

**ITEM A.103
FOR ACTION**

FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR’S OFFICE USE ONLY				
	A. Resource Allocation & Stewardship		D. Coordinating Committee	G. Outreach to the World
	B. Personnel & Nominating		E. Mid-Councils	H. Ministerial Teams
	C. Property/Legal		F. Nurture the Body	P. Plenary
FINANCIAL IMPLICATIONS – TO BE COMPLETED BY SUBMITTING OFFICE				
COST (explain in the Rationale section):				
Within Per Capita Budget _____		Within Mission Budget _____		New Funds <ul style="list-style-type: none"> • 2021 - \$1,704,386 • 2022 - \$1,318,294

Subject: 2021-2022 Presbyterian Mission Agency COVID-19-related Budget Reductions

Recommendation:

That the Presbyterian Mission Agency Board

- 1) Approve “Budget 1” for 2021 (Attachment A) and 2022 (Attachment B) in response to the action of the 224th General Assembly (2020) on Item 00-24 (<https://www.pc-biz.org/#/search/3000719>). (Item 00-24 included “unallocated reductions” of \$8.2M in 2021 and \$6.8M in 2022. Budget 1 allocates those required reductions within the budget.)
- 2) Adopt “Budget 2” for 2021 (Attachment C) and 2022 (Attachment D) as the working budget of the Presbyterian Mission Agency for management purposes.

Brief Rationale

In Item 00-24, the General Assembly voted to allow PMAB “to spend amounts in excess of or less than amounts budgeted for a specific line item as a result of emerging situations. And variance from the approved budgets shall be reported to the 225th General Assembly (2022).” “Budget 1” is the budget approved by the General Assembly, with the “unallocated reductions” associated with COVID-19, now fully allocated to line items. The Presbyterian Mission Agency will report revenue and expenses as compared to this budget when it reports to the 225th General Assembly (2022).

For management purposes, however, PMA cannot exercise good stewardship without a working budget that reflects our intended expenses in light of available revenue. “Budget 2” is therefore what we will use in managing the organization, even as we report to the General Assembly with respect to “Budget 1.”

Detailed Rationale

COVID-19 has impacted contributions to the Presbyterian Church (U.S.A.). In June 2020, the General Assembly adopted budgets for the Administrative Services Group, the Office of the General Assembly, and the Presbyterian Mission Agency that incorporated projected shortfalls in revenue from contributions of 25% in 2021 and 20% in 2022.

The General Assembly was not asked to approve specific reductions to meet these targets, rather this task was left to each entity, working with their respective boards or committees. The Presbyterian Mission

Agency was therefore left with the task of identifying \$8.2M in reductions for 2021 and \$6.8M in reductions for 2022.

The Process used by the Presbyterian Mission Agency

The Presbyterian Mission Agency has multiple revenue streams. Some are contribution-based, such as:

- Shared Mission Support
- Per Capita
- Bequests
- Special Offerings
- Disaster Relief
- Directed Mission Support
- Extra Commitment Opportunities
- Outside Foundations & Trusts

While other forms of revenue include:

- Investment returns
- Sale of Services

Working with ASG's Finance & Accounting unit, we were able to trace how each type of contribution impacts our programs. Accordingly, we could then apply the mandated 25% reduction in 2021 and 20% reduction in 2022 to obtain revenue reduction targets for each area. In addition to the direct impact of the reduction, there was also an indirect impact, particularly when it comes to the Mission Support Cost (a process by which 17% of each contribution is used to fund (in whole or in part) the cost of support functions such as the Administrative Services Group, Communications, Mission Engagement and Support, and the Executive Director's Office). If contributions are reduced, then the impact is felt not only in programmatic areas, but also in support areas.

The revenue reduction targets for each area are reflected on Table 1.

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Table 1 – 2021 Projected Contribution Shortfall

Projected Contribution Shortfalls	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Congregations											
PMA Unrestricted		(\$64,260)	(\$27,540)		(\$78,030)	(\$45,900)	(\$4,590)	(\$4,590)	(\$50,490)	(\$13,770)	(\$289,170)
PMA Unrestricted Designated											\$0
Per Capita			(\$34,770)	(\$483,190)							(\$517,960)
Per Capita Designated											
Gifts, Bequests and Grants											
PMA Bequests											
Special Giving and Special Offerings											
PMA Christmas Joy	(\$462,530)					(\$394,006)					(\$856,536)
PMA Cost Recovery		(\$124,307)		(\$63,503)	(\$115,332)						(\$303,142)
PMA Directed Giving			(\$150)			(\$126)			(\$8,154)	(\$827,264)	(\$835,694)
PMA Disaster Relief											
PMA Extra Commitment		(\$11,250)	(\$56,663)	(\$10,328)		(\$11,127)		(\$8,873)	(\$39,206)	(\$1,292,945)	(\$1,430,392)
PMA Hunger			(\$60,590)								(\$60,590)
PMA Mission Initiative											
PMA One Great Hour of Sharing			(\$1,572,359)								(\$1,572,359)
PMA Other Gifts											
PMA Outside Foundations											
PMA Outside Trusts											
PMA Peace and Global Witness			(\$250,170)								(\$250,170)
PMA Pentecost			(\$38,301)						(\$100,540)	(\$100,540)	(\$239,381)
PMA Presbyterian Women											
PMA Special Missionary Support										(\$244,020)	(\$244,020)
PMA Special Offering Catalog											\$0
PMA Theological Education Fund											
PMA Witness											
Investment Return											
DoH Endowments											
PMA Endowments											
PMA Endowments - Stony Point											
PMA Jnishian Memorial											
PMA Short Term Investments				\$64,740							\$64,740
Other Income											
ASG Hubbard Press											
ASG Program Service											
PMA Program Service - Class 2											\$0
PMA Program Service - Class 3											
PMA Program Service - Stony Point								(\$1,722,400)			(\$1,722,400)
ASG Sale of Resources											
PMA Sale of Resources											
Total Projected Revenue Shortfall	(\$462,530)	(\$199,817)	(\$2,040,543)	(\$492,281)	(\$193,362)	(\$451,159)	(\$4,590)	(\$1,735,863)	(\$198,390)	(\$2,478,539)	(\$8,257,074)

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2022 Projected Contribution Shortfall

Projected Contribution Shortfalls	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Congregations											
PMA Unrestricted		(\$2,400)	(\$960)		(\$2,720)	(\$1,760)	(\$160)	(\$160)	(\$1,280)	(\$480)	(\$9,920)
PMA Unrestricted Designated											\$0
Per Capita			(\$34,770)	(\$483,762)							(\$518,532)
Per Capita Designated											
Gifts, Bequests and Grants											
PMA Bequests											
Special Giving and Special Offerings											
PMA Christmas Joy	(\$427,020)					(\$363,757)					(\$790,777)
PMA Cost Recovery		(\$106,570)		(\$54,442)	(\$98,876)						
PMA Directed Giving			(\$125)			(\$105)			(\$6,802)	(\$690,072)	(\$697,104)
PMA Disaster Relief											
PMA Extra Commitment		(\$9,280)	(\$46,741)	(\$8,519)		(\$9,179)		(\$7,320)	(\$32,340)	(\$1,066,531)	(\$1,179,910)
PMA Hunger			(\$47,310)								(\$47,310)
PMA Mission Initiative											
PMA One Great Hour of Sharing			(\$1,380,193)								(\$1,380,193)
PMA Other Gifts											
PMA Outside Foundations											
PMA Outside Trusts											
PMA Peace and Global Witness			(\$213,211)								(\$213,211)
PMA Pentecost			(\$32,387)						(\$85,017)	(\$85,017)	(\$202,421)
PMA Special Missionary Support										(\$232,400)	(\$232,400)
PMA Special Offering Catalog											\$0
PMA Theological Education Fund											
PMA Witness											
Investment Return											
DoH Endowments											
PMA Endowments											\$0
PMA Endowments - Stony Point											
PMA Jinishian Memorial											
PMA Short Term Investments				\$69,720							\$69,720
Other Income											
ASG Hubbard Press											
ASG Program Service											
PMA Program Service - Class 2											\$0
PMA Program Service - Class 3											
PMA Program Service - Stony Point								(\$1,365,900)			(\$1,365,900)
ASG Sale of Resources											
PMA Sale of Resources											
Total Projected Revenue Shortfall	(\$427,020)	(\$118,250)	(\$1,755,697)	(\$477,003)	(\$101,596)	(\$374,801)	(\$160)	(\$1,373,380)	(\$125,439)	(\$2,074,500)	(\$6,827,846)

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Each area was requested to make the necessary reductions to meet the new revenue targets, and each area responded. In the charts that follow, the functional area impacted by the reduction in each ministry is listed.

Reductions to the 2021 Presbyterian Mission Agency Budget

Expense Reduction by Area	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Cost of Sales											
Salaries and Benefits			(\$1,113,683)			\$10,975		(\$1,616,417)		(\$1,867,357)	(\$4,586,482)
Travel			(\$107,305)	(\$96,200)	(\$71,000)	(\$303)		(\$7,000)	(\$28,329)		(\$310,137)
Meetings			(\$119,270)	(\$275,790)	(\$19,254)	(\$2,767)			(\$36,188)		(\$453,269)
Administration		(\$152,317)	(\$19,066)	(\$103,788)	(\$98,108)			(\$69,850)	(\$14,015)	(\$12,019)	(\$469,163)
Depreciation								\$10,000			\$10,000
Programs		(\$47,500)	(\$155,160)	(\$16,503)		(\$58,312)	(\$4,590)	(\$52,596)	(\$104,936)	(\$159,421)	(\$599,018)
Resource Development			(\$3,000)			(\$583)				(\$30,355)	(\$33,938)
Grants	(\$462,530)		(\$523,059)		(\$5,000)	(\$400,169)			(\$14,922)	(\$409,387)	(\$1,815,067)
Gross Total Expense Reduction	(\$462,530)	(\$199,817)	(\$2,040,543)	(\$492,281)	(\$193,362)	(\$451,159)	(\$4,590)	(\$1,735,863)	(\$198,390)	(\$2,478,539)	(\$8,257,074)

Reductions to the 2022 Presbyterian Mission Agency Budget

Expense Reductions by Area	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Cost of Sales											
Salaries and Benefits			(\$1,000,017)			\$9,864		(\$1,349,074)		(\$1,601,154)	(\$3,940,381)
Travel		(\$7,000)	(\$61,026)	(\$87,442)	(\$71,000)	(\$251)			(\$20,648)		(\$247,367)
Meetings			(\$105,769)	(\$256,842)		(\$2,283)		\$1,500	(\$5,154)		(\$368,548)
Administration		(\$93,750)	(\$10,498)	(\$116,719)	(\$25,596)			(\$19,588)	(\$6,804)	(\$10,450)	(\$283,405)
Depreciation								(\$15,000)			(\$15,000)
Programs		(\$17,500)	(\$127,810)	(\$16,000)		(\$12,810)	(\$160)	\$8,782	(\$90,043)	(\$99,297)	(\$354,838)
Resource Development			(\$3,000)			(\$481)			\$0	(\$30,078)	(\$33,559)
Grants	(\$427,020)		(\$447,577)		(\$5,000)	(\$368,840)			(\$2,790)	(\$333,521)	(\$1,584,748)
Gross Total Expense Reduction	(\$427,020)	(\$118,250)	(\$1,755,697)	(\$477,003)	(\$101,596)	(\$374,801)	(\$160)	(\$1,373,380)	(\$125,439)	(\$2,074,500)	(\$6,827,846)

These reductions fulfill the assignment of specifying the reductions required to meet the demands of the General Assembly approved budget. This General Assembly did not require the committees/boards adopt revised budgets to meet these targets, but rather allowed over-spending and under-spending over the course of the next two years, provided that it was reported back to the General Assembly. Internally, we are referring to this original GA approved budget, with the reductions specified, as Budget 1. We will use it to report to GA with under-spending and over-spending as requested. However, internally, for management purposes, we will be using an adjusted budget, Budget 2.

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Reductions of 25% and 20% were not sustainable over the short-term or the long-term. To offset the immediate impact of those reductions in 2021-2022, information regarding available fund balances and endowments, not fully utilized in the 2021-2022 budget were provided as potential ways to offset some of the reductions. Many of these funds had been set aside for long-term program sustainability as part of regular stewardship on how to handle large gifts that come in. (For example, is it better to spend \$100 in the first year and exhaust the gift or to allocate \$20 per year over a period of five years? The answer depends upon the nature of the program.) Programs were offered the ability (but were not required) to use these longer-term sustainability funds to offset some of the reductions in each area. Some areas used these funds, but each area remains concerned about long-term sustainability. Absorbing a multi-million dollar reduction cannot happen on a regular basis without long-term programmatic impact.

Some areas re-allocated funds to offset some of the required reductions. The charts below show functional areas in which reallocation occurred.

Areas reallocating funds to 2021 to offset the required reductions and where the funds were applied

Additional Funding by Area	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Cost of Sales											
Salaries and Benefits			\$842,002			\$24			\$133	\$81,476	\$923,635
Travel			\$698	\$58,995		\$303			\$20,363		\$80,359
Meetings			\$17,385	\$128,520		\$12,047			\$6,188		\$164,140
Administration		\$132,890	\$4,523	\$86,788	\$26,108				\$9,237		\$259,546
Depreciation											\$0
Programs			\$19,609	\$12,500		\$47,313			\$108,963	\$25,000	\$213,385
Resource Development						\$583					\$583
Grants			\$53,559			\$6,163			\$3,016		\$62,738
Total Additional Funding by Area		\$132,890	\$937,776	\$286,803	\$26,108	\$66,433			\$147,900	\$106,476	\$1,704,386

Areas reallocating funds to 2022 to offset the required reductions and where the funds were applied

Additional Funding by Area	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Cost of Sales											
Salaries and Benefits			\$726,440			\$20			\$110	\$51,030	\$777,600
Travel			\$576	\$73,203		\$251			\$21,450		\$95,480
Meetings			\$17,385	\$138,072		\$11,563			\$5,154		\$172,174
Administration		\$37,472	\$4,517	\$61,719					\$2,863		\$106,571
Depreciation											
Programs			\$13,320	\$12,000		\$2,926			\$92,095		\$120,341
Resource Development						\$481					\$481
Grants			\$38,077			\$5,083			\$2,487		\$45,647
Total Additional Funding by Area		\$37,472	\$800,315	\$284,994		\$20,324			\$124,159	\$51,030	\$1,318,294

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Table 2 shows the sources used by the areas for reallocation. *Source of reallocated funds for the 2021 Presbyterian Mission Agency Budget*

Additional Funding by Source	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Congregations											
PMA Unrestricted											
PMA Unrestricted Designated		\$75,589	17385	\$241,705		\$49,891					\$384,570
Per Capita											
Per Capita Designated											
Gifts, Bequests and Grants											
PMA Bequests											\$0
Special Giving and Special Offerings											
PMA Christmas Joy											
PMA Cost Recovery										\$106,476	\$106,476
PMA Directed Giving			\$150								
PMA Disaster Relief											
PMA Extra Commitment		\$57,301	\$47,024	\$45,098	\$26,108	\$15,959			\$26,895		\$218,385
PMA Hunger			\$48,864								\$48,864
PMA Mission Initiative											
PMA One Great Hour of Sharing			\$624,870								\$624,870
PMA Other Gifts						\$583					\$583
PMA Outside Foundations											
PMA Outside Trusts											
PMA Peace and Global Witness			\$161,182								
PMA Pentecost			\$38,301						\$100,540		\$138,841
PMA Special Missionary Support											
PMA Special Offering Catalog											
PMA Theological Education Fund											
PMA Witness											
Investment Return											
DoH Endowments											
PMA Endowments									\$20,465		\$20,465
PMA Endowments - Stony Point											
PMA Jinishian Memorial											
PMA Short Term Investments											
Other Income											
ASG Hubbard Press											
ASG Program Service											
PMA Program Service - Class 2											
PMA Program Service - Class 3											
PMA Program Service - Stony Point											
ASG Sale of Resources											
PMA Sale of Resources											
Total Additional Funding by Source		\$132,890	\$937,776	\$286,803	\$26,108	\$66,433			\$147,900	\$106,476	\$1,704,386

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Source of reallocated funds for the 2022 Presbyterian Mission Agency Budget

Additional Funding by Source	BoP	COM	CPJ	EDO	MES	REWIM	SHARED	SPC	TFE	WM	Total PMA
Congregations											
PMA Unrestricted											
PMA Unrestricted Designated			\$17,385	\$276,475		\$2,810					\$296,670
Per Capita											
Per Capita Designated											
Gifts.Bequests and Grants											
PMA Bequests		\$6,942									\$6,942
Special Giving and Special Offerings											
PMA Christmas Joy											
PMA Cost Recovery										\$51,030	\$51,030
PMA Directed Giving											
PMA Disaster Relief											
PMA Extra Commitment		\$30,530	\$36,954	\$8,519		\$9,973			\$22,183		\$108,159
PMA Hunger			\$35,789								\$35,789
PMA Mission Initiative											
PMA One Great Hour of Sharing			\$538,117								\$538,117
PMA Other Gifts						\$481					\$481
PMA Outside Foundations											
PMA Outside Trusts											
PMA Peace and Global Witness			\$139,583								\$139,583
PMA Pentecost			\$32,487						\$85,017		\$117,504
PMA Special Missionary Support											
PMA Special Offering Catalog											
PMA Theological Education Fund											
PMA Witness											
Investment Return											
DoH Endowments											
PMA Endowments						\$7,060			\$16,959		\$24,019
PMA Endowments - Stony Point											
PMA Jinishian Memorial											
PMA Short Term Investments									-3764		(\$3,764)
Other Income											
ASG Hubbard Press											
ASG Program Service											
PMA Program Service - Class 2											
PMA Program Service - Class 3									3764		\$3,764
PMA Program Service - Stony Point											
ASG Sale of Resources											
PMA Sale of Resources											
Total Additional Funding by Source		\$37,472	\$800,315	\$284,994		\$20,324			\$124,159	\$51,030	\$1,318,294

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The budget which incorporates these adjustments is known as Budget 2.

The GA-approved budget was adopted based on the best information available to us in May 2020. Since that time, we have had a few months of contribution history which we can compare to prior years. Thus far the comparisons for General Assembly level contributions are generally consistent with our projections for 2021-2022.

CONTRIBUTIONS - COVID 19 IMPACT				
Contributions	2020	2019	Over/Under	Percentage
March	2,009,439	2,055,194	(45,755)	-2%
April	1,623,545	2,645,430	(1,021,885)	-39%
May	1,956,130	2,539,355	(583,225)	-23%
June	2,232,221	2,997,160	(764,939)	-26%
July	2,061,640	3,821,995	(1,760,355)	-46%
August	1,880,991	1,378,373	502,618	36%
Total March -August	11,763,966	15,437,507	(3,673,541)	-24%

When the level of contributions rebounds from COVID-19, Budget 2 could be revised by the Presbyterian Mission Agency Board without impacting the General Assembly's action on Budget 1.



Gina Meester @ginameester

40s

This [#GA224](#) just keeps getting more embarrassing.



