



Conference Forum—March 2021



**Wespath**

BENEFITS | INVESTMENTS

**UMC  
SUPPORT**

# Conference Leadership Survey Results

# Our Survey Journey

**Goal:** Understand impacts of pandemic and delayed GC on local church, annual conference, benefit plan and apportionment sustainability

- **Early pandemic—assumed “short-term”**
  - Concerns: ability to conduct worship, collections, fund benefits
- **Mid-summer—recognized pandemic impact was much longer and far-reaching**
  - Churches nimbly adapted to online, clergy stress and well-being
  - Conferences, Wespath and U.S. government eased financial strain
  - General Church apportionments drastically reduced, Episcopal Fund at greater risk
- **Longer-term**
  - Church viability remains largely intact
    - But concerns with ministry, staffing and church closures appear consistently
  - Vast majority of annual conferences and local churches intend to remain UMC

# Highlights—Most Recent Survey (Mid-February)

**71 respondents** from  
**46 conferences**  
Bishops invited to  
participate—first time  
Survey timing: **prior to**  
GC postponement to  
**2022 Survey #3** builds  
upon themes from  
prior surveys

## Common reasons for concern (financial impact)

- Ability for conference ministries to continue
- Cutting staff to level that impacts ministry and services
- Number of church closures
- Annual conference apportionment revenue
- Direct billing revenue

- **Benefit Relief:** many not providing
- **PPP loans:** many not applying for Second Draw loan

# Key Perspectives

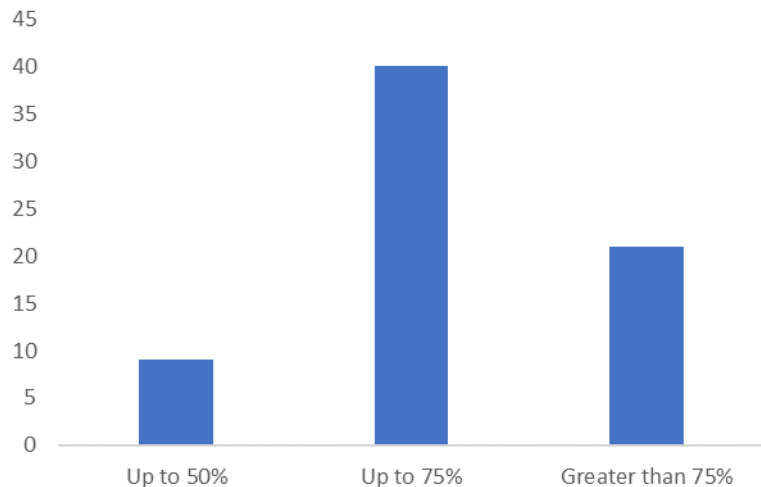
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- **Churches remain financially viable**
  - Most conferences have slight worries related to long-term financial health
  - Most conference funding derived from healthy local churches
  - Reserve utilization low but reserves being used consistently
- **Most conferences expressed desire to remain**
  - Most expect small percentage of churches to differ from choice conference makes
  - Most have processes in place and are using or have used to manage disaffiliation

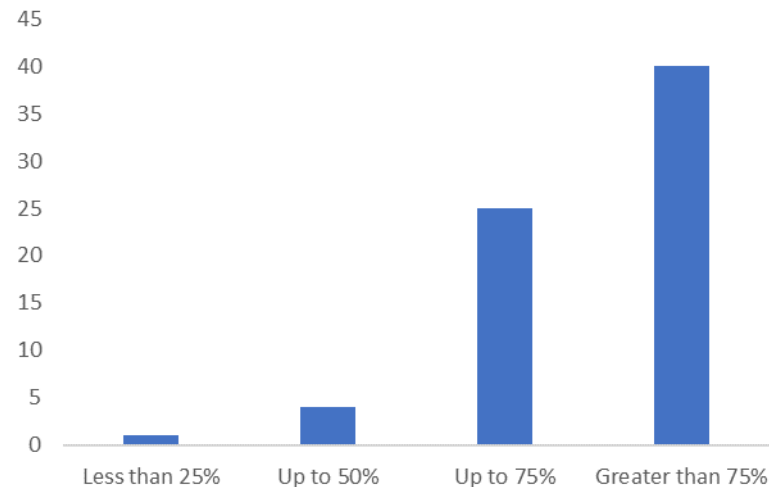
# Local Churches' Financial Viability



### Percent of Churches Assumed Financially Viable



### Percentage of Conference Revenues from Financially Viable Churches



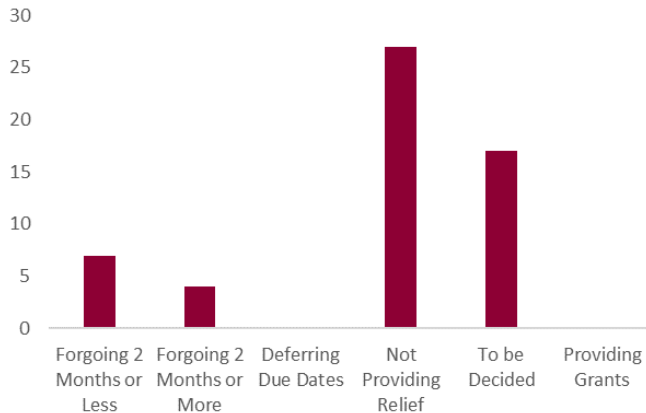
Financial viability remains high for churches, with those churches remaining key source of revenue

# COVID-19 Impacts on Benefit Planning

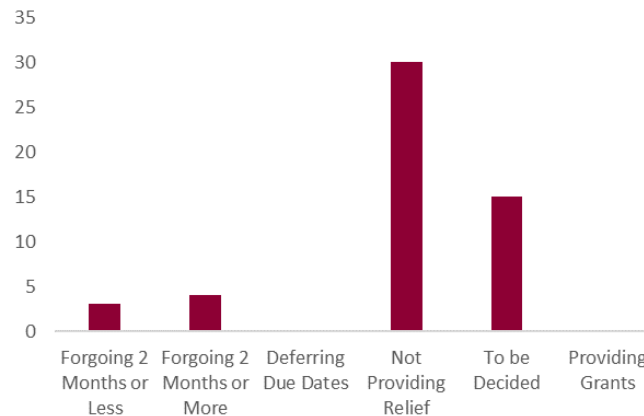


## Conference “Relief” and COVID-19 Related Activity

### Pension, Retirement, and Death and Disability (CRSP and CPP) Contributions



### Health Care Premiums



#### Benefit Relief: Not Providing

- **49%** of respondents: *no relief* for pension, retirement, and death and disability (CRSP and CPP\*) contributions
- **58%** of respondents: *no relief* for health care premiums

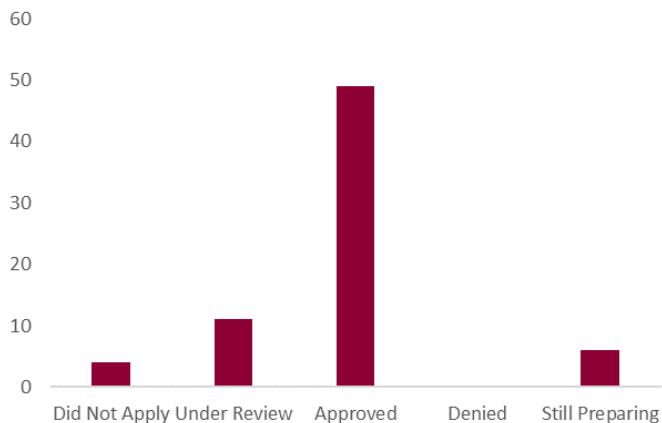
\* **CRSP:** Clergy Retirement Security Program    **CPP:** Comprehensive Protection Plan

# PPP Loans

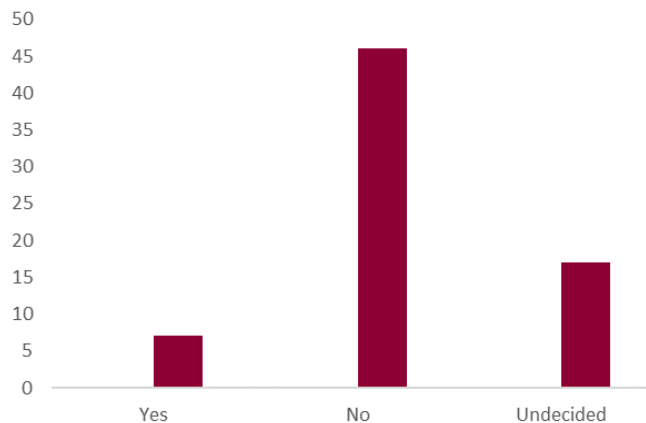
Conference “Relief” and COVID-19 Related Activity



### Status of First Draw PPP Loan Forgiveness



### Plan to Apply for Second Draw PPP Loan



### PPP Loans

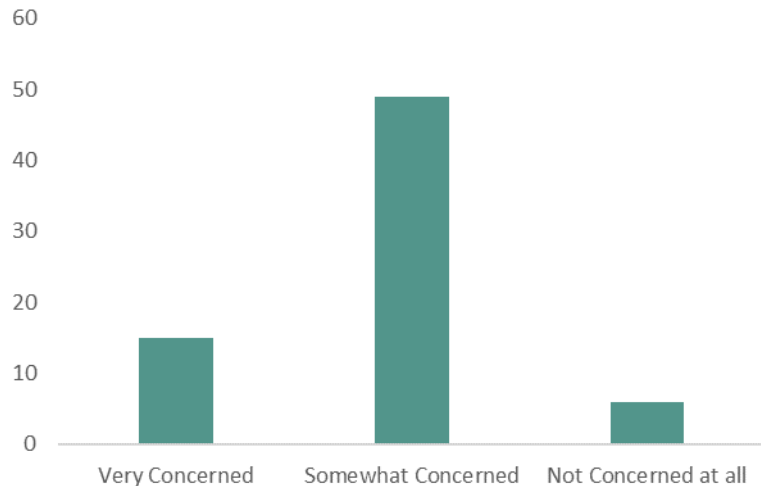
- **70%** of respondents indicated **First Draw loan forgiveness**
- **66%** of respondents **don't plan to apply for Second Draw loan**

# COVID-19 Impacts

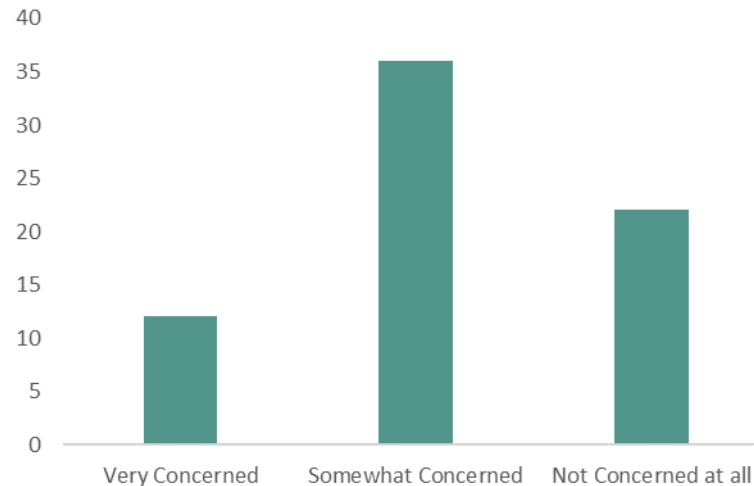
## Conference Concerns and Financial State



### Ability for Conference Ministries to Continue



### Cutting Staff that Impacts Ministry and Services



COVID-19 continues to cause moderate concern regarding ministry operations

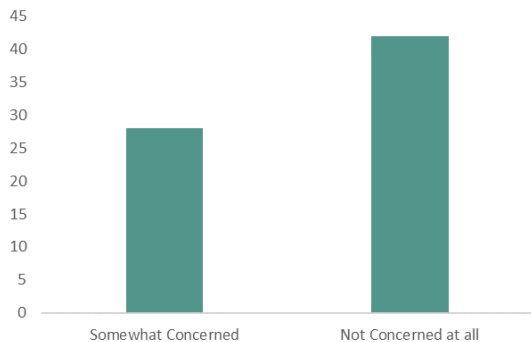


# COVID-19 Impacts

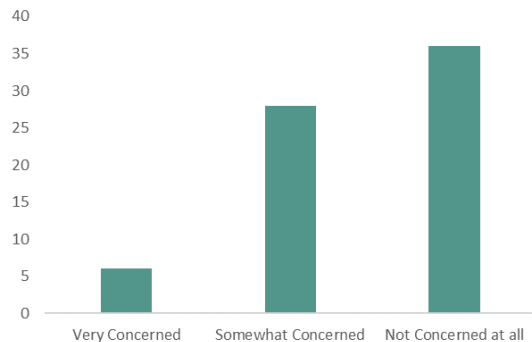
## Conference Concerns and Financial State



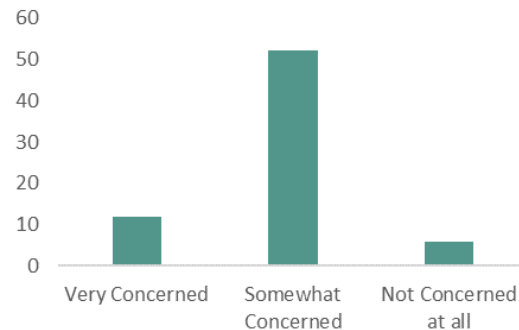
### Adequate Access to Cash for Debt / Fixed Obligations



### Employees' Productivity When Working Remotely



### Increase of Church Closures



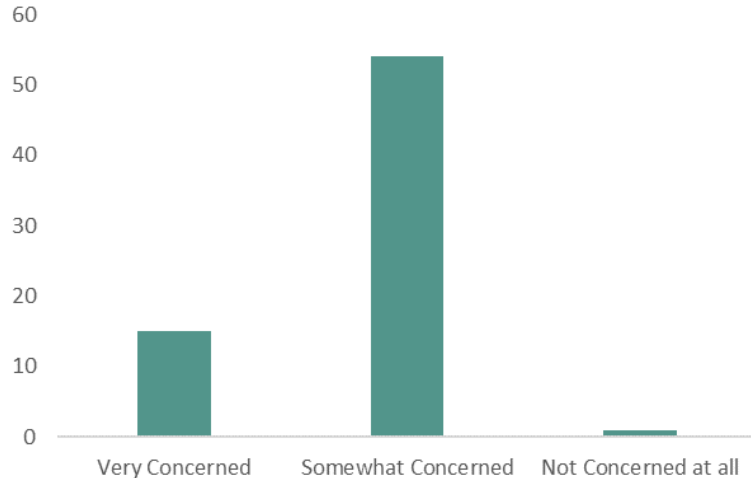
COVID-19 continues to cause mixed concerns—greatest concern: church closures

# Apportionment and Direct Billing Revenues

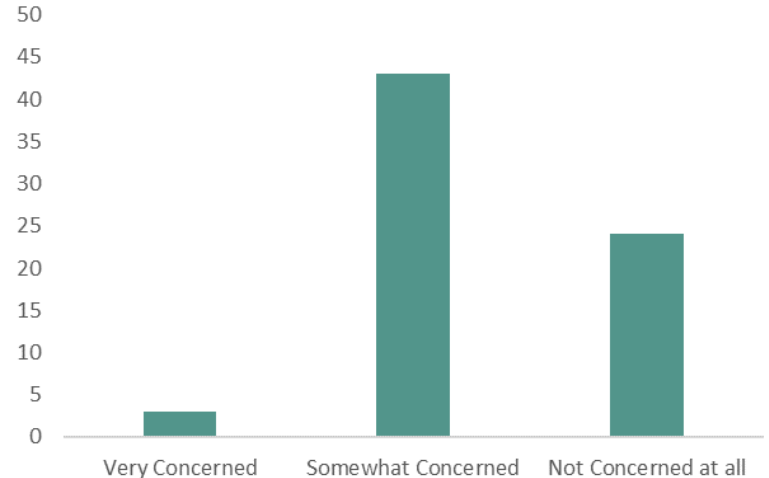
## Conference Concerns and Financial State



### Annual Conference Apportionment Revenue



### Direct Billing Revenue



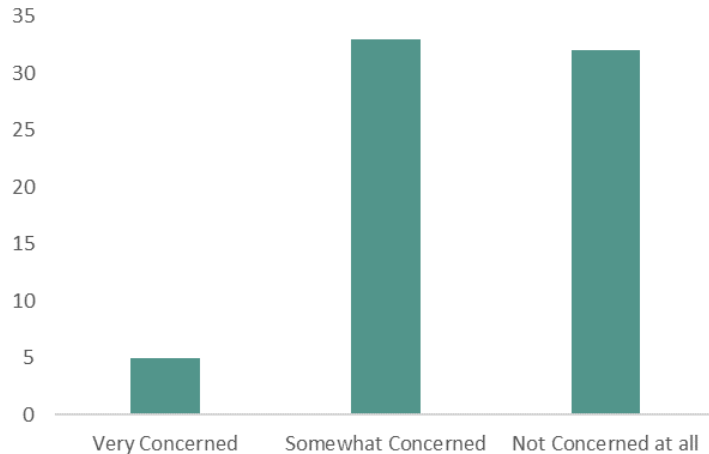
COVID-19 continues to cause moderate concern regarding revenue collection

# Other Revenue and Ministry Support

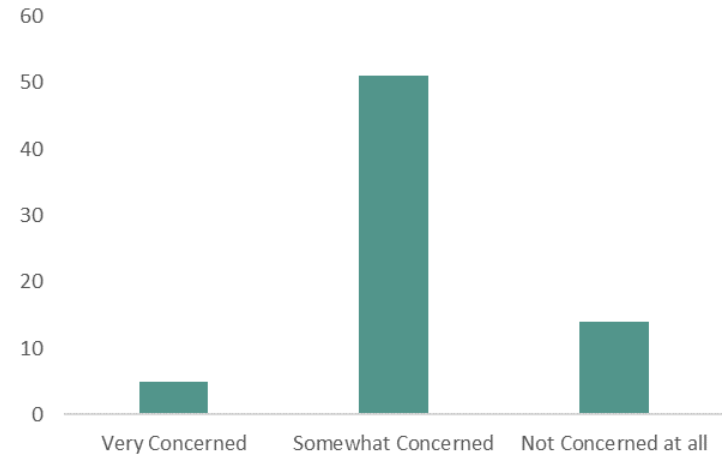
## Conference Concerns and Financial State



### Other Revenue (Excluding Investments)



### Non-General Church Ministry Support



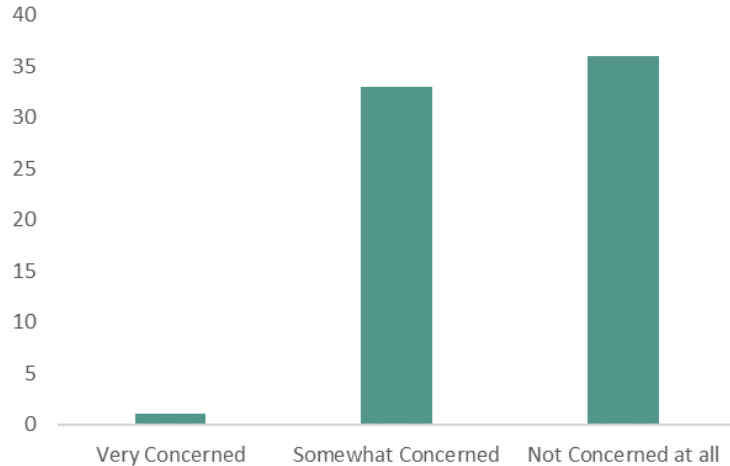
COVID-19 continues to cause moderate concern regarding other revenue and ministry support

# Capital Expenses and Salary and Benefits

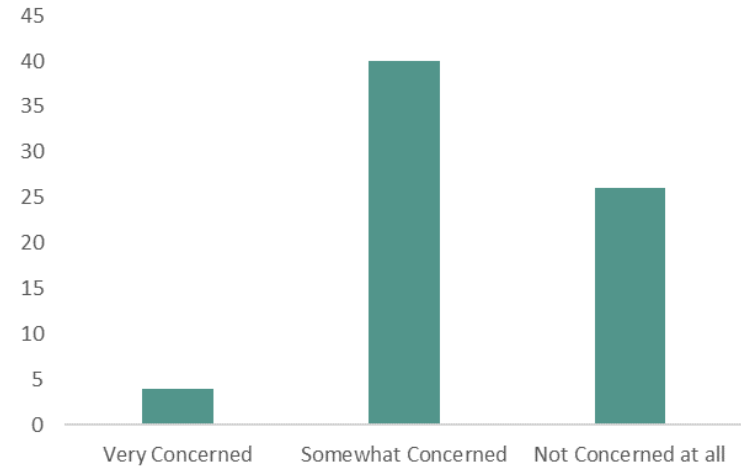


## Conference Concerns and Financial State

### Capital Expenses



### Salary and Benefits



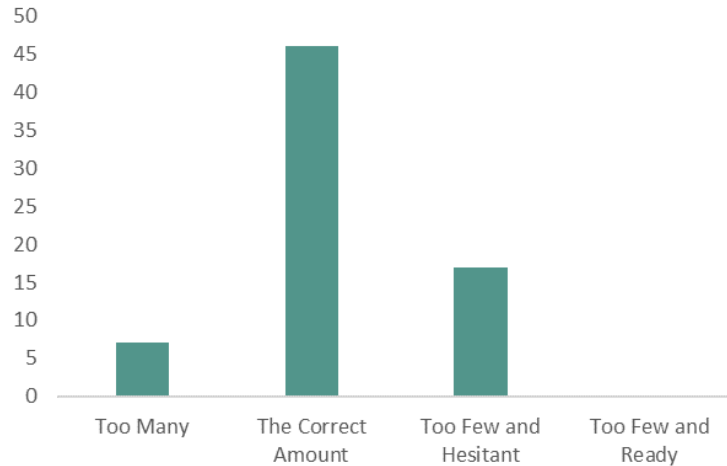
COVID-19 continues to cause moderate concern regarding capital expenses, salaries and benefits

# Staffing and Long-Term Finances

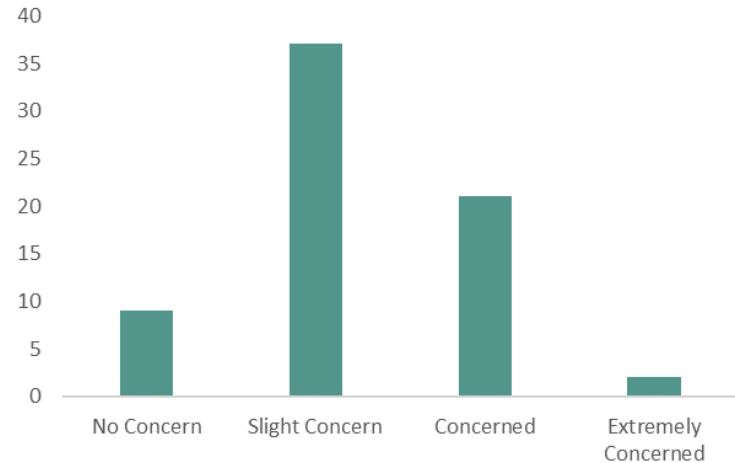
## Conference Concerns and Financial State



### Staffing by Year-End 2021 at Annual Conference Office



### Long-Term Financial Viability of Annual Conference



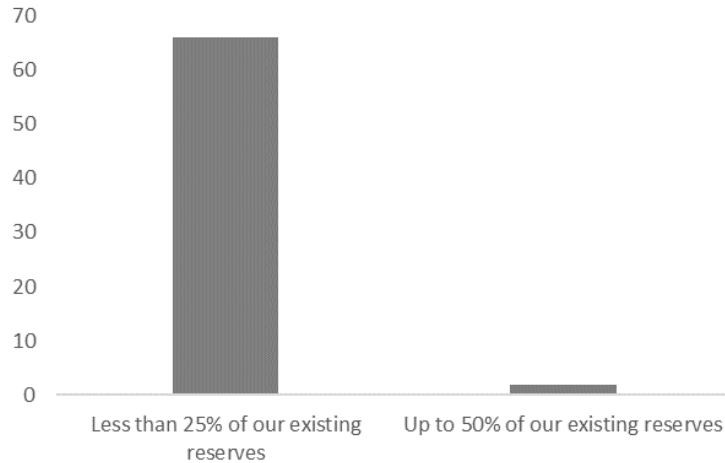
Conferences feel staffed correctly and only slightly concerned about long-term finances

# Reserve Utilization

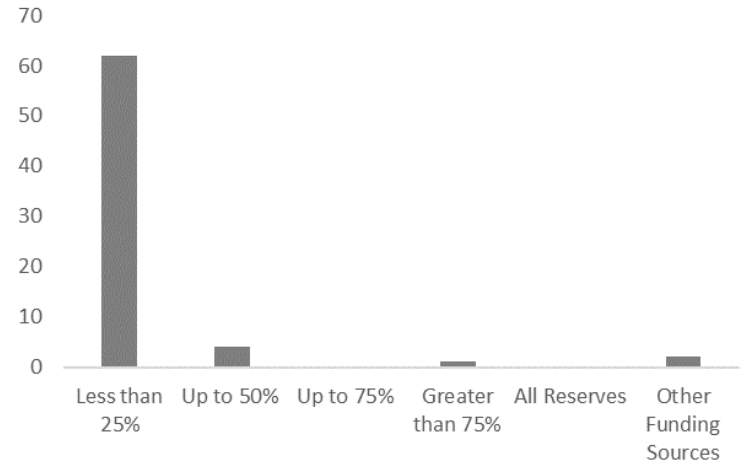


## Conference Reserves / Apportionments Budget

### Conference Percentage of Reserves Used in 2020



### Conference Percentage of Reserves Expected Use in 2021



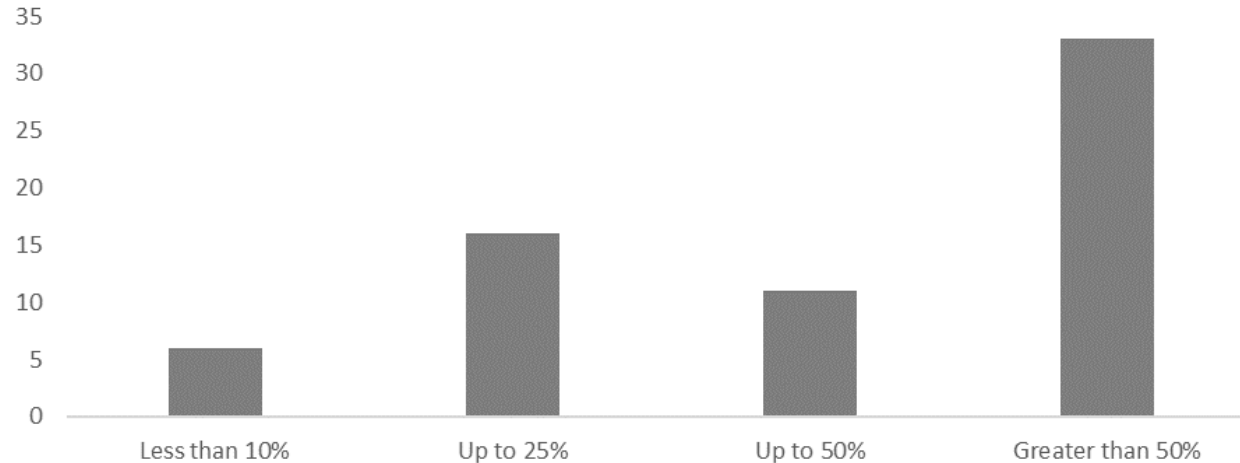
Reserve utilization low in 2020 and looks to remain so; however, some 2021 uptick is expected

# Benefits Liability

*Conference Reserves / Apportionments Budget*



## Conference Percentage of Benefit Plans Liability in Reserves



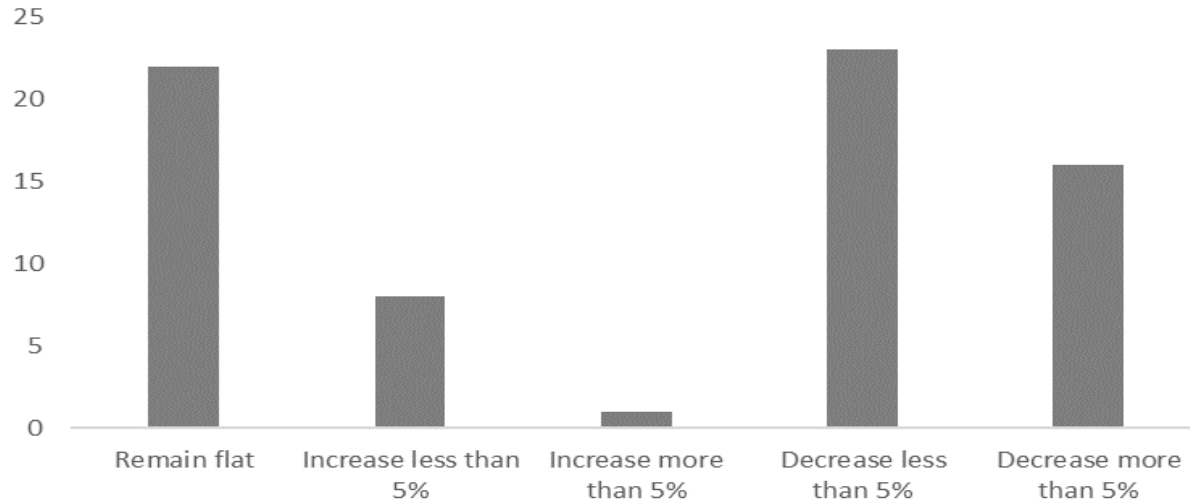
One-half of respondents indicated greater than 50% of their conference benefit plans' liability in reserves

# Apportionment Budget

Conference Reserves / Apportionments Budget



**2022 Conference-Level Apportionment Budget Compared with 2021 Budget**



Majority of 2022 conference-level apportionment budgets expected to be flat or decrease somewhat

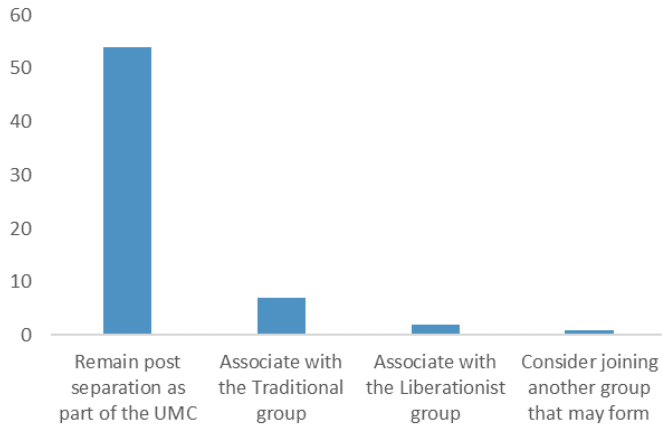


# Restructuring Impacts

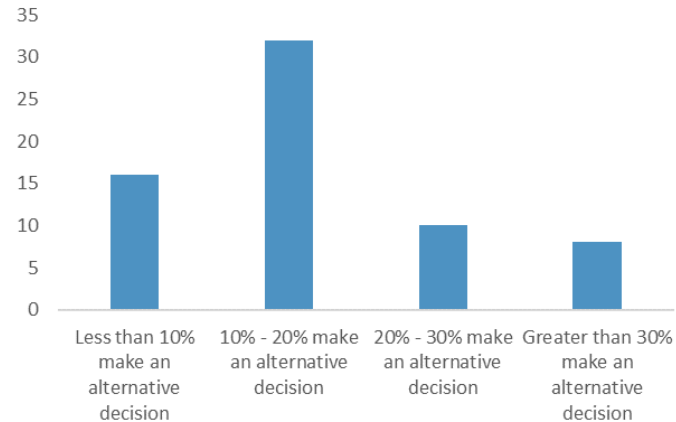
## Potential Actions Post General Conference



### Annual Conference Action if Restructure Proposal Passes



### Local Churches Action Compared to Annual Conference Decision



Be careful when extrapolating financial impact of disaffiliating churches based on a percentage of total

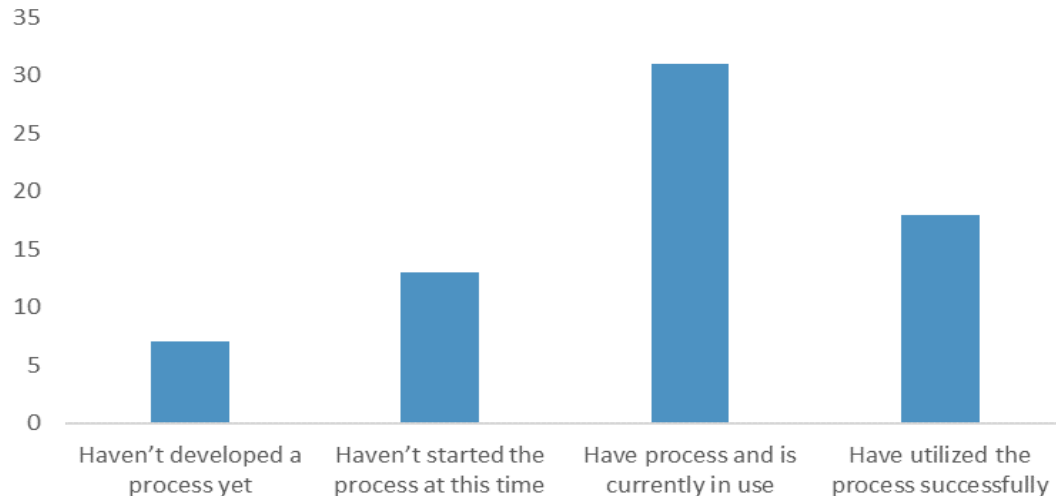
Most conferences intend to remain, but acknowledge that about 15% of their local churches may leave

# Restructuring Preparation

## Potential Actions Post General Conference



### Process to Work Through Local Church Disaffiliation



We have a plan and are confident we will lead through the challenge if COVID-19 and denominational issues do not change dramatically

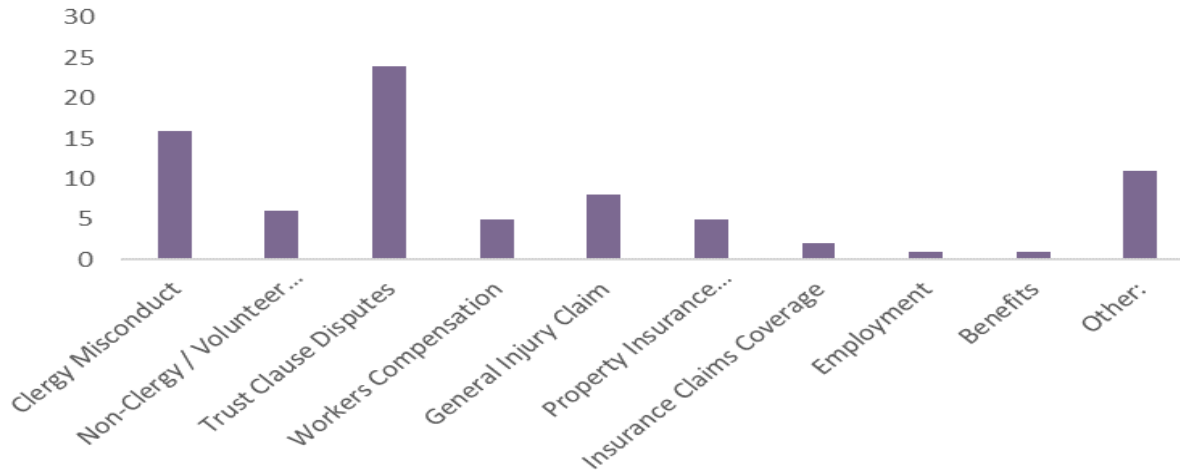
Plurality of conferences have disaffiliation process—currently in use

# Legal Concerns

## Other Financial Items



### Areas for Mediation / Litigation



Other mediation/  
litigation such as:

- Boy Scouts of America matters
- State law changes (e.g., Child Victims Act passed by N.Y. State Legislature)

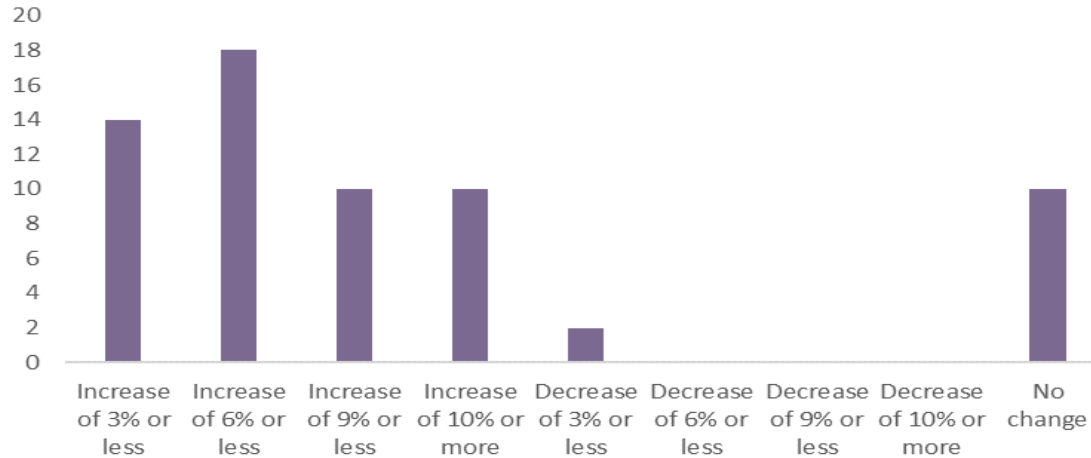
Trust clause disputes most frequent area for mediation/litigation—followed by clergy misconduct

# Insurance Premiums

## Other Financial Items



### Overall Change in Premiums for Insurance\*



Large majority of conferences experienced increase in insurance premiums

\*Recent insurance such as property/general liability/workers compensation renewal

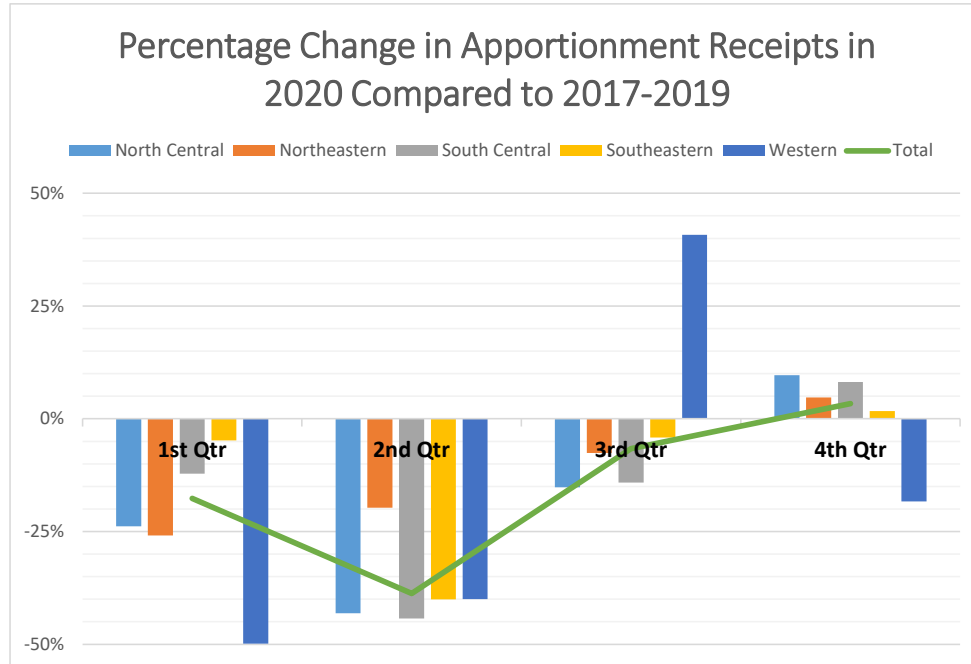
# Discussion—Local Church



# COVID-19 Impacts on Apportionment Funding



## Jurisdictional Funding

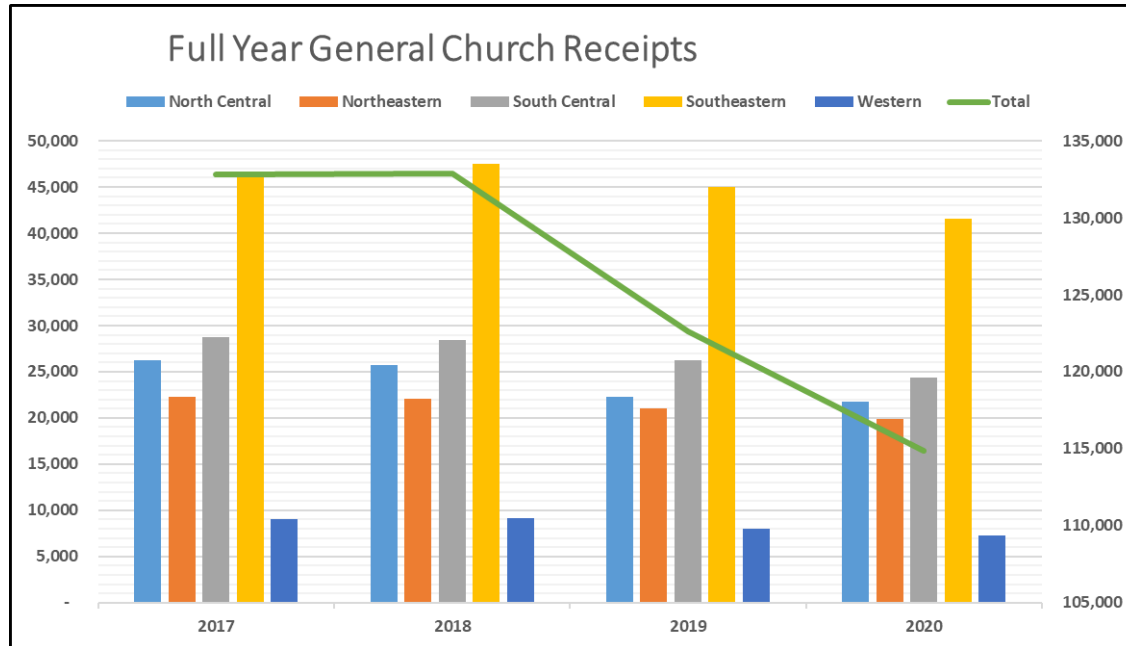


- 2<sup>nd</sup> quarter showed greatest decline (**39%**) as the impacts of COVID-19 began to be felt and the denomination was trying to find ways to best operate
- 3<sup>rd</sup> quarter lagged behind the prior years by 7%, which was significantly better
- 4<sup>th</sup> quarter actually showed increase over 2017-2019 (**3%**)

# COVID-19 Impacts on Apportionment Funding



## Jurisdictional Funding



- Even with the strong rebound in the 4<sup>th</sup> quarter, overall collections continued the decline that began in 2019
- Total receipts are \$18 million lower than both 2017 and 2018 (**14%**)
- Compared to 2019, the decline in 2020 was \$7.8 million (**6%**)

# Episcopal Fund



## Historical Trending

Figures in Thousands	2013-2016		2017	2018	2019	2020 Prelim.	2017-2020	
	Total	Avg.					Total	Avg.
Income	\$89,280	\$22,320	\$22,217	\$22,128	\$20,889	\$20,512	\$85,746	\$21,437
Expenses	\$87,692	\$21,923	\$22,924	\$24,017	\$23,543	\$20,304	\$90,788	\$22,697
Surplus / (Deficit)	\$ 1,588	\$ 397	\$ (707)	\$ (1,889)	\$ (2,654)	\$ 208	\$ (5,042)	\$ (1,261)
Ending Reserves	\$19,100		\$18,393	\$16,504	\$13,850	\$14,058	\$14,058	

### Income:

- Income for the 2017-2020 Quadrennium is \$3.5 million less than 2013-2016
- 2020 income is \$.4 million lower than 2019 and \$1.8 million less than the average of 2013-2016

### Expenses:

- Total expenses for the 2017-2020 Quadrennium is \$3.1 million more than 2013-2016
- 2020 expenses are \$3.2 million lower than the average of 2017-2019



# Discussion—General Church

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# Responding Conferences—Third Survey

Alabama-West Florida	Greater New Jersey	New England	Peninsula-Delaware
Alaska	Holston	New Mexico	Rio Texas
Arkansas	Illinois Great Rivers	New York	South Carolina
Baltimore-Washington	Indiana	North Carolina	Texas
California-Nevada	Iowa	North Georgia	Upper New York
California-Pacific	Kentucky	North Texas	Virginia
Central Texas	Memphis	Northern Illinois	West Ohio
Dakotas	Michigan	Northwest Texas	West Virginia
East Ohio	Minnesota	Oklahoma	Western North Carolina
Eastern Pennsylvania	Mississippi	Oregon-Idaho	Western Pennsylvania
Florida	Missouri	Pacific Northwest	Wisconsin
Great Plains	Mountain Sky		

# Highlights—Initial Survey (Late April 2020)

**55 respondents representing 47 conferences**

26 Treasurers or Similar • 19 Conference Benefits Officers



Spring 2020  
Feedback

- **Overall, local churches remain financially viable**
  - Viability likely to remain high through summer; may begin to decline slightly in fall
  - Online giving and online worship are widely available
  - Giving has declined during the pandemic
- **Benefits relief is being provided by conferences**
  - Majority of respondents providing relief now—or plan to in near future
  - Respondents expect to use 25% or less of existing reserves
- **Survey should be repeated**
  - It may be too early to gauge real impact of pandemic

# Highlights—Second Survey (Late July 2020)

**37 respondents representing 33 conferences**

19 Treasurers or Similar • 18 Conference Benefits Officers



Summer  
2020  
Feedback

- **PPP Loans: No conferences fully returned loan**
  - 35 conferences have received loans; 1 still awaiting loan; only 1 returned it in part
  - Percent of churches receiving loans within conferences less clear
- **Financial Liability: Collections down**
  - No conferences indicated net increase in collections; most indicated decline of 10–15%
  - About 50% of conferences using some of their reserves
  - GCFA saw increased giving in July, but too early to predict trend
- **Leaving Intentions: Majority of conferences expect to remain**
  - Current global events not expected to affect decisions about local church departures
  - Conferences likely to remain within the UMC if Protocol (or another restructure plan) passes

# Highlights—Most Recent Survey (Mid-February)

**71 respondents representing 46 conferences**

35 Treasurers or Similar • 19 Conference Benefits Officers • 21 Bishops

## PPP Loans

- **70%** of respondents indicated **First Draw loan forgiveness**
- **66%** of respondents **don't plan to apply for Second Draw loan**

## Benefit Relief: Not Providing

- **49%** of respondents: *no relief* for **pension, retirement, and death and disability** (CRSP and CPP\*) contributions
- **58%** of respondents: *no relief* for **health care** premiums

## Somewhat Financially Concerned in Several Areas

### Most frequent response for:

- Ability for conference ministries to continue
- Cutting staff to level that impacts ministry and services
- Number of church closures
- Annual conference apportionment revenue
- Direct billing revenue

\* **CRSP:** Clergy Retirement Security Program  
**CPP:** Comprehensive Protection Plan