PRESBYTERIAN MISSION AGENCY BOARD
April 25-27, 2018
Governance Task Force

ITEM P.002
FOR ACTION

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY					
	A. Audit		E. Executive Committee		I. Ministerial Teams
	B. Personnel & Nominating		F. Resource Allocation & Stewardship		P. Plenary
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Subject: **Comment to the 223rd GA (2018) – Item 04-03 and Item 04-04 "Reports of the Way Forward Commission and the All Agency Review Committee:**

Recommendation:

That the Presbyterian Mission Agency Board approve the following comment on the Reports of the Way Forward Commission and the All Agency Review Committee.

Comment:

Introduction

In forming the Way Forward Commission, the 222nd General Assembly gave a clear mandate for its work: ***study and identify a vision for the structure and function of the General Assembly agencies of the PC(USA).*** Unfortunately, the work and recommendations of the commission fall short of this mandate. Rather than paint a picture of a new structure that models a vision of how the work of the national agencies cohere, relate to congregations and further the mission of the church, Way Forward focused on specific technical changes that:

- Move us toward a more corporate model of church governance that is less inclusive
- Add complexity to a system that is in need of simplification (more Boards, more commissions, more committees)
- Lack a church-wide perspective for ensuring all General Assembly agencies act in unison as one church
- Fail to address a critical issue – how can our national structure and programs meet the changing needs of congregations (while congregational focus was highlighted by Way Forward in their interim report – it is mostly missing in the final recommendations)

We believe better models are available, but developing new solutions first requires development of an overarching vision. Corporate forms would naturally flow from this vision.

The comments that follow address the recommendations made by Way Forward (of which only one recommendation addresses the structure of the national church).

Recommendation 1: Changes to Presbyterian Mission Agency Governance
This recommendation was made jointly by the Way Forward Commission (WFC) and the All Agency Review Committee (AARC). In short, the recommendation separates mission and administration – establishing a separate board to govern administration and other corporate functions.

We cannot support this proposal in its entirety in current form until vital questions are answered. We affirm this proposal in two respects: 1) we believe that the PMA should step away from the role of providing common administrative services. 2) We believe that A Corp board membership would benefit from the inclusion of additional non-PMA voices. While the PMAB has worked imperfectly in the past, we do have some experience in managing the complexities of mission and administration that we hope to contribute in order to address implementation concerns and possible unanticipated consequences of this proposed structure.

We have significant concerns about the overall viability of the proposal. In many ways, it harkens back to a governance model that existed between reunion and 1993 and resulted in conflicts over funding and control. In a 1993 restructure, the denomination moved to a unicameral model to minimize the divide between mission and corporate decisions. The predecessor to PMAB, the General Assembly Council, was given overall responsibility for governance, bringing mission, money and administration to a common table. While issues remain, they are largely around finding the right balance between corporate/administrative functions and missional priorities; separating oversight and governance will further complicate finding that balance. It will also add bureaucracy and additional expense to the current system. This approach has been tried before and it did not work.

Since the 1993 restructure, the Office of the General Assembly (OGA), which is part of the same corporation as PMA, has gained increasing independence and is now seen as a separate agency (in 1993, OGA was a part of the General Assembly Council). Any new or revised governance model must acknowledge that reality and determine how (or if) a shared corporate identity can be jointly governed by two independent organizations. The recommendation by the WFC and the AARC is partially in response to this reality.

Aside from broad concerns about the viability of this recommendation, the details (or lack of details) are even more problematic.

1. Nature and Role of New Entity – What is it?

We have been assured that this new entity is not a 7th agency. It has been described in different ways, but primarily as a "utility" that will provide administrative services for PMA, OGA and any other General Assembly agency that chooses to participate. Only PMA and OGA are mandated to use the services of this utility – it is an option for other agencies.

But, based on language in Appendices 10 (Corporate bylaws) and 11 (Organization for Mission), and further conversations with representatives from the WFC and AARC, it

is increasingly clear that this is more than a utility as it relates to oversight responsibilities for PMA and OGA.

The level of control appears to be extensive. Section 2.13 of Appendix 10 allows the corporation to delegate powers to other bodies but does not require it – and the delegation is not permanent. This belies the fact that power must be delegated from the corporation to the Committee on the Office of the General Assembly (COGA) / OGA and PMAB / PMA in order for them to operate. This is a radical change in church governance structures. Previously the General Assembly delegated authority directly to COGA/OGA and PMAB/PMA. The agencies then used a corporation, with PMAB as its board, to carry out necessary secular functions. In the proposal, much of PMAB/COGA's authority will be delegated to it, not by the General Assembly, but rather by the corporation. At any time, the corporation can remove or limit the powers granted to other bodies. As such, the authority to delegate, limit or remove powers is exclusive to the corporate board. It should be clear to all that this is not a mission-focused enterprise. It increases the corporate control over the church, and the work of OGA and PMA, which will be subject to the approval of those elected from other agencies / committees.

Appendix 11 reflects changes originally approved by the Presbyterian Mission Agency (related to the work done by its Governance Task Force in addressing governance changes; work that was encouraged by Way Forward) and recommended for General Assembly approval as Item 04-08. However, Appendix 11 was then further edited to reflect the changes required by this recommendation. Of fundamental concern is the flow of mission-related funds from congregations, individuals and mid-councils to the General Assembly, where they are disbursed. Current receipts range from Shared Mission Support (undesignated gifts for General Assembly mission) to restricted gifts for various purposes (Special Offerings, designated giving, etc.). Mission is also funded through endowments and bequests. Currently administrative functions are funded through cost recovery, which distributes a fair share of all revenue for the administrative expenses undergirding mission (or through a separate schedule of the per capita budget in the case of the Office of the General Assembly).

In the proposal (Appendix 11, Section VII), the corporation "is funded subject to overall budget approval by the General Assembly, from unrestricted funds held by it, from restricted funds designated to it, from the portion of the various budgets of PMA and OGA needed for employees, facilities and services provided by it; from management fees; and from other fees with respect to its activities and services." There has been no conversation on how this will impact PMA or churchwide giving. It also raises the question – if this new entity is indeed a utility, why does their budget need to be approved by General Assembly? Shouldn't they be funded from fees received for services provided? And shouldn't the budgets of PMA and OGA continue to reflect the true cost of mission inclusive of the cost of delivering mission? Even though the Corporation "holds" funds for PMA and OGA, that doesn't mean that the Corporation has the authority to use the funds for its own purposes apart from the donor's intent in giving those funds.

We believe that the nature of this new entity and its relationship to PMA, OGA and the other General Assembly agencies remains unclear.

2. Nature and Role of PMA and PMAB

The role of PMAB is equally unclear in this model. Since all authority is vested in the corporation with some of it delegated back to PMA/PMAB, it would help to be very clear on just what will remain within the scope of PMAB. Beyond generic comments such as "focus on mission" and "lead and coordinate the mission program of the General Assembly" the recommendation does not describe its vision for a future PMA/PMAB. Taking away or severely limiting the ability of PMA to "do" mission by separating the "what" from the "how" does not liberate PMA; it makes the work of PMA more difficult to navigate – likely resulting in fewer missional opportunities, delivered more slowly at an increased cost.

3. Board Composition

The recommendation places one representative of PMAB and one representative of COGA on a new eleven-member board - minimizing the voices of the two agencies most impacted by the recommendation. Eight of the other nine seats are allocated to specific representative voices:

- Four from the other agencies (one each from the Board of Pensions, the Foundation, Publishing and Investment and Loan) – ***even if they choose not to purchase services from this new "utility"***
- One each from the advocacy committees (Advocacy Committee on Women's Concerns and Advocacy Committee on Racial Ethnic Concerns)
- One each from the WFC and AARC (for the first term)

As written, the 223rd General Assembly will only have full discretion over the choice of one member of the board who will be nominated by the General Assembly Nominating Committee. This recommendation fails to take our collective white, male, middle-to-older age privilege into account. Ten of eleven specified nominations, limited by the discretion of the various representative agencies, will not produce a diverse board. While we understand there may be changes recommended by Way Forward to the agency nomination process designed to provide a broader slate of potential board members with additional involvement from the General Assembly Nominating Committee, these changes are not currently in the posted materials. We are unsure if or when these changes will be made.

Furthermore, the corporation's anticipated executive committee (5 members) with a quorum of 50%, places control of the corporation, PMA and OGA in the hands of two individuals (a majority of the quorum of three).

4. Lack of Due Diligence

We have not seen any detailed financial or operational due diligence and this should be done prior to finalizing the recommendation, so that a determination may be made as to whether this governance model is workable.

Financially, the proposal commits to keeping administrative expenditures in 2018-2020 to levels expended in 2016-2018. We do not believe there is a basis for this commitment. To our knowledge:

- Funds have not been reviewed; no analysis has been completed
- There has been much conversation about outsourcing, without consideration of the financial impact of severance packages for existing staff
- There have been no discussions about how to fund the Office of the President (of this new entity), or the new Office of Translation which will be housed in this entity
- There has been no conversation regarding which staff will operate out of the new entity versus PMA or OGA; no work has been done to sustain the financial viability of any of the organizations in light of these changes

The following questions are examples of the kind of operational due diligence that is still required prior to implementation of the recommendation (and that should have been considered in advance of the proposal):

- Who will serve as the Board of Directors of the A Corp between the 30th day following the adjournment of the 223rd General Assembly when the existing 40 Presbyterians from across the church are required to resign and the initial meeting of the newly constituted A Corp Board of Directors? **(Recommendation 1.a)**

- Does the church want a "super-board" made up of board members from other boards and committees? This is unprecedented in our Presbyterian organization. **(Recommendation 1.b.)**

- In our current system, the General Assembly Nominating Committee makes nominations to General Assembly that meet the desire of the church for equality, diversity, and parity. The General Assembly Committee on Representation is charged with ensuring inclusion, participation and representation at all levels of church leadership and decision-making. This check and balance is effective because the pool of prospective nominees is churchwide and balanced for diversity. Why is this system being replaced for this new A Corp board? **(Recommendation 1.c.)**

- Why is it necessary for the A Corp President, or his/her designee, to sit on the board with voice on all the other 6 "Boards or committees"? What is the purpose of this linkage? **(Recommendation 1.d.)**

- Why is an additional commission necessary? Is this an indication that there is a lack of confidence in the new A Corp board being able to fulfill its role and function? **(Recommendation 1.f.)**

- Why is this oversight permissive rather than required? Shouldn't a review of the A Corp on an established schedule and method of review be the same as it for the other 6 agencies of the church? **(Recommendation 1.g.)**

- It is our understanding that under the provision shown below the Board of the Presbyterian Mission Agency shall have broad authority over the employees ASSIGNED to it by the A Corp Board? Can we have clarity how that staffing is identified and then assigned by the A Corp? Do these provisions apply to OGA?

  " A Corporation, shall delegate to the President/Executive Director, subject to the Presbyterian Mission Agency Budget; subject to Section 2.13 of the Bylaws of the Presbyterian Church (U.S.A.), A Corporation; in consultation with the Board of Directors of the Presbyterian Church (U.S.A.), A Corporation; and consistent with the scope of any similar delegation to the Stated Clerk for staff assigned to the Office of the General Assembly, authority: (i) to create, implement, and enforce personnel policies and procedures for staff assigned to the Presbyterian Mission Agency; (ii) to prepare, maintain, and amend an Employee Handbook for staff assigned to the Presbyterian Mission Agency; (iii) to retain and dismiss staff assigned to the Presbyterian Mission Agency; and (iv) to promote, demote, review, increase or decrease compensation, and otherwise manage staff **assigned** to the Presbyterian Mission Agency." *Emphasis Added.* ***(*Recommendation 1.h.** (Appendix 11)**):**

- It is our understanding that the A Corp shall utilize unrestricted funds, currently used to fund important ministries of the PMA (e.g. Racial Ethnic and Women's Ministry), to cover its own expenses? Has anyone reviewed the current PMA Budget to correctly understand how administrative expenses now borne by PMA come from allocations from restricted funds from particular PMA programs? Has an analysis been made of the effect of keeping unrestricted funds for the exclusive use of A Corp expenditures?

  "The Presbyterian Church (U.S.A.), A Corporation… is funded, subject to overall budget approval by the General Assembly, from unrestricted funds held by it; from restricted funds designated to it; from the portion of the various budgets of the Presbyterian Mission Agency and the Office of the General Assembly needed for employees, facilities, and services provided by it; from management fees; and from other fees with respect to its activities and services." **(Recommendation 1.h.** (Appendix 11)**):**

- What will the rescission of the declaration of prior enactments of the General Assembly, particularly the documents of Deliverance, means in the application of secular law to disputes within the church that are adjudicated in secular courts? Documents such as the Deliverances are canon law in most states, certainly in Pennsylvania, and have primacy over secular law (ie. Corporate bylaws). Has anyone considered what the declaration of canon law as being secondary to secular law may mean to the Trust Clause of the PC(USA) Constitution? Can WFC/AARC explain and assure the General Assembly that this action will not have unintended consequences? **(Recommendation 1.i.)**

5. Timing

If approved by the General Assembly, the transition to the new model will be quick. Recommendation 1a calls for actions to be taken within 30 days of the close of General Assembly. Current corporate members are to resign as of the close of that meeting. Recommendation 1c calls for the change even sooner…the day after the 2018 Assembly adjourns. A new Board is convened within 90 days. Governance between that 30-day window and the 90-day meeting is left unclear.

In light of this uncertainty, and the lack of due diligence on both operational and financial matters, the PMAB asks that the details of the proposal, along with the vision called for earlier in this comment, be vetted over the next two years, so that a more comprehensive and sustainable recommendation can be brought to the 2020 General Assembly.

6. Acting as "one church"

Rather than solving conflict between church agencies, this proposal exacerbates it. Four General Assembly agencies have boards that serves both their mission-related purposes and their corporate needs. The other two, PMA and OGA will have to work through a corporate board controlled by others. This hasn't worked for the Office of the General Assembly over the past thirty years, leading to many of today's issues. Members of COGA have described this period as one of "tyranny." The proposed new corporation board looks no more viable. Minimally, it will at least be a different form of tyranny, but collectively, we should aim higher. Better solutions are available (separate corporate identity for each agency within the context of one overall church corporation board or a joint OGA/PMA corporate board), but neither can be fully evaluated in the absence of an overarching vision. Rather than create upheaval within the agencies without a clear guiding vision, PMAB suggests that the assembly first establish a vision for the structure and function of General Assembly agencies, then allow corporate forms to follow this vision.

7. Conclusion

The Presbyterian Mission Agency is grateful for many voices seeking to correct flaws in the current structure and function of General Assembly agencies. A portion of those flaws are the responsibility of the Presbyterian Mission Agency Board, and we join with others in a commitment to work wholeheartedly to improve and correct these flaws. We commend the Way Forward Commission for its call for a renewed focus on mission as the heart of all we do, and believe this is best accomplished not by removing corporate responsibilities from the Presbyterian Mission Agency, but from addressing the imbalance of OGA's relationship to the PMA and the A Corp board. This should be done deliberately, carefully, and above all, be rooted in reformed theological principles driven by a shared vision for the ecclesiastical direction of the Presbyterian Church (U.S.A.).

<u>Recommendation 2: Role of the Stated Clerk</u>
We leave the debate and comment on the role of the Stated Clerk to others within the church.

<u>Recommendation 3: Financial Sustainability of the National Denomination</u>

We support this recommendation. We believe it is so important that sustainability should be determined prior to the implementation of changes to the national church proposed by Way Forward and All Agency Review. The report should be submitted to the 224th General Assembly and should include consideration of the efficacy and continuation of the Per Capita System now used by the National Denomination and many of the mid councils. A good beginning resource should be a review of the Strategy for Funding Christ's Mission as adopted by the General Assembly in 2008.

Recommendation 4a.: Diversity and Reconciliation
We support the creation of this table. It would be helpful to know how this table will be implemented and the scope of its authority.

Recommendation 4.b.: Completion of Audits
We support this recommendation.

Recommendation 4.c.: Translation Services
We support Item 04-02 recommendation 2 from the Advocacy Committee for Racial Ethnic Concerns as the best approach to implementing this recommendation. We further suggest that an analysis of the cost of such a program and a means of supporting it be undertaken immediately following adoption of this recommendation so that it may be implemented expeditiously.

~~Recommendation 5.: Moving Forward Implementation Commission~~
~~Why is it necessary that this be a Commission? Authority to ensure compliance would have to be spelled out, especially if it might be punitive or be understood to include exercising original jurisdiction. If this is the intent of the GA, it should be stated and understood.~~

Recommendation 6.: Concurrence with AARC on Agency Reviews
We support this recommendation.