



# Resurrection & Life LUTHERAN

## R&L Budget Plan Model Proposal – January 26, 2020

Church Council has passed a new budget planning model and is seeking Voter approval.

Over the years, our budget planning process has been:

1. Ask all the areas of ministry for their projected needs for the upcoming fiscal year
2. Take all of the submitted numbers, total them up, and do a little trimming. That trimmed total number normally exceeded our current year's project offerings (sometimes quite substantially)
3. We would then set a budget with a very large stretch goal for our offerings

This prior budget process was not the most effective way of planning, the Church Council is proposing the following 10/50/40 Plan.

### 10/50/40 PLAN

1. Set our budget using the average of the previous 3 years' Unified Budget Offerings
2. Spend our Unified Budget Offerings in this way:
  - a. **10% given as our Congregational Mission Offering** (sent to our national denomination, WELS, to support home and world missions, training of pastors and teachers, and other work done better together)
  - b. **50% supports our Resurrection & Life Lutheran Church Ministry** - everything and everybody on our Resurrection & Life Campuses (except for our School)
  - c. **40% supports our Resurrection Lutheran School**

### UNIFIED BUDGET OFFERING GOAL

As individuals and as a church family, we pray that we will be able to grow in the grace of giving. As God blesses us, we pray that he would prompt us to return a generous portion to him. We pray that by God's grace our current year giving will exceed the average of our previous three years of giving.

Our Unified Budget Offering Goal for the new fiscal year will be set based on a giving increase to the previous year's offerings. For instance, if we give \$1,071,630 in 2019-2020, our Unified Budget Offering Goal for 2020-2021 might be \$1,124,616 (a 5% increase in our gifts to the LORD).

## WHY DO WE NEED TO CONSIDER A CHANGE TO THE BUDGET MODEL?

### 1.) Expenses Increasing

As expenses grows, it is difficult to plan for the needs of the Church, School and Preschool/Learning Center. There are multiple reasons for the rising costs such as health insurance and keeping our called worker salaries aligned to synod standards and to the Rochester community. For the 2019-20 school year, our congregation decreased the tuition support from 75% to 65% to help offset the increase in called workers. Even though overall enrollment has remained fairly flat or slightly decreased in the past couple years, the number of staff has increased. This increase is due to specific grades with large numbers, plus an increase in special needs assistance.

### 2.) Offerings Variability

Over the past three years, our offerings have varied. This past year, we saw a 5% decrease from the prior year (2017/18: \$1,035,346 2018/19: \$984,671). Some of the reasons for offerings varying from year to year is due to changing dynamics of our membership. We are seeing more members reaching retirement age which in some cases has changed the offerings they are able to give or in some cases they are relocating to other areas. Our conegation membership has increase over the past ten years by over 250 members. The majority of these members are young families which have variable giving due to starting off new careers and/or having young children.

### 3.) Area WELS Congregation Affiliate Support Decreases

Over the past several years, our school has seen a decrease in the number of students from other areas WELS congregation. At one time, Resurrection & Life students were just over 50% of the population of the school. Today, Resurrection & Life students are over 80% of the population. Ascension is currently at 5% of the population and Christ Our Rock is about 4%. Some of this shift in student population is a result of families from the other area congregations who have children at the school transfer their membership to our congregation. Our congregation is currently providing 65% of the cost of tuition for our students. Other area WELS congregations provide only partial affliciate support based on number of student. Each area congregation has different support level: Ascension 50%, Christ Our Rock 50% to their Called Worker and \$5,000 total for other members, Grace 15%. As a result of the shifts in population, we are receiving less affiliate financial support.

### 4.) Increased focus on Church, School and Preschool/Learning Center Autonomy and Accountability

Called worker compensation is approximately 77% of the current unified budget. Trade offs between Church, School and Preschool/Learning Center expenses get blurred. There is a desire to have more clarity on the base operation expenses between these ministry entities. A change to the model would provide the School Board with more autonomy in managing school operations which would also drive more responsibility and accountability with the school budget and usage of available funds. Transitioning our Preschool to a Learning Center would also benefit in more accountability to drive towards a more financial sustainability.

### 5.) Advanced tuition amounts needed for School and Learning Center planning

Each year, our School and Learning Center need to communicate at the beginning of the calendar year (January/February timeframe) to parents and the community what our tuition rates will be for the following school year. In the past, our congregation has not set our fiscal budget until late Spring (May/June). Moving our budget planning up in the calendar is difficult due to general estimates on student enrollment. With variable student enrollment year to year, our congregation is challenged with the committed percentage of tuition support for the congregation. An overall number can be agreed to, however, when the student enrollment number vary (either up or down), the percentage of support per student can change.

## RESURRECTION & LIFE LUTHERAN FOUR MAIN MINISTRY AREAS

### 1.) Synod (WELS)

Each year, our congregation gives the Wisconsin Evangelical Lutheran Synod (WELS) a portion of our offerings (CMO: Congregation Mission Offerings). These offerings go to support the various missions of our synod, such as supporting the training of future pastors and teachers, world missions and many other WELS agencies supporting reaching souls with the gospel.

### 2.) Resurrection & Life Lutheran Church

Resurrection & Life Lutheran church exists to reach and nurture souls for Christ. Our congregation has decided to support this mission and our various church ministries with three full time called Pastors. Our pastors shepherd us by focusing on our four core values: Worship, Study, Service, and Share. In addition to our pastors, our congregation has part time staff for church administration, financial management, organists, and computer/technology aid. In addition to church staff, our congregation has various operation expenses such as the cost to maintain our properties and facilities, debt on our church facilities (currently Life campus mortgage), parish education and outreach/evangelism.

### 3.) Resurrection Lutheran School

Resurrection Lutheran School ministry is to prepare all children for this life and eternal life through Christ-centered education. Resurrection Lutheran School is K-8 elementary school which has nine called workers (8 full-time and 1 part-time). Plus, our staff includes two teacher aids and an administrative assistant (secretary). In addition to school staff, the school shares a portion of the Resurrection campus operations expenses such as utilities and janitorial services. The school has yearly expenses for school related items such as curriculum changes and classroom needs (desks, materials). There is currently no debt on the school building.

### 4.) Precious Lambs Preschool/Learning Center

Precious Lambs Preschool/Learning Center ministry is to reach out to families in the Rochester community and to share the Good News of our Savior by providing quality preschool and early childhood care. Our Preschool currently operates an all day, one room Preschool with after care services. The Preschool has one full time called worker and one full time Preschool aid. As we transition the Preschool to a Learning Center, our congregation is in the process of calling a full time Learning Center Director. This director will be funded through a special grant over a four year period. In addition to the Preschool/Learning Center staff, the center shares a small portion of the school facilities operations expenses.

## RESURRECTION & LIFE LUTHERAN SIMPLE BUDGET MODEL ILLUSTRATION

Below is the 3 year offering giving amounts which also highlights the 3 year average:

2016/17	2017/18	2018/19	Current Yr Variance	3 Yr Average
\$1,006,164	\$1,035,346	\$984,671	-4.9%	\$1,008,727

Due to blessings of 10 for 10 Giving Program, our current fiscal year giving is projected to be \$1,070,000. We could consider incorporating this projected giving into this 3 year average:

2017/18	2018/19	2019/20	Current Yr Variance	3 Yr Average
\$1,035,346	\$984,671	\$1,071,063	8.8%	\$1,030,360

### 2020-21

#### RESURRECTION & LIFE LUTHERAN BUDGET MODEL

<b>Unified Giving (Offerings)</b>		<b>\$1,030,360</b>	
<b>Synod</b>			
WELS CMO		<b>\$103,036</b>	<b>10%</b>
<b>Church</b>			
Compensation		\$360,000	
Outreach/Parish Ed		\$15,000	
Operations		\$143,101	
		<b>\$518,101</b>	
Available Unified Giving Funds		<b>\$515,180</b>	<b>50%</b>
<b>Gap</b>		<b>(\$2,921)</b>	<i>Identify areas to adjust spend or increase offerings</i>
<b>School</b>			
Compensation		\$750,000	
School Operations		\$78,000	
School Expenses		\$25,613	
		<b>\$853,613</b>	
Available Unified Giving Funds		<b>\$412,144</b>	<b>40%</b>
<b>Tuition Needed:</b>		<b>(\$441,469)</b>	
<b>PreSchool/Learning Center</b>			
Compensation		\$163,728	
Preschool/LC Operations		\$7,000	
Preschool/LC Expenses		\$3,985	
		<b>\$174,713</b>	
Available Unified Giving Funds		<b>\$0</b>	<b>0%</b>
Grant		<b>\$80,500</b>	
<b>Tuition Needed:</b>		<b>(\$94,213)</b>	

3 Pastors & staff (Fin/Comp Admin, Sec, Organists)

Includes \$70,000 a year for Life Mortgage/Fees

8 Full Time CWs, 2 Aids, Admin Staff (Sec, Fin/Comp)

2 Full Time CWs, 1 Aid

Gap may need still need to be partially subsidized in 20/21

**Projected Total Expenses \$1,649,463**

Gaps in the School and Preschool/Learning Center would come from tuition.

Gaps could also be reduced by changes to compensation, operations and expenses, and/or increased offerings.