINATOR OF THE PETITION (individual, church, or organization):

Name Longs Peak United Methodist Church
Address 1421 Elmhurst Drive
City, State, Zip Longmont, CO 80503
Phone 303 776 0399

PERSON TO PRESENT PETITION AT ANNUAL CONFERENCE:

Name Roger Wischart
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FINANCIAL IMPACT:

Will there be any identifiable financial impact to the Conference?

Yes
 No

If "Yes," please fill in the information below.

To Be Completed by the Originator of the Petition

Cost: As required by the Discipline, and in response to a petition passed in the 2017 Annual Conference, the Conference Committee on Finance and Administration (CF&A) commissioned a study to assess the financial impact of reducing the local-church apportionment. The Task Force commissioned by CF&A returned a report with regard to this financial impact, recommending by a, non-unanimous majority that CF&A implement such a reduction forthwith. The report from the Task Force to CF&A presents a balanced look at both sides of the issue, and is appended to this petition. The response from CF&A is presented below.

Period

One Time
 One Year
 Multiple Years

To Be Completed by Conference Council on Finance and Administration (CFA)

Review by CFA 04/20/2018

Included in proposed 2019 budget

Yes
 No

Amount if included This reduction in Connectional Giving is not included in the proposed 2019 Rocky Mountain Conference budget. If Connectional Giving is reduced to 12% in 2019, CF&A estimates that it would result in a \$270,000 reduction in the proposed \$5,400,000 budget.

May be considered for budgets in future years

Yes
 No

Projected Amount If Connectional Giving is reduced to 10% in 2020, CF&A estimates that it would result in an \$875,000 reduction in the proposed \$5,400,000 budget.

Recommendation by CFA concerning funding: This petition is not approved, on a unanimous vote by CF&A.

Reason for recommendation:

CF&A appreciates the work of the Connectional Giving Task Force, and believes it is important to continue to identify opportunities for dialogue regarding the local, national, and global ministries supported by Connectional Giving. However, we believe that it is not prudent to change our Connectional Giving formula at this time.

Our denomination is experiencing a time of significant transition, especially as we approach the 2019 General Conference session. The unknown financial impact of General Conference decisions, and of the potential new Mountain Sky Conference, are significant factors that affect our recommendation. As responsible stewards of the Rocky Mountain Conference ministry priorities, we believe there is too much uncertainty at this time to justify moving to 12% connectional giving in 2019 and 10% in 2020.

The work of the Mission Shaped Future process has solidified ministry priorities for our Conference, and emphasizes that strengthening local churches must be the focus of all ministry. We believe that our commitment to successfully implement the ministry priorities of Congregational Vitality, Community Engagement, Leadership Development, Responsible Stewardship, Communication, and Transition and Culture; will benefit all our local churches. This commitment requires that we retain the current Connectional Giving formula at this time.

CF&A commits to continue to examine the Connectional Giving formula, how it is applied, and the components of the Conference budget that are essential for making disciples of Jesus Christ for the transformation of the world. We support establishing a Connectional Giving percentage that is lower than 13% when it is feasible, in the future.

RATIONALE (Not debatable):

1 With the required study of financial impacts having been completed since the 2017 Annual Conference, this petition
2 proposes to phase in the reduction in local-church apportionments by 1% in calendar year 2019 and a further 2% in CY
3 2020, with the resultant 10% level continuing into the future. The question of financial impact has thus been asked and
4 answered (see appended Task Force report), and the 2018 Annual Conference is requested to bring the matter to a vote.
5 The rationale presented in the 2017 petition that called for the impact study remains pertinent to the current discussion
6 and is excerpted below.

7 The Annual Conference voted in 2007 to raise the local church contribution for wider missions to a level of tithe + 1%
8 (total of 11% of church revenue). This apportionment level was in place for calendar year 2008, during which time,
9 the Annual Conference approved an increase to tithe + 3%, which took effect in calendar year 2009. The “Tithe Plus
10 Mission” rate of 13% has remained in effect since then. Proportionally, this increase amounts to a 30% increase in
11 apportionments that has been assessed at the local church level for the past 8 [now 9] years.

12 The year 2008 was tumultuous in many respects from a financial standpoint, and the increase in apportionments from
13 11% to 13% was proposed as a sacrifice that was needed to get the Conference through a rough economic period. It
14 was presented and approved as a temporary measure that would be rescinded once the storm had been weathered. So,
15 although local churches and our members were hit just as hard as the Conference, we agreed to cut our own budgets to
16 help our umbrella organization get through the immediate crisis. This 30% increase in apportionments meant a
17 dollar-for-dollar decrease in support that churches could offer to local outreach and mission programs, and this
18 decrease can now be multiplied over a duration of eight [now 9] years, and counting.

19 In the 8 years [now 9 years] since 2008, no proposals have been made to roll back the Tithe Plus Mission
20 apportionment rate of 13% to the traditional tithe. [In fact, the Conference took a further step toward making the
21 "Tithe+3%" permanent by changing the title to "Connectional Giving" in January 2017.] These eight [nine] years
22 have seen declining attendance and membership in churches nationwide, and some United Methodist congregations in
23 our conference have manifested this trend to varying degrees. The 13% apportionment has thus become increasingly
24 burdensome every year to local churches, and it represents an ongoing detriment to our ability to support local
25 outreach and ministries.

26 A rollback of the temporary 30% increase in apportionments would immediately improve funding positions for local
27 missions, programming options, and physical-plant maintenance/improvements, and would ameliorate sacrifices by
28 staff, as well as other facets of local church life that have been postponed or adjusted downward for the duration of the
29 13% apportionment rate.

30 Coming from a position of having complied faithfully with the higher apportionment rate for its duration, the
31 petitioner posits that the time has come to consider a return to the traditional tithe for Connectional Giving. Such a
32 change obviously would have an impact on the finances of the Conference, but the umbrella organization cannot stand
33 indefinitely on a foundation weakened by financial hardship.

34 For additional background, the report of the Task Force to the Conference CF&A is attached.

35

ATTACHMENTS (Additional Information / Not Debatable)

Report of the Connectional Giving Task Force: Commissioned by Rocky Mountain Conference Council on Finance and Administration

Executive Summary

At the 2017 Annual Conference, Longs Peak UMC, Longmont, Co, introduced a petition asking the Council on Finance and Administration (CF&A) to study the financial effects on the Conference of reducing the connectional giving obligation of the local churches from the current 13% to 10%. The petition passed out of committee with a margin of more than 90%. Pursuant to that request, CF&A invited several individuals to serve as a Connectional Giving Task Force, being assigned to return a report of results to the CF&A.

In very round numbers, the RMC's annual budget for 2018 totals \$5.2M. A preliminary analysis indicates that lowering local church apportionments to the traditional tithe of 10% would reduce total revenue to the Conference by \$800K. That amount could be less or more, depending on the giving behavior of local churches in reaction to the reduction. An assumption of static behavior moves the revenue reduction closer to \$1M, whereas an assumption that lower-giving churches might redouble their efforts to reach the 10% goal could reduce the estimated reduction.

The Task Force met monthly and engaged in wide-ranging discussions. Topics included the purported temporary nature of the extra 3% as it was presented at the 2008 Annual Conference, the additional burden imposed by the higher rate on local churches, the overarching philosophy of the Conference / local-church relationship, and looking at the Conference budget itself to broadly assess the financial impacts of reducing revenue.

The entire issue is clouded considerably by the impending possibility of the creation of a new annual conference with the Yellowstone Conference, which would essentially re-start the entire financial system (including establishment of local-church giving).

In their February 2018 meeting, the Task Force focused on whether to recommend to the CF&A a reduction in local church apportionments. With the new conference looming, opinion on the Task Force was divided. Some advocated tabling the topic until the new conference discussion culminates, and budget needs and giving capacities can be assessed with greater degree of accuracy. Others favored lowering the Connectional Giving obligation to 10%

immediately, such that the traditional tithe would serve as the baseline going into the merger process. The vote on that day was 5 to 3 in favor of recommending the reduction to 10%, with Task Force Chairman Rev. Dennis Shaw abstaining, and also taking on the task of bringing the split result to the CF&A's next meeting.

Principles of Conference/Local-Church Relationship

Central to the discussion of the financial relationship between the Conference and the local churches that it comprises is the functional relationship. Early in the Task Force meeting series, the discussion focused central purpose of the Conference – why does it exist? It begins with the mission of the local church – to make disciples of Jesus Christ for the transformation of the world. The local church is the primary location accomplishing this mission, and all other aspirations of the greater church in service to the world must be secondary. Therefore, the central purpose for the very existence of the Conference is to serve the local churches, to further their mission in making disciples.

Given this assumption, it follows that monies flowing OUT of the local churches TO the Conference become unavailable for local churches' disciple-making efforts, and therefore, the Conference should make every effort to extract the minimum possible from the local churches' coffers.

History of "Tithe Plus"

Evolving prior to approximately 2007, the local churches' Connectional Giving was calculated by a complicated formula that involved their annual expenses, attendance figures, and other factors. That concept changed to a simple tithe based on income, which excluded many categories of donations. The 2007 and 2008 Annual Conferences voted to first create the apportionment percentage at 11%, and then revised it to 13%, respectively, in light of the financial setbacks of the nationwide recession and a misunderstanding in how the Indiana Conference had built their income model. The overall increase from 10% to 13% was presented as a temporary measure to see the Conference through a rough period, and was accepted, presumably on that assumption, by the greater body.

For the next nine years, no formal mention was made of returning the local churches' apportionments to the traditional 10% tithe, and the Conference budget was regularly predicated on the assumption of 13% contributions from those churches that were able to meet that standard. At the 2017 Annual Conference, a petition was introduced calling for the Conference CF&A to study the effects of rolling back the apportionment to 10%. Passed out of committee by a strong margin, this initiative gave rise to the CF&A creating the present Task Force. With this Discipline-required study complete, the field is open to consider reducing the local-church apportionment amount.

Estimated Financial Impact

In broad terms, the overall impact on the Annual Conference of reducing apportionments from 13% to 10% would be a reduction in revenue of \$800,000 to \$1,000,000 (against a budget for 2018 of about \$5,200,000). This estimate depends on the manner in which local churches might respond to the reduction. At present, around half of our churches are able to meet the 13% obligation. It's safe to assume that the churches currently giving more than 10% would generally reduce their Connectional Giving to 10%. The churches that currently give less than 10% may or may not strive to meet the new, lower obligation; hence the range in estimated overall financial impact.

Budget Examination

The Task Force's scope did not necessarily include looking at how the Conference budget might adjust to the income reduction being considered. However, a responsible approach to the issue seemed to beckon such an examination, and a couple of meetings included that discussion.

Of the Annual Conference's income realized from the contributions of the local churches, approximately one-third is passed up the line to the "greater church" (the General and Jurisdictional "Church"). Independent research by some Task Force members indicated an overall degree of murkiness with regard to some of the line-item contributions and how those monies are ultimately spent. An observation was made that our Annual Conference would do well to examine where our contributions are going and whether those endeavors fairly represent our members' giving philosophies. In making such inquiries, where relevant information is not readily forthcoming, the Conference may wish to advocate for better transparency on the part of the greater church.

Additional areas of the budget that might warrant further examination range from allocations for committees and initiatives that seem to enjoy considerable overlap in form and function, to re-consideration of the number and management structure of our sub-districts.

These considerations are remanded by the Task Force to the CF&A for further discussion.

Pending New Conference

The entire financial picture is subject to whatever happens with the new conference. The economic formula may change as the terms of Connectional Giving are reconciled between the two entities. In point of fact, whatever decisions are made as to church apportionments within the Rocky Mountain Conference may not be binding on the potential new Mountain Sky Conference.

The proposed reduction in apportionments was described by one Task Force member as (to paraphrase) "the best idea in a long time, at the worst possible time." This represents the point of view that discussions of specific Connectional Giving formulae within the Rocky Mountain Conference should be tabled until the post-merger financial picture starts to clear up.

The counterpoint raised within the Task Force is a desire to enter into the merger negotiations having established a local-church giving baseline at the 10% level, with an implication that future arrangements should not exceed that level.

Summary and Point of Departure

The Task Force agreed to disagree over the two overarching perspectives represented. Those members looking at the situation from the local-church perspective desire to reduce the proportion of their income that is passed along in the name of Connectional Giving. Those who experience the giving relationship from the receiving end advocate for the status quo, pending the new horizons of the potential conference merger.

The bottom line is that the Task Force recommended by a majority vote that the Conference maintain the current income-based Connectional Giving formula, with a change in the percentage amount from the current 13% to the traditional tithe of 10%.