

2021 MINISTRY AND MISSION HIGHLIGHTS

THE CHALLENGE

The church begins the year with a continuation of pandemic restrictions. Although it is unlikely that it will be necessary to spend the entire amount identified in the 2021 budget for the church's ministry and mission programs, Council decided to propose a budget that would reflect a usual year of church operations. This allows the church to resume normal expense levels as soon as possible when pandemic restrictions are lifted. To identify an appropriate expense level, Council adopted the 2019 pre-pandemic budget amounts as the maximum level of spending in most budget matters other than for staffing.

STAFFING SUPPORT

The model for listing staff expenses has changed in the 2021 budget. Because choir soloists and the children's choir director have assumed employee status, their compensation is included in the overall Music Compensation amount. Similarly, the expenses for nursery/childcare workers who have always been employees are now included in the overall Education Compensation amount. Also, the expenses associated with the Office Assistant position is included in the overall Office Compensation amount. This adopts a consistent approach for listing staff expenses in each department. The last general pay increase provided to all staff took place in 2019 (2.6%). Because the proposed 2021 budget includes a \$99,000 deficit prior to accessing one-time funds, Council did not propose the adoption of a 2.9% cost of living increase for staff in 2021. When compared to 2019 budget support for staffing, the 2021 budget adopts the continuation of several personnel initiatives that took place mid-year in 2019, or in 2020, or are proposed for 2021. Increased staff cost for these initiatives from 2019 to now is \$56,000.

- \$21,000 Continuation of equity pay bonuses (2019)
- \$28,000 Office staff reorganization/expansion following retirement of Program Manager (2019)
- \$ 5,000 House and Ground staff expansion in hours and responsibilities (2020)
- \$ 2,000 Soloists and children's choir director employee status attainment (2021)

STEWARDSHIP

Pledge making and pledge giving have been very dynamic during the unstable period of 2019 and 2020. In 2019, pledge payments fell short by \$28,000. Yet in 2020, pledge payments exceeded commitments by \$18,000. For 2021, 133 of 248 households have increased their pledge giving. This is very encouraging and reflects the tremendous work of our stewardship leaders. Yet for 2021, the church has 11 less households pledging than in 2020 based upon deaths, departures, or a few who are behind in responding to this year's stewardship goal. The end result is a net \$9,000 increase in anticipated current year pledge giving for 2021 vs. 2020 pledge commitments. Please note that anticipated new member pledges are now incorporated as part of the overall current year pledge total.

TRUSTEE FUNDING

Trustee support for the operating budget has evolved from 2019 until today. The Trustees and church leaders agreed about six years ago, that the Trustees would gradually reduce discretionary support for the operating budget from \$40,000 to none over five years in return for spending \$1 million on major deferred maintenance of the building (Project 2020). This major expense reduced significantly the amount held in the unrestricted Legacy Fund. As a result, the amount of investment earnings is less that can be accessed for church operations. Funding changes since 2019 include:

- \$ 8,000 Reduction in discretionary support
- \$ 5,000 Increase in restricted fund distributions related to church support
- \$11,000 Increase in property/liability insurance support
- \$ 5,000 Increase in emergency repairs support

PPP LOAN

The church received a \$145,600 loan from the Small Business Administration (SBA) via the Paycheck Protection Program (PPP). The funding was to help the church maintain employment levels during the pandemic. Mid-January, the SBA established a one-page loan forgiveness application form to expedite the process to convert the loan to a grant. The church will submit this form before the end of January.

ONE-TIME FUNDING

The church has been very dependent upon the use of one-time funds to balance its budget in recent years. The sources of one-time funds include: end of the year carryovers, Major Projects grants, miscellaneous income (workers' compensation refunds), Schumacher grants and PPP funding. Council recognizes that strategies need to be employed to increase the amount of pledge giving, increase the number of pledging households, increase the number of new members, and increase other income sources (building use and weddings). Planning can begin now to implement new initiatives once pandemic restrictions are lifted. For 2021, the amount of one-time funds included in the 2021 budget is \$110,000:

- \$72,000 Carryover from 2020
- \$27,000 Reserve funds (from the \$145,600 anticipated reserve following PPP loan forgiveness)
- \$11,000 Major Project funds

THE RESULT

By accessing \$110,000 in one-time funding and limiting expense levels to the 2019 budget levels (except for funding past staff support initiatives), Council is able to propose a balanced budget for 2021 to support the church's mission and ministry. Council anticipates that there will be a \$118,000 reserve in place at the end of 2021 that can be used in future years as the church transitions to a sustainable financial plan. Also, the church should see a significant boost in funding from building use and wedding income once the pandemic restrictions subside.