

Session Notes

by Paul Bergsteinsson, Clerk of Session

January 2011

The Session held its regular monthly meeting on the evening of Tuesday, January 18th, and a special joint meeting with the Deacons on the evening of Tuesday, January 25th, both meetings moderated by Interim Pastor Dr. James Carter.

The regular meeting on January 18th included two significant docket items. The first was a report by Deacon Kep Kephart, who is a member of the Strategic Education Task Force (SETF). Chaired by Elder Bob Holmes, the SETF is a small team consisting of Trustees John Schneider and Ann Buchanan, Elders Jen Bowers, Laura Getty, and Scott Jenkins, and Deacons Jim Bennett and Kep Kephart, with staff support from Dr. Charles Grant. As described in previous Session Notes, the SETF was formed to assist the Session and other church leaders by gathering historical and other church information, including financial data, analyzing it, and then presenting it in a manner so as to illuminate important trends and highlight significant issues for the church.

Kep's work on the SETF has specialized in looking at church finances. In this exploration, conducted over many months, Kep reviewed church records and audited financial statements looking back 15 years. He consulted with Trustees, other church lay leaders, and with the church Financial Office, and was assisted especially by Elders Bob Holmes and Laura Getty as well as Executive Director of Operations Joanne Solarz. All of this work resulted in an extensive set of data together with much explanatory information and insight regarding the Church's financial circumstances and how they have changed over time.

Kep's report documented patterns that developed with regard to church finances since 1995. Receipts for the church peaked in 2002 and, since then, BMPC Foundation contributions have represented a growing percentage of all revenue, with a corresponding decline in the percentage from congregational giving. Personnel costs rose at a steady rate in the early years, then stabilized, and actually declined somewhat in 2009 and 2010. Looking at the longer term picture, benevolences have declined as a percent of the budget and absolutely from very high levels of about a decade ago. If one totals benevolences from all "on budget" and "off budget" sources (including the BMPC Foundation), benevolence expenditures are, nevertheless, currently still very substantial – slightly over \$1 million in 2010.

Kepp summarized the current situation as one in which we had overcome the adversity of a poor year financially in 2009, but had little “wiggle room.” In looking forward, this SETF analysis suggests that the church is not yet on a “sustainable plateau.” There is a need for a period of growth in revenues (especially pledge income), reduction of major operating expenses (such as Personnel, Office and Property), or a combination of the revenue growth and expense reduction in order for the church to sustain outreach and benevolence programs into future years. These are areas that will need leadership’s attention.

Kepp made two recommendations at this meeting. First, he asked that the SETF work on church finances be shared with the Trustees, the BMPC Foundation, the Deacons, and the Listening and Self-Study Team. Second, he recommended that the church’s budgeting and tracking process, including what the Session reviews, be expanded to encompass statements of total cash flow from all church areas. The Session adopted these recommendations. On behalf of the Session, Dr. Carter thanked Kepp for his work and its contribution to our understanding of financial issues for the church.

The second major docket item concerned the 2011 church budget. On behalf of the Trustees, Trustee Vice President Bill Thorkelson brought to the Session a recommendation regarding the 2011 operating budget. Highlights from this budget are as follows:

- Receipts: Total 2011 receipts are projected to be \$3,700,000, 3 percent lower than budgeted in 2010, due principally to a lower contribution from the BMPC Foundation. Pledge income in 2011 is projected to be \$2,300,000, flat with the prior year. The BMPC Foundation contribution, reflecting lower portfolio values in recent years, drops by \$92,000 to \$1,130,000.
- Operating Expenditures: Personnel expenditures of \$2,119,000 for 2011 are 0.6 percent higher than the amount budgeted for 2010. This Personnel budget included a provision for 2.5 percent salary increase program, which would be the first such program in 3 years. Administration and office expenses for 2011 of \$459,000 are almost unchanged from 2010. Property expenses in 2011, budgeted at \$622,000, are higher than budgeted last year, reflecting continuing needs for property upkeep and maintenance.
- Benevolences and Council Expenditures: Funds allocated from the operating budget to benevolences and councils in 2011 total \$500,000, almost the same as the \$496,000 amount allocated in 2010.

Bill Thorkelson made a number of points regarding this budget. The hope is ever present that amount pledged and indeed received from the congregation may grow in 2011. Yet the budget needs to be realistic, reflecting best estimates, including input from the Stewardship Committee on the 2011 campaign. Bill also remarked that favorable variances in actual operating expenses versus the budget, such as in Personnel due to position vacancies, could free monies for other uses if the Session so chose, while still allowing the budget to be balanced for the year.

Following discussions on various aspects of the 2011 budget, the Session approved it. The next and remaining work on this budget is to allocate the total \$500,000 benevolence and council budget to each council and benevolence area.

Dr. Carter's wife, Marty Carter, who serves on the Board of Trustees of Princeton Theological Seminary, came to this session meeting as a guest to present information on the seminary and its Bicentennial Campaign. The Session also received a report from Deacon Bill Matthai on the Deacon's Blood Drive, a report from Elder Susan Joseph on the opportunity to be a contributor to the Lenten Devotional Book, and a report from Elder Marge Kennedy for Fine Arts on its fund raising events related to the upcoming Choir Tour.

In the second Session meeting of the month on the evening of January 25th the Session and Deacons received a report from the Listening and Self Study Team (LSST) – the group that has led and conducted our congregational study. This report represented the culmination of nearly a year long effort conducted by the team with support and guidance from The Alban Institute. One of the major tasks for a church during an interim period is to complete such a study to assure a church's understanding of its history and circumstances, to discern the path that God may be calling the church to follow, and to give a Pastor Nominating Committee the information and perspectives it will need in its search. The members of the LSST are Bob Overhiser (Chair), Susan Bravo, James Carter (member), Heewon Chang, Ben Heckscher, Mary Ledwith, Steve Mygatt, Dr. Carter, and Reverend Louisa Watkins Umphres.

The LSST report built on all of its study and research in 2010, including a survey completed by over 700 members, listening groups attended by over 300 members, and a leadership retreat in early December that had nearly 100 participants.

The report given to the Session provided important conclusions from this large and encompassing project. A list of core values for BMPC was formulated, building on what the congregation and leaders said in surveys, listening circles, and the retreat. Similarly, there are certain qualities of BMPC that were identified as "strengths to

preserve" -- parts of our heritage that we reaffirm and want to carry with us into future years. Lastly, strategic initiatives were identified – directions that will need our commitment and sustained energy going forward.

The goals of the Session at this meeting with respect to the congregational study were to review it, make a decision on its adoption, and determine the next steps it would take. The Session, with the Deacons voicing their support, voted overwhelmingly to accept and adopt the LSST report and its supporting background studies and information. In so doing, the Session also requested that the report and supporting materials be forwarded to the Committee on Ministry of our Presbytery pursuant to satisfying its needs and obtaining its approval that a Pastor Nominating Committee be formed. The Session also requested that the LSST and the Communications Committee come to the February Session meeting with a plan for sharing this congregational study with the congregation. It is anticipated that this plan will provide members with a number of opportunities and several ways to access the study, learn about it, and be in discussion of it.