



**Baltimore-Washington Conference**

The United Methodist Church

# Mission Share Formula Update

Phil Potter, President

Rev. Daryl Williams, Vice President

June 7, 2021



# Summary of 2020 BWC Financial Statistics

In general, BWC churches have remained financially stable during the pandemic.

- PPP funding offset the loss of tithes/offerings
- Expense reductions far exceeded the loss of income
- Net gain by churches in 2020 was \$10M, not including the reported gain on investments.

However, the loss of Building Use income and fundraising has negatively impacted some of our congregations.

<u>2020 INCOME STATS</u>		<u>2020 EXPENSE STATS</u>	
	Total BWC Statistics		Total BWC Statistics
Tithes/Offerings	Down \$6.0M (-6%)	Operating	Down \$2.5M (-10%)
PPP Funding	Up \$6.2M (NA)	Program	Down \$1.2M (-25%)
Building Use	Down \$3.5M (-34%)	Staff	Down \$1.8M (-7%)
Fundraising and Other	Down \$2.0M (-41%)	Reimbursables	Down \$0.5M (-31%)
<b>TOTAL INCOME</b>	<b>Down \$6.0M (-4.2%)</b>	<b>TOTAL EXPENSE</b>	<b>Down \$19.2M (-13.2%)</b>

# Why Use a 3-Year Average of Expenses in the 2022 Mission Share Formula?

- **Factors that impacted the actual expenses in 2020**

PPP funding received

State funding received

Draws on endowed reserves

Employees applied for unemployment

Reduced staff

Reduced staff's pay

Worship held online

Closed the preschool

No PPP funding received

No State funding received

No draws on reserves

Kept employees on payroll

Did not reduce staff

Did not reduce staff's pay

Worship held in person

Kept the preschool open

- **Factors that impacted the reported expenses in 2020**

BWC 2020 Statistical Reports: \$6M of PPP funding on the 2020 stats

Small Business Administration Database: \$11M of PPP to BWC churches plus \$2M to preschools

Conclusion: Statistical reports for some churches did not include PPP paid expenses

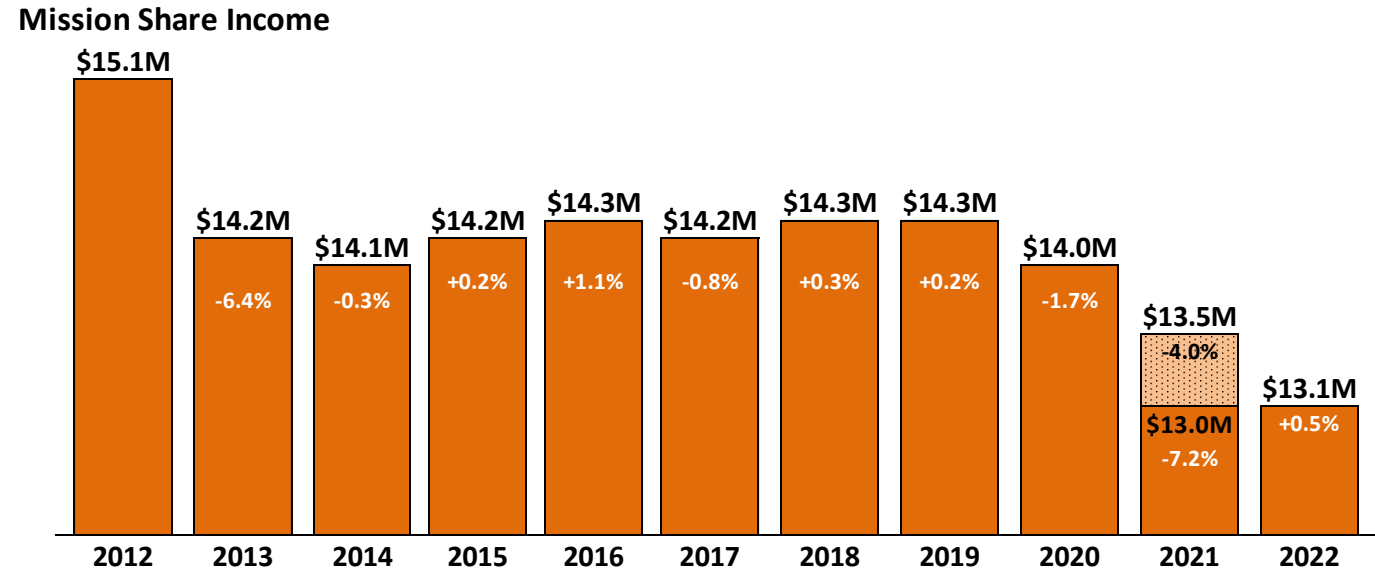
# Why Use a 3-Year Average of Expenses in the 2022 Mission Share Formula?

- CFA Conclusion: The 2020 expense statistics were so greatly influenced by the pandemic that they are, by themselves, an inadequate measure for fairly distributing the mission shares for the 2022 budget.
- The use of a 3-year average provides a stabilizing element to the distribution so that the extremes involved with the 2020 expense changes do not create a list of “church winners” and “church losers”. It also recognizes some impact from the 2020 expense reductions.

*(Note: A similar instance occurred in BWC with the 2009 statistical reports. The CFA proposed a change to the mission share formula that year to use the prior year expense data for calculating the distribution of mission shares.)*

# Budget and Cost Control Measures

- The 3-year average of expenses in the 2022 budget supports the CFA's strategic reductions in the mission share budget from the \$14.3M budget in 2019 to an estimated \$12M in 2024 or 2025.



- 2020 Cost Controls:
  - 2020 Mission Shares were \$1.2M less than budget (-8.6%)
  - 2020 expenses were reduced by \$2.1M (-11%)
  - Absorbed a \$640,000 net loss in the Retreat & Camping Ministries as camps were shuttered
  - Continued to make accelerated debt payments, BWC will be debt free in Q3 of 2022



**THANK YOU**