

**DIOCESE OF PENNSYLVANIA
227TH CONVENTION
NOVEMBER 6, 2010**

R-BUD-2011

**CONVENTION RESOLUTION FOR THE ADOPTION OF THE
PROPOSED 2011 DIOCESAN PROGRAM BUDGET**

RESOLVED: That the 227th Convention of the Diocese of Pennsylvania adopt the proposed Diocesan Program Budget for 2011, as presented by the Program Budget Committee, reviewed by the Committee on Finance & Property, and approved by Diocesan Council and Standing Committee.

A Narrative Introduction to the 2011 Program Budget

Crafting the 2011 Budget again proved challenging, primarily because of our ever shrinking base of pledged parish support. Once again we were able to meet this challenge through cooperation and open sharing of information that spanned all areas of leadership including Diocesan Council, Standing Committee, Finance and Property, the Treasurer's Office and Church House staff. However, the unfortunate truth is that creating a balanced budget based on realistic projections again comes at a significant cost. Between lowering our expectations for parish pledge support and dealing with increasing health care costs there have once again been cuts to almost every category and program. As in the past we have tried to spread the financial pain evenly and fairly. Those of you who attended the Pre-Convention meetings will also notice some recent changes which were made to adjust to changes in position or salary. Some areas of note include the following:

- 1) Employee Raises: At the direction of Bishop Michel and the cooperation of Standing Committee we are building in 2% raises for all Diocesan employees.
- 2) Health Care: Given rising health care costs we have built in a 12% increase. On the plus side we were able to realize some savings through transitioning a few DCMM vicars who were on more expensive health care plans onto the least expensive Keystone Plan. This move comes at the direction of both the Bishop and Standing Committee and is simply bringing the benefits offered to those vicars in line with all other Diocesan employees (including the other vicars). The affected vicars can of course choose to remain on their current more expensive plans but must make up the difference in cost themselves.
- 3) Financial Assistance to Parishes: This budget line suffered the greatest reduction. This was due in part because Holy Spirit Harleysville "graduated" off the roles which removed the need for \$25K. Even so we still had to cut more than \$41K of additional monies from this line in order to balance the budget. Kudos to George Whitfield and his team for their fine work. Specifics on their process and rationale can be found on the next page.
- 4) Convention: Total projected expenses for Convention are broken down as follows: \$41,000 for food and \$17,000 that covers rental of the facility, the vote scanning machines and all other expenses. Beginning last year we began to charge delegates to help cover the costs of food. This year, Diocesan Council, by unanimous vote, directed to establish a fee of up to \$75 for each delegate. The \$75 fee covers the majority of the cost for each participant, \$60 (\$20 breakfast, mid-morning & mid-afternoon snacks; \$40 for lunch) of which goes to cover food alone. Recognizing that this fee might prove to be difficult for some delegates to pay, we have also built in \$14,500 in grant aid to assist those with genuine financial need. Under this new system the Diocese is still paying \$6,000 towards the cost of Convention
- 5) "Where it all Began": In response to popular demand the Diocese has launched a new printed publication. The cost of its initial quarterly issues has been subsidized by some of the cardinal parishes of the Diocese. Under this system of funding we have allowed for 2 more issues for 2011. Unfortunately, because of the tightness of expenses for 2011 we cannot afford to cover the

other two issues. If the Diocese wishes the additional two issues to be printed, additional pledges of support must come in from parishes or individuals.

Of course there are many other changes. Brief explanations can be found within the budget itself and on the following pages. Should you have questions, we will do our very best to give specific answers.

It is our hope that if we continue to work with all Diocesan leadership bodies to promote the excellent ministries supported by this budget that we will be able to increase awareness and generate greater buy in. Building both awareness and ownership is essential since, even though our proposed number for parish giving is quite modest, this budget cannot succeed without the financial support of our parishes. As with last year the bottom line is this; there is no fat left to trim... we cannot count on the endowment over-performing again so if the parishes do not pledge to support the budget it will result in the loss of jobs and programs.

On the Financial Assistance Sub-Committee

The Financial Assistance Sub-Committee of the Program Budget Committee received 12 applications for assistance from the 2011 Program Budget. All completed applications were considered. For the first time 3 non-parish entities requested aid. In all other respects the criteria and process of consideration was identical to last year. In most instances, where a church had endowment, the full amount requested was not granted. The committee felt it was more important to help congregations without an endowment, and to provide for clergy salary than to pay for programs themselves.

The committee tried to be equitable in allocating the \$172,000 provided for aid under this section of the Program Budget. All of the parishes seeking aid had applied in previous years. However due to the budget reduction many had their 2010 amount reduced. Only one parish, All Saints, Darby, saw an increase in their grant which was awarded because of the expansion of their ministry. None of the non-parishes were awarded money. Instead we propose creating a similar system for non-parishes to apply for grants from the Parker-Bulmer monies designated for ministry to the aging to go into effect for 2012. While this would still exclude some of the organizations that applied, it would allow other worthy agencies to receive funding for their ministries.

Notes on Specific Items

Although the budget is annotated with notes on many of the line items, we want to make sure that everyone understands how and why certain numbers increased or decreased. Below you will find an explanation for every line that changed by a significant amount from 2010.

- #3) **Congregational Giving:** Although we set what we thought was a reasonable goal for 2010's pledge income, the result fell well short of the goal. As such we have set the 2011 goal at about \$30K less than the pledges made for this year. In addition we have built in a 10% uncollected amount since this is historically accurate so that we can accurately project the amount we will realistically take in.
- #4) **Endowment Income:** As shown by the 2010 Actuals Column, endowment income was up significantly over our original projections. We are budgeting in a modest (5%) reduction from this number based on a continuing payout rate from Foundation of 4.75% for 2011.
- #5) **Parker Bulmer Income:** See note on line #4 above.
- #14) **Anti Racism:** This committee will raise some of its own money, presumably by asking its participants to contribute a portion towards their training expenses.
- #15) **Youth:** This line increased simply because the ministry will be asking its participants to contribute towards their participation in some of its events.
- #45) **Holy Spirit Harleysville:** Having completed its planned course of reducing Diocesan aid at the end of this year, Holy Spirit did not apply for and was not granted any aid this year.
- #52) **All Saints, Darby:** The only parish to receive an increase in funding which was granted due to the strength of their application describing the expansion of their ministry.

- #53) **Church of the Crucifixion:** Initially we granted \$30K to offset clergy expenses. However, as of August 15th, their clergy person accepted as position as Chaplain for Campus Ministry, thus eliminating the need for the church to pay his salary. Since they will still be paying for some of his benefits and housing expenses we did leave some of the grant intact.
- #54) **St. Mary's, Chester:** Despite our best efforts to encourage St. Mary's to apply for aid again this year, they never submitted an application. Thus no aid could be granted them.
- #60) **Youth Programs:** The increase in the salary for this program is due to a raise granted in August of this year and the addition of the Youth Minister's partner to the benefit roles. Youth Ministry continues to raise the additional monies budgeted to be spent.
- #69) **Summer Camp:** For the second consecutive year this line has been halved. However, this is based on the money actually spent. In 2009 we spent less than \$8,000. We do not expect to spend more than \$10,000 this year. Thus this cut will not actually impact the program.
- #73) **Education and Training Programs:** These programs, although historically important, have become underutilized by the Diocese due in large part to rapid changes in technology making such resources more readily available over the internet, via inexpensive DVDs, etc.
- #85) **Church House Operations:** More than half of the operations budget for 2010 was earmarked for capital improvements. After careful consideration it was felt that such capital expenditures more properly belonged in the Episcopate as opposed to the Program budget. Should a genuine emergency arise with the building, the Ecclesiastical Authority will consider the matter.
- #91) **Campus Ministry:** The reduction in the salary and benefits for this line come as a result of change in personnel effective August 15 of this year. See the note for line #53 above. As with Youth Ministry, the increase in programming will be funded by an increase in fundraising.
- #104) **Urban Strategy:** Although this program has existed as a budget line in both 2009 and 2010, the allocated monies have gone unspent. Furthermore, its mission to evaluate the status and scope of urban parishes has been subsumed under the Vision and Strategy teams of the Diocese. Thus we have eliminated this budget for 2011.

Summary

We commend the 2011 Program Budget to you for your consideration and hope this document helps make the process that has gone into it both comprehensible and transparent. We firmly believe that it stands as a testament to the fact that our Diocese can indeed work together towards our common purpose of advancing the Gospel of Jesus Christ.

On behalf of the Program Budget Committee,
The Reverend Kirk T. Berlenbach, Chairperson
 The Program Budget Committee of Diocesan Council

Membership of the Program Budget Committee

The Reverend Judith Beck, Finance and Property, Clergy Salaries and Pensions
 The Reverend Kirk T. Berlenbach, Finance and Property
 Ms. Debora Brown, Diocesan Council
 Mr. Mike Mayer, Finance and Property
 Ms. Arlene McGurk, Standing Committee
 The Rev. Glenn Matis, Standing Committee
 Mr. Barry Norris, Diocesan Council, Youth Council
 Ms. Patricia Smith, Diocesan Council
 Mr. Robert Swartz, Finance & Property
 Mr. George Whitfield, Diocesan Council

Ex-Officio

The Rt. Reverend Rodney Michel, Assisting Bishop
 Mr. John Loftus, Assistant Treasurer
 The Reverend Paul Mottl, Canon for Administration & Communication
 Mr. Robert Rogers, CFO