

## Pacific Southwest District 2021 Operating Budget and Church Planting Support Budget, and 2022 Operating Expense Maximum

In the pages that follow you will find the proposed 2021 PSWD Operating Budget, the 2021 Church Planting Support Budget, and the recommended 2022 Operating Expense Maximum from the Policy Board. 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. 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. From that work they determined that the Operating Budget deficit each year should work to be not more than \$300,000. That year they began to bring to the District Conference a proposal to set an Operating Expense Maximum for the following year.

Budgeting for 2021 was challenging as the experience of 2020 does not provide much guidance. Expenses are down in many areas including support of Pastors Retreat, District Executive Travel, Youth Ministry, Disaster Response, and Board and Committee Expenses. Expenses are up in Ministry Partnerships (but within budget), and COVID grants to congregations. We anticipate that 2021 will have its own challenges as well.

### 2021 PSWD Operating Budget

In the spreadsheets that follow is the proposed 2021 District Operating Budget. The Policy Board is recommending a budget expense of \$466,729. This is an increase of \$4,700 from the 2020 District Operating Budget, and more than \$8000 less than the 2021 Operating Expense Maximum set at last year's District Conference. In this budget are small salary increases for staff in line with denominational recommendations, as well as anticipated increases to health insurance. Other increases included are in Ministry Training programs and Nurturing and Credentialing Committee assessment expenses, positive developments as we have more future ministers entering the licensing and training processes. The anticipated deficit for 2021 is \$321,229, an increase from the 2020 budget, and reaching close to the maximum over the optimal operating deficit that the Board had articulated. One of the challenges for 2021 is projecting a realistic income with the unknowns of when loan payments will resume and interest rate income might improve.

### 2021 District Operating Budget Notes

#### *Commitments*

Ministry Partnership Funds – These funds work 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. \$45,000 is marked for this work in 2021.

Ministry Training and Minister Support – Our work with providing training for those called into ministry continues to grow, and as some students finish their work other students are just beginning. It is a vital partnership - the district support of ministry training - that seeks to ensure we have strong pastoral leaders for the years to come. 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 – We continue the process of budgeting in anticipation of the next National Youth Conference in four years. As a deposit on our support of NYC 2022 we have placed \$2500 in the 2021 budget which will begin to build the fund to send our youth that year. 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.

### 2021 Church Planting Support Budget

The Policy Board set aside the funds (approximately \$123,000) from the sale of the New Harvest Lindsay church property and the Ministry & Improvement Fund approved at District Conference 2019 included \$225,000 to be used for Church Planting Support. About \$55,000 of the Lindsay funds will remain at the end of 2020. The Policy Board is recommending a 2021 budget of \$84,180 across the four church plants that are in operation.

**Action Item:** The Policy Board recommends to the District Conference the adoption of the 2021 Operating Budget and the 2021 Church Planting Support Budget as presented.

### 2022 Operating Expense Maximum

The recommendation for 2022 of \$475,000 is a \$8,271 increase over 2021 budget. This level will require the Policy Board to make strategic choices in budget planning next year. This level of expense holds us right in the area of an anticipated deficit very near the working deficit level identified by the Policy Board in their prior work.

**Action Item:** The Policy Board recommends to the District Conference that the expense maximum for the 2022 Operating Budget be \$475,000.

### Pacific Southwest District Church of the Brethren Income & Expense Summary - Proposed 2021 Budget

		2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Budget	2021 Proposed
Contributions Income	4100	52,477	34,849	29,222	37,496	33,500	33,500
Interest and Other Income	4200	42,624	100,250	107,784	81,290	100,300	91,300
Participation Income	4600	19,394	15,337	21,983	39,136	20,700	20,700
<b>Total Operating Income</b>		114,494	150,436	158,989	157,922	154,500	145,500
Congregational Development Ministry	5005	133,052	117,390	36,540	30,256	46,500	46,500
Pastoral Leadership & Support	5300	37,137	21,198	31,014	32,685	30,400	31,650
District Empowering Ministry	5500	40,604	38,052	63,922	69,871	44,600	46,600
Partnership & Property Ministry	5700	55,103	126,640	42,708	54,854	23,805	23,805
Service Ministries	6300	3,111	3,365	5,471	6,434	9,500	9,500
District Operating Ministry	6500	295,224	290,799	299,085	296,556	307,224	308,674
<b>Total Operating Expenses</b>		564,231	597,444	478,740	490,656	462,029	466,729
<b>Operating Deficit</b>		-449,737	-447,008	-319,751	-332,734	-307,529	-321,229

PACIFIC SOUTHWEST DISTRICT OF THE CHURCH OF THE BRETHREN											
2016-2021, District Budget Overview											
Power Church Report Levels					PC	2016	2017	2018	2019	2020	2021
1	2	3	4		Line #	Actual	Actual	Actual	Actual	Budget	Proposal
INCOME					4000						
MINISTRY INCOME					4010						
CONTRIBUTIONS INCOME					4100						
					4110	337	1,667	838	2,610	1,200	1,200
					4120	31,201	30,520	27,714	32,471	32,000	32,000
					4125	17,880	0	0	0	0	0
					4126	0	100	0	0	0	0
					4700	2,059	2,087	0	0	0	0
					4135	0	0	670	416	300	300
					4140	1,000	475	0	2,000	0	0
Subtotal Contributions Inc.					4100	52,477	34,849	29,222	37,496	33,500	33,500
INVESTMENT INCOME					4200						
					4210	2	1	0	11,216	2,000	2,000
					4301	39,044	72,326	107,784	66,908	98,000	89,000
					4500	0	0	0	0	0	0
					4550	3,578	27,923	0	3,165	300	300
Subtotal Investment Income					4200	42,624	100,250	107,784	81,290	100,300	91,300
PARTICIPATION INCOME					4600						
					4610	16,770	12,002	14,962	34,969	17,000	17,000
					4630	2,624	3,335	7,021	4,167	3,700	3,700
Subtotal Participation Income					4600	19,394	15,337	21,983	39,136	20,700	20,700
TOTAL INCOME						114,495	150,436	158,989	157,922	154,500	145,500
EXPENSES					5000						
MINISTRY INVESTMENTS					5001						
CONGREGATIONAL DEV MIN					5005						
					5020	306	715	801	1,088	1,500	1,500
					5180	268	25,675	35,739	29,168	45,000	45,000
					5100	132,477	91,000	0	0	0	0
Subtotal Congregational Dev Min					5005	133,052	117,390	36,540	30,256	46,500	46,500
PAST'L. LDRSHP & SUPPORT					5300						
					5310	1,637	220	230	1,641	1,500	1,500
					5315	15,648	4,137	9,849	2,784	4,900	3,150
					5320	0	0	0	4,300	4,000	7,000
					5325	17,319	10,710	17,446	14,387	15,000	15,000
					5330	1,800	4,221	2,120	2,180	2,500	2,500
					5335	0	744	1,369	1,273	500	500
					5336	0	0	0	5,421	1,000	1,000
					5338	485	583	0	700	1,000	1,000
					7943	248	583	0	0	0	0
Subtotal Past'l. Ldrshp & Support					5300	37,137	21,198	31,014	32,685	30,400	31,650
DISTRICT EMPOWERING MINISTRY					5500						
					5520	18,827	17,967	19,088	42,885	18,900	18,900
					5540	765	1,644	708	3,370	500	500
					5560	234	0	220	0	500	500
					5600	14,347	13,092	16,570	14,305	11,200	11,200
					5630	3,483	3,232	12,152	6,128	6,500	8,500

# Exhibit C

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