

Pacific Southwest District 2018 PSWD Budget and 2019 Operating Expense Maximum

In the pages that follow you will find the proposed 2018 PSWD budget and the recommended 2019 Operating Expense Maximum from the Policy Board. You may recall that in 2016 the Policy Board spent a significant amount of time looking at the District budget and the operating deficits that were represented in budgets over the last several years (see the 2014-16 Actual columns in the chart with the 2018 budget proposal). The determination of the 2016 Policy Board was that continued deficits at this level would not provide a base of funding at which we could work to operate as a district with the kinds of programs and support that were desired. With that in mind they brought the 2017 budget which worked to make changes where it could while providing a transition out for the three congregations that were still receiving Minister Support Grants. They also brought to District Conference a proposal to name a 2018 Operating Expense Maximum of \$425,000 which was adopted setting the expense limits for the 2018 budget proposal which follows.

The 2017 Policy Board has continued conversation around lining up budget expenditures with areas of priority and focus for the ministry work of the PSWD. In April the Board adopted the working document *Core Objective - A Circle of Support* (pg 25) which then provided broad guidance to the allocation of funds in the 2018 budget proposal.

2018 PSWD Budget

In the spreadsheets that follow is the proposed 2018 District Budget. In the notes below you will get a glimpse of the choices that were made to create this budget, and the way in which our core objective and support foci guide us to the priorities that are supported. The budget has a total operating expense of \$424,806 for 2018, which is reduction of more than \$108,000 from the 2017 budget and meets the Operating Expense maximum set for 2018 by last year's district conference. The anticipated deficit for 2018 is \$284,606, a significant decrease from prior years and in line with the sustainability goal that the Policy Board had articulated in 2016.

2018 District Budget Notes

Commitments

Ministry Partnership Funds – These continue to grow in working with congregations to encourage entrepreneurial work to revitalize, grow, and try new ministries with shared financial support from the district. Funds are also available to support vital ministry in communities whose mission is with those who are on the economic margins. \$40,000 is marked for this work in 2018.

Shared Outreach Ministry – \$3000 is again provided for this effort that will support finding and engaging in a shorter term outreach/service ministry within or near the geography of PSWD that we might share together and help us build connections and unity as we work together.

Ministry Training and Minister Support – Our work with providing training for those called into ministry continues to grow, with 10 licensed ministers and the likelihood of more in the year to come. Eight of these individuals are engaged in Spanish language based programs of the Brethren Academy and the district covers 75% of the cost of this training. We have also called a Ministry Training Coordinator who will work with these students helping them to reach their goals for ministry and meet the objectives of their training programs. We also provide funds for the annual retreat for pastors and chaplains, a key week of spiritual and personal renewal, and for the professional growth event prior to District Conference.

Youth Leadership and Faith Development – 2018 is a National Youth Conference year and we have allocated additional funds to support the transportation needs of getting youth to this mountain top event in the Church of the Brethren. Additionally we continue to grow leaders through their participation on the Youth Cabinet and as Youth/Young Adult members of the Policy Board.

Congregational Mission and Transition Support – The work of our District staff represented in the Operating Ministry portion of the budget plays key roles in helping congregations in connecting to resources, supporting Boards and pastors, and working with congregations in pastoral transitions or evaluating future steps in ministry.

Savings

District Office Rent Reduction – we have relocated the office to the Pomona Fellowship church and are beginning to realize the savings that were initially anticipated in the 2017 budget.

District Board Operations – These have been reduced to reflect more accurately the actual expenses of recent years, and we are actively exploring other ways to connect virtually that would lead to additional cost savings while still preserving the value of relationship.

Legal Expenses – Our ongoing legal costs related to the property in Koreatown have continued in 2017, but we are realistically optimistic that this will change for 2018, and allow us to realize a significant reduction in our Property & Legal expenses.

Action Item: The Policy Board recommends to District Conference the adoption of the proposed 2018 budget as presented.

2019 Operating Expense Maximum

The Policy Board brings to District Conference an action item that asks the delegate body to set an Operating Expense Maximum at this District Conference which will guide the Policy Board as it works on the budget for 2019 in the year ahead. This will encourage the District to continued work at moving toward the articulated goals of sustainability into the future which included working to reduce the annual deficit to not more than \$300,000.

The recommendation is to set an operating expense maximum of \$446,000 for 2019. This represents an increase of 5% over the 2018 budget expense level. This will allow the Policy Board to work with some anticipated increases in costs and continue to focus our efforts to support congregations in being vital and healthy communities of faith.

Action Item: The Policy Board recommends to District Conference that the Operating Expense maximum for the 2019 budget be \$446,000.

Pacific Southwest District Church of the Brethren Income & Expense Summary - Proposed 2018 Budget

		2014 Actual	2015 Actual	2016 Actual	2017 Budget	2017 YTD (Aug.)	2018 Proposed
Contributions Income	4100	34,209	53,527	52,477	36,000	20,704	35,500
Interest and Other Income	4200	70,324	42,728	42,624	41,300	57,452	76,800
Participation Income	4600	26,264	20,829	19,394	24,300	2,441	27,900
Total Operating Income		130,797	117,084	114,494	101,600	80,597	140,200
Congregational Development Ministry	5005	317,468	158,127	133,052	142,500	83,127	41,500
Pastoral Leadership & Support	5300	43,463	22,015	37,137	33,500	13,550	26,000
District Empowering Ministry	5500	58,241	39,041	40,604	35,600	21,546	41,500
Partnership & Property Ministry	5700	99,670	121,202	55,103	20,500	80,781	21,450
Service Ministries	6300	5,241	2,244	3,111	9,000	267	6,500
District Operating Ministry	6500	322,022	292,632	295,224	289,982	181,953	286,856
Total Operating Expenses		846,105	635,261	564,231	531,082	381,224	423,806
Operating Deficit		-715,308	-518,177	-449,737	-429,482	-300,627	-283,606
Add:							
Brethren Investments gain/(loss)	4400	177,777	-317,967	258,806	0	339,113	
Sale of Church Property	4500						
Increase/Decrease in Net Assets		-537,531	-836,144	-190,931	-429,482	38,486	-283,606
Beginning Cash / Notes / Investment Value		5,957,400	5,447,732	4,599,987	4,409,096		

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN								
2015-2018, Four Year District Budget Overview								
Power Church Report Levels				PC	2015	2016	2017	2018
1	2	3	4	Line #	ACTUAL	ACTUAL	BUDGET	PROPOSAL
INCOME				4000				
MINISTRY INCOME				4010				(100) = negative 100
CONTRIBUTIONS INCOME				4100				
			Individuals	4110	6,633	337	4,000	2,500
			Congregations	4120	34,660	31,201	30,000	31,000
			Church Closure Contritribution	4125	0	17,880	0	0
			Groups	4129	9,518	0	0	0
			Subtotal Temp Restricted Income	4130	0	2,059	0	0
			CDS Children's Disaster Rapid Response	4134	372	0	0	0
			Other Income	4140	2,344	1,000	2,000	2,000
Subtotal Contributions Inc.				4100	53,527	52,477	36,000	35,500
INVESTMENT INCOME				4200				
			CHECKING/MONEY MKT INCOME	4210	2	2	0	0
			NOTES REC. INTEREST/FEES	4301	41,797	39,044	40,000	59,900
			INVESTMENT FUNDS	4400	0.0	0	0	0
			SALE OF CHURCH PROPERTY	4500	0	0	0	0
			MISC. INCOME	4550	929	3,578	1,300	16,900
Subtotal Investment Income				4200	42,728	42,624	41,300	76,800
PARTICIPATION INCOME				4600				
			DIST CONF INCOME	4610	17,819	16,770	20,500	20,500
			EVENTS INCOME	4630	3,010	2,624	3,800	7,400
Subtotal Participation Income				4600	20,829	19,394	24,300	27,900
TOTAL INCOME					117,084	114,494	101,600	140,200
EXPENSES				5000				
MINISTRY INVESTMENTS				5001				
CONGREGATIONAL DEV MIN				5005				
			WEB SITE DEVELOPMENT	5020	1,865	306	1,500	1,500
			Ministry Partnership Funds	5180		268	50,000	40,000
			Cong Minister Support Grants	5100	156,262	132,477	91,000	0
Subtotal Congregational Dev Min				5005	158,127	133,052	142,500	41,500
PAST'L. LDRSHP & SUPPORT				5300				
			TRIM (TRAINING IN MIN)	5310	2,066	1,637	2,500	500
			SEBAH (SEM.BIB ANA HIS)	5315	2,638	15,648	9,000	5,000
			BETHANY THEO. SEMINARY	5320	0	0	1,500	1,500
			PASTORS' RETREAT	5325	10,880	17,319	14,000	15,000
			MINISTER'S WORKSHOP	5330	3,348	1,800	4,000	2,500
			OTHER DISTRICT WORKSHOPS	5335	3,083	0	2,500	1,500
			MINISTER'S ETHICS TRAINING	5336	0	0	0	0
			PROF. GROWTH SUBSIDY	5338	0	485	0	0
			TEMP RESTRICTED EXPENSES	5343	0	248	0	0
Subtotal Past'l. Ldrshp & Support				5300	22,015	37,137	33,500	26,000

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN									
2015-2018, Four Year District Budget Overview									
Power Church Report Levels				PC	2015	2016	2017	2018	
1	2	3	4	Line #	ACTUAL	ACTUAL	BUDGET	PROPOSAL	
				DISTRICT EMPOWERING MINISTRY	5500				
				DISTRICT CONFERENCE	5520	18,622	18,827	18,600	18,000
				MINISTRY COMMISSION	5540	2,097	765	1,000	500
				STEWARDS COMMISSION	5560	131	234	500	500
				BD OF ADM & WORK GROUPS	5600	10,723	14,347	7,500	11,500
				NURTURING/CREDENT.COMM	5630	5,901	3,483	3,500	3,500
				SHALOM TEAM	5640	0	0	0	0
				RESOURCE MATERIALS	5650	0	0	500	500
				INTER-CULTURAL MINISTRY	5660	0	200	1,000	500
				NATIONAL YOUTH CONFERENCE	5670	0	1,961	0	4,000
				Youth Activity & Cabinet Expense	5680/7	1,567	786	3,000	2,500
				Subtotal District Empowering Min	5500	39,041	40,604	35,600	41,500
				PARTNERSHIP & PROP. MIN	5700				
				DENOMINATIONAL ASSESSMENT	5710	1,626	1,609	1,800	1,600
				STANDING COMMITTEE	5720	2,056	2,304	2,500	2,500
				UNIVERSITY OF LA VERNE	5725	5,000	5,000	4,000	4,000
				ECUMENICAL COUNCILS	5730	0	400	500	500
				COUNCIL OF DIST EXECS	5740	345	900	500	450
				PROPERTY & LEGAL	5800	112,175	44,891	11,200	12,400
				Subtotal Partnership & Prop. Min	5700	121,202	55,103	20,500	21,450
				SERVICE MINISTRIES	6300				
				DISASTER RESPONSE	6310	2,136	3,011	5,000	3,000
				CHILDREN'S DISASTER SERV	6320	108	100	1,000	500
				Other Dist Service Opportunity	6340			3,000	3,000
				Subtotal Service Ministries	6300	2,244	3,111	9,000	6,500
				DIST. OPERATING MINISTRY	6500				
				OFFICE SPACE & UTILITIES	6520	28,341	28,497	18,500	15,600
				EQUIPMENT & MAINTENANCE	6600	1,061	4,234	2,500	2,000
				SUPPLIES/PRNTG/PUBLICAT'N	6650	5,100	5,545	5,500	5,000
				POSTAGE AND MAILING	6670	1,255	2,352	1,600	1,700
				INSURANCE	6680	8,280	12,044	13,200	13,200
				AUDIT AND PROF. FEES	6700	16,868	20,730	19,000	22,600
				STAFF SALARIES	7000	180,837	174,286	179,900	170,806
				STAFF BENEFITS & RCWF	7100	24,835	19,721	18,132	25,450
				STAFF TRVL-PROF GROWTH	7500	21,645	23,541	28,100	27,100
				NEW LIFE/PUB ETC & Misc.	7750	4,410	4,272	3,550	3,400
				Subtotal Dist. Operating Ministry	6500	292,632	295,224	289,982	286,856
				Subtotal Ministry Investments	5001	635,261	564,231	531,082	423,806
				TOTAL EXPENSES		635,261	564,231	531,082	423,806
				EXCESS INCOME/EXPENSES		(518,177)	(449,737)	(429,482)	(283,606)