



## Presbytery of Lake Michigan

Presbyterian Church (U.S.A.)

December 14, 2019

Presbytery of Lake Michigan  
Clerks, Pastors and Treasurers of Congregations  
and Ministers of the Word and Sacraments

Grace to you and peace,

The Stated Meeting of the Presbytery on December 03, 2019 received reports from the Leadership Team and Budget & Finance Committee in conjunction with the Second Reading of the 2020 Budget. The Budget & Finance Committee also presented a motion regarding the Dissolution of The Presbytery of Lake Michigan Foundation. Comments were made, questions posed and answered.

During and following the December 03, 2019 Stated Meeting of the Presbytery, individuals suggested that all congregations and Ministers of the Word and Sacrament who comprise the Presbytery of Lake Michigan would benefit from a written report of the information presented at this meeting, at previous meetings, and responses given to questions or comments. This document represents the fulfillment of those desires.

Section I. contains the written comments by Sam O'Neill regarding the 2020 Budget. The following sections provide additional information requested.

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### **I. BUDGET & FINANCE REPORT TO PRESBYTERY – DECEMBER 3, 2019**

Good afternoon. My name is Sam O'Neill and I am a ruling elder at Eastminster Church - East Lansing. I am currently serving on the Budget & Finance Committee as Vice-Moderator and will become the Moderator of that body in January. Since the September 2019 Stated Presbytery Meeting, the Budget & Finance Committee has received several inquiries requesting clarification on various aspects of the 2020 budget after the first reading. We have communicated with those individuals who directly contacted the presbytery by the deadline and who have expressed concerns whether in writing, face-to-face meetings, or telephone calls. I would like to take the time today to synthesize those concerns expressed to us about the budget, and hopefully provide some clarity to this body on items addressed by others.

**A. Using reserves to support the budget to the current extent and the ultimate sustainability of this practice.**

In 2018, you will remember that the presbytery adopted strategic goals and a transition plan moving forward. The Budget & Finance Committee believes that during this time of transition the use of reserves is a prudent investment in the future of this presbytery. We acknowledge that the presbytery cannot continue to avail itself of its reserves as it has in recent years and ensure sustainability. The discussions in the monthly Budget & Finance meetings are focused on this very issue. We have spent much of this year working on a long-range financial plan to address this. This plan involves coordination with the Leadership Team, and we hope to roll out the details in June 2020.

I would like to point out that the amount budgeted to tap into reserves for 2020 is 31% less than in 2019: \$155,787 for 2020 versus \$226,057 for 2019. This represents a significant drop. Current 2019 year-end projections show that only about \$80,000 to \$90,000 of reserves, not the \$226,057 as budgeted, will be needed to balance the budget for 2019.

For 2020, we created a third income stream which we termed “Distribution from Investments” and budgeted it at \$60,000. It is the committee’s intent to use our investment assets to actively work for the mission and ministry of the presbytery. In order to achieve this, the Committee, in conversation with the presbytery’s investment manager at the New Covenant Trust Company (NCTC), proposes using for our 2020 budget an annual distribution rate of 4% from our investment portfolio which we estimated at \$1.5 million at the time of our budget preparation. This percentage is considered prudent and sustainable by financial advisors nationally and the Presbyterian Foundation. This approach will dampen potential effects of market fluctuations and minimize negative impacts on annual amounts available for this new income stream.

The presbytery received a significant increase in assets this past year with the closing of the John Knox Presbyterian Church. Their final Session members made a bold statement of faith when they designated portions of the proceeds from the sale of their church to specific ministries that were meaningful to that church and did not restrict the significant remainder that came to the Presbytery. To me, this exemplified that church’s sense of connectedness to our Presbyterian polity and faith in the Presbytery of Lake Michigan.

The other piece to ensuring sustainability is to continue taking a close look at expenses. With the continuing decrease of churches and members in the presbytery, we anticipate there will be difficult choices to be made by this body related to supporting the activities of the presbytery at current levels.

## **B. Shared Mission Giving**

Concerns have been raised about using Shared Mission dollars to support the administration of the presbytery. First, let me say, this practice has been voted on and approved by this body in multiple budget cycles over the years. For the 2020 budget, please look at Page 1, Revenue. We have budgeted a total of \$250,000 for Shared Mission to be received as revenue from the churches of the presbytery. This figure includes the portions that we send on to Office of the General Assembly (OGA) and Synod of the Covenant (listed there) that essentially “pass-thru” the books at the presbytery – what comes in, goes out. After those portions are removed, the amount the presbytery retains is \$152,500. On page 5 of the budget you will see that, of the \$152,500 revenue, \$132,500 is given directly to support our mission partners: Campus Ministries and Covenant Partners. This amounts to 87% of Shared Mission (the breakdown is there). That leaves \$20,000 to be applied to other mission activities of the presbytery that address its goals, which are:

1. PLM will work to strengthen relationships between
  - a. the Presbytery and its congregations,
  - b. the Presbytery and its minister members,
  - c. the Presbytery and Sessions, and
  - d. congregations
2. PLM will resource and support congregations for healthy and vital ministries.

I ask you to consider the new Vital Congregations Initiative that was rolled out by the denomination in 2018. Currently, 15 of our congregations are signed up for the first wave of implementation, others are selectively adapting materials, and additional pastors and leaders are participating in cohort groups. Vital Congregations Initiative is budgeted for funding in our 2020 budget at \$28,000.

3. PLM will develop and support healthy and dynamic leaders for congregations and validated ministries.
4. PLM will fulfill its other responsibilities mandated in G-3.03 in the Book of Order, which in part states “...The presbytery is responsible for the government of the church throughout its district, and for assisting and supporting the witness of congregations to the sovereign activity of God in the world, so that all congregations become communities of faith, hope, love, and witness”

## **C. Increased Transparency**

Over the past two years of my service on the Budget & Finance Committee, I can say that it has worked diligently to improve its communication to this body by simplifying the financial statements so that non-financial people can easily read a budget and digest it.

We heard: “These reports are too complicated,” or “I’m not a financial person, just give me the bottom line.” We have responded to these requests. I commend our treasurer, Kirk Truesdell, for working hard to improve that experience for the members of this body over the past year. I would also like to state that the PLM financial statements and books are annually reviewed by an outside accounting firm, and a complete professional audit is performed every three years, ensuring that the Financial Accounting Standards Board policies, or FASB, a standard of the accounting industry, are met and best practices observed.

#### **D. In conclusion**

I would just like to say that the individuals who are currently serving on the Budget & Finance Committee have extensive church and financial backgrounds. They were vetted and recruited by the Nominating & Representation Committee of the presbytery and elected by this body.

- One member runs her own financial investment/advisor firm and has served on her church’s Session, as Elder on the stewardship and endowment committees, and as Moderator of Finance for six years.
- One member is a retired treasurer of Van Buren County, who has served previous terms on the Budget & Finance Committee.
- One is retired from overseeing the financial health of multiple Veterans Administration hospitals and served as his church’s treasurer.
- One is a retired business administrator and a former development officer of the Presbyterian Foundation.
- One is a pastor, a long-standing member of this presbytery, who is knowledgeable in the area of finance and a former moderator of the Budget & Finance Committee
- One is a retired engineer who is now a tax consultant, having served as a ruling Elder on both budget & finance and personnel committees, and served as church treasurer.

We have all been called to this ministry, as have you, to bring our gifts to bear for the good of the people of God, in this presbytery and beyond.

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## **II. DISSOLUTION OF THE PRESBYTERY OF LAKE MICHIGAN FOUNDATION**

All congregations and Ministers of the Word and Sacraments within the bounds of the Presbytery received notice prior to the December 03, 2019 Stated Meeting that the Budget & Finance Committee was requesting the presbytery approve the dissolution of the Presbytery of Lake Michigan Foundation, established in 1992, in the manner that is required by its bylaws. This process includes a vote of approval by the presbytery to dissolve the Foundation at two, non-consecutive stated meetings.

**Rationale:**

Currently, those investments are in individual mutual funds and tracked separately but are not actively managed. The funds are listed as “restricted” on our balance sheet because those funds are in the PLM Foundation. There are no other restrictions on these funds, except for one that is currently being administered by the Presbyterian Foundation as a permanent fund and whose interest income is disbursed to the Presbytery of Lake Michigan and used for its designated purpose. The reason for this move is to consolidate our investment assets under one roof, so to speak, with the New Covenant Trust Company at the Presbyterian Foundation, which currently manages the rest of the presbytery’s financial portfolio; it will be added to our assets residing there. This is basically a housekeeping effort in order to ensure that all presbytery financial assets are actively managed and provide income earnings in support of the presbytery’s work

Additional information offered during the discussion at the Stated Meeting:

The total holdings of the PLM Foundation are approximately \$148,175.

Of these holdings, \$108,733 are those whose use is not restricted by the original donor(s). The remaining \$39,442 generates annual interest income which, by designation of the original donor(s), is disbursed to the PLM to be used at the discretion of the General Presbyter. These monies have been and continue to be disbursed to provide benevolent assistance for individuals or groups whose needs have been made known to the General Presbyter. The PLM Treasurer reports annually on the disbursement of the funds.

The motion to approve this action was adopted, without dissent, at the December 03, 2019 meeting. The recommendation for dissolution will appear for a second time as part of the agenda for the June 2020 Stated Meeting.

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**III. COMPENSATION**

Salaries for the transitional executive level staff members are set by the Leadership Team with input from Budget & Finance Committee members. This would not be the case for a called position. The process is like that in a congregation where the session hires temporary leadership, but the congregation calls and approves terms for permanent leadership. In 2018, the Budget & Finance Committee took cognizance of all comments made following the First Reading of the 2019 Budget. The Budget & Finance Committee presented a document titled “Rationale for 2019 Budget” in preparation for the December 2018 Stated Meeting. The following is excerpted from that document:

*In approving the salaries for these positions, the Leadership Team noted the complexity of the organization, the desired skill set, and the experiences of those who were finalists for the position. The compensation offered is comparable to*

*figures found in the PC(USA) Salary Report for 2017 reporting effective salary total for senior pastors serving congregations of 501 -1000 and 1001- 1500 members since the organizational complexity of PLM is more comparable to this size congregation than to those that are smaller.*

In 2019, the Leadership Team developed a review process for each position and solicited feedback from each Leadership Team member, fellow staff members, and selected others. Confidential written reviews were sent to an evaluation committee. The committee compiled the data and produced a report.

The Leadership Team met in executive session (without staff members present) to review the performance of each executive and consider the recommendations of the committee. The Leadership Team unanimously adopted the recommendations for 2020 compensation and then communicated their decision to the executive leaders.

The Leadership Team is aware that Compensation (Effective Salary components and additional benefits) for pastors within this Presbytery vary widely. While this information may be informative, the Leadership Team does not believe it is determinative for setting the salary for our Presbytery leaders.

Salaries should be commensurate with the specific position responsibilities and reflective of the demands/responsibilities of that position. For example, not all persons working in a school system are paid at the average compensation for the teachers in that system.

In the same way, the differences in size and responsibility for each Presbytery means that comparison to a stated presbytery executive compensation average must be carefully evaluated to consider the differences. The current compensation model for the Presbytery of Lake Michigan is comparable to some other presbyteries of equivalent size in terms of congregations and complexity in terms of ministry.

Our leaders have responsibilities related to 63 congregations, as well as new worshipping communities, campus ministries and covenant partners, in an area that stretches nearly two hundred miles south to north, and approximately 100 miles west to east. They also are responsible for functions and relationships with the Synod of the Covenant and the agencies of the PC(USA).

The structural diagram that may be found at the end of this report document provides an overview of the responsibilities of our leaders.

The documents “Living by the Gospel” and “Understanding Effective Salary” produced by the Board of Pensions provide useful information concerning the range of salaries.

#### **IV. TRANSPARENCY OF MINUTES AND DOCUMENTS**

The Leadership Team is committed to providing easier access to Minutes of Presbytery Meetings. Presbytery Minutes of previous meetings have been provided on-line or in print form with the Presbytery packet for each Stated Meeting for many years. The issue is not transparency but rather access to documents previously distributed. The staff and Leadership Team have been examining both “how” to best accomplish access to the documents and what documents other than the Presbytery Minutes should be provided electronically. Leadership Team has listened to specific suggestions and will be in dialogue to find the best solution.

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#### **V. LEADERSHIP TEAM OVERVIEW OF TRANSITIONAL PROCESS**

##### **A. Background**

Approximately three years ago, the Presbytery of Lake Michigan chose to engage in the work of Strategic Planning. Our intent was to understand the ministry to which God was now calling us as a Presbytery and to set up a new structure and staffing pattern that would enable that mission. There were at least three key reasons for undertaking this work:

- First, we knew that the Church was changing in seismic ways that were impacting nearly everything about the way we do ministry. This was being experienced at every level, from one’s personal spiritual life to the whole Presbyterian Church (USA).
- Second, we were facing the reality that the presbytery had fewer members than we did just a couple of decades ago. That reality not only affects individual congregations; it also impacts the number of people available for Presbytery level ministry and the funding available to do that ministry.
- Third, the Budget & Finance Committee was asking for foundational guidance to help them make decisions and recommendations as to how we would use our resources long-term.

The Strategic Planning process began with a Leadership Team retreat in January 2016. Over the course of the next 12 to 18 months, Leadership Team discerned Core Values, Mission, Vision, Goals, and Structure. (Some of this process was covered in the narrative portion of the 2020 Budget provided prior to the Stated Meeting). Leadership Team took the lead, and an ad-hoc committee of then-Leadership Team members became the “Vision Team” to do the nuts-and-bolts work between Leadership Team meetings. The presbytery was invited in at multiple stages for feedback and clarification. Some of this happened during presbytery meetings; comments also were gathered, and questions answered at regional gatherings, and there were opportunities to respond in writing or on-line.

The presbytery gave its approval on September 22, 2018 for the new structure as recommended by the Leadership Team.

The intent was to create a smaller, leaner presbytery structure. However, we discovered the mission to which we believed we were called, and that which the Presbytery said we wanted, was different but not leaner. It required only about half of the number of elected positions, making the work of the Nominating & Representation Committee a bit easier. But it also relied heavily on people volunteering to work in ministry areas about which they were passionate. In some cases, this has worked well, such as in the areas of Youth Strategies Committee and the Presbytery Worship Committee. In others, it has been more of a challenge.

We began operating in the new structure, which involves four Ministry Teams each represented by a designated representative on the Leadership Team, in January of 2019. Guided by the presbytery's values, mission, vision, and goals, these teams are:

1. Congregational Support Team,
2. Dynamic Leaders Team,
3. Mission & Outreach Team, and
4. Administration & Support Team.

Each of these four Ministry Teams is made up of various commissions, committees, and groups. Over the past year, we've developed job descriptions, made some adjustments to the initial structure, and began working to meet the goals. At the same time, we've kept the essential functions of the presbytery going and continued to fund many of the same missions we've supported in the past.

2019 has been a year of transition from the old structure to the new with new roles and bodies to guide the work of the Presbytery. Many of the activities, energy and tactics of implementation were directed toward:

1. Orienting, developing, and guiding the new staff. All but one of the previous staff members had retired, resigned, or left.
2. There was much work directed internally to support and improve administrative operations, i.e., revised web site, telephone systems, updating and confirming addresses for a directory of churches, members, and committees of the Presbytery, A/V support to host meetings electronically to reduce travel of elected committee members, and redesigning a system to store documents electronically.
3. Communications within the Presbytery have been examined and new initiatives started to provide more information to pastor and churches about activities and best practices and to share our ministries within the larger west Michigan community.
4. Recruiting and developing the new structure and elected leadership.



5. Responding to the continuing questions and concerns from the decision to no longer financially support a presbytery-operated camping ministry.

All these factors impacted the rate of progress in implementing the Presbytery's goals.

The mission, vision, values, strategic goals, and a diagram of the presbytery's organizational structure can be viewed on the presbytery website and they are included at the end of this document.

## **B. Leadership Team Development**

The 2019 Leadership Team was elected while roles were still being developed, and there were adjustments and clarifications needed. We discovered confusion around the roles of the four quadrant Team "moderators". We decided to change the title to "facilitator" to better describe the role envisioned. The at-large members of Leadership Team are now also each assigned to work with one of the team "facilitators". Having both the moderator of Nominating & Representation Committee and the moderator of the Budget & Finance Committee at the table during Leadership Team meetings has proven to be an exceedingly useful change.

## **C. Current Functioning**

### **1. Congregational Support Team**

The Congregational Support Team is pretty much fully-functioning within the design. The plan for having separate Church Connectors with a different function than that of Commission on Ministry liaisons was set aside. We heard strongly the desire that presbytery help develop Vital Congregations, and almost immediately after that became part of our mission, word reached us of the "Vital Congregations Initiative" that the General Assembly was developing. We applied for and were received into the first cycle of that program. Currently, 15 congregations are enrolled with others using pieces of the program. Several persons from our presbytery were trained as facilitators. The Administrative Commission for Mergers/Unions/Dissolutions is up and running, and people can be added to the core group in whatever area of the presbytery has a need.

### **2. Dynamic Leaders Team**

In the Dynamic Leaders Team, where the purpose is to develop dynamic leaders of all kinds, not just pastors, the Commission on Preparation for Ministry, the Youth Strategies Committee and the Presbytery Worship Committee are working well. In 2020, we'll be looking for volunteers to build the Leadership Development Committee, which will oversee this significant part of our ministry. Many of the requests and suggestions from churches and generated during the second Leadership Team retreat focused on how to develop our congregational leaders will be referred to this committee. Print resources, in-person and online workshops, video training, and any other style of learning are all possibilities to

be developed. If you're passionate about the presbytery developing leaders in congregations and would consider being part of this work, please get in touch with the presbytery office. The Dynamic Leaders Team is also the connection point for Cohort Groups, people who share a common interest in a ministry. The Dynamic Leaders Team Facilitator won't create these groups but from time to time may suggest ways that people might want to connect with one another to see if there is interest in creating a cohort group. The current Educators Fellowship & Youth Leaders Support Group both fit this model; any common point of gathering is possible. Over time, we may find that some cohorts fit better with the Mission & Outreach Team or the Administration & Support Team or the Congregational Support Team rather than the Dynamic Leaders Team, but for now this is where they'll connect. Cohorts might bring recommendations or business to the attention of the Leadership Team through the Dynamic Leaders Team Facilitator.

### **3. Mission & Outreach Team**

Campus ministries and other partner ministries within the bounds of our presbytery were funded by budget allocations in 2019 and are included in the 2020 Budget. We have just established an ad hoc task force charged with recommending guidelines based on the values, mission, vision, and goals for partnering in ministry with our churches and other related organizations. The task force is to report to the Leadership Team in March 2020. They are not bringing specific financial recommendations, but rather broader guidelines that can be used in making decisions going forward about both existing relationships and possible new ones. International partnership groups also connect to the Leadership Team through Mission & Outreach Team, and there remains the possibility of developing connections to Self-Development of People, Presbyterian Disaster Assistance, and the like.

### **4. Administration & Support Team**

The functions of Administration & Support Team are working. These include things like the Session Minutes Review and Communications, although the exact shape these functions may take in the future is not yet determined. As we move into this transition, we find better ways to handle some functions. One significant change is that the Staff Services Committee was disbanded. The Leadership Team now supervises the Transitional Co-Leaders and the Head of Staff supervises the other staff, bringing recommendations to LT as appropriate.

### **5. What's Next**

Up to this point, our strategic planning process has been guided by the experienced leadership of Linda Badger-Becker, who has led other presbyteries in transition through a similar process. Leadership Team has scheduled another retreat in January 2020 to help us tackle the remainder of the process. This time,

the Rev. Dan Saperstein, Executive Presbyter of the Lake Huron Presbytery will be working with us. What remains to be done is:

- Clarify responsibilities of different people, positions, task forces, and committees where they are still fuzzy;
- Assess and address suggestions, needs, and ideas expressed during the various Presbytery Listening Sessions to further implement and live into the Core Values, Mission, and Goals of the Presbytery.
- Get the remainder of the structure up and running, including determine what changes still need to be made from the original plan.
- Address longer term staffing, which is the final step in Strategic Planning. By the middle of 2020, we'll be approaching two years with transitional co-leaders, and the Presbytery will rightly expect some recommendations for final staffing pattern for this structure. We cannot promise you an exact timeline, but we intend in 2020 to say, "This is the staff we think we need, and this is why".

The Leadership Team welcomes conversation and questions about functioning of the Presbytery and its bodies. Please feel free to contact the incoming Leadership Team Moderator, Alexander Lipsey, or our Co-Transitional Leaders, or contact the Leadership Team through the office manager if you would like to ask questions, express an opinion, or make suggestions. Much of the change has come from a deliberate process of listening and dialogue at local levels throughout the Presbytery over the past two years. We intend to continue an open, informative process and welcome your participation.

Change is hard. Systemic change is even harder. We are adapting to new circumstances, and some of the changes needed will be uncomfortable. If this process were easy, as a presbytery we would have completed it in previous attempts to restructure rather than getting stuck along the way. This time, we really do not have much choice. The realities we face are not going away, and God is still calling us to do ministry as Presbyterians in this region of Michigan; we need to do it in a new way. The process to get from the old to the new is costly, both in terms of time and in terms of money, because we are investing in our future ministry. In addition to the previously mentioned challenges, we also dealt with various technological emergencies including a phone system that crashed and security issues with online document storage. But as you can see, a great deal has been accomplished and we're moving toward the final steps with a timetable in mind.

Leadership Team Moderator



Rev. Karen Kelly

Attachments:

2020 Budget

Narrative for 2020 Budget



## Presbytery of Lake Michigan

Presbyterian Church (U.S.A.)

### **Core Values:**

*As partners in Christ's service, we seek God's way of grace and justice through inclusion, formation & inspiration.*

### **Mission Statement:**

*The Presbytery of Lake Michigan forms and partners with faith communities to challenge, encourage, equip and hold one another accountable as Christ's disciples.*

### **Vision Statement:**

*We envision dynamic leaders and healthy congregations who are vital to their communities, working together to share the way of Christ's love, grace and justice.*

### **Goals:**

1. *The Presbytery of Lake Michigan will work to **strengthen relationships** between
  - a. *the Presbytery and its congregations,*
  - b. *the Presbytery and its minister members,*
  - c. *the Presbytery and Sessions,*
  - d. *congregations**
2. *The Presbytery of Lake Michigan will **resource and support congregations** for healthy and vital ministries.*
3. *The Presbytery of Lake Michigan will **develop and support healthy and dynamic leaders** for congregations and validated ministries.*
4. *The Presbytery of Lake Michigan will **fulfill its other responsibilities** mandated in G-3.03 in the Book of Order including, but not limited to,
  - a. *Organizing, receiving, merging, dismissing, and dissolving congregations.*
  - b. *Overseeing congregations without pastors.*
  - c. *Establishing pastoral relationships and dissolving them.*
  - d. *Guiding the preparation of those preparing to become ministers of Word and Sacrament.*
  - e. *Maintaining relationships with the Synod and General Assembly as well as ecumenical and interfaith entities.*
  - f. *Developing strategies for the mission of the churches within the presbytery.**

Stated Meeting of Presbytery of Lake Michigan – September 2018

Presbytery of Lake Michigan Structure Drawing - November 2019

