

UPC Information Meeting on Proposed Staff Reduction

Moderators:

Julie Miller and Kay Bryant – Session members and members of
Staff Support Committee

Bob Bridge – Pastor Nominating Committee Chair, member of
Finance Committee and Assistant UPC Treasurer

Agenda

- ❑ Our feelings
- ❑ The Big Picture
- ❑ PC(USA) Process for Making Changes in Calls
- ❑ Timing of Announcement vs. Congregational Meeting
- ❑ 2017 Budget Update
- ❑ Appropriate Staffing Levels
- ❑ What UPC could have done differently
- ❑ Session's staffing-changes recommendation to the Congregation
- ❑ More about Kathy's situation
- ❑ Request of the Congregation

Our Feelings

Surprised Angry Supportive
Sorrowful Concerned
Shocked Hopeful Appreciative
Hopeful Uneasy Trusting
Melancholy Upset
Hopeful Distressed
Disturbed Worried
Worried Surprised Pessimistic
Trusting Trusting
Trusting Mournful
Anxious Optimistic Thankful
Saddened

The Big Picture

2008-2011

- Essentially balanced budgets
- Krystal hired (Aug. 2010)
- Kathy hired (Aug. 2011)
- John ordained (Dec. 2011)

2012-2013

- 2012: \$16,000 deficit
- 2013: \$13,000 deficit

2014

- \$14,000 deficit
- Kathy ordained (August)
- San announced his departure (October)

2015

- \$44,000 deficit
- San leaves (April)
- Interim starts (September)

2016

- \$70,000 deficit
- Krystal ordained (April)
- Mission Study approved by Session and PNC starts (May)
- New Session members (June)
- New committee structures (July)
- PNC told Staff Support committee and interim that over-staffing must be addressed (August)
- Interim leaves (August)
- David Evans returns (Sept.)
- Session requires balanced budget for 2017 (November)

2017

- Balanced budget
- Jan 8 - Congregational vote on changes to staff calls
- Jan 22 - Congregation meeting to call new pastor

PC(USA) Process for Making Changes in Calls

Session

- Defines the church's annual budget
- Calls Congregational meeting, and recommends changes in calls to the Congregation

Congregation

- At Congregational meeting, considers and votes on Session recommendations

Presbytery

- Examines incoming candidates
- Approves all calls of pastors

Why was this staff reduction announced before the congregation voted to make the changes?

- Once the Session decided to balance the budget, ordained staff members on the session realized that at least one of their positions would be impacted. This made it critical to make a decision and communicate with them as quickly as possible
- The Session calls congregational meetings for the purpose of acting on changes the Session proposes in terms of call for ordained staff
- The Congregation needed time to consider the changes
- The congregation can decide to either agree with or modify the Session's recommendation

2016 and 2017 Budget Summary

Category	2016 Budget		Working 2017 Budget		Change
INCOME					
Total Contributions	\$ 695,550		\$ 673,162		(\$22,388)
Total transfers	\$ 104,565		\$ 76,000		(\$28,565)
Other Revenue	\$ 98,971		\$ 99,780		\$809
Total Income	\$ 899,086		\$ 848,942		(\$50,144)
EXPENSES					
Non-ordained staff & overhead	\$ 250,847	63%	\$ 245,868	61%	(\$4,979)
Ordained staff	\$ 361,304		\$ 260,341		(\$100,963)
Committees	\$ 355,015	37%	\$ 325,610	39%	(\$29,405)
TOTAL EXPENSES	\$ 967,166		\$ 831,819		(\$135,347)
BOTTOM LINE	\$ (68,080)		\$ 17,123		\$85,203

[More detail](#)

[Backup](#)

Why address the staffing level?

Ratio of Full Time Staff Positions to Regular Worship Attendance

Full Time Staff Positions	Increases Church Size (regular average worship) to...
1 Pastor	150 People
1 + 1 Pastor	300
2 + 1	450

Church Standard Ratios from consultant Blair Monie on this topic...

- One pastor per 100 is a growth plan
- One pastor per 150 is a maintenance plan

For UPC our regular average attendance is 185

Why address the staffing level?

UPC Professional Staff Positions

Average Attendance at Worship	Full-time Program Staff Positions	Support Staff (secretary, organist, choir director, finance maintenance, nursery staff, etc.)
150	1	1
300	2	1.5
450	3	2
600	4 UPC 4	2.5 UPC 4.3 Office Mgr – 1 Maintenance – 1 Finance - .6 Music Dir - .5 Organist - .5 Building Monitor - .5 Children's Choir - .1 Nursery - .1

The Campus endowment allows UPC to increase the number of staff by 1

[Backup](#)

What should UPC have done differently?

- Acknowledged and addressed the budget deficit, starting in December 2014
- More effectively communicated 2015 and 2016 budget deficits and implications with the congregation
- Acknowledged staff's desire to be ordained but have been honest with them and ourselves that our current budget would not support more than 2 full time, ordained staff
- Been clear when hiring an interim pastor that we needed someone able and willing to help us address budget and staffing concerns

Session Recommendations (1 of 2)

- Eliminate the position of "Associate Pastor for Congregational Formation" while fully acknowledging this is no reflection on Kathy or her work at UPC

Caring for Kathy in this transition

- We are providing 6-months severance pay with full benefits
- We consulted with **Sallie Watson**, Mission Presbytery executive presbyter, and **Phil Barnes**, Austin's Committee on Ministry representative for Mission Presbytery.
- They both are willing to help Kathy find her next opportunity, and to be available to her for on-going pastoral care

Kathy's last Sunday was before the congregational vote

- It was suggested to Kathy that her last day be mid-January or whatever worked for her.
- The main intent was to allow her to focus full-time on finding her new call.
- Kathy was planning to preach on January 1st and decided that should be her last day

Session Recommendations (2 of 2)

- Change title “Associate Pastor for Youth & Families" to “Associate Pastor”
- Reduce UKIRK staff position salary to be fully covered by 4-5% Campus Ministry Endowment draw
 - In order to do above, reduce hours to 2/3 for the current Associate Pastor for Campus Ministry position

Note: David Evans, as acting head of staff, has not been involved with the staff-reduction planning or decision making

Requests for the Congregation –

- Acknowledge your feelings
- Always ask hard questions about the budget & staffing
- Help UPC make the upcoming transitions
 - Take ownership of the changes, and communicate with your friends in the congregation
 - Volunteer to help implement our programs, now that we will have fewer ordained staff to do the program work
 - Make a 2017 pledge, or increase your 2017 pledge, if you have not already done so

Backup Material

Main presentation

[PC\(USA\) Procedures](#)

[Timeline](#)

[2017 Budget](#)

[What staffing levels](#)

[What we could have done
differently](#)

[Session recommendation](#)

[Request of Congregation](#)

Backup Slides

[Process](#)

[Finance](#)

[Staff](#)

[Children's Ministry](#)

Process Backup

Kathy's last day was Jan 1

Delay staffing changes?

How did we get to this point?

David Evan's involvement

Book of Church Order

Can the staffing changes be delayed for 2-3 months to give the congregation more time to consider and react?

- A delay of 2-3 months has the risk of having to re-start the PNC search
- The Finance Committee and the Session desire to set the 2017 budget before the start of 2017

How did we get into a position of needing to do this staff reduction?

- Lack of clear communication and discussion on a congregation-wide basis of issues about money and stewardship
- Decreased income and adopting deficit budgets
- The congregation, Finance committee, Staff and Session did not take a firm stance on our budgets
 - We all accepted big deficits
 - We all agreed to have four ordained staff

What role has David Evans played in making these staffing changes?

0 – nada

- nothing

Book of Church Order: G-3.0205 Finances

In addition to those responsibilities described in G-3.0113, the session shall prepare and adopt a budget and determine the distribution of the congregation's benevolences. It shall authorize offerings for Christian purposes and shall account for the proceeds of such offerings and their disbursement. It shall provide full information to the congregation concerning its decisions in such matters.

Book of Church Order - G-1.0503 - Business to be transacted at meetings of the congregation shall be limited to matters related to the following:

- a) electing ruling elders, deacons, and trustees;
- b) calling a pastor, co-pastor, or associate pastor;
- c) changing existing pastoral relationships, by such means as reviewing the adequacy of and approving changes to the terms of call of the pastor or pastors, or requesting, consenting to, or declining to consent to dissolution;
- d) buying, mortgaging, or selling real property;
- e) requesting the presbytery to grant an exemption as permitted in this Constitution (G-2.0404).
- f) approving a plan for the creation of a joint congregational witness, or amending or dissolving the joint congregational witness (G-5.05).

Financial Backup

[P&L History 2002-2016](#)

[Options for \\$17,000](#)

[Income details](#)

[Ordained Staff Budget](#)

[Non-ordained staff budget](#)

[Committee Budget](#)

[Perspective on income](#)

[Full-time children choir director](#)

[Capital campaign](#)

[Reduce All staff?](#)

[Krystal reduction](#)

[Cost of new pastor](#)

[Backup](#)

Some options for Session relative to the \$17,000 increase in pledges

Note: We still have an austerity situation where total income is still \$51,000 less than last year.

- Restore some of the \$30,000 in committee budget cuts
- Increase budget for Danny replacement work (may be underfunded by \$10,000)
- Holding the money in reserve until we see how spending actually develops
- Holding the money in reserve until we learn of any new initiatives by the new pastor

2016 and 2017 Income

Category	2016 Budget	Working 2017 Budget
INCOME		
Pledges	\$ 630,850	\$ 632,549
Prepaid Offerings	\$ 14,400	\$ -
Online Giving Fees	\$ (3,500)	\$ (3,500)
Discount Pledges	\$ (16,000)	\$ (15,687)
Unpledged Offerings	\$ 55,000	\$ 55,000
Prior Year Pledges	\$ 4,000	\$ 4,000
Presbyterian Women	\$ 800	\$ 800
Anticipated pledges from new members	\$ 10,000	\$ -
Total Contributions	\$ 695,550	\$ 673,162
Total transfers	\$ 104,565	\$ 76,000
Other Revenue	\$ 98,971	\$ 99,780
Total Income	\$ 899,086	\$ 848,942

Transfers and Other Income

Category	2016 Budget	Working 2017 Budget
UPC Debt Service	\$ 30,565	\$ 27,000
Campus Ministry Endowment	\$ 72,000	\$ 47,000
E. B.Clark Transfer	\$ 2,000	\$ 2,000
Total transfers	\$ 104,565	\$ 76,000
UT Co-op Property tax	\$ 25,191	\$ 26,000
UT Co-op Rent	\$ 37,260	\$ 37,260
Mich6 Rent	\$ 8,820	\$ 8,820
Oil and Gas Royalties	\$ 17,700	\$ 17,700
Outside Groups/Other	\$ 10,000	\$ 10,000
Other Revenue	\$ 98,971	\$ 99,780

[Backup](#)

Ordained Staff Details

Category	2016 Budget	Working 2017 Budget
Interim Pastor	\$ 156,916	\$ -
Senior Pastor	\$ -	\$ 118,896
Acting head of staff	\$ -	\$ 15,600
PNC expenses	\$ -	\$ -
Associate pastor	\$ -	\$ 77,689
Associate pastor Youth	\$ 71,741	\$ -
Associate Pastor Christian Formation	\$ 68,352	\$ -
Associate pastor Campus Ministry	\$ 64,295	\$ 48,155
Ordained staff total	\$ 361,304	\$ 260,341

Non-ordained staff details

Category	2016 Budget	Working 2017 Budget
Office manager	\$ 57,749	\$ 58,025
Director of Music	\$ 31,922	\$ 33,591
Organist	\$ 31,154	\$ 22,250
Music (and organist) substitutes	\$ 1,500	\$ 1,500
Children's Choir director	\$ 2,250	\$ 9,600
misc personnel costs (ncluding background checks)	\$ 1,000	\$ 500
Ministry Assistants (seminary interns, including for Ukirk)	\$ 1,200	\$ 8,000
Finance staff	\$ 33,642	\$ 35,002
Facilities Staff/contractors	\$ 34,679	\$ 13,900
Nursery Staff	\$ 8,500	\$ 8,500
Personnel Overhead Expenses (payroll services, etc.)	\$ 28,600	\$ 25,000
Building Monitor Expenses	\$ 18,650	\$ 30,000
Non-ordained staff & overhead total	\$ 250,847	\$ 245,868

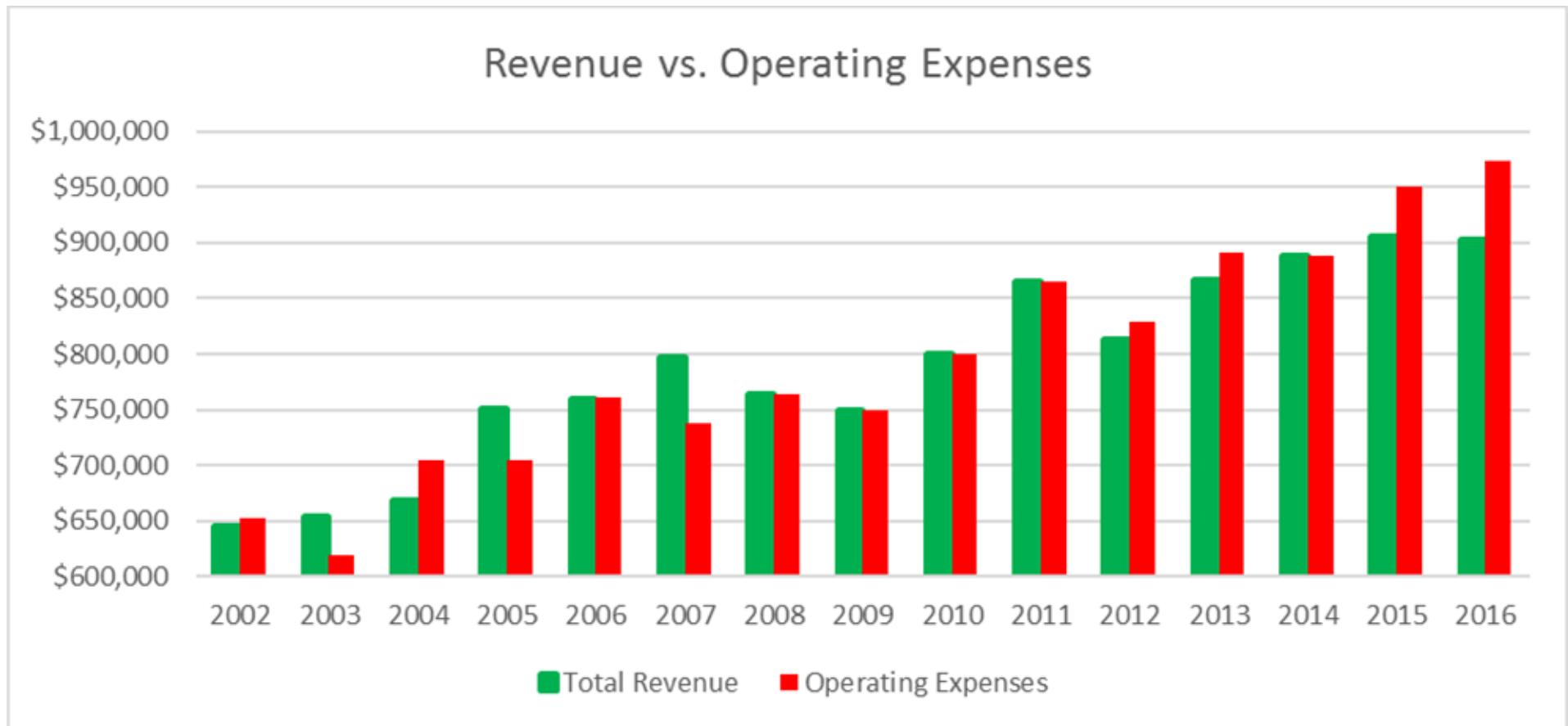
Committee Details

Category	2016 Budget		Working 2017 Budget	
Building and Grounds	\$ 130,500.00		\$ 130,000.00	
Christian Formation	\$ -		\$ 13,000.00	
Adult Ministry and Education	\$ 3,000.00		\$ -	
Childrens Ministry	\$ 3,645.00		\$ -	
Youth	\$ 7,700.00		\$ -	
Congregational Connections	\$ -		\$ 6,000.00	
Adult Retreats	\$ 4,250.00		\$ -	
Young Adults	\$ 150.00		\$ -	
Prep for Ministry	\$ 5,100.00		\$ -	
Membership	\$ 500.00		\$ -	
Fellowship	\$ 6,850.00		\$ -	
Finance	\$ 59,006.00		\$ 55,202.00	
Service	\$ 74,266.00		\$ 64,000.00	
Social Witness	\$ -		\$ 400.00	
Stewardship	\$ -		\$ 3,300.00	
Ukirk	\$ 12,000.00		\$ 8,000.00	
Worship and Music	\$ 20,698.00		\$ 21,958.00	
Deacons	\$ 750.00		\$ 750.00	
Administrative	\$ 26,600.00		\$ 15,000.00	
Communications	\$ -		\$ 8,000.00	
Committees Total	\$ 355,015.00	37%	\$ 325,610.00	39%

[Backup](#)

[Expenses](#)

Profit and Loss History



[Backup](#)

Why is income down?

- There is no way to know exactly why
- Possible factors
 - San's departure (announced 26 months ago, in Oct 2014)
 - Insufficient attention to the theology and practice of stewardship at UPC
 - PC(USA) stance on gay ordination and marriage
 - General decline of American church membership
 - Deaths and relocations of larger donors
- That said, three Austin PC(USA) churches with new pastors are doing really well (Westlake Hills, Covenant, Shepherd of the Hills)

Why have we been spending the money on hiring of the children's music director? Wouldn't it have been better spent to keep Kathy and cover the budget deficit?

- The cost of Children's music director is small relative to the overall deficit
- The children's music program is important to the congregation

Why have we been spending the money on the building (capital campaign)?
Wouldn't it have been better spent to keep Kathy and cover the budget deficit?

- The last building project started when we did not have budget deficits
- The general experience of churches is that capital campaigns don't have a significant impact on annual stewardship campaigns

Why not cut salaries of all three associates and then keep all three?

- Benefits are relatively fixed – so savings are not sufficient to make this work
- The risk of demotivating all three associates

Savings from Krystal's reduction seem small – can't we find the money to keep her salary intact

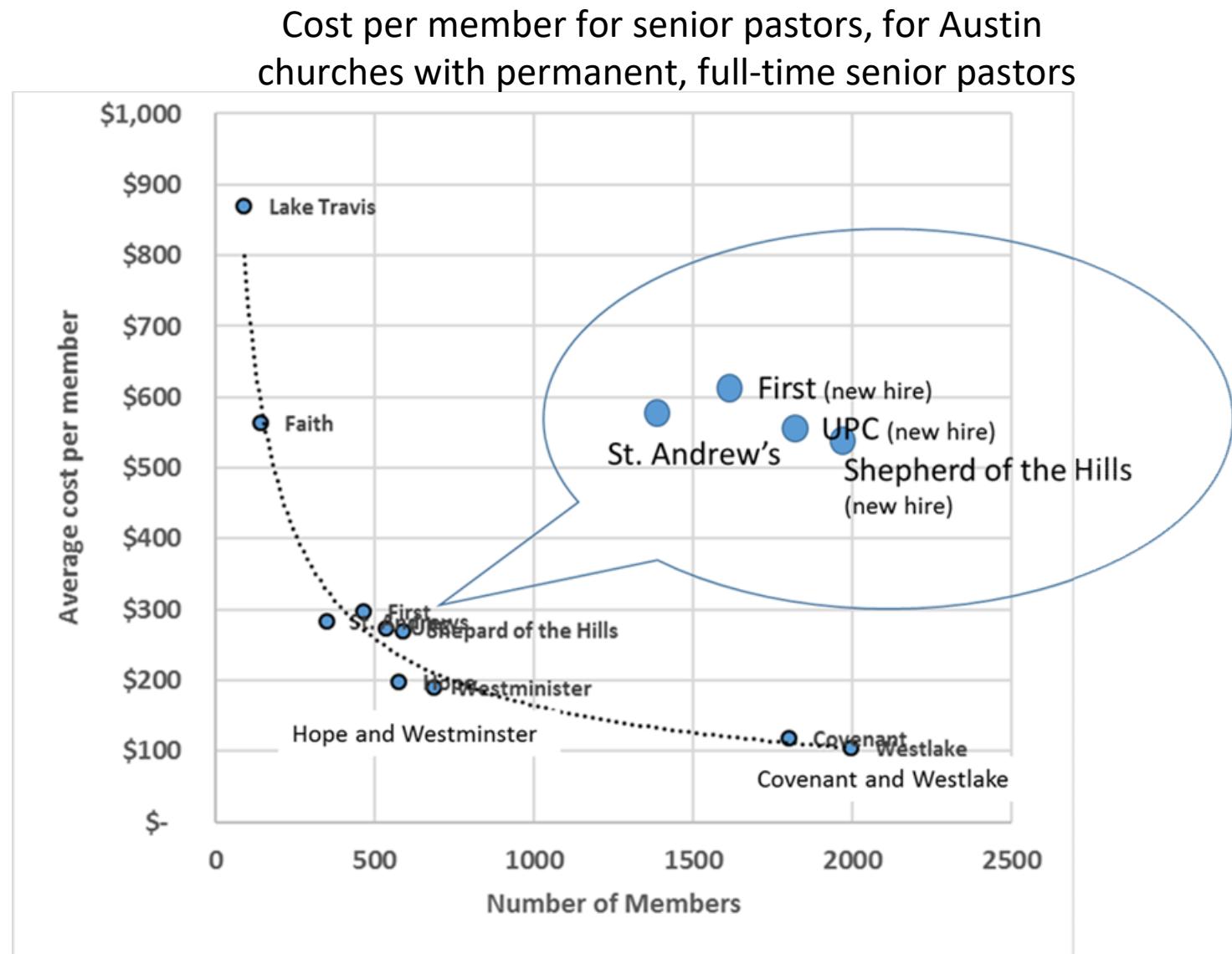
- We sized her salary to match what the endowment can support.
- Ordained pastors' salaries are governed by Presbytery minimums (\$41,633 in Mission Presbytery) and Board of Pension benefits based on a national minimum Presbyterian pastor's salary of \$44,000. While UPC can pay more than minimums, we cannot pay less.
- For the UKirk position, having an ordained minister in that position means that the position has to be part-time because of these minimums and what the current endowment produces.

How much are we paying new pastor, and are we paying too much?

- UPC has negotiated a market rate, an effective salary offer of \$99,000.
- Forbes reports that the cost of living in Austin is 11% above the national average. The table below shows PC(USA)-wide salaries for churches with 501 to 1000 members with the data scaled up by 11% in order to make it relevant to Austin.

YEARS OF SERVICE	25th PERCENTILE	50th PERCENTILE OR MEDIAN	AVERAGE EFFECTIVE SALARY	75th PERCENTILE
Less than 6	\$67,953.73	\$79,920.00	\$78,562.70	\$90,122.11
6 to 10	\$87,179.40	\$99,900.00	\$103,725.47	\$117,787.65
11 to 15	\$88,586.88	\$94,492.08	\$95,632.03	\$106,955.16
16-20	\$88,800.00	\$99,633.60	\$100,768.45	\$112,505.54
More than 20	\$93,240.00	\$105,448.73	\$108,173.52	\$118,296.59

Our salary offer is in line with salaries of other Austin PC(USA) churches



[Backup](#)

Why not hire a new senior pastor at a cost similar to John and then we could afford to keep Kathy?

- We did a national search to find a candidate that can help re-energize UPC
- We are paying the market rate

Backup: Staff-specific

Children's ministry position

Gender

Why are we keeping the campus minister and getting rid of our children's minister

- As mentioned above, the normative staffing for continued growth for a church our current size is two full-time, ordained positions.
- University Presbyterian church established a designated endowment for campus ministry under senior pastor, Tom Farmer, in 1992, which enables us to have a third staff position which is paid for by the endowment and not from pledged income.

Why were only women affected?

- As mentioned above, the decisions about staffing were made based on positions and best-practices staffing for a church our size. Unfortunately both positions affected are currently staffed by women. Women of the church were members of every decision-making body involved in the proposed changes, both committees and the Session.

Backup: Support of Children's ministry

How will Kathy's work with children be handled?

- We are moving from a primarily program-designated staff to a combined pastoral-relational as well as programmatic staffing model where the pastors will work across multiple ministry areas.
- The church will need to:
 - Prioritize John's responsibilities, and determine what portion of Kathy's work he will handle
 - Provide volunteer help where needed

How can John be expected to double his workload,
especially with a one-year-old at home?

- UPC cannot ask John to handle both his and Kathy's prior responsibilities
- It will be necessary for UPC to prioritize his work
- We will need volunteers to step up their efforts as needed

Who will be in charge of VBS?

- To be determined

What will the various Christian Formation programs will look like through the rest of the spring?

- To be determined

It seems like the middle of the program year is a really bad time for this change

- Agree, but there is never a good time to make these types of changes

Slides from Before.
Available for re-use

Church Staffing Norms



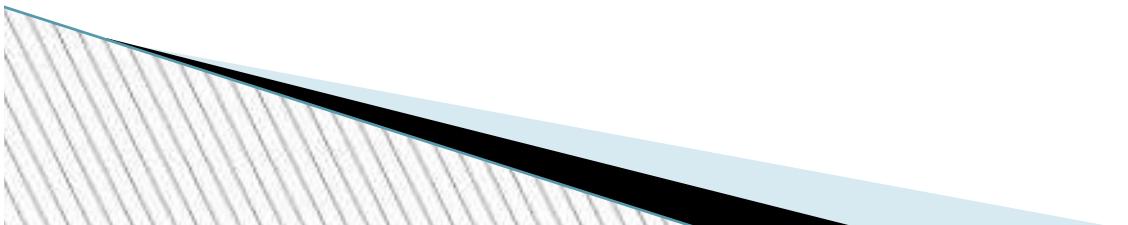
Ratio of Full Time Staff Positions to Regular Worship Attendance

Full Time Staff Positions	Increases Church Size (regular average worship) to...
1 Pastor	150 People
1 + 1 Pastor	300
2 + 1	450

Church Standard Ratios from Blair Monie on this topic...

- One pastor per 100 is a growth plan
- One pastor per 150 is a maintenance plan

For UPC our regular average attendance is 185

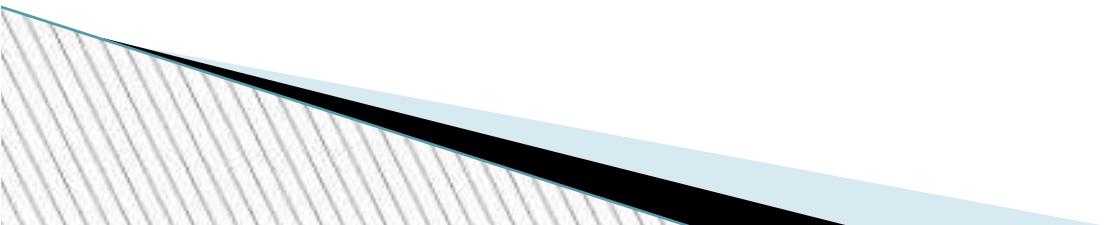


How UPC Compares



Generally speaking...

- ▶ We have had very expensive children's, youth and campus ministry programs, primarily based on staffing costs
- ▶ Usually these are not staffed by ordained ministers except in very large, wealthy churches. Even in churches larger than ours, more specific program-related positions are often staffed at a “director” level which is not governed by Presbytery minimum salaries and benefits



UPC Professional Staff Positions

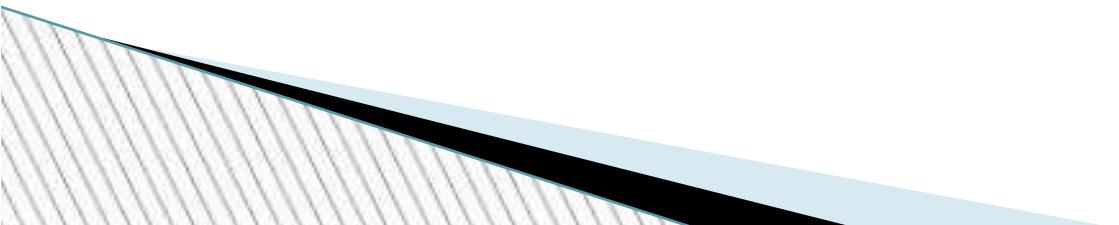
Average Attendance at Worship	Full-time Program Staff Positions	Support Staff (secretary, organist, choir director, finance maintenance, nursery staff, etc.)
150	1	1
300	2	1.5
450	3	2
600	4 UPC 4	2.5 UPC 4.3 Office Mgr – 1 Maintenance – 1 Finance – .6 Music Dir – .5 Organist – .5 Building Monitor – .5 Children’s Choir – .1 Nursery – .1

Support Staff Committee Recommendations



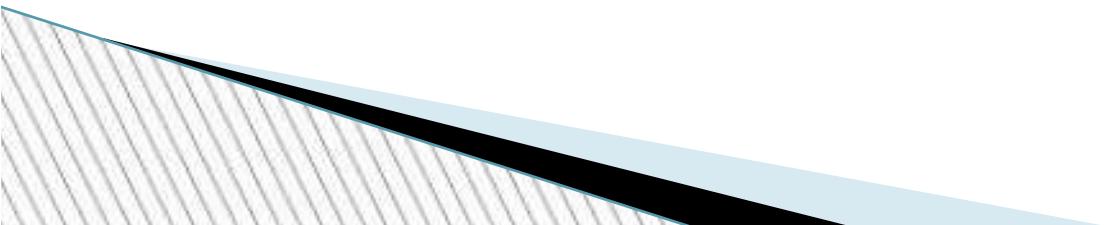
Optimal UPC Staffing

- ▶ 2 Full Time Pastors
- ▶ Programming (UKIRK, Youth, Children) – staffed by non-ordained, “director”-level persons who may have some formal theological training or skills related to the program area (e.g., a former elementary teacher who has taken some Christian education classes/training for children’s ministry) and supervised by ordained staff
- ▶ Support Staff as needed



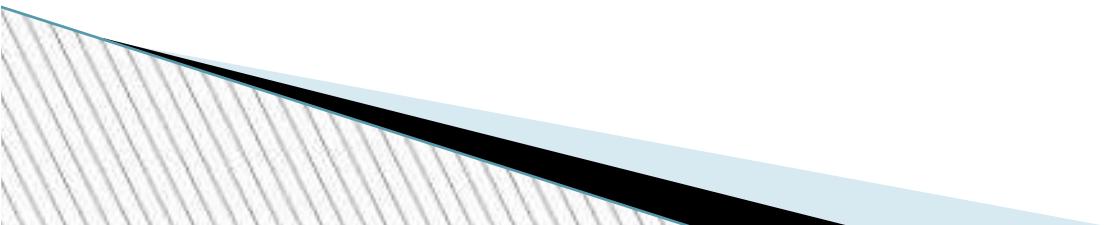
Recommendations from Staff Support

- ▶ Eliminate the Christian Formation position
- ▶ Reduce the UKIRK salary to one that fits within the 4–5% Endowment draw
- ▶ Associate Pastor for Youth & Families – change title to *Associate Pastor for Christian Formation*



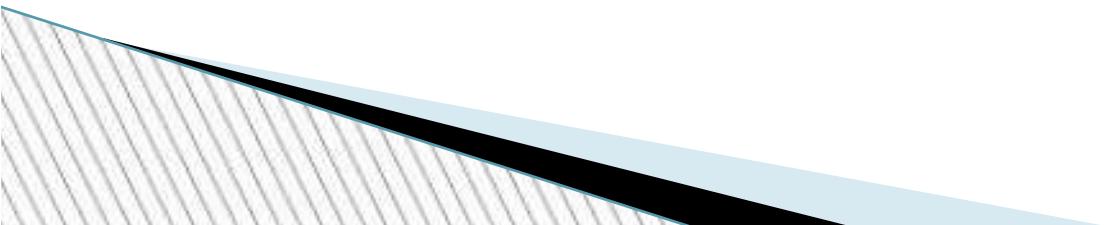
Implications

- ▶ Kathy will receive a severance package for 6 months – paying her through June 30
 - (Full benefits included)
- ▶ Her last day worked will be mid-January
- ▶ Krystal's salary will be reduced by 2/3 and hours reduced to 26 (effective salary package reduced by 25%) beginning January 1



Timeline

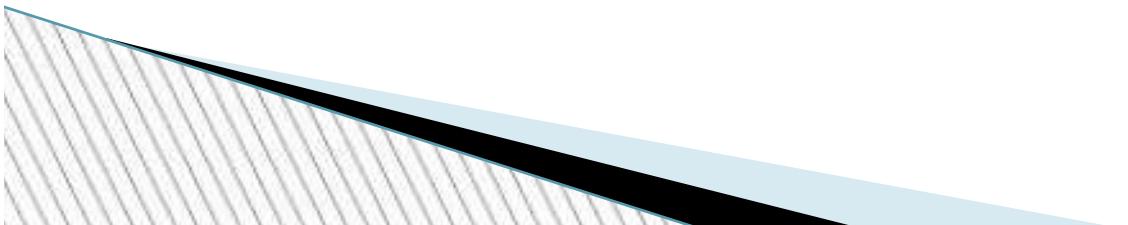
- ▶ Letter explaining our actions will be mailed to the congregation this week
- ▶ Congregational Meeting has been scheduled for January 8
 - To dissolve Kathy's call
 - To change Krystal's terms of call



Motions for the Session

In order to meet the 2017 balanced budget we will need to:

- ▶ Eliminate the Christian Formation position
- ▶ Reduce the UKIRK salary to one that fits within the 4–5% Endowment draw
- ▶ Associate Pastor for Youth & Families – change title to *Associate Pastor for Christian Formation*

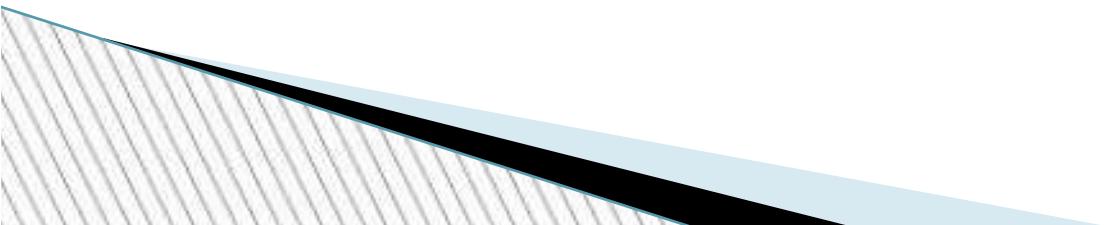


Backup Material



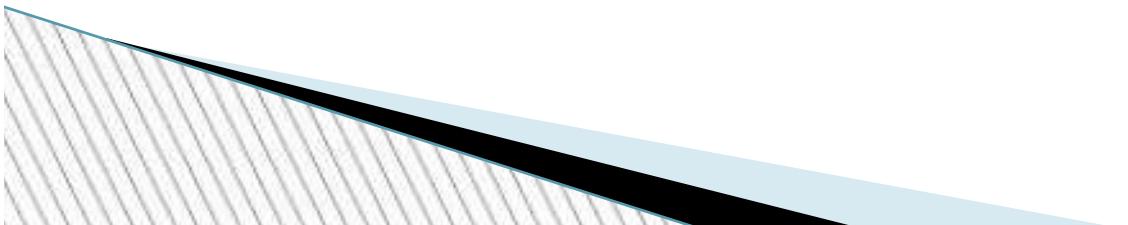
Data Sources

- ▶ **Blair Monie** – Zbinden Professor of Pastoral Ministry and Leadership, APTS and former pastor of Preston Hollow Presbyterian Church in Dallas for 20 years
- ▶ *Inside the Large Congregation*
 - by Susan Beaumont
 - ✗ “Chapter 5: Staff Team Design and Function”
- ▶ *Staff Your Church for Growth – Building Team Ministry for the 21st Century*
 - by Gary L. McIntosh
 - ✗ “Chapter 2 – Staffing for Growth” and
 - ✗ “Chapter 3: Adding Team Members”



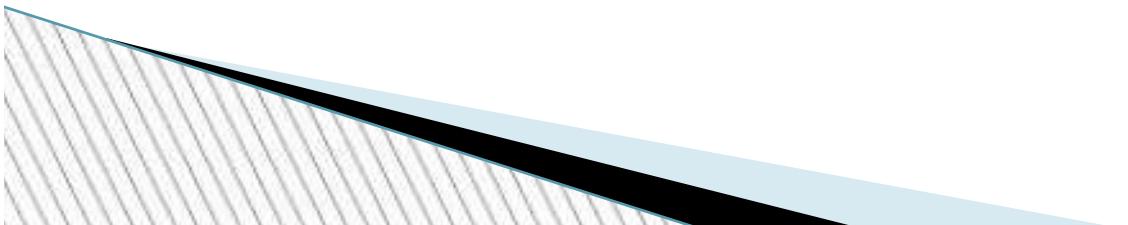
Factors That Influence Staff Size

- ▶ Growth or decline rate
- ▶ Affluence of the community
- ▶ Geographical location
- ▶ Denomination affiliation
- ▶ Age of the church
- ▶ Regular worship attendance
- ▶ Size of operating budget



Professional Staff Positions – McIntosh

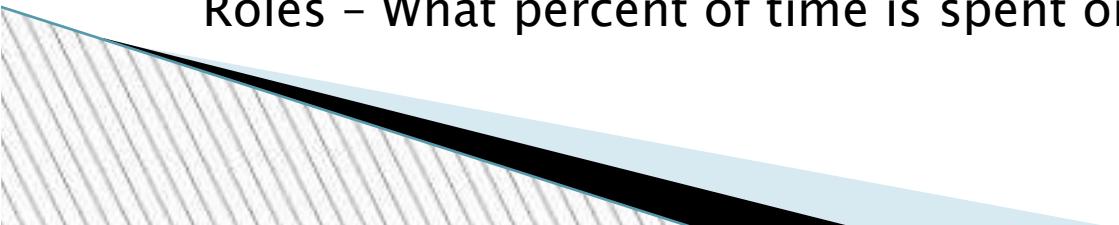
Average Attendance at Worship	Full-time Program Staff Positions	Support Staff (secretary, organist, choir director, finance maintenance, nursery staff, etc.)
150	1	1
300	2	1.5
450	3	2
600	4	2.5



Professional Staff Positions – Beaumont

Worship Average	Clergy FTE	Program Staff FTE – Programmatic ministries (worship, music, congregational care, education, outreach)	Admin. Support Staff (reception, maintenance, finance, general admin
200-399	2.2	1.9	2.3
UPC	1	3 pastors 1.1 Music staff	3.3

Roles – What percent of time is spent on Relational vs Program?



Staff Costs as a % of Budget

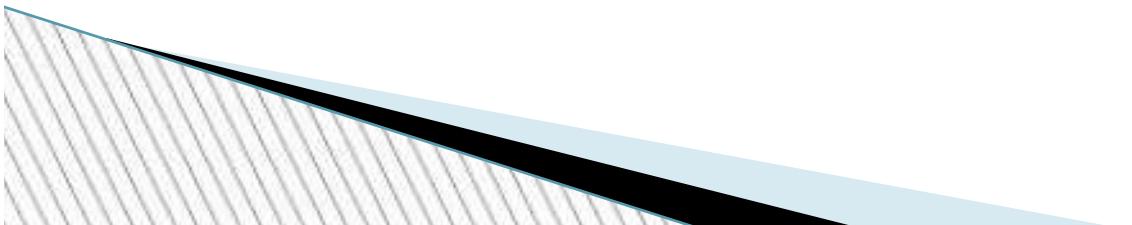
Church Budget	Average % of Budget Spent on Staff
Over \$1 million	27%
500,001 – 1 million	32%
300,001 – 500,000	40%

Since 2007 – UPC has run between 59% and 68% – averaging 64%

Notes from Blair Monie on this topic...

The usual percentage is between 40 – 60%

- Greater than 60% takes money away from programming



Cost of Ordained vs Non-ordained

	FT Teaching Elder	PT (75%) Teaching Elder	FT Christian Educator	FT Ch. Ed Seminary Student	PT (75%) Christian Educator
Salary	41,633	31,225	26,900	26,900	20,175
Medical	11,660	11,660	8375	6398	4230
Pension	4580	3435	0	0	0
Death & Disability	416	312	0	0	0
Dental	905	905	0	0	0
Prof. Expense	3000	3000	0	0	0
Cont. Ed	1000	1000	0	0	0
SECA	3185	2389	0	0	0
Empl. OASDI	0		2058	2058	1543
Total	\$66,380	\$53,926	\$37,334	\$35,356	\$25,949