



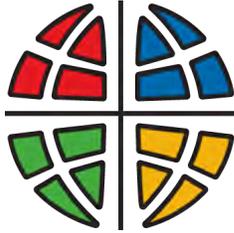
Northwest Washington Synod
Evangelical Lutheran Church in America
God's Work. Our hands.

2027 Draft Synod Budget

(February 24, 2026, With Updates Through March 4, 2026)

He who supplies seed to the sower and bread for food will supply and multiply your seed for sowing and increase the harvest of your righteousness. You will be enriched in every way to be generous in every way, which through us will produce thanksgiving to God.

- 2 Corinthians 9:10-11



2027 Draft Synod Budget

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2027 Draft Synod Budget

This correspondence will submit the *Draft 2027 Synod Budget*, along with an analysis of revenues, expenses, and the fiscal challenges facing the Synod. Bishop Shelley and the Synod Council have requested sufficient time and opportunities for public review be built into this year’s budget building process, so there will be a number of process changes.

Budget Process & Input

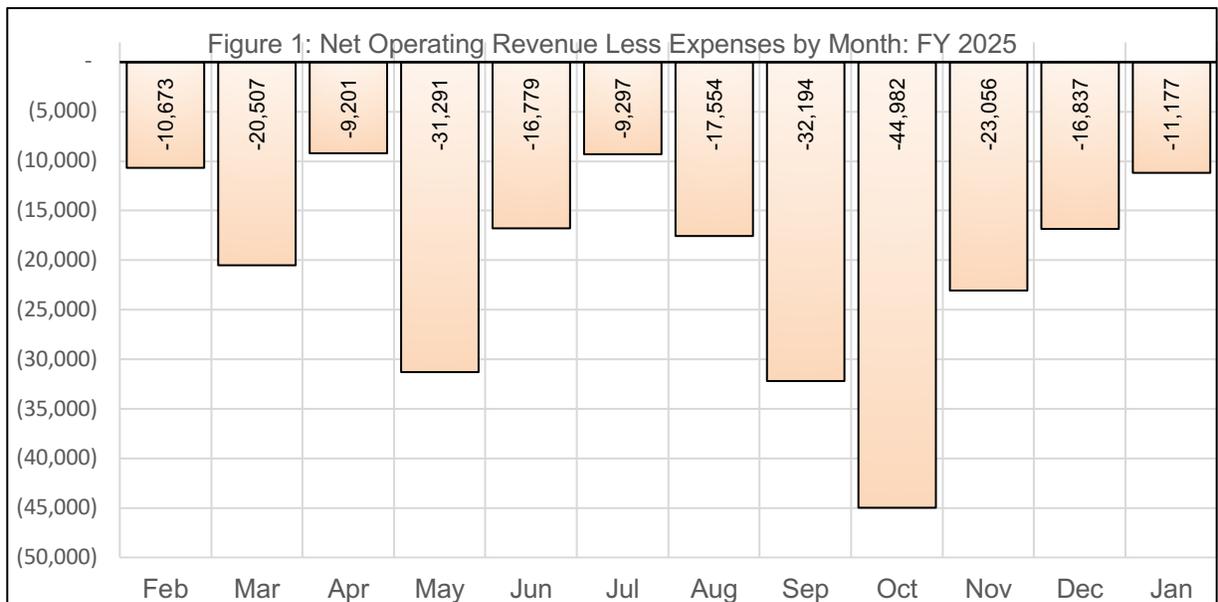
This is the first of several opportunities for Synod staff, congregations, and interested parties to review and provide input prior to finalizing the *2027 Budget*. Suggested changes to the *Draft Budget* are due by March 31, with any modifications incorporated into the *Preliminary Budget*, which is due for distribution April 15.

After reviews and final approvals from the Synod Finance Committee and Council, the *Proposed 2027 Budget* will formally be presented to the full Synod on April 30 in an online budget presentation. The full budget calendar appears on page 10. Again, as mentioned in the previous paragraph, all suggested budget modifications are due by March 31.

Overview

The fiscal challenges the Synod faces in 2027 are similar to those faced in 2025 and 2026. Operating revenues exceed operating expenses by approximately \$250,000 annually. This gap has been filled primarily by a combination of “scrubbing” accounts looking for duplicate budget items (\$166,000, Salary Supplement), revenue from the sale of property gifted to the Synod (\$100,000 Concrete Property). For the 2026 Budget, investment gains of \$167,000 have been booked. For 2027, it will be necessary to again book investment gains of \$100,000, and as yet undetermined \$100,000 in property sale revenue.

Table 1 illustrates monthly operating deficits for 2025, which will carry on in 2026 and 2027. No month generated an excess of revenue over expenses.

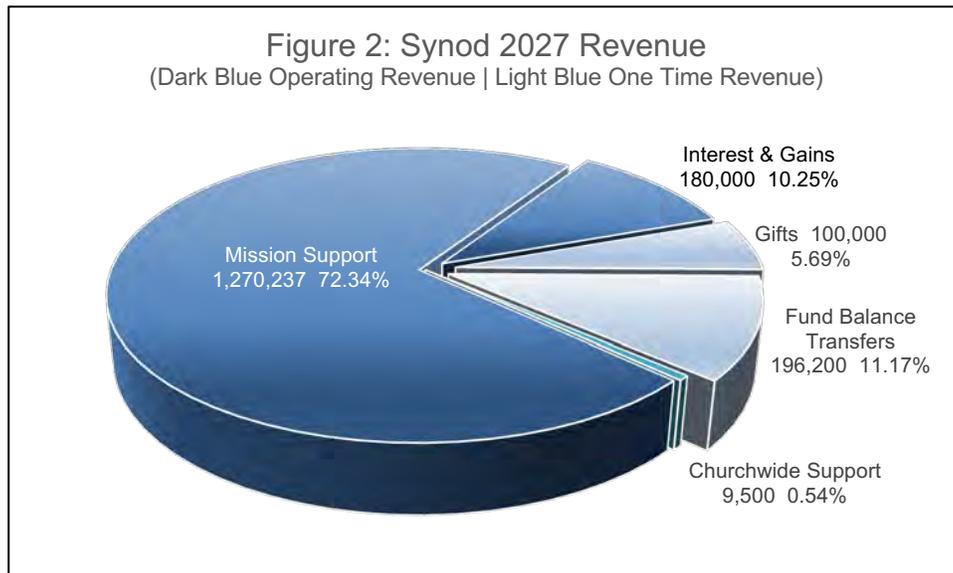


Staff have been asked on several occasions if this use of one-time funds to balance operating losses is sustainable. The answer is possibly, if the Synod continues to receive proceeds from the sale of property that has been surplus by congregations. There is revenue potential associated with the Glendale and True Living Church properties.

Our strategy for dealing with this ongoing excess of operating expenses over revenue has been to build up fund balance, and draw down resources needed to keep the General Fund both in the “black” and above the 10% fund balance policy limit.

Revenues

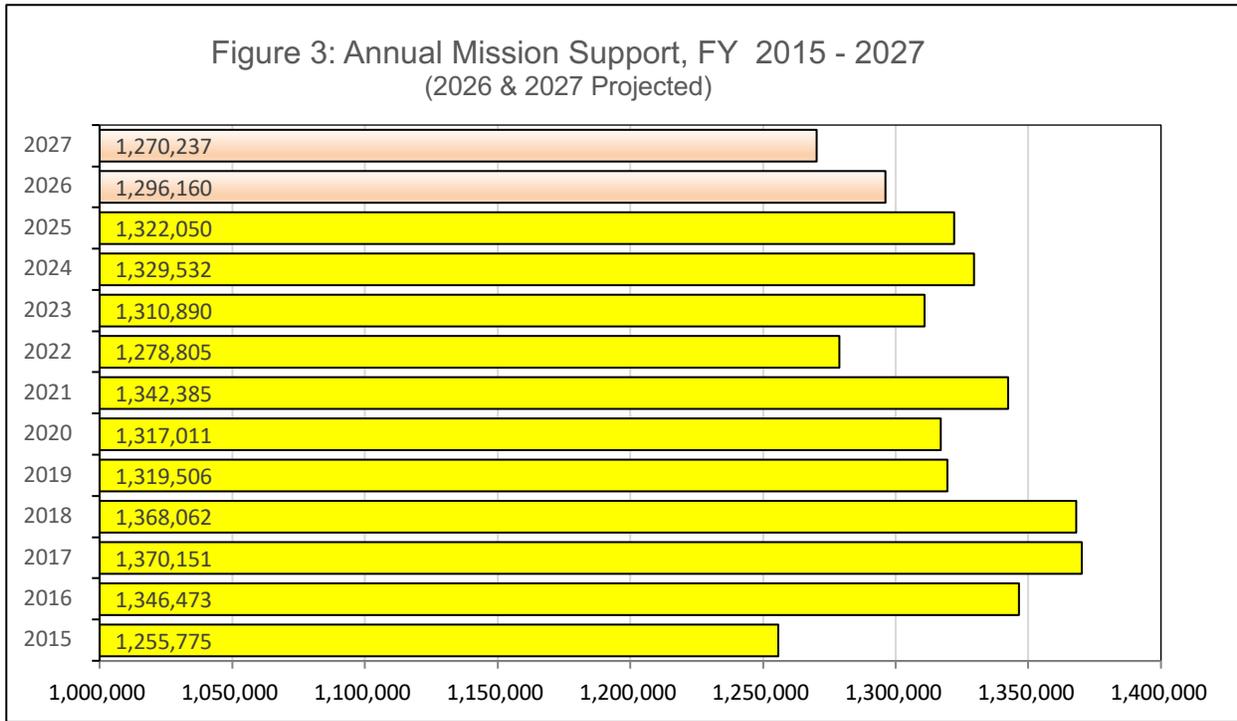
Total 2027 revenue is estimated to total \$1,855,937, a decline of 4.6%. A breakout of revenue sources is presented in Figure 2 below. The darker blue sections represent operating revenues, while the lighter shaded sections represent one-time revenues.



At 68% of total revenue, Mission Support is the Synod’s largest source of operating revenue. It declined 2% from 2025 to 2026, and it is anticipated this trend will continue. A base 2% reduction has been built into the 2027 budget. There are plans for a Synod wide fund-raising initiative, and this may positively impact Mission Support revenue. But at this juncture, no fund-raising increase has been built in.

Gift revenue is predominately driven by contributions from congregations who have sold property and gifted a portion back to the Synod. It is difficult to predict, and the 2027 draft budget figure represents a major increase over the 2026 budget, but lower than 2025 actual receipts.

To provide some historical perspective on Mission Support receipts, Figure 3 on the following page compares revenues from 2015 to 2027, with FY 2026 and FY 2027 being budget projections. The trend is quite clear: the Synod’s major revenue source has slowly declined and is not keeping pace with increasing costs.



Investment Income

A second revenue source deserves discussion. Interest earnings have fallen off fairly dramatically. In FY 2025 \$150,000 was budgeted, and \$80,166 was received. The adopted 2026 budget originally called for receipts of \$150,000. This amount was reduced via a budget amendment to \$130,000, which appears way too aggressive. The 2027 budget has dropped investment income to \$80,000. It appears that budget estimates for 2024 and 2025 were overly optimistic, and that lower interest rates and fewer funds to invest also contributed to this decline.

To wrap up the discussion of revenues, operating income has not been, and will most likely not be able, to support operating expenses. Approximately \$250,000 in one-time funds will be needed to balance future annual budgets. Use of General Fund balance and proceeds from property sales donated to the Synod are the most likely sources of revenue to fill this gap.

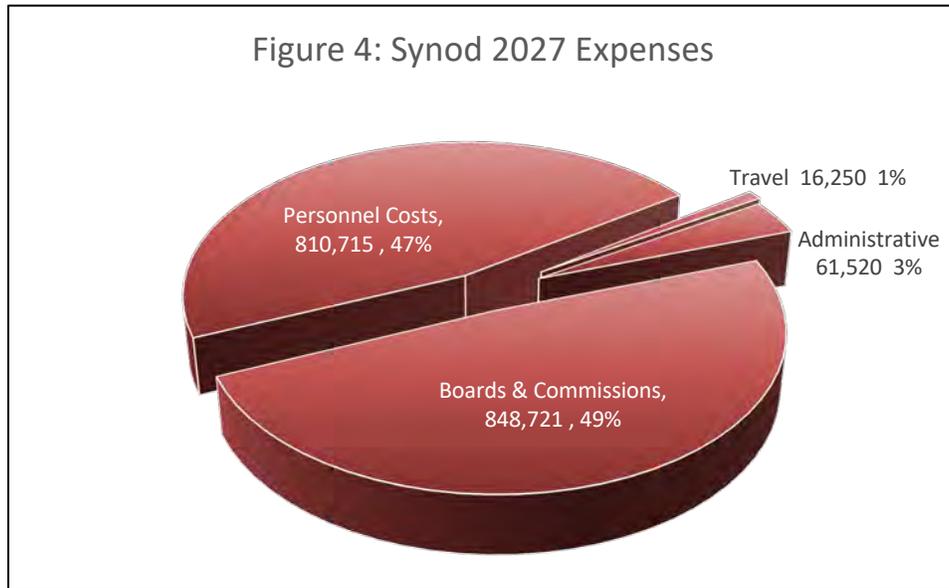
Expenses

Total expenses in the 2027 Draft Budget amount to \$1,737,225. This includes a 3% cost of living increase for both rostered and non-rostered employees, plus an approximate 2% wage increase due to longevity and education premium pay. The subject of salary increases and wage inflators will be discussed in more detail shortly. Most expenditure categories have either remained the same as presented in the 2026 budget, or increased to reflect actual costs incurred in FY 2025.

New Expense Categories

There are four new expenditure categories presented in the FY 2027 budget: 1.) Reconciling Works; 2.) Lutherwood; 3.) Bishop Transition and 4.) Renton Condominium. It

is hoped that inclusion of a Reconciling Works line item will make it easier for users to track expenditures and plan programs. The Lutherwood line item reflects a desire to provide financial support for this program that has proved so valuable for our youth. The Bishop Transition is the start of an effort to create a source of funds that can be used to facilitate the transition of the Synod administration from one Bishop to another in 2031 when Bishop Shelly retires. The fourth addition is an expense item for Renton Condo insurance. A graphic breakdown of expenses appears below.



Personnel Cost Growth

At just over \$810,000, personnel costs constitute 47% of Synod expenses. They are also among the fastest growing. From 2024 through the *2027 Draft Budget*, personnel costs are expected to increase 24%: well ahead of growth in revenues or cost of living.

This growth in personnel expenditures is largely due to two factors: 1.) The 2024 Assembly vote to increase Synod pay to full Ministry Site Guidelines without any corresponding increase in revenues; and 2.) The variable used in the Compensation worksheet to provide an annual cost of living increase. This latter point will be discussed in greater detail in the following paragraphs.

To begin, the overall structure of the Compensation Worksheet is quite rational and well thought out. What is problematic is the variable used to calculate annual cost of living increases. The Worksheet calls for using annual increases in average State income as calculated by the State Department of Labor and Industries. For 2025 this increase was 6.8% (please see Figure 5 on the next page).

The almost universal variable for calculating cost of living increase for everything from Social Security, to labor contracts, to contract escalation clauses, is the Consumer Price Index (CPI) which, for the Seattle area, ran about 2.8%. So the variable used in the worksheet is almost two and a half times higher than the rate of inflation for the *2026 Budget*.

Figure 5: Rostered Compensation Worksheet
(See 6.8% COLA Circled in Orange)

2026 Northwest Washington Synod Compensation Worksheet: SAMPLE EMPLOYEE			
Worksheet Prompt:	*Yellow cells - fill in information: <input type="text"/>	*Green cells- automatically calculated: <input type="text"/>	Link to: Worksheet Tutorial Video
STEP 1	ROSTER SELECTION	FORMULA	CALCULATION
		Click yellow box, pull down menu, and choose roster.	
		Please select:	Word & Sacrament
STEP 2	DETERMINING BASE CASH SALARY		
BASELINE COMPENSATION	NWWA Synod base here reflects a 6.8% COLA increase for 2026 from 2025.		

The State Labor and Industries average salary increase is used to determine disability payments, and I have not been able to find another organization who uses it as a wage inflator. The Consumer Price Index, as mentioned, is the standard built into most labor agreements and cost escalator contracts. The reasons for this are straight forward:

1. The L&I figure is a measure of wage growth, not price increases in goods and services. One of the main drivers in the L&I calculation are minimum wage increases in the State and local jurisdictions.
2. The CPI scale is less volatile. From 2020 to 2025 L&I increases ranged from 2.0% to 10.1%, while the CPI ranged from 1.9% to 8.8%.
3. The Seattle CPI is more up to date. It is published six times per year, while the L&I figure is published once annually.

Additionally, the use of the L&I increase in the Compensation worksheet double counts premium pay like longevity and education. The Labor and Industries figure includes all paid wages, so the worksheet should exclude premium pay since it is already included in the average wage calculation.

Use of the CPI would also facilitate coordination between budget preparation and wage increase recommendations. This would hopefully avoid situations like the issue that arose in the 2026 Budget where the budget built in a 3% (CPI) cost-of-living increase, and the salary increase recommendation came in at 6.8% (L&I). The *2027 Draft Budget* has used a 3% (CPI) wage inflator.

And, lastly, the CPI is a more accurate measure of the wage increases parishioners in various congregations will see in their pay.

The Synod may wish to consider incorporating a policy based compensation system into the Compensation Worksheet. It could work something like this.

Policy 1: We want our employee compensation to keep pace with inflation.

Implementation: Use the Seattle CPI to calculate annual cost of living increases.

Policy 2: We want our employees' compensation to keep pace with comparable positions.

Implementation: Select comparable positions for benchmarking.

Implementation: Select percentile relationship to benchmarks (100%, 125%, 75%?)

Policy 3: We want a stable staffing environment.

Implementation: We want to take a multi-year view of future staffing levels so that, should reductions be needed, these can be accomplished through attrition rather than lay-offs.

About the Draft Budget

The *2027 Draft Synod Budget* is presented in Figure 6, on pages 8 and 9. The user will find account numbers and titles, 2025 budget figures, 2025 actuals, adopted 2026 budget, and draft 2027 budget columns. The final two columns show dollar and percent changes from the adopted 2026 budget to the draft 2027 budget.

The shaded column is the draft 2027 budget, and shaded rows represent new or modified ministries for consideration by the Finance Committee and Synod Council. If approved, appropriate account numbers will be assigned and replace the hashtags.

Before the next budget iteration, preparation of the *2027 Preliminary Budget*, staff will be working to better clarify which accounts should be used for property transactions. These have not been treated consistently by accounting staff this past year and need clarification. Additionally, three 2026 expense accounts, and one 2027 account contain values that have been updated since the initial budget was distributed in February. These accounts are highlighted in yellow.

Closing Comments

This year's budget process has changed substantially. It is hoped that, by presenting a draft budget much earlier than usual, it will provide greater clarity about the major fiscal issues confronting the Synod, and give interested parties a greater opportunity to submit ideas that can be incorporated into the preliminary and final budgets.

Should you have any questions, comments, or feedback, please feel free to contact me via voice, text, or email at any of the contact methods listed below.

Blessings,



Dan Clements
NWWA Synod Treasurer
425.418.8755 | treasurer@lutheransnw.org

Figure 6: 2027 Draft Budget
(Updated Figures Highlighted in Yellow)

Item	2025 Budget	2025 Actual	2026 Budget	2027 Budget	\$ Δ 2027/2026	% Δ 2027/2026
Revenues:						
01-501-00002 - Mission Support-NW	1,363,325	1,322,574	1,296,160	1,270,236	(25,923)	-2.0%
01-515-10002 - Support from Churchwide	10,000	-	9,500	9,500	-	0.0%
01-512-00002 - Gifts	32,500	237,334	32,500	100,000	67,500	207.7%
01-521-00002 - Interest Earnings	150,000	80,267	130,000	80,000	(50,000)	-38.5%
01-522-00002 - Income Distributions	-	35,202	167,000	100,000	(67,000)	-40.1%
01-####-#### - Open Doors Ministry Fund	-	-	1,200	1,200	-	0.0%
01-####-#### - Designated Property Fund	45,000	-	45,000	45,000	-	0.0%
01-559-00002 - Fund Balance Transfer In	-	-	-	-	-	n/a
Total Revenues	1,600,825	1,675,377	1,681,360	1,605,936	(75,423)	-4.5%
Expenses:						
Boards/Committees/Task Forces						
01-603-00002 - Churchwide Support (47%)	640,763	621,451	609,195	597,011	(12,184)	-2.0%
01-601-03132 - Lutheran Community Services	11,500	11,500	11,500	11,500	-	0.0%
01-601-03182 - Church Council of Greater	1,000	1,000	1,000	1,000	-	0.0%
01-601-03202 - PLTS Support	29,000	29,000	25,200	29,000	3,800	15.1%
01-601-03222 - Campus Ministries	67,760	67,760	67,760	67,760	-	0.0%
01-601-03372 - Luther Seminary Support	29,000	29,000	25,200	29,000	3,800	15.1%
01-601-03462 - FAN Support	8,000	8,000	8,000	8,000	-	0.0%
01-601-03512 - Paths to Understanding	5,000	5,000	5,000	5,000	-	0.0%
01-601-03522 - Real Rent (Duwamish)	1,200	1,200	5,000	5,000	-	0.0%
01-601-03532 - Racial & Economic Equity	1,200	2,400	5,000	5,000	-	0.0%
01-####-#### - Reconciling Works	-	-	1,200	1,000	(200)	-16.7%
01-####-#### - Lutherwood	-	-	-	1,500	1,500	n/a
01-####-#### - Bishop Transition	-	-	-	5,000	5,000	n/a
01-####-#### - Renton Condominium	-	14,046	-	3,400	3,400	n/a
01-746-04502 - Church Wellness Network	11,000	11,000	9,167	9,200	33	0.4%
01-746-00002 - Region 1 Center for Mission	63,500	78,361	73,100	76,800	3,700	5.1%
01-608-00002 - Boards, Committees & Task	750	-	750	750	-	0.0%
Total Boards/Committees/Task Forces	869,673	879,718	847,072	855,921	8,849	1.0%
Wages & Housing						
Total Wages & Housing	502,918	496,038	527,574	543,401	15,827	3.0%
Benefits						
Total Benefits	211,888	184,270	209,264	219,756	10,493	5.0%
Miscellaneous Labor						
01-653-00012 - Contract Labor	45,000	-	47,200	47,200	-	0.0%
01-660-00002 - Unemployment Insurance	358	362	358	376	18	5.0%
Total Miscellaneous Labor	45,358	362	47,558	47,576	18	0.0%
Travel						
01-671-00002 - Staff Travel	2,150	8,696	12,250	12,250	-	0.0%
01-671-16002 - Staff Travel-Outside Synod	4,500	2,177	3,500	3,500	-	0.0%
01-671-16102 - Staff Meetings & Dinners	2,000	913	500	500	-	0.0%
01-671-16202 - Staff Auto Reimbursement	3,500	46	-	-	-	n/a
01-671-16302 - Staff Assembly, Conf & Retreat	1,105	-	-	-	-	n/a
01-671-50002 - Travel-DEM expenses	-	(113)	-	-	-	n/a
Total Travel	13,255	11,719	16,250	16,250	-	0.0%

Figure 6: 2027 Draft Budget, continued

Item	2025 Budget	2025 Actual	2026 Budget	2027 Budget	\$ Δ 2027/2026	% Δ 2027/2026
Administrative						
01-601-03312 - Archives	720	-	720	720	-	0.0%
01-677-00002 - Hospitality	225	96	-	-	-	n/a
01-702-00002 - Postage	100	310	365	400	35	9.6%
01-720-00002 - Supplies & Materials	1,645	883	1,900	1,900	-	0.0%
01-730-00002 - Printing & Duplicating	4,600	5,036	2,280	5,000	2,720	119.3%
01-747-00002 - Phone & Online Services	10,840	12,830	11,850	14,000	2,150	18.1%
01-750-00002 - Insurance	1,770	4,946	4,200	6,000	1,800	42.9%
01-771-00002 - Resource Materials	135	-	-	-	-	n/a
01-775-00002 - Miscellaneous	705	8,677	-	-	-	n/a
01-779-00002 - Staff Development	5,000	5,000	5,000	5,000	-	0.0%
01-830-00002 - Occupancy & Utilities	24,295	25,118	24,210	27,000	2,790	11.5%
01-831-00002 - Office Remodel	-	2,686	-	2,500	2,500	n/a
Total Administrative	50,035	65,581	50,525	62,520	11,995	23.7%
Total Expenses	1,693,127	1,637,688	1,698,242	1,745,425	47,182	2.8%
Revenues Less Expenses	(92,302)	37,689	(16,883)	(139,488)	(122,605)	726.2%
Fund Balance	604,665	542,421	625,538	486,050	(139,488)	-22.3%
10% Fund Balance Policy	169,313	163,769	169,824	174,542	n/a	n/a
Difference	435,352	378,652	455,714	311,508	n/a	n/a

Please Note:

Yellow highlighted cells indicated updated figures.

Hashtag account numbers will be setup and filled in once they have been approved for the final budget.

Figure 7: 2027 Budget Calendar

Executive Committee Reviews 2027 Process	December 11, 2025
Finance Committee Reviews 2027 Process	December 15, 2025
Revenue & Expense Forms Distributed.....	December 16, 2025
Initial Revenue & Expense Forms Returned.....	January 2, 2026
Finance Committee Update on Draft Budget.....	January 26, 2026
Council Receives Draft Budget.....	February 12, 2026
Finance Committee Reviews Draft Budget.....	February 23, 2026
Recommended Budget Shared with Synod.....	February 25, 2026
Synod Council Reviews Draft Budget.....	March 21, 2026
Budget Proposal Submittal Deadline	March 31, 2026
Preliminary Budget & Comments Shared	April 9, 2026
Proposed Budget Shared	April 15, 2026
Finance Committee Update	April 20, 2026
Online Budget Presentation.....	April 30, 2026
Assembly Considers Recommended Budget	May 16, 2026