

SALEM LUTHERAN CHURCH 2021 PROPOSED BUDGET

	PROJECTED	BUDGET	Budget
	2020	2021	2021
	<u>2020</u>	<u>2021</u>	<u>2020</u>
INCOME			
Offerings Received	313,457	\$302,000	
Building Use	4,935	3,600	
Miscellaneous Receipts	2,540	2,040	
ELCA Investment Avail Interest	9,000	10,000	
Salem Village	<u>8,400</u>	<u>7,900</u>	
TOTAL INCOME	\$338,332	\$325,540	-3.8%
EXPENSES			
ADMINISTRATION	12,064	12,125	
EDUCATION	-1,684	4,000	
EVANGELISM AND SPECIAL EVENTS	13,096	13,550	
STEWARDSHIP	400	300	
WORSHIP AND MUSIC	2,105	2,075	
PROPERTY	29,744	30,350	
UTILITIES	22,015	24,450	
OTHER PROGRAMS	<u>800</u>	<u>1,300</u>	
TOTAL OPERATING EXPENSE	78,541	88,150	12.2%
CHURCH STAFF EXPENSES			
PASTOR	\$141,184	\$117,696	
DIRECTOR OF STUDENT MINISTRIES	\$45,013	\$43,536	
PARISH ADMINISTRATOR	9,000	12,000	
CUSTODIAN	44,760	26,527	
DIRECTOR OF MUSIC	14,040	14,040	
OTHER STAFF EXPENSES	<u>8,345</u>	<u>5,899</u>	
TOTAL STAFF EXPENSES	\$262,342	\$219,698	-16.3%
TOTAL EXPENSES	<u>\$340,882</u>	<u>\$307,848</u>	-9.7%
RESERVE FOR CHURCH OPERATIONS	<u><u>-\$2,550</u></u>	<u><u>\$17,692</u></u>	

Frequently Asked Questions

Why is there a reduction in the amount of offerings for 2021?

- The amount of pledges that have been received to date are less than they were for the 2020 budget year. Also, offerings are more when the church has onsite services, and it is unknown when Salem will be able to have services in the church again.

Why are total operating expenses increasing by almost \$10,000 as compared to 2020?

- The budget includes money for the education program for 2021 with the anticipation that the program will begin the latter part of 2021. There was no program during 2020 due to COVID 19. Also, utilities have been increased with the thought the facility may be open and used the latter part of the year.

Why is there a projected decrease in the Pastor's compensation for 2021?

- The pastor's family will have their health insurance covered through Skagit Regional Health, the employer for Jerilynn. The premium cost difference is the reason why the amount of money for the pastor shows a decrease from 2020. As in prior years, the church will pay for the health insurance for the entire family but now through Skagit Regional Health.
- At a time when staff were asked to take cuts, Pastor Marc requested a reduction in his salary as well.

Why is there a reduction in compensation for the Director of Student Ministries and the Custodian?

- The hours will be reduced for the two positions due to the change in church programs because of the COVID 19 pandemic. The church will continue to pay for health insurance for these positions, as well as continue to contribute to the ELCA retirement plan based upon the individual's compensation. Also, the Director of Student Ministries amount in 2020 reflects maternity leave which results in a smaller decrease than if the position had been fulltime in 2020.

Why is there an increase for the Parish Administrator?

- The position compensation began in April 2020 and in 2021 it will be compensated at \$1,000 per month. More about these duties are described on page 3 – Part-time Parish Assistant.

Why are we budgeting for a positive reserve for church operations when in the past the expenses have exceeded income for the year?

- Due to the unknown ability for the church to return to "normal" church activities during the pandemic, it was decided to adjust the expenses to the expected income and allow for flexibility in case income does not meet expectations or expenses exceed the projections. There are still a lot of unknowns that cannot be projected.

How will the budget be reviewed during the year?

- The budget will be reviewed monthly by the Finance committee, along with monthly meetings with Pastor Marc and church council president to adjust church programs where needed.

2021 Ministry Reductions

How did the decision to reduce staffing hours come about?

Personnel Committee Members Wendy Ragusa & Chris Cammock facilitated a meeting with Pastor Marc, Allison, Jesus, Jim, Laurie, and Finance Committee Member Peter Swanson where they were informed of the projected budget shortfall and asked what ideas they had for cost savings and/or revenue generating. They made recommendations based on projected needs for 2021 that reduced expenses further.

What were some of the reasons these costs could be cut?

- Facilities – During the COVID time, the building is only being used to host a blood drive. Facility services are provided before and after this event along with some deferred maintenance repairs, but the staff hours have reduced significantly.
- Children’s Ministries – The Director of Youth Ministries is connecting with youth once every other week via video conferencing, but attendance is low because children are “Zoomed out”. A women’s group was started but participation is limited to one at this point. The Director texts, emails and informally communicates with youth weekly between these organized events. The bulk of her work is helping Pastor Marc and Jesus with organizing and managing Sunday Services.
- Part-time Parish Assistant – These demands have shifted quite a bit with the church being closed and programs suspended there are few visitors or volunteers requiring hosted office hours. There is support work for Pastor Marc, newsletter development, Council projects, coordinating communication, etc. that consumes enough time that losing this position creates problems for other functions like Pastor and Church Council.
- Part-Time Music Director – These demands have increased exponentially with the hours of creating and publishing Sunday Church Services on-line. Significant time goes into the pre and postproduction work for a one-hour service and this time is divided between Jesus, Pastor Marc, and Allison.
- Pastor Marc – Similar to Jesus as the demands for creating worship either as a drive-in or online service are time consuming. In addition, pastoral services in a non-meeting environment.

How long are we projecting these reductions to be in place?

- Right now, the Bishop is projecting it will be at least June before churches reopen for people and whether that is fully or in phases is yet to be seen. The good news is the vaccine is rolling out now so there is real hope we are at the light end of this tunnel. It may be Fall before youth trips and groups are back to meeting regularly.

- The Finance Committee and Church Council plan to monitor the revenue picture each month along with the demand for services and as that picture improves, they want to return staff to their full-time status

What will happen with staff hours?

- The recommendation right now is to reduce our facility staff to part-time (50%) and Director of Student Ministries to 70%. Washington State Unemployment offers a “work share” program whereby these moves would allow them to qualify for unemployment insurance that could replace a portion of the lost income. This program is available for one year and allows the staff to work part-time and receive benefits. Our hope is they will not need the full year.

What can the Congregation do?

- Provide a donation beyond your weekly/monthly offerings.
- Increase participation/attendance to support the need.
- The Church Council and Congregation face a basic financial question at *what level of ministry is Salem Lutheran’s Congregation willing to fund?* Sustaining Sunday worship is core. From there, it depends on participation and funding to support it.

What ideas have been brought forward to raise income?

- A specific “ministries” appeal similar to what we did this past year for funding our part-time musician services.
- A “fund a need” campaign. Utilities cost Salem around \$24,000 a year and some costs are relatively fixed regardless if we are open or not. The bills come in monthly in small, medium, and larger sizes. Individuals so inclined could pick up a bill here in there over and above their regular offering and the additional revenue could be set aside for supporting ministry programs or even some larger deferred maintenance project in the building (roof leaks).
- We are always looking for other creative ideas