

**REPORT AND RECOMMENDATIONS OF THE WESTMINSTER  
PRESBYTERIAN CHURCH LONG RANGE FINANCIAL PLANNING TASK FORCE**

I. INTRODUCTION

The Session created the Long Range Financial Planning Task Force (the “Task Force”) to study and make recommendations addressing the long term financial security of Westminster. This undertaking arose from Westminster’s recurring difficulty in recent years to produce a sustainable, balanced operating budget. Blessed with a strong and committed membership, a substantial endowment and a legacy of faithful ministry for more than 125 years, Westminster has been able in the short term to postpone reconciling spending priorities, which simply cannot be sustained under current conditions, much less the more difficult circumstances we will face in the future. The Task Force recognizes the challenges facing Protestant churches generally and Westminster specifically in an increasingly secular culture. If Westminster fails to act now, however, to plan responsibly for its financial present and future, it risks the ongoing viability of this exceptional ministry we have been entrusted to steward. We cannot overstate the importance of taking steps now, while we are still strong and blessed with great human and financial resources, to maximize our ability to meet an evermore challenging and uncertain future.

II. CONTEXT: VISION FOR 2020

In the course of its work the Long Range Financial Planning Task Force discussed its members’ visions for five and ten years in the future. We believe Westminster’s current mission statement captures our vision for Westminster in 2020;

Westminster seeks to embody God’s boundless love by embracing, liberating and empowering people – whoever they are and wherever they may be on their faith journeys – to realize the transforming power of Christ in our congregation, community and the world beyond.

It embodies Westminster as a church that welcomes people into a community, engaging and nurturing them, and helping them to find and connect to God.

### III. CASE FOR CHANGE IN FINANCIAL MANAGEMENT PRACTICES

The church regularly struggles to produce an operating budget that balances income with competing spending priorities. Trying to reconcile these demands over time has produced the following undesirable outcomes.

#### A. Underfunding of building maintenance and repair

The costs of maintaining WPC's physical assets are inescapable. The property committee does an admirable job identifying and estimating foreseeable maintenance and repair needs. Current forecasts project that annual funding of a building reserve of \$100,000 will cover anticipated costs in the long run. The full amount needed has only been funded once in the past 10 years, meaning that at some fast approaching point there will be insufficient funds in reserve to cover planned or unplanned expenses.

#### B. Unfairness to staff

Relying on the generosity of a member to provide funds for staff increases is not a sustainable approach to maintaining the purchasing power of staff salaries. When it fails to adjust staff compensation to account for changes in their cost of living the church is forcing its employees to subsidize its spending decisions in other areas.

#### C. Over commitment to program

WPC offers a rich program life to its members. There appears to be an implicit strategy to grow and maintain membership by offering programming to suit a wide range of interests. In the past volunteers may have led and provided the labor for these programs but today they require significant support from staff. Because it presents its budgets with

employee costs separated, unallocated to the programs they provide, the latter appear small and inexpensive. In fact, when the real cost is considered the church is offering more than the congregation's current contributions will support.

#### IV. STRATEGIC FINANCIAL MANAGEMENT RESPONSES

It is recommended that the church consider two strategies to change the financial conditions it is experiencing. These are long-term undertakings that require consistency and focus over several years if they are to succeed.

##### A. Legacy Giving

WPC benefits from significant contributions from members who are in the last decades of their lives. When these members die, their gifts will disappear unless they have provided for the church in their estate plans. Legacy gifts added to the church endowment can continue the support of its most generous members in perpetuity. If a capital fundraising effort is made (See B. below), it could be an excellent platform from which to launch legacy giving. The steps required to begin a legacy gifts program include:

1. Recruit leader
2. Recruit committee of 5-7
3. Obtain leadership commitment, if not already committed
4. Identify key prospects for legacy gifts
5. Set goals for one, three, and five years
6. Develop communication plan
7. Launch communications
8. Follow with personal contact
9. Develop plan for a sustainable program in Legacy Giving

## B. Capital fund raising

If WPC were able to increase its endowment by \$2 Million, the added value would permit \$100,000 to be allocated to preserving and maintaining the physical plant, forever, without competing with other demands for funds. That said, raising endowment is one of the heaviest lifts in fundraising. Campaigns that result in something bright, shiny, and new are easier to accomplish but given that it has been awhile since the church's last campaign it may be that there is the will and the capacity to have a successful campaign in the next few years. The following first steps should be taken:

1. Form a campaign strategy committee
2. Define potential goal - what is needed
3. Retain counsel to assess readiness and develop strategy
4. Conduct strategy study
5. Determine if the potential result is worth the effort

If it appears that the congregation will respond positively to a capital campaign, implementing the strategy will engage a significant number of volunteers. This might require two-to-three years to reach the desired goal.

## V. TACTICAL FINANCIAL MANAGEMENT RESPONSE

Recognizing that the two Strategic Financial Management Responses will require several years to bear fruit, the following shorter term, tactical recommendation is made.

In order to avoid budget tensions in the near future it is suggested that the church consider adopting as policy three commitments:

- A. Fix benevolences in the operating budget as a percentage of pledged contributions and reasonably expected other contributions based on historical experience, plus the 5% trailing 12 quarter draw from invested mission funds.
- B. Fund depreciation on the built facilities at \$100,000/year (or a recalculated amount that reflects the book value of its assets) escalated by the annual change in the price index for construction.
- C. Protect the earnings of full-time staff with increases not less than 75% of the change in the Consumer Price Index for all Urban Wage Earners.

Accepting this approach will put pressure on other aspects of the church's budget, notably its staffing, program and benevolence expenses. It will result in discussions about how much program is enough given the size of the congregation and its ability and desire to contribute through pledges. These will require thoughtful analysis of the true costs of programs and assessment of the relative value of the programs and will involve both professional staff and lay leaders. If begun now there is ample time for this analysis before the next 2017 budget cycle.

Implementing these budget recommendations in their entirety obviously would affect operations and programs we currently enjoy. Should the Session adopt the long term legacy giving and capital campaign recommendations, the Session may consider a gradual phase-in of these short term recommendations to soften their impact while the longer term solutions take effect.

## VI. EVANGELISM: EXPANDING THE WESTMINSTER COMMUNITY

We introduce this strategic initiative not because growing Westminster will solve its financial challenges; we have no evidence that adding more people will increase net income. We urge expanding the community for three reasons: First, because Westminster has so much to

offer to people who are seeking more from life. Second, because Jesus calls us to bring more people into his fold. We are called to help others find their pathways to rich relationships with God. Third, if we are not continually bringing new people into our congregation, we may provide the needed financial support for staff, programs and our building, but we will not have enough people to enliven, enrich and steer a future that is relevant.

WPC does a good job reaching out to visitors who identify themselves and welcoming them. WPC can do a better job of introducing itself and welcoming potential members who do not initiate contact and creating pathways through which people can connect to the church and to God. There are at least two parts to this initiative:

A. Telling the story

Much of church communication effort is focused on current members or attendees. If steady or declining membership numbers are to be reversed communication needs to become marketing, focused on particular segments of the population who may be open to participating in the church. A marketing committee should be created and charged with developing a strategy, defining messages and target audiences, and helping to execute plans that increase awareness of the values to be obtained by being in relationship with WPC. This effort will require funding.

B. Making connections

It is widely understood that membership organizations generally are losing ground, and that many religious denominations are shrinking. WPC needs a strategy to resist those trends. The core of a successful strategy will be based on making personal connections - first between people and then between people and God. An evangelism team, probably

clergy-led, is needed to define the strategy, set goals, and execute in a focused way over time.

## VII. CONCLUSION

The Task Force members recognize that the foregoing recommendations, if accepted, will require a lot of work from members of the Westminster family. We believe that the church that we love, that challenges and nurtures us, is worth the effort and that those who join in the work will find themselves richly rewarded.