

The Episcopal Diocese of Western Massachusetts

Memorandum

To: Convention Delegates to Diocesan Convention
From: Steve Abdow on behalf of the Bishop, the members of Diocesan Council, and the members of the Diocesan Budget and Financial Planning Committee
Subject: Proposed 2012 Ministry Plan and the financial resources that support it
Date: September 29, 2011

We are very pleased to present the 2012 Ministry Plan which was approved by Diocesan Council at the September 2011 meeting. The Ministry Plan accurately reflects our understanding of where we are as a Diocese today and God's preferred future for us in the coming year. This is an exciting time of transition and opportunity. The Ministry Plan is supported by the financial resources outlined in the proposed budget. Budget hearings are taking place in each corridor the weeks before Convention where we will review the ministry plan and the financial resources that support it in more detail than is possible on the floor of Convention when the budget is moved for adoption.

2012 Ministry Plan

Embrace our current reality of a changing culture, challenged congregations, and Episcopal transition with holy curiosity and courageous self-assessment as a healthy, mission focused diocese that values the wisdom of the Church through the ages and risks following the Holy Spirit into fresh and faithful expressions of Christ's Church.

Encourage congregations to explore new ways to reach out to the world and our neighbors spreading the good news of Jesus Christ inside and outside the walls of our buildings.

Create partnerships among congregations so they may learn from and support one another by facilitating regional ministry initiatives throughout the Diocese.

Collaborate with congregations to build strong and playful leadership teams, vibrant stewardship, and a responsible, realistic vision of their ministry in this new day rooted in Scripture, habitual prayer and deep spirituality.

#

Over the past three years our revenues and expenses decreased by \$300,000. Approximately half of our revenues are from investments, and the effect of the 12 quarter rolling average is that the distribution lags the market. So our investment income declined after the market declined and only increased well after the market recovered. As a result, our projected revenue in 2012 is up. Half of the increase is from the market recovery. The other half of the increase is from the anticipated distribution income from the potential sale of the camp property in Charlton.

Here are some highlights of the 2012 financial budget that supports our Ministry Plan:

Revenues supporting our Common Ministry:

- Income from Assessments is budgeted at \$1,149,356, down just under 1% from the 2011 budget. The assessments are calculated according to the schedule found at the end of the list of the 2012 assessment handout.
- The combination of the other sources of income is up \$138,658 or 13.67%. Half of the increase is due to an increase in the distribution from investments, and the other half is from the income that is projected to be produce from the investment of the sale proceeds from the Camp Bement property.

Expenses directly supporting our Common Ministry and the Ministry Plan:

Our Mission in the World:

- Our apportionment to The Episcopal Church increases by \$8,200 to \$349,000. This is the single biggest line item on the budget, and represents 100% of the asking by TEC.
- Our support for the work of the World Mission Commission and our support of Millennium Development Goals continue to be funded at the prescribed rates of 1% and .7% of Diocesan income, respectively.
- We maintain funding for the Anglican Communion Partners, specifically to support mission and ministry in the Diocese of Liberia and in the Diocese of Kumasi in Ghana, at the rate of \$2,500.
- We continue our support of different denominational and ecumenical agencies at the same levels as last year.
- The budget for our Mission with the Larger Church is up 1.24% (\$5,123) from the 2011 budget.

Our Mission with Congregations:

- Partnership for Missional Church has concluded the three year cycle. In 2012 \$12,500 has been reserved for new Missional Initiatives that have been inspired by the Partnership.
- \$40,000 is dedicated to Congregational Development Investments for the third year in a row.
- The grants for Regional Ministry Initiatives have been converted to direct support for the Berkshire Servant Leadership School's director and programs. In 2010 there was only one other grant application for this initiative.

- College scholarships are funded at \$35,000 through a generous bequest from the estate of William and Helen Waterfield of Worcester into the Waterfield Memorial Scholarship Fund. The budget for seminarian assistance was increased to \$12,500 as a result of the gift, and clergy children scholarships have been increased by \$1000.
- The cost to maintain the Camp Bement property has been eliminated because of the real chance that we will sell the property this fall. If the property does not sell, we will work with Diocesan Council to adjust the budget accordingly.
- Funding for Collegiate Ministry remains the same at \$65,000, as it has since 2010. An additional \$22,000 for Collegiate Ministry comes from distribution income from the invested sale proceeds of the Ark building on the UMass campus.
- The income from the sale of the Bement property is being used to enhance the budget for Christian Formation Missioners in 2012 and to fund the planning for Bement Future Fund for Christian Formation.
- Plans are in place to enhance our Communications Ministry. The salary for the editor of Pastoral Staff will be used to partially fund a new $\frac{3}{4}$ time staff position. In 2012 we plan to spend up to \$20,000 with professional consultants to devise a strategy for Diocesan and parish communications. The planning for this project has just begun this fall.
- The total budget for Mission with Congregations is up 2.2% (\$12,104) from last year.

Leadership Development and Clergy Support:

- The category of Pastoral Development is up \$4000 with increases for the Commission on Ministry and Continuing Ed Grants for our clergy.
- Seminarian Assistance is budgeted at \$12,500.
- The budget for Retiree Support is up \$14,000 over 2012. This more accurately reflects our actual liability. In 2011 we changed the structure of this benefit and the projected costs were inaccurate. Mea Culpa.
- Operational expenses in this area of the budget are higher by \$24,790 (7.75%). Personnel expenses account for \$6000 of the increase and the change in the retiree benefit expense makes up most of the balance.

Mission and Ministry of the Bishop:

- In 2012 we are expecting to have two bishops on the payroll for four months resulting in an estimated \$50,000 in additional expense to cover salary, housing, and benefits. We are also increasing our annual reserve for Episcopal transition by \$10,000.
- In 2012 we have added \$9,000 to the budget for Diocesan Convention to bring someone on as Convention manager and Secretary so that person can get critical experience in anticipation of the Episcopal transition and changes in senior staff that commonly coincide with a transition.
- \$9,000 has been budgeted to continue the Archive Project. Bishop Scruton's intention is to organize decades of records for his successor.
- The remaining lines in this area of the budget remain static in 2012.

- The budget in this area increases by 22.54% (\$76,418) mostly as a result of the Episcopal transition that will take place in 2012.

Administration and Finance and Agency Functions Provided to Congregations:

- The combined impact of these areas in the budget is an increase of \$8,800 (1.65%).
- The Agency Function provided full payroll services, complete benefits administration, and administration of the property and casualty insurance program for the churches of the diocese. This is a rare and enviable arrangement in The Episcopal Church.
- Financial Management expenses were reduced by \$8,000 due to less depreciation expense and less anticipated bad debt, while our expected legal expenses are up slightly.
- There is no increase in the other operating expenses in either of these two areas of the budget. Expenses are \$20,000 lower than in 2009 due to cost cutting and good negotiating.
- Rent increased the same as the CPI. This was the first rent increase in three years.

Wages and Benefits expenses that appears throughout the budget:

- In 2012 we are proposing a budget that includes a 3.5% increase in wages for cost of living adjustment. This figure is the same as the increase in the year over year CPI at the time the budget was constructed. In 2009 and 2010 the staff received no increase. In 2011 the staff received a 2% increase. The increase is in line with the recommendation issued by the Human Resource Committee of the Diocese, and was approved by Diocesan Council.
- Health insurance premiums will be 7% higher in 2012 for the third year in a row.

Personnel expenses for the Archdeacon and the Receptionist position appear in the Mission with Congregations section of the budget; for the Canon to the Ordinary and the Administrative Assistant in Leadership Development; for the Bishop and his Executive Assistant in the Bishop's section; for the Finance and Administration Officer and the Accounting Supervisor in Administration and Finance; and the Human Resources Manager and the Data Base/Accounts Payable Clerk appear in the Agency budget.

Members Diocesan Council: The Rt. Rev. Gordon Scruton, Patricia Moynihan (North Berkshires), The Rev. Daina Salnitis and Ed Hutchinson (South Berkshires) Mr. Stephen Houghton and The Rev. Elliot Moss (Franklin-Hampshire), The Rev. James Craig and Mr. Denis Meunier (North Worcester), The Rev. Nancy Baillie Strong and Ms. Barbara Groves (Central and West Worcester), The Rev. William (Mac) Murray and Mr. Michael Foster (East and South Worcester), The Rev. Taylor Albright and Mrs. Gina Nelson (Hampden), The Rev. Meredyth Ward (Vice President of Council) The Ven. William H. Coyne (Secretary to Council), and Mr. Steven P. Abdo (Diocesan Treasurer)

Members of the Budget and Financial Planning Committee: The Very Rev. Jim Munroe (Christ Church Cathedral, Springfield), Kitty Dougherty, Chair (Grace Church, Amherst), Carl Breyer (St. Andrew's, Longmeadow), Wayne Gass (All Saints, South Hadley), Mick Kalber (Holy Trinity, Southbridge), Priscilla Kerr (St. Francis, Holden), Denis Meunier (St. Paul's, Gardner), Jean Rousseau (St. Paul's, Stockbridge), Steve Abdo (Treasurer), and Esther Barker (Accounting Manager)

Attachments:

- 2012 Assessments: *Parish Support for Common Ministry*
- Proposed 2012 Diocesan Operating Budget
- Proposed 2012 Budget Summary

Diocesan Budget

