



First Congregational Church Finances November 2018

WHERE ARE WE?

- We have vibrant programs and a robust staff.
- We need to develop a balanced budget based on
 - lower income projections/capacity
 - no additional bequest income
 - an understanding that the transition to a new lead minister typically leads to a reduction in giving
- This will require a 25%-35% reduction in expenses.
- Council strongly supports creating a budget that is fully funded when adopted.

HOW DID WE GET HERE?

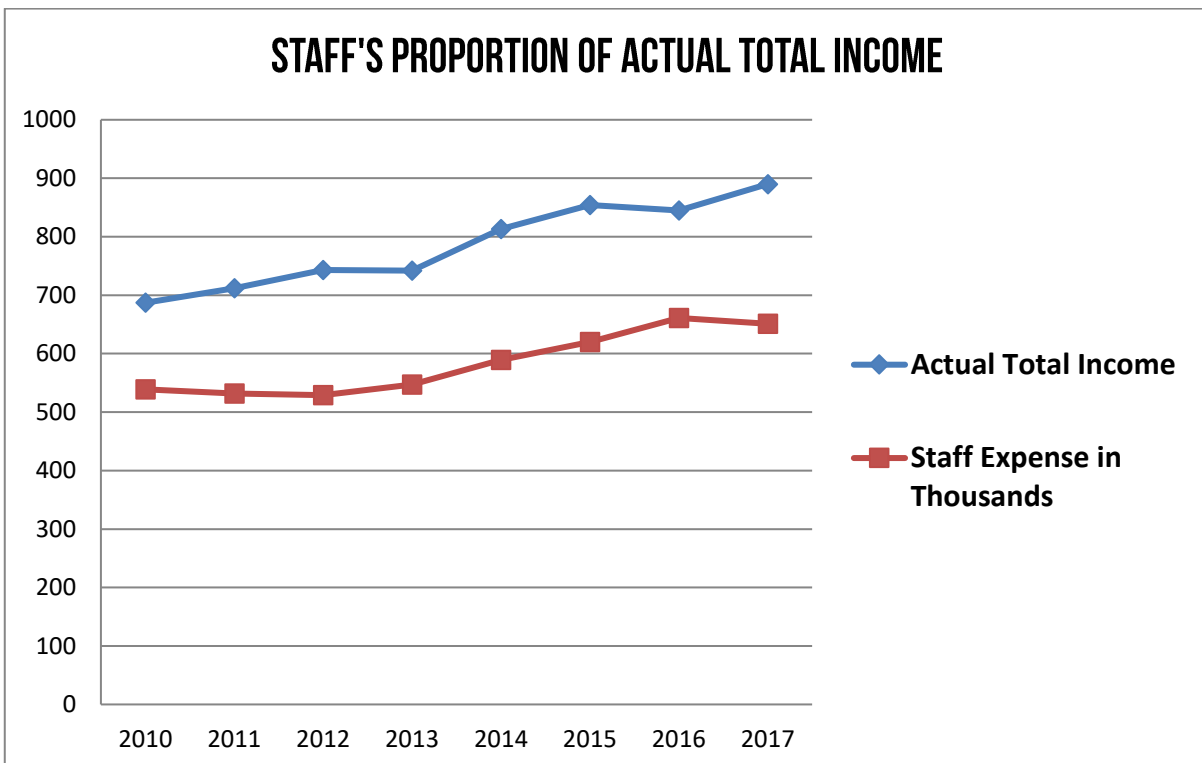
- **Pledging:** From 2012 – 2017 we have been in a growth pattern. We have been able to count on a 4% increase in pledges year to year.
 - We began to see this flatten when our lead minister left in July 2016.
 - This year we have seen a 1.5% decline. (net change of 5.5%)
- **Intentionally aspirational:** In our recent past we have intentionally budgeted based on our aspirations; for example, in 2018 the congregation approved a \$65,000 deficit budget.
- **Bequest Income** has added a total of \$200,000 to our budget over the past six years. The Bequest instructions stated that these dollars were to be used for operating expenses.

WHY/HOW/WHEN DID THE STAFF GET TO ITS CURRENT SIZE?

Timeline

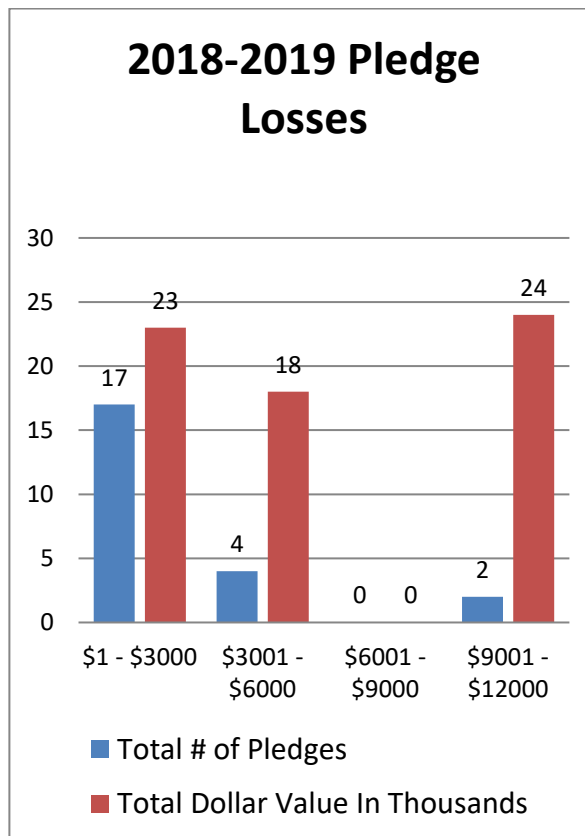
- 2013 Voted on Elevator addition, Director of Music fulltime, Hired Communications Coordinator
- 2014 Hired Facilities Manager
- 2015 Director of Youth & Adult Ministry went from halftime to fulltime
- 2016 Organist left in March. Lead Minister left in July
- 2017 6 months delayed replacement of Organist/Office Administrator
- 2018 Director of Children & Family on leave for 4 months

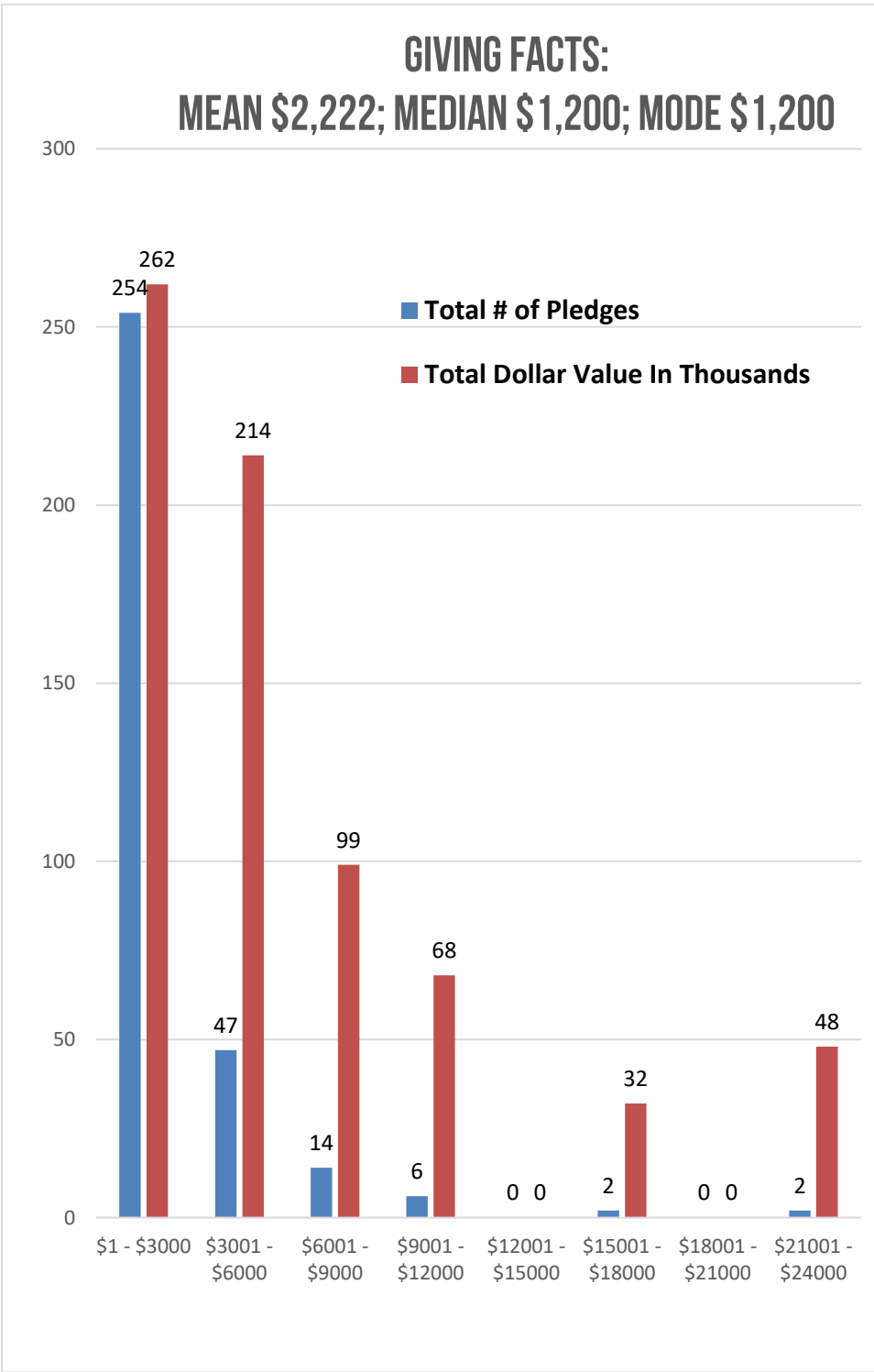
- Lead Minister and Council increased staff based on congregational feedback during the period 2013 – 2016 to meet the growing congregation’s pastoral needs.
- We took a risk in good faith by expanding programs.
- Salaries have consistently made up over 70% of our budget.
- Health care costs have increased.
- We have compensated our staff based on market data provided by Employer’s Council.



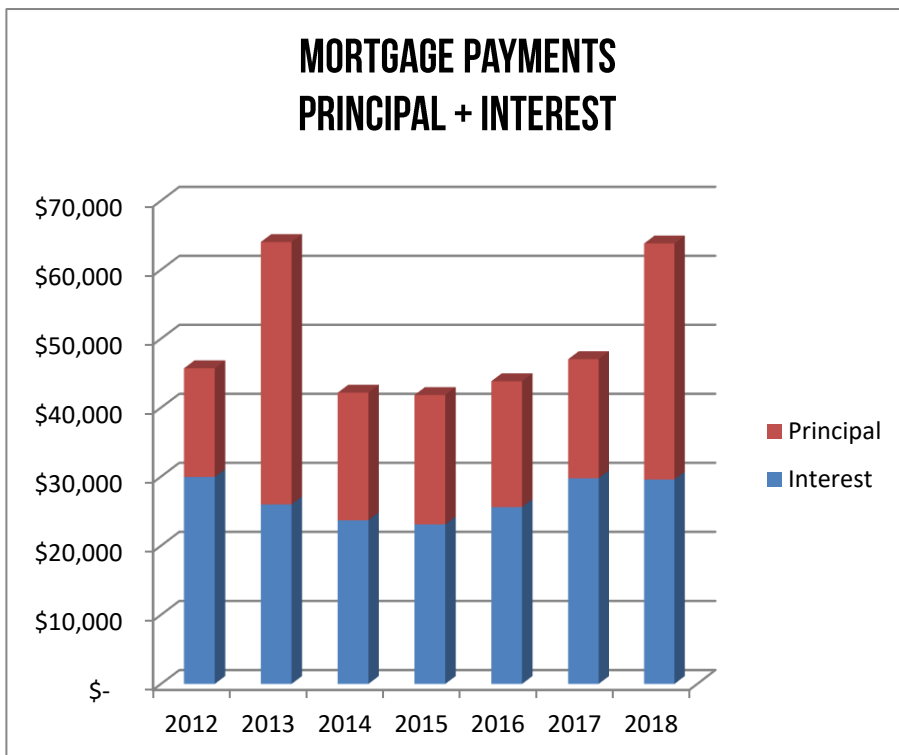
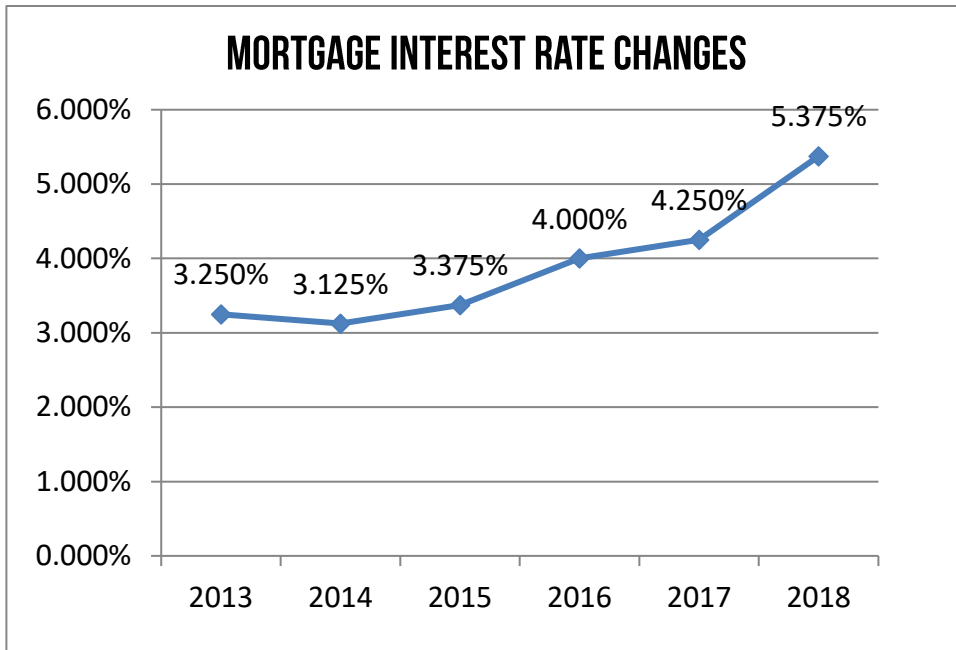
WHY HAS OUR INCOME DECREASED?

- Ending of Bequest Income This has added a total of \$200,000 to our budget over the past six years.
- Transition to a new lead minister.
- Pledging Patterns and Capacity: Loss of pledges due to relocation, death, disengagement.
 - Most common giving amount is \$100. This has been true for the past 20 years.
 - We have 113 member households that do not pledge, or give in a way that we can track.
 - From 2000-2016 there has been a decrease nationwide in giving to religion (from 45% to 34%)
- Changes in our demographics.
 - The “Greatest Generation” has always been our largest donors.
 - There is a cultural shift in giving. Younger people tend to give to a multiple of charities, not just religion. They also are earning less and giving less.
 - Baby boomers are the majority and they are retiring and moving away or decreasing their pledges.
 - For the first time, the number of young families exceeds the Greatest Generation





HOW HAVE OUR EXPENSES INCREASED?



WHAT DOES THIS MEAN FOR OUR CURRENT PROGRAMS AND STAFFING MODEL?

- Council and the Lead Minister have been in discussion.
- We will maintain our core functions.
- There will be no salary increases in 2019.
- We will not use the \$100,000 Line of Credit as a solution.
- We have Fixed Costs (property insurance, utilities, mortgage)
- We can tinker with a few items around the edges (color bulletins, coffee)
- Our main discretionary expense is staff salaries and benefits.
- We need to cut \$177,900.
- This equates to approximately 2-3 FTE's

\$ 65,000	Aspirational Budgeting
\$ 51,000	Bequest Income
\$ 20,000	Unpledged Income
\$ 8,300	Minimum Wage Increases and Increases in Health Insurance Costs
\$ 7,400	Mortgage Interest Rate Increase
\$ 26,200	Miscellaneous Including Possible Severance Pay
\$ 177,900	Total

WHAT IS OUR LONG TERM SOLUTION?

- Right size
- Stabilize
- Rebuild

WHAT CAN THE CONGREGATION DO IN THE SHORT TERM?

- Come to listening sessions during Faith Formation in the Library during the month of December
- Prayerfully consider increasing your pledge. We need a 25% - 35% increase in pledges to remain with the current staffing.

Pledge/ Month	35% Increase/Month
\$25	\$43
\$50	\$67
\$100	\$135
\$150	\$202
\$200	\$270
\$300	\$405
\$400	\$540
\$500	\$675
\$1000	\$1350