



## THE UNITED METHODIST CHURCH

VIRGINIA CONFERENCE

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### **Addressing Our Staffing and Serious Financial Challenges**

Dear Virginia Annual Conference:

I am writing to you for several reasons today. First and foremost, I believe in owning the good and the bad in life and I come to you asking for forgiveness and grace. On behalf of the Virginia Conference, I humbly apologize for the way we handled the staff changes on May 1, 2020, and the way we announced those changes on May 5, 2020. I will make no excuses, but I will explain what happened and why. That does not excuse it but it's important that you hear from my heart.

Each person affected as part of the layoff is an important part of our church family and provided valuable and often inspiring services to the Conference and its local churches. Though it is not appropriate to name the individuals because of confidential personnel issues, they all deserve our respect and utmost appreciation. The same is true of those people affected by the temporary reduction in hours. They continue to provide valuable and inspiring services to the Conference and its local churches.

The Members of Common Table and the Personnel Committee acted in good faith to address urgent financial matters. During my May 8, 2020 meeting, it was clear to me that members of Common Table were remorseful. As one said, "Layoffs, moves to part-time status, and early retirements all had to take place, and our communication with staff and the Annual Conference did not show an appropriate sense of grace or gratitude."

Because there were several questions and concerns within Common Table about their work on April 30, 2020 as it related to the affected employees, I called a meeting of this dedicated group on May 8, 2020. They explained that they all acted in good faith to address the urgent financial matters.

We had a very good meeting and there were many lessons learned that will be the foundation for making several changes going forward. We came out of the Common Table meeting on Friday afternoon with a unanimous agreement to offer severance to three of the former employees laid off and to make an offer to one of the other former employees laid off to come back part-time.

I met with the three former employees to discuss their specific offers of severance on Saturday, May 9, 2020 and I apologized for how they were treated in this process. In addition, I met with two employees whose positions were ending on June 30 and who will now continue to work at the Conference until at least September 1. I found those meetings to be very fruitful. I met with the other former employee yesterday to apologize and to make the offer to return part-time. Others at the Conference have made and are making similar direct apologies.

Our difficult work, however, is far from done. The Virginia Conference and our local churches face serious and growing financial challenges at a time when our work is especially important. As discussed below, the Conference has implemented budget reductions and restructuring plans so we can best support our 1,143 local churches, while remaining a sustainable and viable Conference. These measures are necessary to address the COVID-19 pandemic.

### **Our Service During the Pandemic**

The Conference has a unique and essential role to help our churches get through the COVID-19 pandemic. We have been continually sharing resources for ministry while also providing directives and guidance so clergy and our church members are safe. Safety is our first and highest priority. As Virginia emerges from the shutdown, we will soon provide requirements and guidance for resuming in-person worship and for doing so safely. Many important and complex issues must be considered and properly implemented to help protect the health and well-being of church members, many of whom are elderly and especially vulnerable to COVID-19.

Our Treasurer's Office has also provided information and assisted local churches in obtaining money through the Paycheck Protection Program. This has included completing large sections of the forms and being available for phone discussions to assist them in obtaining these vital emergency funds from the federal government.

### **Apportionments**

In 2019 our collection of apportionments (contributions from local churches to support the Conference's work) were trending downward. To address this, the Council on Finance and Administration (CFA) met in January 2020 and asked each ministry to revise their 2021 budget requests with a plan to reduce spending 10-20%. These reductions were made in all our ministries -- Clergy Excellence, Equitable Compensation, and Connectional Ministries, including Congregational Excellence, Justice & Missional Excellence, Next Generation Ministries, and Communications. Pensions and administrative budgets were reviewed as well.

In late March 2020, recognizing the serious and long-term financial impact of COVID-19, CFA had a series of meetings and reduced apportionments by 27.2 percent. Churches were asked to pay the full original amount if circumstances permitted.

Through April 30<sup>th</sup>, the Conference has received 15% less in apportionment receipts than the prior year and lost \$360,000 on our investments. These two facts led to the Conference experiencing an operating shortfall of approximately \$900,000 through the end of April.

The results through April, along with CFA's apportionment reductions, facilitated a need for our ministries to further cut their budgets for 2020. The layoffs discussed above were an effort to stay within the decreased budget. In addition, a hiring freeze is also in effect through September 1, 2020.

### **Apportionment Payments**

We have been monitoring this situation since the beginning and we have made adjustments throughout and will continue to do so. Unless the effects of the COVID-19 pandemic are greater than currently anticipated, the Annual Conference has taken the necessary actions to ensure the financial health of the organization as long as our churches are able to pay their Priority 1 apportionments.

These plans are necessary even though the Conference has received Paycheck Protection Program funds. While helpful and significant, these funds do not eliminate underlying, systemic financial challenges.

We face many formidable challenges as we approach returning to in-person worship and doing the important work for those with significant and growing needs. Let us approach this prayerfully and in Christian love and grace towards one another.

Thank you for your attention to these matters.

Peace and Blessings,  
Bishop Sharma D. Lewis