

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 2010 Ministry Plan and the Financial Resources that support it

Date: September 24, 2009

We are very pleased to present the 2010 Ministry Plan which Diocesan Council adopted in June. The Ministry Plan articulates what we consider to be God's preferred future for our diocese in the coming months. This year we all face extraordinary challenges as we embrace our current reality with faith and courage. God is leading us toward a new vision. The Ministry Plan encourages creating partnerships among parishes and opportunities to collaborate, and the budget provides financial resources to support these goals. This year because of the one day convention budget hearings will take place in each corridor the weeks before Convention. At the corridor meetings 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.

It should be noted that 2009 was an extraordinary year financially. Early in the year Council realized that income projections were significantly overestimated, and the budget was amended to reflect a new reality. The result was that expenses were reduced by \$190K, bringing the cash budget within \$15,000 of being balanced. We did this without cutting essential support to parishes, and with minimal reduction to funds used for congregational development.

The 2010 Ministry Plan

Embrace our current reality 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.

Turning now to the 2010 financial plan that supports this Ministry Plan, here are some highlights.

Revenues supporting our Common Ministry:

- Income from Assessments is budgeted at \$1,163,466, down 4.62% (\$56,377) from the original 2009 budget. The assessments are calculated according to the schedule found at the end of this memorandum. We recognize that many of our congregations face significant financial challenges this year as they seek to live as followers of Jesus in these difficult economic times. We also recognize that our diocese has the lowest assessment to congregations in New England and one of the lowest assessments in the country. We know that we can't reduce our assessments and still serve our parishes well. Since some of our congregations are facing extraordinary financial realities, the Council has authorized those congregations in the most severe financial difficulty that for this year, they can reduce their asking by 5% without having to make special application for reduction to the Diocesan Council. We hope that the majority of congregations will be able to pay their full asking and that those who feel they need to take a 5% reduction this year will be able to realign their budgets so that next year they will be able to return to the full asking.
- Income from invested funds is down 20.86% (\$261,972) from the original 2009 budget due to the drastic drop in the value of our endowment. Fortunately, the market is improving, but this reduced distribution will persist in the future.
- We have stopped charging the parishes for Pastoral Staff and hope to be able to raise donations to offset some of the expense, reducing income by \$6500.
- Due to low interest rates and tight cash flow there is no interest income.
- Total revenues are down 13.5% from the original 2009 budget.(\$337,619) and 5.27% (\$120,488) from the amended 2009 budget..

Expenses directly supporting our Common Ministry and the Ministry Plan:

The major changes are as follows:

- A. We have reduced our apportionment to the National church from 21% to 17%. This decision was made by Council as a result of a thorough discernment process involving clergy and lay people from throughout the diocese.

- B. The grants for college ministry and for Bement have been reduced by 43.57% (\$105,300) from the original 2009 budget and by 28.85% (\$53,000) from the amended 2009 budget because of major restructuring of college ministry and the closing of Bement Camp and Conference Center.

Our Mission in the World:

- 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, but the total dollars are down in direct relation to our income reduction.
- We maintained 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, but at the rate of \$2500.
- We continue our support of different denominational and ecumenical agencies. The budget for Mission with the Larger Church is down 11.38 % (\$52,181) from the amended 2009 budget.

Our Mission with Congregations:

- Funding for “Partnership for Missional Congregations” that will support the work of Church Innovations with congregations in our diocese is maintained at the 2009 level.
- Congregational Development Investments will go down (\$5,000) and Regional Mission Strategy Initiatives will stay the same as in 2009.
- College scholarships are maintained at \$30,000, with an additional \$10,000 for seminarian assistance and \$6000 for clergy children.
- The line for Bement has been set at \$40,000 to maintain the 350 acre facility while Council considers alternatives for the property
- The grant to Campus Ministry is cut by \$41,000 from the original 2009 budget. This is the result of a major restructuring of the college ministry program in the Diocese. The Ark building will be leased in anticipation of a sale, and the revenue will be used to fund the ministry, as well as significant reduction in personnel expenses.
- Pastoral Staff will be reduced from six to four issues, saving \$13,000.

Leadership Development and Clergy Support:

- Operational expenses in this area of the budget are \$10,000 less than the original 2009 budget. This difference includes projected 7% increase of \$10,000 in retired clergy insurance support.
- Personnel expenses were reduced by \$10,000 by restructuring a position.
- The net change from the original 2009 budget is almost \$18,000 less.

Mission and Ministry of the Bishop:

- Reducing Diocesan Convention to one day saves \$5000 plus saves the parishes on fees and hotel rooms.
- The funding of the Episcopal transition fund was reduced by \$5000 to \$20,000

- The stewardship budget was reduced by \$3000 by eliminating a mailing and simplifying the dinner.
- The combined effect of other adjustments is a total reduction from the original 2009 budget of \$22,000.

Administration and Finance and Agency Function:

- These two areas in the budget were reduced by \$30,000 and \$15,500 respectively from the original 2009 budget.
- We were able to reduce operational expenses by \$20,000 through careful analysis of expenses, renegotiating contracts, and controlling spending.
- Legal expenses, interest expense, and uncollected receivables are expected to increase by \$10,000.
- Work reductions and restructured jobs resulted in approx. \$20,000 of savings.
- The Administration & Finance Officer did not require health insurance, saving the diocese substantially.

Wages and Benefits expenses that appears throughout the budget:

- In 2008 Council adopted a budget that included a 2.5% budget for cost of living salary increase. This was scaled back to 1.5% before the beginning of 2009 and then rescinded in March of 2009 in response to the budget crisis.
- 2009 salary adjustments are being reviewed on an individual basis, with regard for job restructuring and outstanding performance. In 2009 some positions were reduced and reorganized. The net effect is for an actual reduction in wages in 2010 of approximately \$20,000.
- Health insurance premiums were increased at the rate of 7%.

Compensation 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 appear in Leadership Development; for the Bishop and the Executive Assistant appear in the Bishop's section, for the Finance and Administration Officer, the General Accounting Manager and the Data Base/Accounts Payable Clerk in Administration and Finance, Human Resources Manager and Accounts Receivable Clerk in the Agency budget.

Members Diocesan Council: Bishop Scruton, Hannah Anderson, Patricia Moynahan (North Berkshires), , Donna Trebilcox and Ed Hutchinson (South Berkshires) Wayne Gass, Elliot Moss (Franklin-Hampshire), James Craig and Denis Meunier (North Worcester), Nancy Baillie Strong and Barbara Groves (Central and West Worcester), Bill Martin and Beth Washburn (East and South Worcester), Taylor Albright and Elizabeth Tousignant (Hampden), Norman Kalber (Trustee Rep.), Sarah Shofstall (staff), Jim Munroe (Vice President of Council) Bill Coyne (Secretary to Council), Steve Abdow (Diocesan Treasurer). Kitty Dougherty (Asst. Treasurer)

Members of the Budget and Financial Planning Committee: The Rev. Kevin Bean (All Saints, Worcester), Kitty Dougherty, Chair (Grace Church, Amherst), Carl Breyer (St. Andrew, Longmeadow), Brian Dillon (St. Philip's, Easthampton) 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 Abdow (Treasurer) and Esther Barker (Accounting Manager)

Attachments:

- 2010 Assessments: *Parish Support for Common Ministry*
- Proposed 2010 Diocesan Operating Budget
- 2009 Executive Staff Compensation Information