



# Ministry Financial Plan

## 2019–2021 Biennium

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SYNOD CONVENTION 2019

# Topics

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- FY 2017–18 Results
- FY 2018–19 Projections
- Proposed Financial Plans
  - FY 2019–20
  - FY 2020–21

# Definitions

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- **Operating Fund**—ministry expenses funded by resources that have no restrictions such as Congregation Mission Offerings; gifts, grants, and bequests without donor imposed restrictions; interest and other revenue; and tuition and fees at the schools
- **Special Funds**—gifts that donors have restricted the ministry the gift can be used for OR that have been designated by the ministry for a specific purpose
- **Financial Stabilization Fund**—holds for a year or more unrestricted gifts and revenues that are challenging to project, like bequests, then transfers them to Operating Fund.

# FY 2017–18 Results

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- Operating, special, and financial stabilization funds had a collective \$300,000 deficit
- WLS & MLC: financially strong; LPS: financial strength increasing; MLS: minimal reserves
- Support Service Subsidiaries:
  - Northwestern Publishing House—new business model to stem deficits
  - WELS Church Extension Fund—\$1 million grant to Home Missions
  - WELS Foundation—\$500,000 grant to WELS Ministries
  - WELS Investment Fund—growing investment portfolio

# FY 2018–19 Projections

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- Congregation Mission Offerings less than planned
- Expenses less than plan
- Operating reserves down \$850,000
- Special Fund reserves up
- WLS, MLC, and LPS performing better than plan; MLS is stabilizing
- Support Service Subsidiaries in line with or better than plan

# Proposed Ministry Financial Plan

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- February 2018 planning calendar and key assumptions approved
  - CMO: subscriptions met in 2018; +0.5% in 2019–21
  - Other Support: flat
  - Wages: +3.0% annually
  - Health Care: +10.0% annually
  - Pension: +6.0% annually
  - Insurance, Utilities, & Other: 2.0% - 7.0% annually
  - Ministry Growth: \$2.8 million

# Preliminary Support Levels

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- Home Missions: \$5,736,000 (+3.2%); \$5,924,000 (+3.3%)
- World Missions: \$6,786,000 (+3.5%); \$7,029,000 (+3.6%)
- Ministerial Education: \$8,373,000 (+2.9%); \$8,560,000 (+2.2%)
- Congregation & District Ministry: \$5,761,000 (+3.3%);  
\$5,953,000 (+3.3%)
- Ministry Support: \$3,453,000 (+3.9%); \$3,585,000 (3.8%)

# Planning Directive

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- Synod support flat
- Synod support increased to cover inflationary changes
- Synod support increased to cover inflationary changes, plus \$100,000 or 10% for ministry initiatives
  - Ending balance in Financial Stabilization Fund: \$5.2 million



# Preliminary Ministry Financial Plan

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- Developed by Area of Ministry/School/Department
- Reviewed by CFO and President
- President reviews preliminary plan with President's Advisory Council
  - Congregational Services: +\$50,000 for new initiatives
  - Conference of Presidents: +\$50,000 large-district DP assistance
  - Home and World Missions: -\$50,000 each to cover above two priorities
  - World Missions: +\$50,000 annually from special funds for Ukraine
  - MLS: +\$135,000; WLS, MLC, & LPS: -\$135,000 collectively

# Synodical Council Review

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- November 2018: Synodical Council reviews preliminary plan
  - Ministry opportunities exceed resources available
  - Growing concerns about tuition rate increases and student debt levels
  - Flat sources of operating support
  - Schwan Foundation funding uncertainties
  - Financial Stabilization Fund draw downs: FY20 \$2.4 million; FY21 \$3.2 million
  - Financial Stabilization Fund balance of \$7.8 million projected by the end of biennium
  - Synodical Council requests plans be modified to hit the minimum target balance of \$10 million in the Financial Stabilization Fund

# Ministry Financial Plan Revisions

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- Congregation Mission Offerings: -\$1,260,000
- Special funds transfers: \$170,000
- Vicar project: \$275,000
- Support forecast improvements: \$789,000
- WELS Foundation transfer: -\$350,000
- HRA savings: \$580,000
- Limit wage increase to 2%: \$691,000

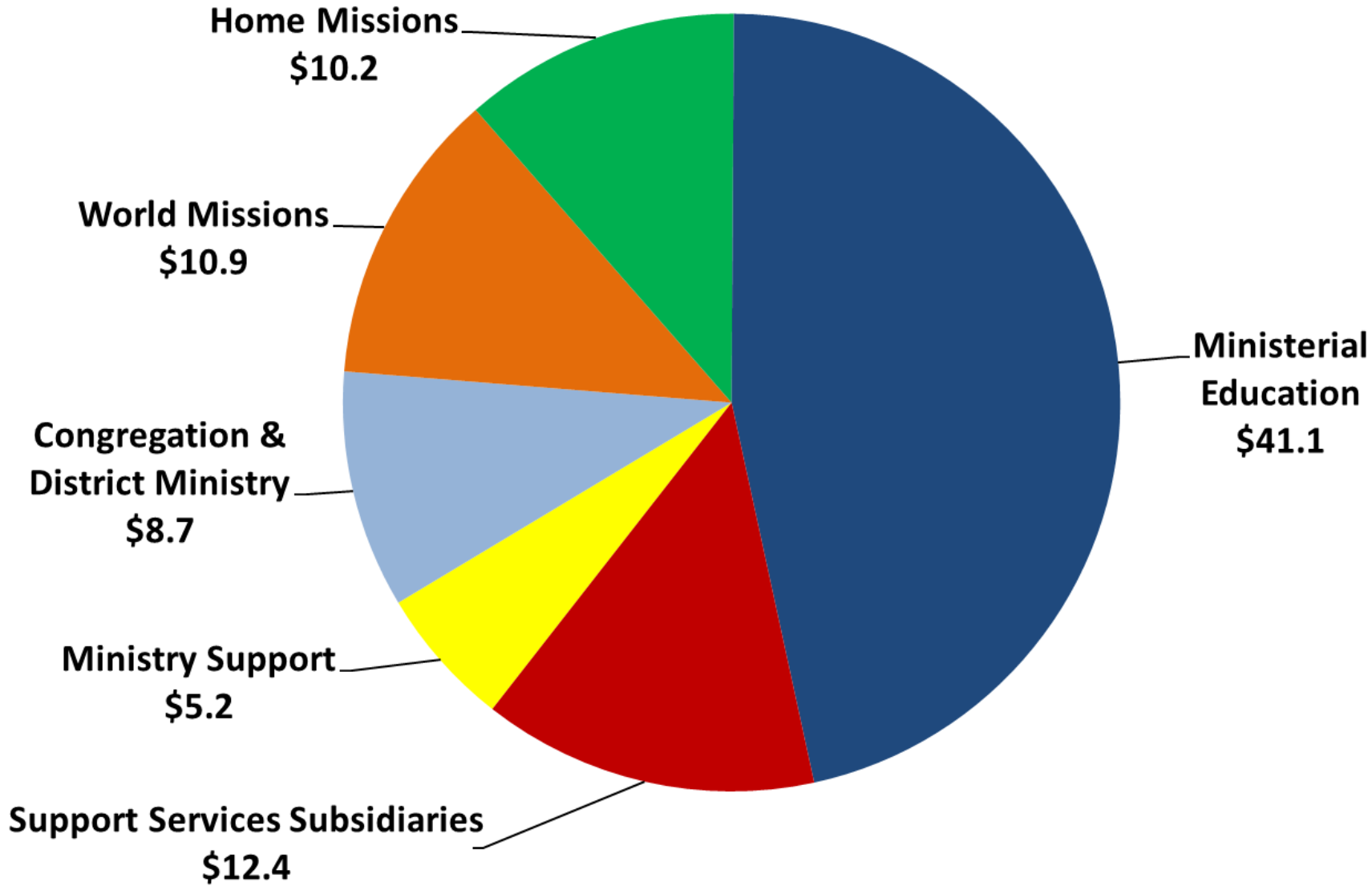
# Ministry Financial Plan Revisions

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- Underspending and reductions: \$500,000
- Area of ministry reductions
  - Board for Home Missions: -\$250,000
  - Board for World Missions: -\$250,000
  - Board for Ministerial Education: -\$250,000
- Revised Financial Stabilization Fund Ending Balance:  
\$10,006,000

# FY 2019-20 Total Ministry Plan Expenses

**\$88.5**  
(millions)

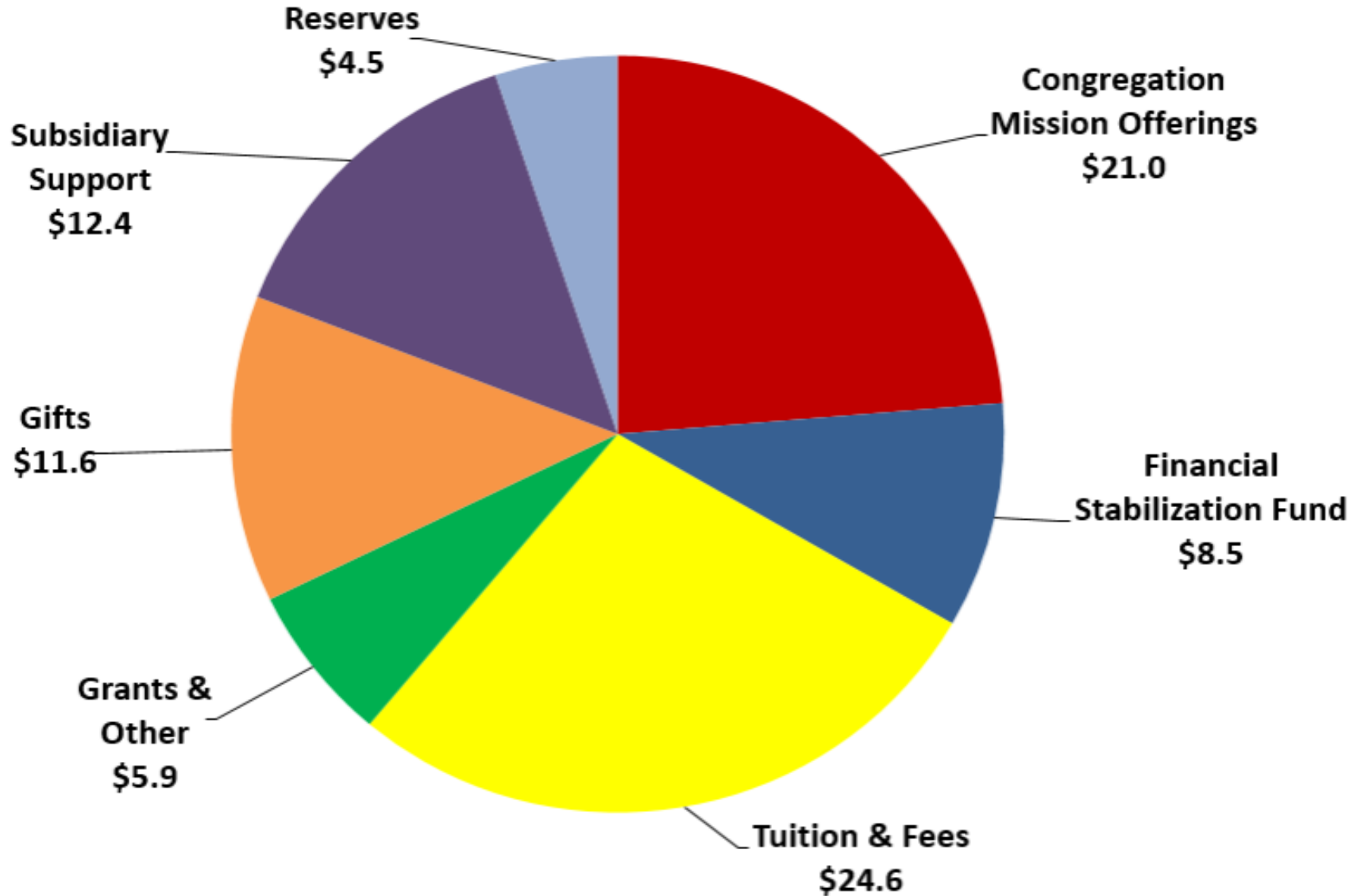


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# FY 2019-20 Total Ministry Plan Support

**\$88.5**  
(millions)

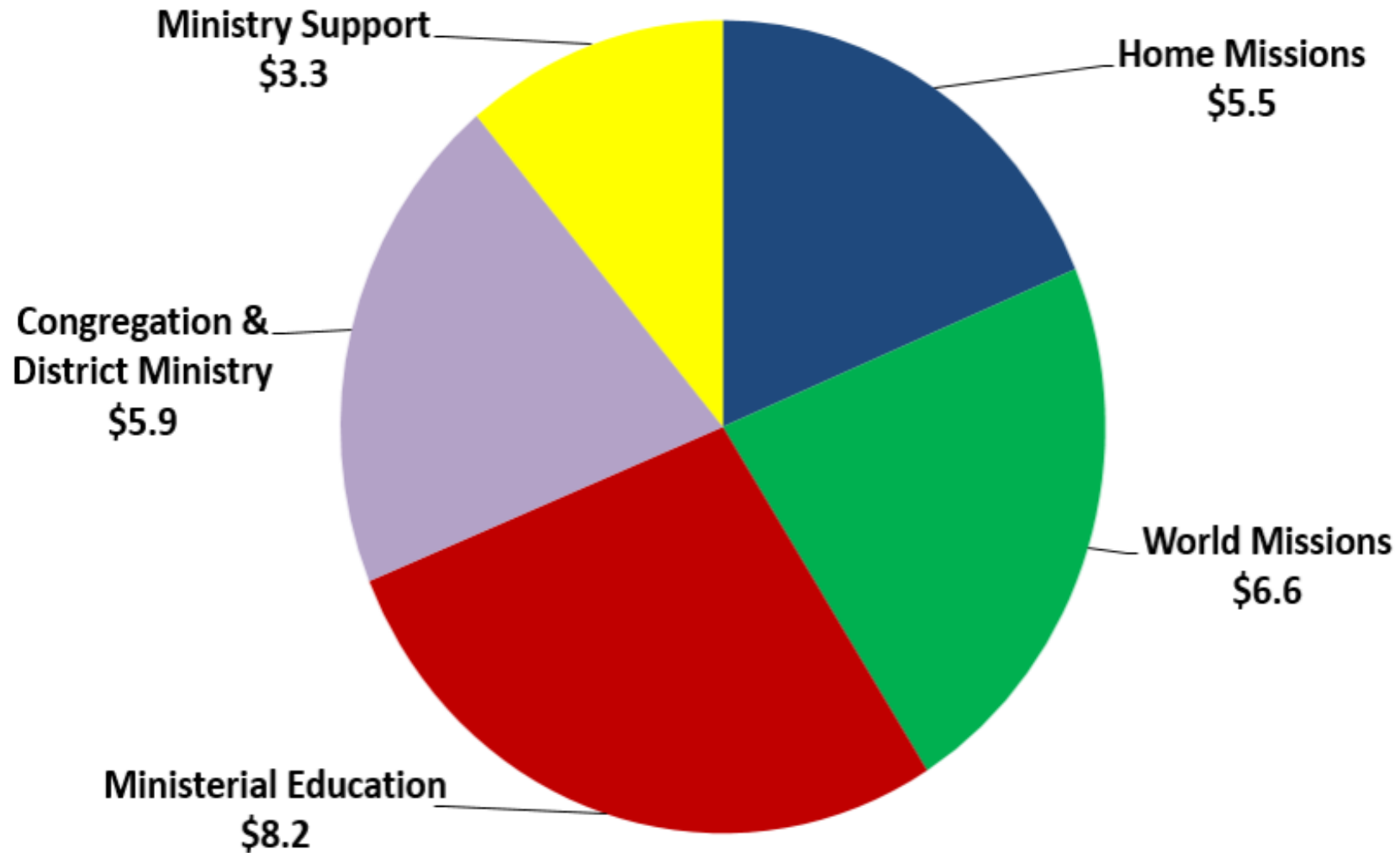


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# FY 2019-20 Synod Operating Support Allocation

**\$29.5**  
(millions)

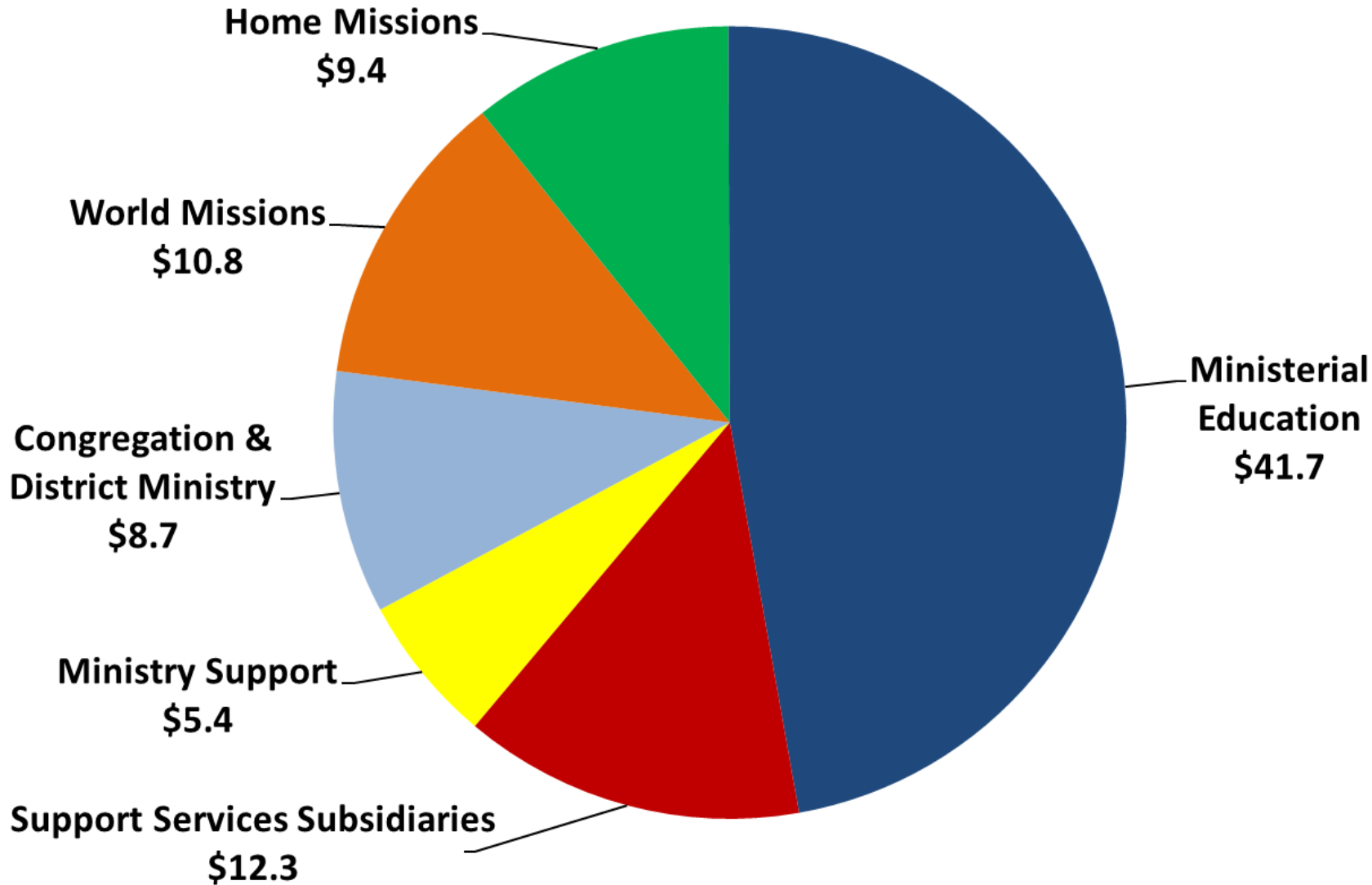


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# FY 2020-21 Total Ministry Plan Expenses

**\$88.3**  
(millions)



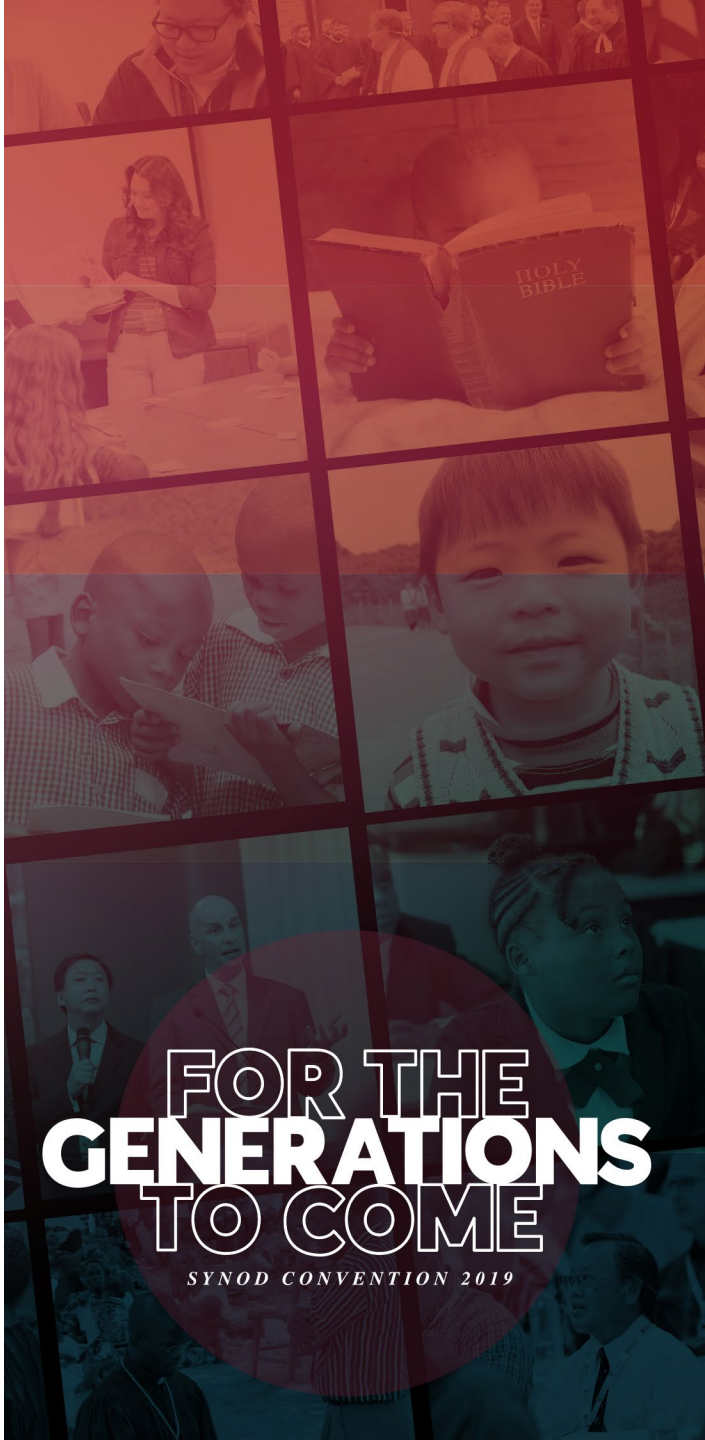
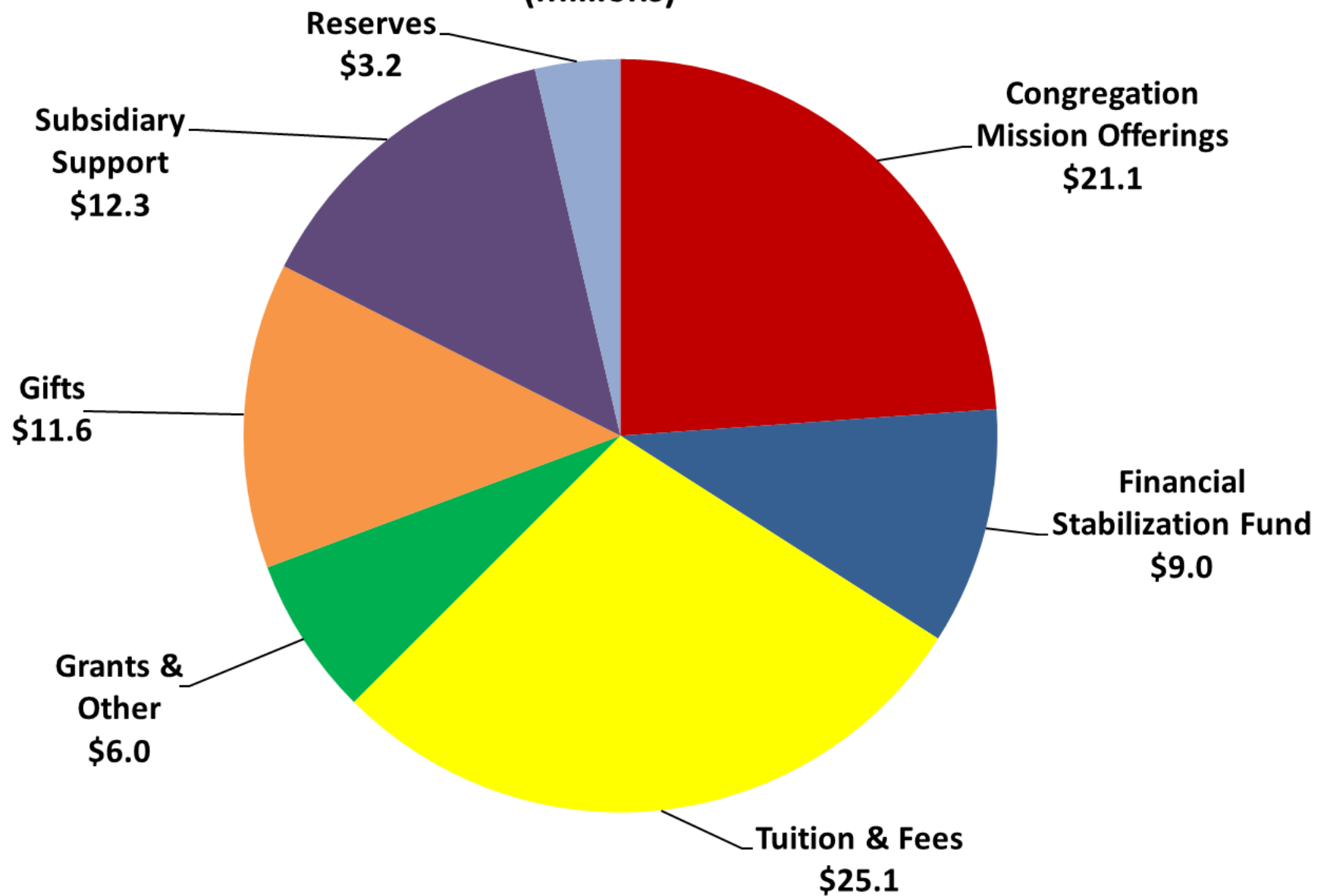
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# FY 2020-21 Total Ministry Plan Support

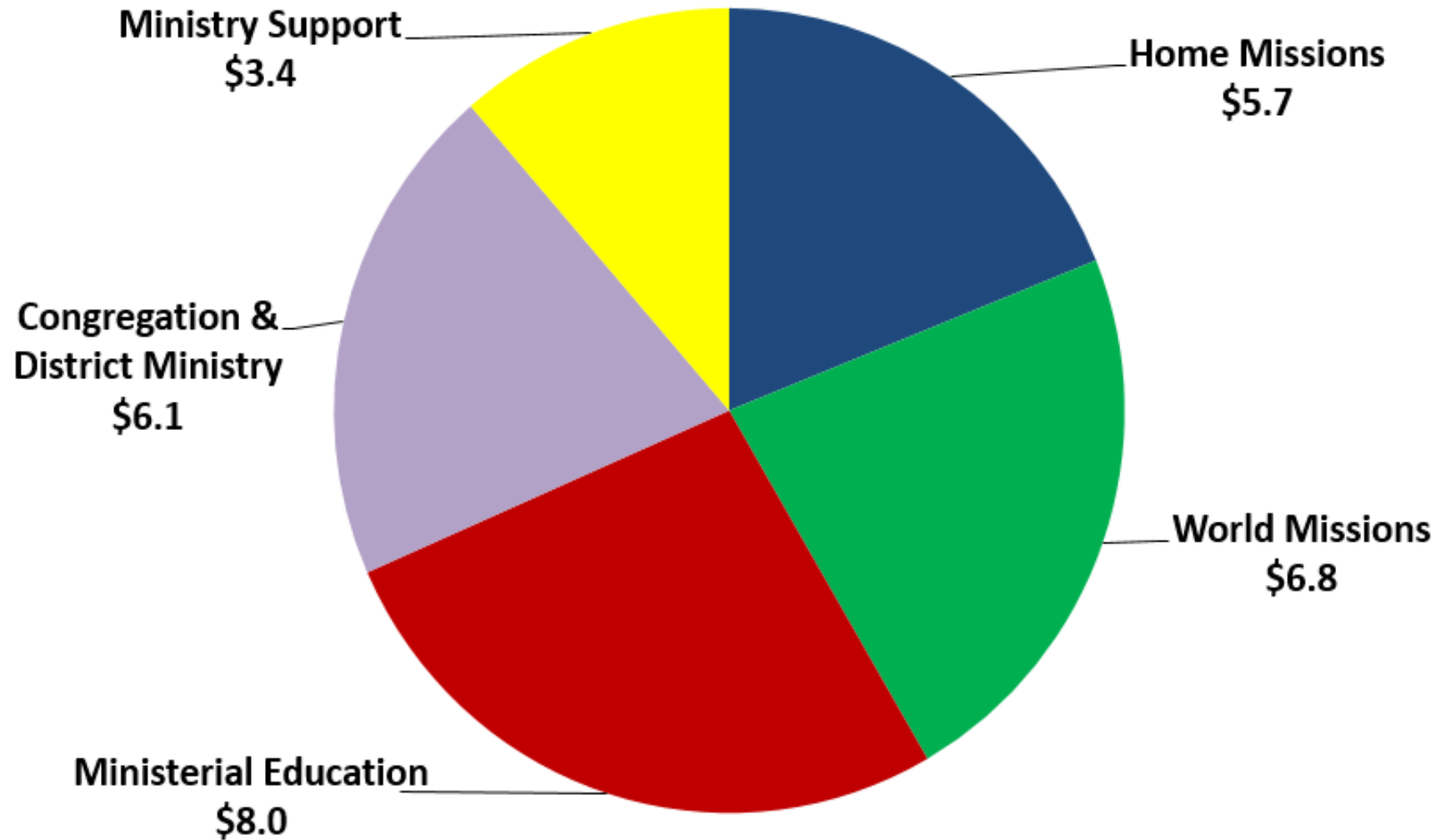
**\$88.3**  
(millions)



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# FY 2020-21 Synod Operating Support Allocation

**\$30.0**  
(millions)



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Thank you!

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