

Re: Southwest Texas Conference

July 11, 2011

Background and Summary

The Council of Bishops commissioned the General Board of Pension and Health Benefits (GBPHB) and the General Council on Finance and Administration (GCFA) to partner in providing conferences with a Financial Advisory Consulting Team—known as FACT. Under the guidance of Bishop William Morris, FACT worked with the San Antonio Episcopal Area (SAEA) in May and June 2011, under the Southwest Texas Conference (SWTX) leadership of Bishop James Dorff; Virgilio Vazquez-Garza, assistant to the Episcopal Office; and David Seilheimer, treasurer and conference benefits officer.

After 23 interviews, research, countless e-mails and phone calls, and our first face-to-face meeting on May 25, 2011, we identified seven primary recommendations to help the SWTX not only survive but thrive. These recommendations are built upon the three critical realities identified by conference leadership during the May 25 meeting. There was consensus among conference leaders that these three primary realities need to be worked on:

1. The need to be committed to the whole mission field,
2. How best to foster change, and
3. The need to define and measure the conference's output of disciples.

We agree with those realities, and our recommendations are influenced by them. Furthermore, we found the people of the SWTX to be friendly to us, proud, active, and doing fairly well compared to much of the connection. That said, we would be less than honest if we did not state that we were surprised that some SWTX leaders seemed to only dance around the edges of their ultimate reality, which is, in our opinion, that if they remain as they are they are demographically unsustainable.

FACT believes that “demographics” need to be directly acknowledged by SWTX as a critical challenge to its sustainability. Shifting demographics represent both a challenge and an opportunity for the conference's long-term sustainability. There are two momentous forces that much of America and especially the Protestant denominations cannot avoid. The first is what Lovett Weems calls the “death tsunami” of The United Methodist Church's core members—in other words, the dying off of older, generous Church members who currently represent a large percentage of our total membership (e.g. average age in the U.S. is 35, whereas in the UMC it is 57). The second force is what we call the “demographic tsunami” (e.g., the UMC membership is 92% Caucasian, whereas the U.S. is just 66% Caucasian).

Changing demographics—particularly growth of the Hispanic population—is especially strong in the South and West. Projections show that minorities will become the majority in the United States by 2050 (e.g., more notably, from the 2010 census, 77% of the population growth in the SWTX geographic area comes from Hispanics. Furthermore, Hispanics now comprise 58% of the population within the SWTX conference boundaries; nine out of 10 new residents to Texas were non-Caucasian, of the last 1 million

This report reflects the opinions of FACT members, but not necessarily the views of their conferences or general agencies.

children added to Texas—95% were Hispanic). If the Church and SWTX don't ride this second tsunami, regrettably, they could likely be left dead in its wake.

This is a double-edged sword for our denomination. The upside is that Hispanics as a group are known to be very religious and family-oriented. The downside is that, overall, our denomination has not been effective in keeping even the small foothold that we have with these fellow disciples. *FACT believes the SAEA has a unique opportunity to embrace the latter force and not only grow the Church in the SAEA, but be an example for the other conferences in the country to learn from and then grow in their mission and ministry as well. More specifics are provided later in this report.*

Meanwhile, the SWTX conference leadership has agreed to embrace and continue to address the following recommendations in order to optimize SWTX's investment in the SAEA. This report summarizes the FACT recommendations for SWTX.

FACT's primary recommendations focus on the following areas:

1. Church Culture and Growth Opportunities
2. Conference Financial Sustainability and Other Financial Opportunities
3. Cross-Conference Initiatives with Rio Grande Conference (RGC)
4. Preparing for Unification with RGC
5. Implementing Unification with RGC
6. Sustainability of Churches
7. Clergy Opportunities (and Succession Planning)

Church Culture and Growth Opportunities

By their own account, SWTX's greatest challenge is reaching the burgeoning Hispanic population in their communities. It seems therefore that priority recommendations could deal with this largely untapped mission field. Exploring a unification with RGC will help SWTX meet this challenge. Yet, it became clear to FACT that any current ties between the conferences are minimal and sub-optimized; this observation was reinforced in pre-meeting interviews, during financial consultation, in plenary, in the breakout groups and evidenced in hallway conversations. Ignoring the 800-pound gorilla (aka, the two aforementioned tsunamis) is preventing the conferences' critically important, common identity as United Methodist disciples from emerging ("many different strengths, one mission").

FACT learned that often SWTX and RG churches do not collaborate even when in close proximity as nearly next-door neighbors. Joining ministries would result in a stronger combined church and Episcopal area. Beyond the local church level, we noticed the domain name for the SAEA is UMCSWTX.org rather than one that reflects the Episcopal area.

Building bridges between SWTX and RGC would be constructive in fostering ministry and witness. Creating a communal, public covenant in which, at a minimum, all agree to love one another even when they disagree would be in keeping with the ministry of reconciliation. Going forward, all would agree to talk, act and work together, as St. Paul teaches.

FACT believes that the people of the SWTX want to remain vital and relevant for the future. This future rests in not only providing ministries attractive to and beneficial to the Hispanics within its borders, but also seizing the opportunity to unify with the RGC to create something new—an entity that is a celebration

of the changing and diverse demographics, yet joined in our common love of the Lord. This new reality can bring Hispanics, African Americans and Asian Americans, et al side by side with Caucasians in providing ministry that spans generations and crosses the boundaries of economics. We envision this as being a conference not in ministry to a culturally diverse population, but in ministry with that same population—a ministry to one race: the human race.

Bringing two conferences, two histories and a mix of cultures together like this is not something that happens quickly. Stakeholders (clergy and laity) in every part of the SAEA and beyond will need an opportunity to be heard, to speak, to listen, and to have the opportunity to make this vision their own. Successful models for mission, ministry, fellowship, advocacy and stewardship in all settings could be examined for best practices. Creating this new body in a way that does not trample the culture of either tradition in favor of a different tradition will take careful steps. Yet we believe that journey can begin immediately— indeed, from what we heard, it has already begun.

In some cases, SWTX churches are quite successful in reaching new Caucasians, but as the population makeup continues to shift, the Caucasian mission field will become smaller and smaller. Based on statements from both conferences, some SWTX churches have also been successful—even more than RGC churches—in attracting younger Hispanics with middle incomes, for whom English is a primary language.

Existing SWTX Hispanic congregants and clergy, as well as partnerships with RGC churches and clergy, are possible foundational resources for outreach efforts toward the unreached Hispanic population.

FACT recommends that this effort could begin with careful fact-finding and analysis to understand the challenge of reaching out to the untapped growing Hispanic population. Our research suggests that one size (or shape of ministry) does not fit all.

Fact-finding will help define whether the current situation is due to SWTX churches being more comfortable growing among the folks most like themselves (thus not having formed a true commitment to ministry with Hispanics), or simply not knowing how to reach these communities (despite a sincere desire to reach out). The starting place for a course of action is different, depending on whether the first hurdle is a matter of comfort zones, commitment, application of resources, and willingness to take risks and change ... or a matter of needing strategies, models and methods that are effective and attainable.

In any case, any congregations in either RGC or SWTX that show success in growing their Hispanic constituencies could be identified and their objectives, approach, strategies and techniques could be studied (along with some of the other similar successful churches we have found across the country). It would also be important to learn why they have made Hispanic ministries a priority and how their congregations became committed to it.

Culture in some respects is like beauty—it is in the eyes of the beholder or in the mind of the person speaking. In the information received, culture appears to deal with how well we are doing with those who are like us, and yet there is some indication that culture could involve more than this. Some steps can be taken to build cultural understanding.

- SWTX could sponsor workshops or training events that encourage people to look beyond race, status, education and wealth. The General Board of Church and Society and the Commission on Religion and Race may be helpful resources.
- SWTX could seek to have training opportunities that demonstrate how one shares one's faith with others. The General Board of Discipleship may be able to assist in achieving this goal.

- SWTX and RGC could plan several celebrations that would cause people to see their commonalities rather than their differences and to move beyond their prejudgments. This could be done on a sub-district and district level.

Conference Financial Sustainability and Other Financial Opportunities

FACT recommends building additional financial reserves to bolster the conference's long-term sustainability.

The SWTX has less than \$400,000 in liquid unrestricted, undesignated net assets (also known as reserves) as of December 31, 2010. In addition, STWX has approximately \$2.5 million in designated funds that were internally restricted by the conference and have no external legal restrictions. With so many members and the community at large relying on the ministry of the conference, it would be fiscally more responsible to accumulate and maintain a greater level of reserves. The (not so) "Great Recession" that began in 2008 and still lingers in some ways further demonstrates the importance of maintaining sufficient reserves to survive and sustain operations through turbulent times. As the economy slowly improves, this is the proper time to set funds aside to increase reserves. In the event of another downturn or natural disaster, the reserves would be available for unexpected increases in expenses, increased demand for programs and ministries, and to cover decreases in funds received from the local churches.

Somewhere between 6 and 24 months of expenses would be within recommended guidelines for not-for-profit organizations. A minimum amount of recommended reserves would be approximately \$2.4M (or six months) of liquid unrestricted net assets, as compared with the total of conference ministries and conference administration of approximately \$4.8M for 2010. Conference ministries and administration are being used for this calculation since they are the expenses that will be needed for the SWTX to carry out its mission. On this basis, as of December 31, 2010, SWTX had approximately seven months of liquid unrestricted (undesignated and designated) net assets. FACT recommends that the level of reserves could be improved even when considering both sources of funds (undesignated and designated).

A five-year strategic financial plan could be created for SWTX to better document future trends in apportionments and other income streams, and to identify the funds available for programs and administrative expenses over the long term, as well as the accumulation of needed reserves.

Also, a formal reserves policy could be created that supports that mission and ministry of SWTX, and documents the amount of reserves to be maintained (both undesignated and designated) and how designated funds can become undesignated as needed. The policy would be linked to the annual budgeting process (including capital expenditures), as well as the five-year strategic planning process. The policy and planning would be monitored by SWTX Council on Finance and Administration. This policy and plan would then be publicized across SWTX to clearly show why SWTX needs reserves and why specific funds have been placed in reserves.

In conjunction with planning to increase its reserves, SWTX could also review its long-term liabilities—a line of credit (\$500K with approximately \$230K in borrowings as of December 31, 2010, maturing August 7, 2023) and a note payable (approximately \$202K in borrowings as of December 31, 2010, maturing January 7, 2022). Both of these liabilities are owed to the Texas Methodist Foundation. It is a worthwhile consideration to pay off these debts first before SWTX begins building up reserves to help minimize interest payments on the large debt load. The SWTX paid approximately \$16K and \$26K in interest in 2010 and 2009, respectively.

Another area for review would be to examine the current policy of purchasing automobiles for the cabinet. Most other conferences throughout the Church do not provide vehicles. Leasing autos or providing mileage reimbursement for business usage may be a more cost-effective option and may free up funds for additional ministries and programs. Adjusting staffing levels to be more on par with other conferences with similar geography and membership may be another opportunity for improved fiscal sustainability.

Also, SWTX could evaluate the appropriateness of its allocation of liquid assets [unrestricted and restricted in cash and cash equivalents (approximately \$4M as of December 31, 2010 in secured [FDIC] and unsecured accounts)]. These investment vehicles, while safe, may not provide the returns needed to keep pace with inflation. Funds may be invested over a longer time horizon to achieve better returns.

Cross-Conference Initiatives with RGC

We see many opportunities for synergies between SWTX and RGC. Through interviews and discussions, it became very evident to FACT through the preliminary interviews and the two conducted sessions that the RGC is in need of many resources, yet at the same time has many resources to offer the Episcopal area. On the other hand, the SWTX has significant resources in many areas, yet has weaker resources in other areas that could be addressed through internal analysis; SWTX also can look to RGC to support some of its needs and desired future strategy.

Surprisingly, and frankly sadly, there appears to be very little interaction and discussion between most of the conferences' leaders, with some exceptions at some local levels. While a unification decision is required to formalize long-term solutions, joint discussions and analysis could certainly take place in regard to communications, connective ministry, pension and health benefits (RGC's pension is very well-funded with its pension reserve), corresponding funding and resource levels, property management and insurance, to name a few. Regularly scheduled sessions with the SWTX treasurer and RGC CBO and treasurer could be held to develop a mutual understanding of the specifics in each conference. We would expect that these more frequent discussions alone would begin the process of working together more effectively and resolving problems jointly. Additionally, Bishop Dorff and the two groups could help provide leadership in approaching the four other conferences that contain the remaining RGC churches in the SWTX area. A mutual and consistent message and approach are needed as the "circle continues to expand."

A catalogued list of needs and available resources could be developed for both conferences, beginning with assessment of services currently provided. After prioritizing, a small group can review each significant need. Certainly, the concept of shared ministry and clergy oversight and support are areas that could be included as a priority. Analysis of the needs of individual churches across both conferences could be reviewed to determine resources needed, what is working and what is not across the two conferences. Specifically looking at what services are provided and available within the Conference Staff offices are a logical place to start.

While recognizing the true long-term solutions may rest on unification decisions, the process of starting to work together and share some resources for the betterment of both conferences and the inclusion of the other affected conferences can and could start long before finalizing unification issues.

SWTX could take advantage of being one Episcopal area and Bishop Dorff could begin to meet with the cabinets as an area cabinet, and even assign district superintendents for area responsibilities (as Bishop Elaine Stanovsky has done in the Denver Area). Conference committees can begin to meet as area committees, which makes the transition more gradual and natural.

Potentially, a four-year step plan for RGC could bring that conference to the SWTX minimum salary by 2016. Ideally, all salaries would be self-sustainable (within the local church or place of worship if a church is not affordable); as subsidies are not guaranteed to last, they have a tendency to generate more subsidization and are contrary to the innate desire and pride of being independent and able to care for oneself.

In addition to the treasurers and CBOs, initiate regular meetings of the RGC and SWTX conference staff located at the SA Conference Center to review and share common issues and concerns for both conferences. Each conference would benefit from getting acquainted with the language and customs of each conference; exploring intentional meetings, training and retreats to share each conference's ways of getting things accomplished.

Health coverage is another area of potential disparity between the two conferences. We recommend redesigning the SWTX conference health and benefits plan to include RGC participants located within the bounds of the SWTX Conference. This redesign can be done jointly with RGC. RGC would pay for the premiums of the RGC plan participants. Also, together with the RGC, redesign the SWTX property and liability insurance plan to include RGC churches located within the bounds of the SWTX conference.

Preparing for Unification with RGC

A conference unification is a major undertaking in any instance. For SWTX and RGC, combining the two conferences is further complicated by the location of a number of RGC churches within the geography of conferences other than Southwest Texas. A key question with a joining of RGC and SWTX is whether the RGC churches within the boundaries of these other conferences (approximately 34 of the 84 total RGC churches) will become part of those conferences or be part of the new combined conference. FACT recommends that churches physically outside of the SWTX borders join the conferences in which they reside geographically. This makes the most sense from an administrative standpoint, and more importantly allows those churches to positively influence other conferences. (In a few exceptions, it may make sense for the SAEA to expand to retain these local churches.)

Accordingly, an early step toward preparation for joining RGC and SWTX would be conversations with leadership of annual conferences beyond the SAEA about the RGC churches within their geographic bounds becoming part of those conferences. The positions of these other annual conferences regarding RGC churches in their geographies becoming part of those conferences will inform how the work goes forward and the South Central Jurisdiction's proposal for action.

If the RGC churches outside SWTX boundaries become part of the conferences in whose boundaries they are located, a further question arises concerning the conference membership of clergy serving those churches. Two options are readily apparent:

- The RGC pastors could transfer to the conferences in whose boundaries the churches they are serving are located. (This would be the only option for licensed local pastors.)
- For ordained clergy, the pastors could hold membership in the new combined conference and continue to serve their present congregations under ¶346.1, as clergy from other annual conferences.

The question could be handled through a combination of these two approaches, if that proved most satisfactory for all the clergy and conferences involved. However, any implications of some clergy transferring and others serving in ¶346.1 appointments would need to be carefully examined.

Additional preparation steps for uniting RGC and SWTX would likely include:

- Agree on a plausible timeframe. Since any unification or realignment requires approval of the jurisdictional conference, the opportunity for authorizing a unification occurs only every four years. If unification can be expected to strengthen both of the existing conferences, FACT recommends seeking action by the 2012 Jurisdictional Conference rather than waiting until 2016. Meanwhile, we recommend that SWTX and RGC begin unifying where able, by building bridges and synergies as described above.
- Based on conversations with neighboring conferences as described above, prepare the aforementioned request for conference unification and realignments for the 2012 SCJ Conference. This request could allow for flexible implementation date(s), to allow the work to occur in phases or over time.
- Develop a vision and mission for the new conference. Critical measures for subsequent decisions could be “Does this align with our vision?” and “Does this help achieve our mission?”
- To fulfill requirements of *Discipline* ¶1509, all conferences involved in proposed realignment or combination could elect Joint Distributing Committee members at their 2012 annual conference sessions.
- Identify the key areas of difference or variation between the two existing conferences, including matters either that will need to be resolved with a common approach or that could intentionally be continued with the present differences or separations for at least the near term. A partial list of these matters might include:
 - Minimum salaries: salary level and which elements of clergy remuneration are included/excluded
 - Conference health plans: clergy health insurance coverage, policies, premium sources and cost-sharing with plan participants
 - Effect on and resulting impact of combined Conference Average Compensation (CAC): Comprehensive Protection Plan (CPP) eligibility plus any other items pegged to CAC
 - Parsonage standards and guidelines
 - Local church property, liability and other insurance
 - Apportionment formula
 - What is apportioned versus what is billed to churches
 - Retiree benefits
 - Health insurance
 - Pre-82
 - Other
 - Clergy moving expense policies, practices and amounts
- Formulate a plan for new conference structure and leadership that will engage leaders of SWTX and RGC conferences and build their ownership in the new conference while minimizing feelings of disfranchisement or devaluation—to the extent possible without sacrificing attainment of the mission and living into the vision.

- In the ensuing months, seek joint efforts or shared responsibilities between the two conferences, to allow RGC and SWTX personnel to begin working together. Such partnerships might include:
 - Superintending of RGC churches and pastors by the SWTX DSs within whose districts those churches are located (recommended separately)
 - Participation of RGC clergy in SWTX district clergy meetings for the districts in which the RGC clergy reside (until the supervisory issue has been resolved on a permanent basis)
 - Training events
 - Mission outreach projects
 - Publications and other communications such as conference electronic or printed newsletters or newspapers, ideally created in both Spanish and English
 - Meetings of conference boards, commissions or agencies
- Hold listening sessions across both conferences to:
 - Raise awareness about current realities, trends and projections for the future if no change occurs,
 - Share the vision and mission of a new consolidated conference and the potential for how creating a new conference can help:
 - reverse declining trends,
 - build on current strengths of each conference,
 - provide energy and momentum to make needed changes and innovations
 - Hear the concerns, questions and aspirations of church members and pastors.

Whether to hold combined listening sessions (persons from both conferences together) or separate sessions by conference could be considered thoroughly. Combined sessions might help foster mutual understanding of all perspectives and concerns, but separate sessions might engender more candor and freedom in giving input.

Having MARCHA and the General Commission on Religion and Race (GCORR) involved and working with existing RGC churches will be helpful, as would involving the SWTX conference churches of color. MARCHA and the GCORR can also be available to observe joint gatherings and provide assessment on how balanced or equitable the discussions in those meetings evolve. Conference CORRs or whatever conference structures care for religion and race matters could also be actively involved.

Implementing Unification with RGC

Based upon the comments of leaders from both conferences and our review of financial and demographic data for both conferences, we believe that neither the RGC nor the SWTX are currently sustainable in the long term.

Financial data clearly indicates that the RGC conference has little more than a quadrennium to either radically decrease its connectional ministries or find new partners with whom to engage in ministry.

Although SWTX's current financial picture is fairly strong, demographic data indicates that SWTX must take action to better reflect the area's demographic trends or face severe financial challenges in the future.

It is clear to FACT that combining the missional strength of the RGC with the financial strength of the SWTX would create tremendous synergies and opportunities for exciting new ministry. Due to the financial and demographic challenges facing the current conferences, we believe a redrawing of boundaries and unification of the SWTX and RGC churches located within the boundaries of the SWTX could occur no later than January 1, 2016.

A joining of RGC and SWTX poses significant and unique challenges. Due to the differences in the numerical presence, geographic size and financial strength of the conferences, this unification would be unlike any amalgamation attempted since at least the dissolution of the Central Jurisdiction and its annual conferences in the late 1960s and early 1970s. In short, although some wisdom and insights can be drawn from recent conference unifications, many of the challenges that face *this* unification would be unique to the SAEA. Despite their shared commitment to The United Methodist Church and its mission, challenges to a conference unification include:

- Little current sharing of ministry or leadership between the conferences
- Significant differences in history, culture and styles of leadership in the two conferences
- Significant imbalances in geographic size, membership and financial strength
- Wide disparities in compensation levels for pastors in the two conferences
- Need to strengthen RGC churches outside the boundaries of Southwest Texas

There are certainly other issues and challenges the conferences will face in addition to these—many of which will only become evident as the unification process begins. What is clear, however, is the need to begin this process in earnest as quickly as possible, with special attention paid to how a new conference can develop a new culture of leadership and ministry that honors the history of its predecessors without becoming overburdened by an organizational tendency to rely upon old, outmoded practices and habits.

With this in mind, we believe the two conferences could begin working as one conference before taking the steps toward official unification. That process could include joint sessions of conference boards and committees, the sharing of conference staff and district superintendents, and the sharing of financial resources and liabilities in the years prior to a 2016 union.

Providing assistance for all to personally manage this transition of consolidation would be very helpful. William Bridges & Associates is one such provider (<http://wmbridges.com/>). A member of FACT also has experience in this regard and is willing to assist the SAEA.

FACT recommends performing a cost/benefit study to understand the hard and soft costs and benefits associated with a unification of SWTX with RGC. Examples or potential savings include: going from two conference treasurers to one; one less office lease (Alice, TX), one conference financial statement audit, etc. All current conference staff positions could be evaluated as to their new functionality within a unified organization.

Here is a suggested timeline for the process:

Summer 2011 – In partnership with RGC, jointly commit to the unification, and prayerfully ask the Holy Spirit for guidance throughout.

Fall 2011 – Establish a unification task force, nominated by the bishop, to begin holding listening sessions. The task force should include fair representation from both conferences.

January 2012 – Conference boards and agencies conduct introductory meetings in joint session. This is especially necessary for the boards of ordained ministry, pensions and trustees, the councils on finance and administration, connectional tables (or equivalent), and equitable compensation commissions.

June 2012 – Both conferences consider and approve a petition to the 2012 SCJ Conference to realign the boundaries of the RGC and SWTX conferences as of January 1, 2016, to include the unification of the RGC churches located within the SWTX Conference boundaries, as well as the unification of RGC churches outside of SWTX boundaries with the other conferences in which they geographically reside.

July 2012 – The SCJ Conference approves the unification proposal.

Fall 2012 – Conference boards and committees meet only in joint session.

June 2013 – Conferences elect or hire joint staff leaders, particularly in the offices of treasurer, benefits officer and director of connectional ministries (or equivalent).

July 2013 – Conferences begin sharing district superintendents, with one DS for RGC appointed specifically to work on transitioning churches outside of the SWTX boundaries to more fully engage with the ministries of the other conference and Episcopal leader in their area.

Fall 2013 – A network of existing RGC churches is formed to provide for the optimization of Hispanic ministry in all areas where RGC churches are created. This network could serve as a grassroots organization of the clergy and lay leaders of the conference, to allow them opportunity to express their hopes and concerns to leaders in other conferences, particularly outside the boundaries of the SWTX. It is also recommended that this group have a close relationship with MARCHA and the General Commission on Religion and Race.

June 2014 – Conferences meet in joint session for the first time. A uniform minimum salary and common fund for equitable compensation are established. Church leaders are trained on a process for devising shared ministry strategies and goals for their community, regardless of conference. Districts are officially realigned.

Fall 2014 – Churches work on shared ministry strategies for their communities. Preliminary proposals are due to the DS by December 1.

December 2014 – Any clergy members of the RGC conference requesting transfer to a conference other than the new one are identified.

Spring 2015 – Churches meet in joint special charge conferences to approve shared ministry strategies for their communities. Pastors are appointed within unified conference boundaries for the first time. Churches outside the boundaries of the new conference are still appointed by the SAEA bishop, but based upon the recommendation of the other bishop with oversight in that area.

June 2015 – Final plan of consolidation approved by the conferences, effective January 1, 2016. All RGC clergy are transferred to another conference, if they have requested it.

January 2016 – “The New Rio Grande Conference”—paying homage to both SWTX’s original name and the old RGC, as well as *new* found hope for the area it serves—is officially created (though hopefully all will have worked as one long before this formal date).

By church standards, this timeline is fairly aggressive and is frontloaded with many of the most challenging steps occurring long before the actual date of unification. Such an aggressive approach is intended to provide some “wiggle room” in case specific areas require more time to resolve. As cultural change is far

more challenging than structural change, we believe that it is of utmost importance that the leadership of both conferences begin leading together long before the final plan of consolidation is devised.

Sustainability of Churches

FACT recommends that conference leadership reviews all churches to determine whether or not they are self-sustainable for the future. Criteria could be established to ensure a fair and objective evaluation. This would include review of church properties that are unused or underutilized, and exploration of options for selling churches that do not become self-sustainable, and using the proceeds for other ministry—including growth elsewhere in the conference.

As the population moves from rural to urban areas, the viability of smaller churches must be considered. The rising cost of facility operations and maintenance, along with health care and pension benefits, etc. can make the affordability of a full-time pastor out of reach for many churches. For some small churches, even sharing the costs with another congregation is not possible. In addition, connectional responsibilities (apportionments obligations) in many of these small churches are not being met. Ultimately, all organizations must live within their means or face extinction. Local churches are no exception.

The annual conference needs to consider a plan of action for all churches that are not financially sustainable in their current situation. Such a plan must take into account not only the financial realities but the need of the Church as a whole to provide ministry in urban and rural areas as part of our mission. This could mean yoking with another congregation, going on a circuit with another congregation, reducing pastoral support (i.e., going from full time to half time), and support from the conference as a strategic mission location or closure. Criteria in determining this would include, but not be limited to: economic conditions of the geographic area and trends in statistical information (i.e., worship attendance, professions of faith, missional outreach). *The Book of Discipline* offers a process for this kind of assessment in ¶212 and ¶213.

Any criteria established and churches evaluated could be in conjunction with the RGC. This would increase opportunities for shared ministry among these smaller churches (in both conferences), as well as have a set standard for evaluation across conferences in the event of a unification.

Clergy Opportunities

An overall evaluation of clergy supply/demand must be undertaken. First it needs to be determined how many clergy are truly needed given the current membership and hopefully future membership. A determination needs to be made regarding how many clergy will be retiring in the next five years and if there are new candidates/probationary members or local pastors to fill the needs. Some of this data was recently collected and shared with Bishop Dorff.

FACT recommends initiating discussions with RGC to engage in shared ministry and develop criteria for cross-conference appointments (going both ways). Recommendations regarding cross-racial/cross-ethnic appointments by both annual conferences include:

- The two cabinets could evaluate how to best accomplish this task with the understanding that this would mean that people would be appointed according to their skills.
- The area cabinets could learn to speak Spanish and develop models for learning English and Spanish across the entire area.

- The Commission on Religion and Race may be able to help in this process.
- Appointments could be made involving Caucasian pastors serving Hispanic churches and Hispanic pastors serving Caucasian churches.

In addition, the overall health and well-being of clergy must be addressed. The Church Systems Task Force (CSTF) jointly convened by the General Board of Pension and Health Benefits and the General Board of Higher Education and Ministry, has released the final report on the impact of the employment systems of the Church on clergy physical, emotional, spiritual, social and financial health. It would serve the conference well to review (in detail) the recommendations of this report. The task force's recommendations are:

- *More help for those entering licensed or ordained ministry:* Stronger screening of candidates for ministry, standardization and strengthening of the residency program during the provisional period, and providing a provision for a career-long mentor, apart from the district superintendent.
- *Guidelines for healthy work/life balance:* Champion and monitor clergy health and wellness, promoting annual (regional) conference resources, and providing support to clergy, spouses and families.
- *Changes to itinerancy and appointment-making:* Use longer-tenure appointments to mitigate the stress on clergy and, by extension, stress on the connection; encourage use of interim appointments.
- *A redefinition of district superintendent's role:* Prioritize the district superintendent's supervisory role as someone who proactively coaches, provides feedback, and embodies and intentionally monitors clergy wellness.
- *Help for those exiting ordained ministry:* Providing career counseling, temporary health coverage and assistance with final moving expenses for clergy who no longer feel God's call to ordained ministry to make "a grace-filled exit." Staying in a vocation when it is no longer life-giving is detrimental to clergy health. It will be critical to ensure that this program for exiting ministry is not misused or abused.
 - The Voluntary Transition Program would begin in 2013 and sunset December 31, 2020. The program would be a shared responsibility between the annual conference and GBPHB, with the annual conference paying the health continuation coverage and the final move expenses.
 - Clergy accepting the Voluntary Transition Program must: be in full connection and in good standing; have served five or more years, but not be within two years of eligibility for retirement benefits (under ¶358.2 (b) or (c)); have agreement from conference leadership (i.e., DS, BOM, bishop) following a consultation and leadership review; surrender credentials (thereby severing the relationship with associated annual conference); and sign the Voluntary Transition Program agreement.

Some of these recommendations can be implemented immediately, including better mentoring of those in the provisional period, promotion of wellness programs for all clergy, encouragement of participation of covenant groups for all clergy and/or finding clergy mentors or accountability partners for those who need it, consideration of interim appointments, training of Staff-Parish Relations Committees to help them better understand the needs of clergy and their families, district superintendent training on monitoring clergy wellness, and discussions with those clergy who may feel the need from a "grace-filled exit" from the ministry.

As a final opportunity, FACT recommends establishing a succession plan for all key conference personnel (i.e. David Seilheimer, et al). Consider models used by other areas that share a bishop in order to consider sharing staff positions or even conferences that have recently unified or are in the process of unifying. Succession planning is not just about planned retirements, but also unplanned losses of personnel. Succession planning involves knowledge transfer and helps build excellent talent.

In Closing...

It is critically important for all to know that in order to truly achieve a successful unification, each conference needs to honor its traditions and strengths that make this unification advantageous. However, maintaining the status quo in behavior and attitudes throughout this unification will not deliver the desired results. Going forward, a paradigm shift throughout the SAEA in behavior and attitudes is required; that is, “open hearts, minds and doors” to one another’s strengths and perspectives will allow the unification synergies to be fully captured and lasting.

In this report, FACT has taken many of the SWTX findings and condensed them accordingly. As the SWTX members embrace the recommendations, come to own them and work to realize them, FACT will continue to partner with SWTX to provide additional information, counsel and support as appropriate.

FACT looks forward to continuing our partnership and helping to ultimately strengthen the SWTX churches and members. Combining with the RGC, “the power of two, working as one” will create synergies for the long-term sustainability of the SAEA, as well as be a model of growth and vitality for the denomination!

Respectfully submitted for the long-term vitality of the SAEA, by helping to build disciples of Jesus Christ for the transformation to the world,

FACT Members:

Bishop William Morris (retired)

<p>GBPHB Brian Berg Dale Jones Tim Koch Ross Lundstrom Paula Whitbeck</p>	<p>Lake Junaluska/SEJ</p>	<p>GCFA Scott Brewer John Southwick Pat Youngquist</p> <p>Raul Alegria</p> <p>UMCOM Ken Sloan</p>
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