

BUDGET NARRATIVE - 2009

The 224th Convention of the Diocese of Connecticut will be asked to adopt a budget for 2009 that represents the detailed work of the Program and Budget Committee and the ratification of that offering by the Bishop and Diocesan Executive Council. The P & B Committee again reviewed separate evaluation forms from the committees, commissions and departments served by the funding as well as interviewing a few of the recipients. The proposed budget is based on that work for providing fiscal sources for accomplishing the mission efforts of the Diocese in 2009 including new initiatives. The committee also reviewed the budget requests anticipated by those groups for 2010 and 2011.

With the expectation of a very small increase in income for 2009, the committee struggled to meet the many adjustments in the budget requests, but fell short of meeting all the askings by \$219,000 before presenting the recommended 2009 budget. Parish income reported in 2007 (the base year for the 2009 funding) allowed projected budget income to be raised by 2.7% above the 2008 level. Parish contributions toward the 2008 budget were at the 10.33% level in comparison to the hoped for minimum standard of a 12.5% pledge (of parish operating income) goal. The committee structured its budget on the same standard for 2008 reflecting the slightly upward rise in parish budget levels. The Committee was able to present a budget to the Executive Council in September 2008 that projected a manageable deficit of \$56,345. In accomplishing that arrangement, the Committee made the following changes/assumptions:

1. It is estimated that net income from parishes will approximate \$5,150,000 in 2009. There will be no use of surplus from prior years, which maintains an auditor-recommended fund balance for cash float and an amount that could be available as necessary for new initiatives or contingencies as the budget unfolds. Income from other sources reflects pledge payments from prior years expected to be received in 2009, which is slightly less than in 2008, trust fund income adjusted for market conditions in an erratic environment, the spending plan adopted by the Executive Council, and the stability of other predictable funding sources.

2. The Episcopal Church Pledge (Schedule A) has risen slightly for 2009 which does not meet the recommended formula of 25% of income from parish pledges set as a minimum goal of the Program and Budget Committee in prior years. This is the seventh year in which that goal will not be met. Our Diocese continues to be amongst the largest diocesan contributors to the Episcopal Church Budget and at an estimated 21.3% is compliant with the minimum request of 21% funding.

(Continued on Reverse Side)

3. Mission in Connecticut will increase slightly for 2009 as presented, with adjustments made in Schedule C, Congregational Development, Schedule E Higher Education and Diocesan Convention, Schedule M. All other line items fluctuate either insignificantly or are static.

4. The Bishops' Ministry, Clergy Development and Support, and Administrative Support all experienced slight increases to meet legislative, staffing and program adjustments from prior years.

The budget building process is an arduous yet rewarding task for the loyal members who review programs in progress and respond to new requests. The Committee, under the leadership of Bates Lyons has continued to build the budget using adopted budget priorities that address the diocesan vision for mission, as well as being sensitive to the realities of income constraints. The committee works hard on your behalf to fairly present this offering.

The funding resolution voted at the 223rd convention for achieving the 12.5% funding minimum called upon the Bishop and Executive Council to originate educational tools for improving both parish understanding and funding capabilities. Although no specific program has been developed, the diocesan staff and consultants have spent many hours in consultation with individual parishes to address those issues and continue the conversations with the Bishop to assist parishes in achieving that goal.

In the projected 2009 budget year, income will be closely monitored and expenditures will be thoroughly reviewed before placement. The Executive Council will watch the progress of the actual financial statements during their 2009 meetings and make further adjustments in the working budget as necessary.

2009 DIOCESAN BUDGET – PROPOSED

National and World (Schedule A)

As members of the Body of Christ the Great Commission calls us to “go into the entire world.” In partnership with all Christians we act through the Episcopal Church and the Anglican Communion. The Bishops and Deputies from the Diocese of Connecticut share in the deliberations of the General Convention. Interdependence among the dioceses of the Episcopal Church and the Anglican Communion (Province I and Companion Relationships – including our Companion, the Diocese of Columbia and new ties with the Diocese of Lebombo in Mozambique, The Diocese of Boga in the Democratic Republic of Congo and to the Diocese of Ecuador Central. These relationships overcome isolation between cultures and countries as well as enriching the mission and ministry of all. Our pledge to the National Church Program had been based on 25% of our total diocesan budgeted pledge income from parishes through 2002. For 2009 the estimated percentage of 21.3% is based on the minimum formula of 21%, reflecting a stable and slightly increased pledge. National and World Mission includes the .7% Millennium Fund (\$39,500) voted by our convention in 2004.

	<u>2008</u>	<u>2009</u>
General Convention Assessment	\$1,100,000	\$1,150,000
National and World Mission	\$ 89,500	\$ 99,550

Leadership Training (Schedule B)

Identifying, training, and supporting local leadership, lay and ordained, strengthens the mission of the local congregation and the diocese. The support of a full-time Christian Education Coordinator position provides myriad services to our parishes. Program support has increased slightly for 2009 and also reflects the expansion of theological education funding and other internal cost adjustments including ethnic postulants in pursuit of ordination.

Funding for ten (10) programs	\$ 157,946	\$ 167,233
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Congregational Development (Schedule C)

This budget line supports 18 smaller congregations as they seek to provide faithful ministry in their communities (including Spanish Speaking, West Indian, Haitian and deaf congregations) and strive to exercise strategic outreach on behalf of the diocese. For 2009 those grants have been decreased by \$23,000 to accommodate the reduction in the number of parishes seeking aid, and increased support for four growing Spanish speaking congregations. Other Congregational Development long term initiatives include the hope to restore monies to fund new ordinand placements in diocesan parishes and to increase assistance helping parishes with congregational development. The 12.5% assistance fund has been eliminated in favor of funding those requests from a modest off budget resource.

Funding for Cong. Development	\$ 466,500	\$ 437,432
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Camp Washington (Schedule D)

The Camp, Conference Center and Transfiguration Lodge provide an essential resource for children, families and adults for prayer, spiritual development, recreation, education and as a center for our common diocesan life. The budget reflects the continued support to adequately subsidize the summer camp program and staff salaries. Independent funding for Transfiguration Lodge and Camp Washington Scholarships are provided by outside resources including the Hastings Open, trust funds and other efforts which are not part of this budget.

	<u>2008</u>	<u>2009</u>
Camp, confer. facility & staff subsidy	\$ 185,400	\$ 191,000

Youth Ministry (Schedule E)

A continued commitment to young persons at this critical time in their Christian formation is essential. The budget assists in the training for their unique ministries with their peers, offering leadership, resources for youth and adults, advocacy for youth issues and concerns in church and secular environments. A planned increase during 2008 for parity adjustments reflects in the escalation for 2009 to maintain and enhance this vital ministry, including periodic Episcopal Youth Events.

Salary, Program & Scholarships	\$ 121,760	\$ 169,946
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Higher Education (Schedule F)

A Christian presence for students and faculty in higher education settings through Episcopal chaplains at Yale and UConn and grants for chaplaincies on other campuses offers an important ministry on behalf of all parishes and opportunities for evangelism. A full-time chaplain presence will continue for 2009 on the UConn Storrs campus. A slight reduction in the budget is due to the dissolution of the CT Commission on Ministries to Higher Education for which a grant from the diocese is no longer budgeted.

Subsidy for Episcopal Chaplains	\$ 124,721	\$127,463
Subsidy for Ecumenical Ministries	<u>\$ 15,000</u>	<u>\$ 10,000</u>
	\$139,721	\$137,463

Stewardship (Schedule G)

Training and resources for stewardship education, planned giving and environmental ministries enable individuals and parishes to more fully live out the Gospel, to strengthen spiritual growth and to be led to higher financial support. A slight decrease does not fund new initiatives in the planned giving area and environmental stewardship areas. The annual Bishop's Stewardship Conference will continue as in the past with a slight reduction which reflects cost expectations in the budget.

Program and Consultation Costs	\$ 13,500	\$ 10,500
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Evangelism (Schedule H)

This budget line will be removed from the 2010 budget by a decision of the committee since activities have not required expenditures for a full four year funding cycle.

Program Costs	\$ 0,000	\$ 0,000
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Communications (Schedule I)

Communicating the mission and ministry of individuals, parishes, the diocese, the Episcopal Church and worldwide Anglican Communion tells the story of God's ongoing faithfulness and our responses. Expenses include staff, the Good News publication, funding for electronic communication including website improvements and expansion as well as general public relations assistance. The part-time Editorial Assistant position, which provides skilled services, continues to bolster the vital role of this department. There is a slight decrease for the 2009 budget which reflects adjustments in staff costs.

Salary, Good News Publication & Other Communications	<u>2008</u> \$200,731	<u>2009</u> \$184,737
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Ecumenical Relations (Schedule J)

Working ecumenically on matters of faith and social action through support of the statewide Christian Conference of Connecticut (CHRISCON) offers the strength of a common voice of the religious community to address issues facing the state. Bishop Smith is Chairperson and is presiding over a re-organization. Ecumenical social outreach organizations such as Integrated Refugee & Immigrant Services (IRIS) implement the Lund Principle (do together all we can) and provide structures for unified action as we seek together to advance the visible unity of all baptized Christians. There is a small increase in the CHRISCON and IRIS budgets; and the elimination of the AIDS Ministry request to reflect the closing in 2007 of the AIDS Ministry Program formerly run by the Salvation Army.

CHRISCON and other Ecumenism	\$ 44,000	\$ 44,500
Ecumenical Social Outreach	<u>\$ 60,000</u>	<u>\$ 60,000</u>
	\$104,000	\$105,500

Diocesan Programs (Schedule K)

Modest funds for training and resources offer support for two areas common to all parishes; and for the Diocesan Commission on Aging for their advocacy work; and for the work of the Anti-Racism Committee to meet mandates of General Convention and our Diocesan Convention which for 2009 requests a funding decrease that meets a new training program format. There is also the addition of a new Prison Ministry initiative.

Liturgical and Music Commission and Diocesan Altar Guild	\$ 2,000	\$ 2,500
Anti-Racism Committee	\$ 10,000	\$ 5,000
Prison Ministry	\$ 00.00	\$ 1,000
Ministry with the Aging	<u>\$ 1,000</u>	<u>\$ 1,500</u>
	\$ 13,000	\$ 10,000

Mission Outreach (Schedule L)

These funds provide seed money for programs of mission and outreach in parishes, deaneries and communities to address human need in areas of health, human services and urban mission through the Mission Development Fund and other grants. The Social Concerns Committee did request funding for 2009. The Program Reserve line and Conference and Events line remain stable for the new budget year.

Mission and Human Need Grants	\$ 34,000	\$ 35,000
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Diocesan Convention (Schedule M)

The annual convention meets to conduct the canonical business and report to the diocese. The Executive Council manages the business of the diocese between conventions. Both entities enhance our common life and strengthen the unity of the larger community of faith around the Bishop. The budget reflects current format and expenditures. The proposed increase reflects program, food service and facility cost adjustments in the two-day annual convention.

	<u>2008</u>	<u>2009</u>
Convention, Executive Council and Journal	\$ 27,285	\$ 39,685

Office of the Bishop (Schedule O)

The office of the Diocesan Bishop is responsible for the pastoral oversight of the whole diocese and its mission. This schedule includes the office of the Diocesan Bishop and the variety of expenses directly related to his ministry and those of the Bishops Suffragan. Funding for 2009 reflects increases in restoring the Development Fund to a more adequate level, providing monies for the Convocation for Prayer as it expands its offerings, adding to the fund for Episcopal elections and a modest escalation in Other Expenses.

Salary, Secretarial, Expenses and Mission	\$403,129	\$439,956
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Office of the Bishops Suffragan (Schedule P1 & P2)

This schedule provides the funding of two full-time Bishops Suffragan and the attendant support expenses for their vital ministries.

	\$485,592	\$509,214
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Clergy Development and Deployment (Schedules Q, R, S)

The Canon to the Ordinary (Schedule Q) provides oversight and coordination for: clergy development and formation, including the Ordinands' Training Program, clergy conferences, training events, the oversight of all aided parishes, intervention in periods of parish crisis, long-range parish planning, diocesan personnel, and other ministry and administrative support for the Bishop.

<i>Professional and Support Staff (Schedule Q)</i>	\$206,028	\$214,679
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1. **Commission on Ministry (Schedule Q):** The Commission on Ministry (C.O.M.) provides for the care and guidance of those exploring vocational ministry (postulants and candidates for Holy Orders), the training of the newly ordained and the professional development of clergy to meet the canonical responsibility of the Diocese. The budget provides trained consultants for regular development in congregations and for crisis intervention in order to extend the capabilities of professional staff and to enhance the life of the diocese at the parish level. It also supports The Center for Career Development. An increase in demand has escalated the asking of the C.O.M. The support of the Deacon Training Program for the permanent diaconate is also part of the Commission's charge. The Annual Clergy Conference is partially funded in this budget as well for which there is a slight adjustment in that line item for 2009.

	<u>2008</u>	<u>2009</u>
<i>Commission on Ministry (Schedule Q)</i>	\$ 106,590	\$119,885

2. **Clergy Deployment (Schedule R):** Professional guidance of parish search processes and careful screening of candidates for positions of rector/vicar or missionary contributes to the long-term vitality of local congregations and is an important part of the ministry of the Bishop. The Clergy Deployment Officer and the Office Assistant provide the programmatic oversight of search consultants and transition programming for both parishes and clergy during the period before and after a clergy placement. There is a slight increase in search consultation for 2009.

<i>Deployment Staff (Schedule R)</i>	\$148,551	\$155,906
<i>Search & Interim Consultations (Schedule R)</i>	\$ 42,000	\$ 43,000

3. **Pastoral Ministry (Schedule S):** The Pastoral Ministry budget supports a slight increase for the Clergy Family Assistance Program (CFAP), and stable funding for the Pastoral Support and Retired Clergy Insurance. It also provides for the support of the department of Pastoral Response which processes allegations of misconduct for the Bishop and for the training of clergy and lay persons in the prevention of Child Abuse and Sexual Exploitation/Harassment, and for the mandatory processing of behavioral questionnaires and the processing support of background checks. The budget allows for a full-time Pastoral Response Coordinator whose job also includes those duties of coordinating all Safe Church Training, including training frequency, the need for ongoing re-certification of clergy behavioral questionnaires and clergy background checks. A very slight increase has been made for 2009 to reflect personnel costs from 2008.

<i>Pastoral Response Coordinator & Safe Church Training & Program Costs</i>	\$ 140,560	\$ 150,218
<i>CFAP & Pastoral Support (Schedule S)</i>	\$ 55,000	\$ 58,000
<i>Retired Clergy Insurance Premiums (Schedule S)</i>	\$ 85,000	\$ 85,000

Support Services (Schedule T)

This schedule reflects the facilities and office management for the day-to-day tasks of running an organization with a near \$6 million budget and \$25 million in ancillary fund transactions. It includes two full-time and two part-time support staff, Diocesan House facility costs and all Diocesan Operations. The 2009 budget maintains a contribution to the sinking fund for legal expenses and a small amount for ongoing computer replacement. It also reflects a staff secretary position for special projects as well as several material and service expense increases reflecting increased activity and inflationary costs in office operations. A prior line item for the beginning funding of the relocation/space rental need of the existing Diocesan House has been eliminated again for 2009 to reflect inclusion of that cost as a construction expense. Amortization expense for that project is shown in the budget summary, also eliminated pending permit approvals which may have to be litigated. Other increases reflect utility and contractual escalations.

	<u>2008</u>	<u>2009</u>
Diocesan Support Services	\$548,466	\$593,331

Administration (Schedule U)

A Canon for Stewardship and Administration and attendant support (CFO/Controller, staff accountant, one full-time bookkeeper, one part-time financial assistant, and an insurance assistant provide the overall financial and administrative staff operations of the diocese to maintain FASB/GAAP/GAAS compliance and orderly fiscal support. The position of the three quarter time financial assistant is largely supported by a grant from Donations and Bequests.

Professional and Support Staff	\$524,078	\$549,428
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Archives/Administration (Schedule V)

The part-time Archival Assistant monitors the preservation of the richest store of history in the Episcopal Church and provides assistance to gather and store the histories of the parishes and entities of the diocese. A line item for ongoing support of the Glebe House Museum remains static for 2009.

Professional Staff & Program Costs	\$ 57,035	\$ 60,682
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Staff Salary, Benefit Adjustment and Ministry Fund (Summary Sheet)

Represents a 4.0% salary increment recommended by the Executive Council and the attendant benefit increases. There is a small merit increase pool budgeted for 2009. (Note: This covers all staff except the bishops, whose adjustment pool is included in Schedule O.) In 2008 there was a 10% medical insurance increase. In 2009, a 10% increase is also anticipated.

	\$ (457)*	\$103,000
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*A portion of the staff salary and benefit adjustment has been included in schedules for 2008. Balance shown exceeded the \$90,000 budgeted.

Diocesan Loan for Renovation (Summary Sheet)

This potential expenditure represents the beginning amortization of a loan for the renovation for safety and accessibility at diocesan house.

	<u>2008</u>	<u>2009</u>
	\$150,000	\$ 000,000
Total Proposed Budget	\$5,697,521	\$5,820,345

NOTE: OFFICE OF THE DIOCESAN BISHOP: At the 218th Annual Convention, the delegates voted to lift the “cap” on expenditures in order to meet the off-budget funding of two new positions called for in the Bishop’s address. Those positions are shown below (and as a non-inclusive line in Schedule “O”) in order to herald their importance and the quest for initial funding for the first three developmental years from special sources, and eventual sustaining funds in the annual budget. The Executive Council has authorized the Bishop to proceed with the hiring of a Canon for Mission in late 2008 or early 2009.

	<u>2008</u>	<u>2009</u>
Congregational Development/Mission Officer:	\$150,000	\$200,000
Financial Development Officer	<u>\$150,000</u>	<u>200,000</u>
	\$300,000	\$400,000