

2010 Annual Conference Frequently Asked Questions

SCHEDULE AND LOGISTICS

Q: When does annual conference start?

A: Annual conference begins at 10:00 on Thursday, June 10, 2010.
Registration begins at 8:00 that morning.

Q: When will the agenda for annual conference be complete?

A: The [full agenda](#) is available on the Annual Conference website. Click Events, Annual Conference and there is a link for 2010 Working Agenda. Prior to the briefing session and in error, only the first page of the agenda was posted. The full agenda is now available.

Q: Where is the 2012 annual conference to be held? Did the annual conference not vote last year to go to Greenville for two years?

A: The location of the 2012 annual conference will be decided this year. The vote to go to Greenville for two years was actually the year before when we voted to go to Greenville for 2009 and 2010 for package cost savings. The Greenville Convention Center has been booked for several years for the dates in 2011 and will be unavailable to us. A [comparison](#) of other locations including Wilmington, Raleigh and Fayetteville is available on the Annual Conference website for consideration for the 2012 session of annual conference. The comparison can be found on-line at Events, Annual Conference, 2010 Reports under Miscellaneous Reports, Annual Conference Site Proposals. This vote is scheduled on the agenda for around 4:00 on Friday, June 11.

Q: What is the rationale behind having the ordination service on Saturday?

A: The ordination service is a significant event in the life of our covenant community. Allowing adequate time and encouraging the participation of family and friends of the ordinands always has been important in our tradition as a Conference. This year, with the shorter Conference, it was thought that the Commissioning, Ordination and Sending Forth of our clergy (with the reading of appointments) could be combined effectively. In this service, we are reminded that God calls and sets apart some for ministry as Deacons or Elders, and others are called, equipped and empowered by the Spirit to serve as Lay members of the church. We all are sent forth in the name of Jesus Christ! As the Conference agenda has been prepared, this service now is the only item on Saturday, giving it prominence for us all.

Q: Has there been a study done of how much it costs to have a separate clergy executive session? Why was the clergy executive session done separately?

A: The separate clergy executive session was tried this year following a survey of clergy all across the North Carolina Conference. We do not yet have an estimate of costs, although it would seem to be a savings to hold the executive session separately this year. With the Conference convening at 10 a.m. on Thursday, June 10, the executive session could not easily be scheduled earlier that day. Holding the executive session on Wednesday would require many of our clergy to be in Greenville for an extra night. If lay members are dependent on the pastor for transportation or if sharing the ride is a matter of stewardship, the Wednesday option creates additional costs for Conference members. In addition, the May 14 executive session was envisioned as a time of fellowship, the business was not rushed and colleagues had time to visit with one another. Evaluation of this practice will be considered before the schedule is prepared for 2011.

Q: How do I make a motion at annual conference?

A: The procedure for making a motion at annual conference can be found in the [Annual Conference rules](#) in section I, paragraph 2. The Conference Rules can be found on-line under Events, Annual Conference, Rules for 2010.

Q: Who makes the proposals for rules changes for the conference?

A: The Rules Committee evaluates the rules for conference and proposes any changes in the rules report. These changes are considered by annual conference and voted on prior to the beginning of any other business at annual conference. This vote will be as soon as conference begins on Thursday, June 10, 2010 around 2:00.

Q: What special offerings will be received?

A: At the opening worship, in which the All Saints Memorial and Communion will be celebrated, an offering is designated for the Central Conference Pension Initiative. Lay and Clergy members will have an opportunity to present gifts and/or pledges at the altar. On Thursday evening an offering will be received for Nothing But Nets. This ministry is dedicated to the eradication of Malaria. Treated nets cost \$10/each and have shown promise for greatly reducing the incidence of Malaria, a mosquito – born disease that is prevalent in Africa. We can do great things for Global Health. The third offering will be on Friday evening and will be an offering to support the Lay Ministries.

FINANCIAL REPORTS

Q: There seems to be a discrepancy between the district superintendent salary increase being proposed and the reduction in that budget line in the 2012 budget. How can salary go up and the budget line go down?

A: The salary being proposed by CFA is for 2011 and shows a 1.6% proposed increase. That proposal is calculated by a formula of the top 25 salaries plus unvouchered cash allowances for local church appointments. As those salaries and cash allowances change, the result of the formula will also change. The budget request being presented is for 2012 and includes funding for the salary and pension benefits for the district superintendents. Since the budget is proposed at one annual conference to be raised the next year and spent the next year, the salary budget lines are requested using a projection of what the salary changes may be for the next two years. The 2012 budget for that line was projected for the past several years like other salary and benefit lines at 3.5% increase. Since the salary has not changed at the projected rate, the 2012 budget request reflects an adjustment to that line for the actual changes with a projection of increases moving forward from the 2010 salary.

Q: Since we reduced annual conference by one day, why is there still a \$22,000 increase in that budget line in the 2012 budget?

A: The \$22,000 increase in the 2012 budget is reflective of an inflationary increase in the funding spent for annual conference in 2009 as well as what is projected for 2010. The time for annual conference is being reduced for 2010. As part of this reduction there are some opportunities for cost savings (including dormitory housing for one less night) and there are some costs that remain the same (including facility rental since we must rent for the entire week due to set up times). Costs for annual conference are being reduced as possible and the exact affect of the reduction in time will be better known after annual conference in 2010. The 2012 budget is a projection based upon known past amounts including some projection for inflationary increases. Venue choices and event duration will change the actual needs and the projection is given in a best attempt to properly fund the event when those choices are made.

Q: I see that the proposal for minimum salary does not include an increase for 2011. Won't this be the second year with no increase? Is there a cost-of-living increase that is given?

A: The recommendation from the Commission on Equitable Compensation is that the minimum salary for full-time and student appointments remain the same as in 2010. The Commission did recommend an increase in the 2009 annual conference for 2010 and that was changed from the floor of annual conference during the 2009 session and set to remain at the 2009 level. This recommendation would make the minimum salary be the same for 2011 for the second year with no increase in the minimum. There is no

separate cost-of-living increase given through this recommendation though there may be local churches who gave increases even though the minimum salary in the equitable compensation report did not reflect an increase.

Q: How many minimum salary appointments are there in the conference?

A: There are currently 78 full-time appointments exactly set at \$40,319 for salary. There are 3 more within \$10 above that figure and another 16 within \$500 above that figure. These are primarily senior pastor appointments but there are also 9 associate pastor appointments included in these numbers.

Q: What is the break down of the past service year rate increase of 2.1% in the [Board of Pension report](#)?

A: The increase in the per service year rate (PSR) refers to the benefit paid to retirees who have service years under the pre-1982 pension plan. The recommendation from the Board of Pension (BOP) is that the PSR increase by 2.1% - from \$626 in 2010 to \$639 in 2011. The recommendation came from the BOP after reviewing several factors including the average salary increase for full-time appointments for 2010 (1.75% increase), the social security cost-of-living adjustment for 2010 (0%), and the percent change in the consumer price index at the end of 2009 (-0.4%). This change will result in a liability for that pension plan of \$49,542,875. When we add in the assets we have on hand to fund this liability, we are unfunded by \$13,140,959 if we assume 5% future increases in the PSR and 7% investment earnings (as defined in the funding plan approved by Annual Conference in 1991).

The funding for the pre-1982 pension plan comes through the Past Service Liability apportionment being paid by local churches. We are required to fund this by 2021 and are on track to fund it a little early due to positive investment returns and other actuarial gains. The rate at which we increase the PSR affects the apportionment as it increases the liability due to funded the benefits to be paid. As an example, the liability resulting if there were no increase in PSR for 2011 (all other assumptions the same), is \$48,559,880 or almost \$1 million less than the proposal from the BOP. The liability that would result from a 5% increase in PSR would be \$50,903,962 or almost \$1.4 million increase over the proposal from the BOP.

To put these differences in perspective, the difference between no increase in PSR and a 5% increase as defined in the funding plan is about \$2.4 million. When these liability numbers are plugged into the funding plan model, the resulting apportionment funding stream shows a difference of one more year on the past service liability apportionment at

the current level of \$3.3 million than with no increase at all. The current projections estimate the plan being funded in full around 2018 (of course, that is subject to change with market conditions and actuarial gains or losses). The BOP studies these conditions each year when making the recommendation for the PSR for the next year as well as the request for the apportionment level for the Past Service Liability apportionment in the budget being considered at annual conference.

Q: When will the budget be presented?

A: The [2012 annual conference budget](#) will be presented during the financial overview report on Thursday, June 10 in the afternoon. The vote on the budget will be made near the close of business on Friday, June 11. Any motions that may impact funding will need to be presented on Thursday afternoon so that their implication can be studied by the Council on Finance and Administration and vote can be taken on Friday afternoon (per the Annual Conference rules).

Q: “Why do district superintendents make so much money?”

A: The salary of the district superintendent is set by Annual Conference based upon vote of a recommendation from the Council on Finance and Administration. The current policy for DS salary is that it be set at the average of the top 25 salaries plus unvouchered cash allowances for local church appointments in the conference. This formula results in the salary for 2011 being proposed by CFA. The annual conference will vote on this recommendation at annual conference on Thursday afternoon as part of the financial overview section of the agenda.

OTHER

Q: I have other questions – how can I get answers to my questions?

A: Email any questions to us at helpdesk@nccumc.org. We will answer your question and post your question to this document if it is not addressed elsewhere.