

Action Item: Disaffiliation of Local Churches Over Issues of Human Sexuality Under ¶2553 of the 2016 Book of Discipline: Approval Process for the Wisconsin Conference
Submitted by: Wisconsin Conference Disaffiliation Task Force
Conference Action:

INTRODUCTION

The 2019 Special Session of the General Conference of The United Methodist Church adopted legislation establishing the limited right of a local church to petition its annual conference to disaffiliate from the denomination “for reasons of conscience regarding a change in the requirements and provisions of the *Book of Discipline* related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.” This limited right, codified as ¶2553 of the *2016 Book of Discipline*, expires December 31, 2023.

Local churches seeking to disaffiliate from The United Methodist Church during this limited time frame are required by ¶2553 to fulfill the financial obligations specified in that paragraph. The 2019 Special Session also adopted ¶1504.23 requiring that a local church changing its relationship with The United Methodist Church shall contribute a withdrawal liability in an amount equal to its pro rata share of any aggregate unfunded pension obligations.

This policy document outlines the terms and conditions by which a local church in the Wisconsin Conference can exercise its right to disaffiliate. The General Council on Finance and Administration has developed a “Standard Form for Disaffiliation Agreements” as required by ¶2553.4a. Judicial Council Decision 1424 affirmed that the Annual Conference has the authority to develop additional procedures and standard terms (which become part of the Disaffiliation Agreement) that are not inconsistent with the minimum standards for disaffiliation required by ¶2553. This document supplements the *Standard Form for Disaffiliation Agreements* and the Disaffiliation Agreement approved by the October, 2020 Wisconsin Annual Conference Session.

Resources from the Council of Bishops, the North Central Jurisdiction’s College of Bishops, the General Council on Finance and Administration, Wespeth (the General Board of Pension and Health Benefits) and other annual conference treasurers and chancellors have informed the work of the Wisconsin Conference Disaffiliation Task Force, which developed this report. The Upper New York and North Texas Conferences provided best practices models which were helpful in developing these materials.

GENERAL FRAMEWORK FOR THE DISAFFILIATION PROCESS

Overview and Timeline of the Process for Disaffiliations needing approval at the 2023 Wisconsin Annual Conference Session

1. *Initial Conversation:* By *September 1, 2022*, the initial conversation between the District Superintendent and the pastor and/or lay leadership of the local church must take place.
2. *Initial Meeting:* By *October 1, 2022*, the initial meeting with the local church leadership, the District Superintendent and the Conference Disaffiliation Discernment Team must take place.

3. *Follow up conversation* between the pastor and the District Superintendent: *At or near the time of the Initial Meeting.*
4. *Period of Discernment:* A two-month period of discernment following the *Initial Meeting* to allow the church to make a fully informed decision about whether or not to explore disaffiliation.
5. *Formal Request to Explore Disaffiliation:* Local Church submits the “*Formal Request to Explore Disaffiliation under ¶2553*” application form *no later than December 1, 2022.*
6. *Determination of Eligibility for Disaffiliation:* Conference Board of Trustees reviews the “*Formal Request to Explore Disaffiliation*” and notifies the local church *within 30 days of the date of receipt of the Formal Request* whether or not the request meets the requirements for disaffiliation specified in ¶2553.1.
7. *Pastor communicates his/her intentions:* By *December 1, 2022*, the District Superintendent must receive a letter from the pastor indicating his/her intentions regarding continued service in The United Methodist Church.
8. *Formal Application for Disaffiliation:* If the Conference Board of Trustees determines that the Local Church’s *Formal Request to Explore Disaffiliation* meets the requirements of ¶2553.1, the local church desiring to continue the disaffiliation process must submit its “*Formal Application for Disaffiliation*” application form by *January 15, 2023.*
9. *Required Documentation:* By *January 15, 2023*, the local church submits required documentation, which must accompany the “*Formal Request for Disaffiliation*” form.
10. *Request for Church Conference:* By *January 15, 2023*, the Conference Disaffiliation Coordinator must receive a letter from the local church requesting a church conference for the purpose of considering a resolution on disaffiliation.
11. *Preparations for the Church Conference:* The Conference Board of Trustees, Treasurer, and District Superintendent prepare appropriate documents for the Church Conference referenced below.
12. *Church Conference:* By *March 15, 2023*, the church conference must meet and approve a disaffiliation resolution by a two-thirds majority of the professing members present at the church conference.
13. *Action by the Annual Conference Board of Trustees and Cabinet:* By *April 15, 2023*, the Conference Board of Trustees, Conference Treasurer, and Assistant to the Bishop must prepare a legislative item for Annual Conference action.
14. *Payment of Financial Obligations for Disaffiliation:* The local church must submit payment in full for all financial obligations due to the Annual Conference and for the escrow account *no later than two weeks prior to the opening of the Wisconsin Annual Conference Session at which the disaffiliation request will be considered.*
15. *Annual Conference Action:* In *June 2023* (dates TBD), the Annual Conference must vote on the disaffiliation resolution prepared and submitted by the Conference Board of Trustees.
16. *Implementation:* By *December 31, 2023*, all terms of the disaffiliation agreement must be met by the local church.
17. *Time Limit:* *December 31, 2023 – Date upon which disaffiliation agreement becomes null and void if any terms remain unfulfilled.*

Details for each step of this process are included in the **Implementation Resolution** below.

For Your Information:

The following resolution defining specific terms to be included in the **Disaffiliation Agreement Pursuant To ¶ 2553 of the Book of Discipline as Approved by the 2019 General Conference of The United Methodist Church** was previously adopted by the 2020 Session of the Wisconsin Annual Conference. It will be included in all Disaffiliation.

Be it resolved that the 2020 Session of the Wisconsin Annual Conference of the United Methodist Church, meeting on October 24, 2020 adopts the calculation for unfunded pension obligations of a disaffiliating local church from the Wisconsin Annual Conference of the United Methodist Church to be:

“An amount equal to Local Church’s pro rata share, using the Annual Conference apportionment formula, of Wisconsin Conference’s unfunded pension obligations, based on the Wisconsin Conference’s aggregate funding obligations as determined by Wespath, using market factors similar to a commercial annuity provider. The calculations shall be determined as of the 1st of the month preceding the month in which the church conference to vote on disaffiliation is held. Such calculation shall be incorporated into the Disaffiliation Agreement in accordance with Paragraph 2553 of the Book of Discipline.”

IMPLEMENTATION RESOLUTION:

Whereas the 2019 Special Session of the General Conference of The United Methodist Church adopted legislation (codified in ¶2553 of the *2016 Book of Discipline of The United Methodist Church*) establishing the limited right of a local church to petition its annual conference to disaffiliate from the denomination “for reasons of conscience regarding a change in the requirements and provisions of the *Book of Discipline* related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inaction of its annual conference related to these issues which follow”;

Whereas the 2019 Special Session of the General Conference of The United Methodist Church also adopted legislation (codified in ¶1504.23 of the *Discipline*) which stipulates that a local church changing its relationship with The United Methodist Church shall contribute a withdrawal liability in an amount equal to its pro rata share of any aggregate unfunded pension obligations;

Whereas the General Council on Finance and Administration has prepared a “Standard Form for Disaffiliation Agreements” as required by ¶2553;

Whereas Judicial Council Decision 1424 affirmed that the Annual Conference has the authority to develop additional procedures and standard terms that are not inconsistent with the standards for disaffiliation established by the General Conference in ¶2553;

Whereas after the Local Church has voted to disaffiliate and the Local Church has negotiated the Disaffiliation Agreement with the Conference Board of Trustees, the disaffiliation shall be “ratified by a simple majority of the members...present and voting” at a duly-called session of Annual Conference, as required by Judicial Council Decision 1379 and ¶ 2529.1_b_ (3);

Therefore be it resolved that the 2022 Session of the Wisconsin Annual Conference adopts the following additional terms, conditions, and procedures which will be included in the disaffiliation process for any United Methodist Church in the Wisconsin Annual Conference that formally requests disaffiliation from The United Methodist Church:

1: Eligibility:

To exercise the limited right established in ¶2553 of the 2016 Book of Discipline to disaffiliate from The United Methodist Church a congregation (“Local Church”) must submit in writing to the Conference Board of Trustees, through the Wisconsin Conference Disaffiliation Coordinator, its detailed reasons of conscience justifying its disaffiliation due to:

- a. “change[s] in the requirements or provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference” or
- b. “the actions or inactions of its annual conference related to these issues....”

The written statement must explain how the current *Discipline* or actions or inactions of the Annual Conference have affected the mission and unity of the congregation and how this has led to the congregation’s request to disaffiliate or separate.

Once in receipt of the congregation’s written statement, the Conference Board of Trustees, in consultation with the Bishop and Cabinet, will determine if the stated reasons of conscience meet these criteria and inform the congregation of the Board’s decision within 30 days.

2: Conference Disaffiliation Discernment Team

The Wisconsin Annual Conference establishes a Conference Disaffiliation Discernment Team to provide support to the District Superintendent and information to local churches which are exploring disaffiliation. A pool of up to 20 clergy and laity will be named to the Conference Disaffiliation Discernment Team by the Bishop. One lay and one clergy member of the Conference Disaffiliation Discernment Team will accompany the District Superintendent to meetings with the congregation and/or its leadership.

3: Additional Terms and Conditions

At least two weeks prior to the opening of the Annual Conference session at which a disaffiliation request is considered, the disaffiliating local church must submit to the conference treasurer payment in full for the following items:

- a) Amount due for any unpaid apportionments from the previous 12 months
- b) Amount due for an additional twelve (12) months of apportionments
- c) Local church’s pro rata share of annual conference’s unfunded pension liabilities
- d) Other outstanding debt owed to the conference
- e) Payment into an escrow account established by the Annual Conference to cover annual conference legal expenses related to the disaffiliation. The amount to be placed in escrow will be determined at the same time the Unfunded Pension Liability amount is determined and disclosed to the congregation at that time. Any unused funds remaining in the escrow account will be refunded to the congregation after the disaffiliation has been completed.
- f) The amount for unpaid apportionments from the previous 12 months (Item “a” above) and the amount due for an additional twelve (12) months of apportionments (Item “b” above) shall be

calculated based on the first of the month preceding the month in which the Annual Conference vote takes place.

Payment for all amounts identified above *must be received* by the Annual Conference Treasurer *no later than two weeks prior to the opening of the Annual Conference Session at which the Conference vote on disaffiliation takes place.*

4: Process

The decision to disaffiliate from the denomination is solemn and consequential; as such, the process to be followed must be careful, thoughtful, respectful and prayerful. The importance of clear communication, broad involvement, and diligent implementation is paramount. The 2022 Session of the Wisconsin Annual Conference therefore establishes the following processes and procedures for Disaffiliation Requests to be considered at the 2023 Session of the Wisconsin Annual Conference.

Unless otherwise noted below, all correspondence, forms, and supporting documentation required at any step in this process are to be submitted to:

Wisconsin Conference Disaffiliation Coordinator
750 Windsor Street
Sun Prairie, WI 53590

Forms, correspondence and some supporting information may be submitted to the Wisconsin Conference Disaffiliation Coordinator by email at disaffiliation@wisconsinumc.org.

Whether submitted via USPS or other delivery service, or by email, all requests and materials will be forwarded by the Wisconsin Conference Disaffiliation Coordinator to the appropriate District Superintendent and/or other conference leaders for follow up.

Details regarding submission of materials will be included on or with the application forms and supporting materials, which will be provided to local churches that express an interest in disaffiliation as described in Item 1 below.

No disaffiliation requests or materials will be accepted prior to July 1, 2022.

Detailed Process Steps for Disaffiliation From The United Methodist Church in the Wisconsin Annual Conference

1. *Initial conversation:* When a) a District Superintendent learns that a local church is interested in and meets the criteria for disaffiliation under ¶2553 or b) local church leadership inquires, for example, about disaffiliation, information about the Global Methodist Church, another evangelical denomination, or independent status, the District Superintendent will communicate with the pastor and/or lay leadership and offer to come for a meeting to share the process. The initial contact/inquiry must come from at least one of the following: pastor; lay leader; or council/board chair *no later than September 1, 2022.*
2. *Initial meeting with Local Church Leadership:* *No later than October 1, 2022,* the District Superintendent and members of the Conference Disaffiliation Discernment Team will meet with local church leadership to listen to their concerns, to share about the identity and the “value” of the Wisconsin Conference, and to share about the disaffiliation process. The Disaffiliation Discernment Team will come to the meeting with an estimated payment amount per the required terms.

3. *Follow up conversation with the pastor:* Around the same time the initial meeting with church leadership takes place, *but no later than December 1, 2022*, the District Superintendent will also have an informal conversation with the pastor to discern where the pastor is in his/her alignment with the congregation's desires, his/her leadership role in the departure process, and the implications of the church's decision on his/her future in ministry.
4. *Period of Discernment:* To avoid rash decisions and to ensure fully informed decisions are made, there will be a minimum two-month Discernment Period following the "Initial Meeting with Local Church Leadership" before moving forward with the disaffiliation process. During that two-month period the Conference Disaffiliation Discernment Team will hold at least one follow up meeting to which all professing members of the local church will be invited to listen further, answer questions that have emerged, and to continue discerning if the local church desires to move forward with the disaffiliation process.
5. *Formal Request to Explore Disaffiliation:* Following the two-month Discernment Period, a local church wishing to continue the disaffiliation process must submit a "*Local Church Request to Explore Disaffiliation under ¶2553*" application form, including an accompanying written statement on detailed reasons of conscience justifying its disaffiliation due to:
 - a. "change[s] in the requirements or provisions of the *Book of Discipline* related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference" or
 - b. "the actions or inactions of its annual conference related to these issues...."

The statement must explain how the current *Discipline* or actions or inactions of the annual conference have affected the mission and unity of the congregation and how this has led to the congregation's request to disaffiliate. The local church shall identify any contemporaneous evidence supporting its explanation, such as meeting minutes, public statements of its members, or results of surveys taken of members. The Wisconsin Conference Disaffiliation Coordinator must receive the "*Local Church Request to Explore Disaffiliation under ¶2553*" application form, and accompanying statement no later than *December 1, 2022*.

6. *Determination of Eligibility for Disaffiliation under ¶2553:* The Conference Board of Trustees, in consultation with the Extended Cabinet, will review the "*Local Church Request to Explore Disaffiliation under ¶2553*" application and notify the local church *within 30 days of receipt* of the application whether or not it meets the requirement for disaffiliation of ¶2553.1.
7. *Pastor communicates his/her intentions:* Pastor notifies the District Superintendent in writing of his/her intention to remain with The United Methodist Church, retire, or surrender credentials in order to continue to lead the local church after disaffiliation. The District Superintendent must receive this notification by *December 1, 2022*.

8. *Formal Application for Disaffiliation:* After the period of discernment and exploration of the possibility of disaffiliation, if the church desires to continue the disaffiliation process, the church must submit to the Wisconsin Conference Disaffiliation Coordinator the “*Formal Application for Disaffiliation under ¶2553*” form, and the required documentation specified below, no later than *January 15, 2023*.
9. *Required Documentation:* At the same time the local church submits the “*Formal Application for Disaffiliation under ¶2553*” form, it must submit all the following documentation to the Wisconsin Conference Disaffiliation Coordinator:
 - a. Most recent financial institution statement for all financial accounts
 - b. Latest financial statement and balance sheet
 - c. Documentation of any debt
 - d. Information and balances for endowments or restricted gifts
 - e. Copies of all deeds and key contracts
 - f. Copies of all leases and loan documents
 - g. Documentation of the status and/or disposition of any grants received from the Annual Conference, the district, or the Wisconsin United Methodist Foundation, in the past ten years (include documentation sufficient to show the amount, purpose, and dates when the money was disbursed, and any unspent funds)
 - h. Information for any cemetery or columbarium connected with the congregation
 - i. Contact information for any organizations that have “facilities use agreements” or other contractual relationships with the church, including copies of contracts or other documentation where applicable
 - j. Names and contact information of the Chair, Vice Chair and Secretary of the church’s Board of Trustees
 - k. Name of any successor church to its property
 - l. Legal descriptions for the real property
 - m. List of Insurance Policies and renewal dates
 - n. Printed copy of the complete Professing Membership Roll of the Local Church. Any changes in the Professing Membership Roll that occur after it is submitted to the Wisconsin Conference Disaffiliation Coordinator must be reported not less than thirty days prior to the Church Conference (see Items 10 and 11 below.)

All this documentation must be appended to the church’s “Formal Application for Disaffiliation” form.

10. *Request for Church Conference:* By *January 15, 2023*, the local church submits a letter requesting a church conference for the purpose of considering disaffiliation from The United Methodist Church. In the letter, the local church should indicate that they understand the estimated “costs” of disaffiliation (including the non-financial costs) that the District Superintendent and Conference Disaffiliation Discernment Team have shared with them. The District Superintendent must schedule the church conference within 120 days. All church conferences must comply with all requirements of ¶248 and ¶2553, which include but are not limited to:
 - a. being requested by one of the following: the District Superintendent, the pastor, the church council, or 10% of the professing membership;

- b. notice of time and place given at least ten days in advance by two or more of the following: from the pulpit of the church, in its weekly bulletin, in a local church publication, or by mail; and
 - c. the church must provide a copy of any published notices as well as a list of the addresses to which the notices were mailed. (Sufficient evidence that the entire professing membership has been properly notified will be requested by the District Superintendent.)
11. *Preparations for the Church Conference*: The Conference Board of Trustees approves the final terms and conditions for disaffiliation and prepares the disaffiliation resolution. The Conference treasurer prepares a document detailing payments required. The printed list of professing church members on the roll shall be compared to previous years' statistical reports for review of membership numbers. The District Superintendent prepares instructions for proper voting.
12. *Church Conference – to be held no later than March 15, 2023*: The District Superintendent will preside. Professing Members shall sign-in next to their name on the verified printed membership roll. The vote on the disaffiliation resolution must be approved by a two-thirds majority vote of the professing members present at the church conference, as required by ¶2553.1. Written ballots must be used for the vote. The Local Church must provide documentation to the satisfaction of the Conference Board of Trustees on behalf of the Annual Conference which evidences the result of the disaffiliation vote taken at the Church Conference. Such documentation must be signed and certified by an authorized officer of the local church and given to the District Superintendent upon adjournment of the Church Conference. This documentation shall be included as an exhibit to the agreement to disaffiliate between the Local Church and the Conference Board of Trustees (the “Disaffiliation Agreement”).
13. *Action by the Annual Conference Board of Trustees and Cabinet*: If the disaffiliation resolution is approved by the Church Conference, the matter is turned over to the Conference Board of Trustees, Conference Treasurer, and Assistant to the Bishop. The District Superintendent sends the signed disaffiliation agreement and disaffiliation vote documentation to the Conference Board of Trustees through the Conference Disaffiliation Coordinator, with a copy to the Conference Chancellor. By *April 15, 2023*, the Conference Board of Trustees, working with the Conference Treasurer and the Assistant to the Bishop, must prepare a legislative item for Annual Conference action.
14. *Payment of Financial Obligations for Disaffiliation*: At least two weeks prior to the opening of the Annual Conference session at which a disaffiliation request is considered, the disaffiliating local church must submit to the conference treasurer payment in full for the following items:
- a) Amount due for any unpaid apportionments from the previous twelve (12) months
 - b) Amount due for an additional twelve (12) months of apportionments
 - c) Local church's pro rata share of annual conference's unfunded pension liabilities

- d) Other outstanding debt owed to the conference
- e) Payment into an escrow account established by the Annual Conference to cover annual conference legal expenses related to the disaffiliation (The amount to be placed in escrow will be determined at the same time the Unfunded Pension Liability amount is determined and disclosed to the congregation at that time. Any unused funds remaining in the escrow account will be refunded to the congregation after the disaffiliation has been completed.)

The amount for unpaid apportionments from the previous 12 months (Item 14(a) above) and the amount due for an additional twelve (12) months apportionments (Item 14(b) above) shall be calculated based on the first of the month preceding the month in which the Annual Conference vote on disaffiliation takes place.

Payment for all amounts identified above *must be received* by the Annual Conference Treasurer *no later than two weeks prior to the opening of the Annual Conference Session at which the Conference vote on disaffiliation takes place.*

15. *Annual Conference Action (June, 2023 – specific dates To Be Determined):* The Annual Conference must vote to approve the disaffiliation resolution previously agreed to by the local church and the Conference Board of Trustees. Disaffiliation does not happen until after the Annual Conference votes. The Annual Conference must approve the legislative item by a simple majority of those present and voting.
16. *Implementation: By the Disaffiliation Date, which must be no later than December 31, 2023,* the local church must fulfill all of the terms of the Disaffiliation Agreement, prepare and submit a final statistical report, and deliver to the Conference Archives its church archives and records, as specified in ¶2549.4 of *The Book of Discipline*, including but not limited to: minutes, financial records, official membership rolls (both paper and electronic) and other historical documents. In addition, the local church will:
 - a. change name on all accounts held by the local church, such as bank accounts and insurance policies;
 - b. file new deeds with the Clerk of Circuit Court;
 - c. remove from the premises and websites all references to The United Methodist Church, including the Cross and Flame logo, all signage, church stationery, etc.;
 - d. obtain new state and federal tax ID numbers;
 - e. apply for tax exempt status with the Internal Revenue Service;
 - f. apply for new “Wisconsin Sales and Use Tax Certificate of Exempt Status (CES)”;
 - g. apply for tax exemption with counties in which it owns real property; and
 - h. take all necessary steps to close and/or dissolve any legal entities and to settle, liquidate, or transfer all assets and obligations of such entities. (All sale or transfer of property must take place after the Annual Conference vote.)
17. *Time Limit: Should the Local Church fail to satisfy all of its obligations set forth herein by the Disaffiliation Date, which must be no later than December 31, 2023, the Disaffiliation Agreement shall be null and void, with the relationship of the parties reverting back to the status of the parties as of the date before the initial meeting with the local church leadership.*