

REPORT OF THE BUDGET COMMITTEE AND PROPOSED BUDGET FOR 2010 - 2011

The task of the Budget Committee this year has been daunting. The Churches of The Association, last year, defeated a proposal for a mandatory contribution. (The size of the vote is not relevant, only the outcome.) Due to the economic factors that have plagued our investment portfolio, in recent years, the available drawdown amounts were lower. Costs are rising and the Annual Meeting costs for 2010 will be substantially higher than in previous years, partially due to the location of the meeting.

The original budget submitted by the staff, provided for a \$248,650 deficit which was unacceptable. The budget called for contributions from member churches of \$325,000 which is in excess of 2008-09 actual contributions of \$303,409 and the budget reflected contributions to the Shared Ministries Fund from the Divisions of one-sixth of their respective draw-downs. The staff was asked to redraw the budget that the deficit be reduced to at least \$200,000 if not \$150,000. The projected deficit for the current year's budget is \$153,550 provided the contributions from member churches rise to the \$325,000 level. The deficit will run higher if those contributions are not realized.

The staff submitted a revised budget that reflected a doubling of the contributions from the Divisions to two-sixths or one-third of their draw-downs; a reduction of proposed average staff pay raises for 2010-11 from 3% to 1.35% with appropriate adjustments to fringe benefits determined by salary; as well as adjustments to travel and other budgets for commissions and The Congregationalist. This leaves the projected deficit at \$167,490.

The Budget Committee members participated in conference calls with all of the Divisions relative to these changes and there were additional calls initiated by other affected groups to members of the Budget Committee. The Divisions have agreed to the increased contributions for this coming year. The Divisions have chosen a variety of ways to amend their individual budgets to accommodate the reduced income. CFTS will not be sending its members to the Annual Meeting (A choice they made even prior to this reduction to increase their ability to fund the seminarians.) and also eliminated designating money for the post-graduate grant program; the Missionary Society has reduced staff travel, made other adjustments to spending and expressed an intent to raise

additional funds for the Missionary Society; The Congregationalist has plans to do some belt tightening and to increase revenues to offset the reductions and all are looking for ways to seek support from their members to especially offset the Annual Meeting costs. Each portion of the National Association that was approached about these changes stepped to the plate, bit the bullet and made concessions in excess of the budgetary concessions they made when they originally submitted their budgets.

None of this was done with great joy but then the Budget Committee did not experience great joy in asking for the concessions and this is not to say there may not be consequences if there is not a concerted effort to look at what we are doing, how we are doing it and how it is to be financed.

One is reminded of the churches which not only stopped worshipping in the Sanctuary from Christmas to Easter to save on heat but now suggest members bring blankets to keep warm in the social hall and are discussing meeting in someone's living room to avoid heating the social hall while lamenting how no one new ever comes. This is a slippery slope and the Budget Committee hopes to find ways to apply the brakes.

Two concerns that the Committee recommends be addressed by the Executive Committee are:

1. How will The Missionary Society increase their fundraising within the parameters of the established fundraising calendar; and
2. If and when the new finance committee is established, there should be consideration given to involving representatives from Divisions, etc. at an early stage in the budgeting process rather than simply informing them of budgetary issues after the fact.

The proposed 2010-11 Shared Ministries Budget and the Division/Commission/Committee Budgets are attached for your consideration.

Respectfully submitted,

The Budget Committee