



United Church of Christ
CORNERSTONE
FUND

Conference Budget Planning Guide

A collaboration with the “Situation Room”
September 2020

Background

- This guide was created as a resource for Conferences
- It came out of the “Situation Room” which is made up of leaders from throughout the United Church of Christ and their various ministries, who are coming together to collaborate around issues arising from the COVID19 pandemic
- Special thanks goes to Freeman Palmer from the Central Atlantic Conference, for a significant contribution of content and framework for this guide
- Other content was provided by additional Conference Ministers and the staff of the UCC Cornerstone Fund

General Considerations: Strategic Focus

- Do you have a strategic plan, mission statement or core values, which helps guide distribution of dollars in your budget?
- Are you expecting any major shifts next year related to the strategies?
- Are existing ministries expected to continue?
- Are there ministries/programs which will be eliminated?
- Are there new programs you may wish to add to address the Current State?

General Considerations: Current State

- What events outside of your setting might affect ministry intentions this year and next?
 - COVID19
 - Addressing issues of Systemic Racism
 - This year's election and the aftermath; political unrest
 - Climate crises
- Are there forecast in the general economy that may impact your budget?
 - High Unemployment
 - Low Interest rates
 - Recession

Income/Revenue Considerations

– Trends in income

- For most, the majority of income comes from Our Churches Wider Mission (OCWM)
- What has been the performance in last 3-5 years?
- Are there any extraordinary events to consider ?
 - Did a Church or member give a special contribution this year not expected next year?
 - Did the Conference affiliate new congregations that may add to the total?
- Do we know of churches that are considering changes in their patterns?
- How do we factor these?

Income/Revenue Considerations

– Endowment Income

- Is income consistent with any policies regarding drawdown(s) of interest income and reinvestment in principal?
- What is the base period for income expectations and is there a need to consider changing them? (Some Conferences base endowment income for 2021 from the market value of their portfolio on December 31, 2019. Given the volatility of the market this year, do we need to factor perhaps a later date as basis?)

Other Possible Sources of Income

- Do you have reliable income from “Friends of the Conference”?
- Are you aware of any special planned giving or bequests which may be imminent?
- Do you have any regular or extraordinary confirmed grant income on the horizon?
- Do you have any property for sale which may be completed during the next 12-18 months?
- Best Practice tip: Have you asked the churches in your Conference to make a “Pledge” for their OCWM giving this year?

Expense Considerations: Compensation

- Are there any staffing changes in expected next year? If so, what are any dollar impact(s) of these changes? Any expenses related to search committees or other search expenses such as relocation?
- Are there any ministers due for sabbatical next year? How will the position (s) be covered and is there any dollar impact for that event? Will there be any expenses related to part time coverage?
- What assumptions are in the budget for salary increases? Are they based on Cost of Living? Merit Increases? Both? (Many do a combination of COLA increases expected in 2021, and the increases recommended in our Compensation Guidelines for Authorized Ministers)
- Is there staff restructuring expected in 2021? Will funding for new positions coming from elimination of others; and is there related expense for position eliminations?

Expenses: Special Considerations

- Are there assumptions about travel expenses that need to be considered for the pastoral staff? (Most are assuming far more of a hybrid with respect to in-person and virtual gatherings next year, resulting in a substantial reduction in travel expenses)
- Are there any special events to be considered with respect to travel? Is this a General Synod year? (yes and virtual, considering convening the delegates for a couple of days with social distance considerations) National Youth Event (2022)? AM21? (virtual this year). Some may or may not have budget impacts.
- How does the increased virtual presence affect other office expenses (e.g. office supplies, computer equipment)?

Expenses: Special Considerations

- Do non-compensation expenses reflect:
 - General inflation forecast(s) for 2021?
 - Current or year to date usage and expenses?
 - Any purchases or investments expected next year?
- Are there any planned expenses for contract professionals (i.e. legal, finance/audit, etc.)?
- Do you own building(s), Closed Churches, Camps, etc. If you own any real estate are there any looming expenses for general maintenance or required capital improvement projects?

The Budget Process

- Timing and Inclusion:
 - Make sure you start early enough to get input from all ministerial areas as well as including all important constituents
- Capture and share all assumptions related to both revenues and expenses:
 - Be as specific and descriptive as possible
 - Be realistic when estimating based on past trends – we are in a new time

The Budget Process

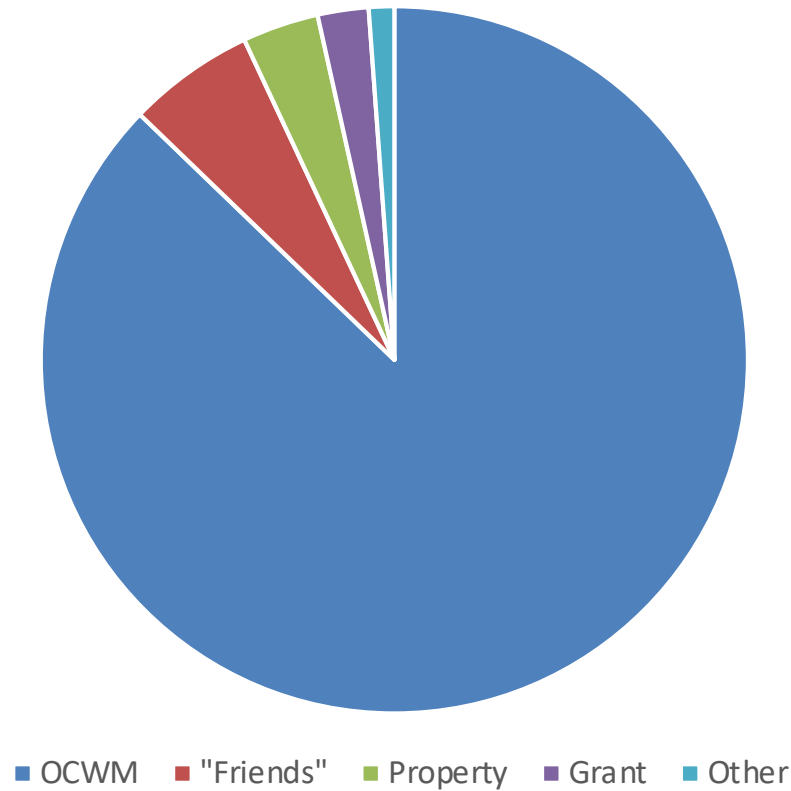
- Strive to develop a budget that creates an operation surplus as well as a “rainy-day” fund
- Telling the story
 - Present information in both summary and detail based on your audience
 - Some like to categorize budget, both revenues and expenses, based on mission categories; if you take this approach be consistent
 - Use charts, graphs, pictures to bring the story to life

Considerations for establishing a Reserve or Contingency “Rainy Day” Fund

- Age and condition of physical plant (if applicable)
- Geography (subject to earthquake, flood, mud slide, fire, hurricane, etc. – literally a “rainy day”)
- Demographics
- Membership Trends
- Giving Trends
- Some set a percentage of Operating Budget (say 10-20%) and others set aside three months average expenses to cover unexpected events

Telling the Story

Revenue



As a reminder: Our 10 Best Practices for Financially Healthy Organizations

1. Clearly Identified Roles & Responsibilities
2. Recognizing & Utilizing Financial Skills
3. Developing & Monitoring an Annual Budget
4. Maintaining Financial Recordkeeping
5. Establishing a Capital Plan & Reserve
6. Reporting Transparently & Utilizing Reports
7. Establishing Solid Controls
8. Soliciting Other Forms of Revenue
9. Staying in Compliance
10. Managing Effectively and Efficiently