

**CONVENTION RESOLUTION FOR THE ADOPTION OF THE
PROPOSED 2010 DIOCESAN PROGRAM BUDGET**

RESOLVED: That the 226th Convention of the Diocese of Pennsylvania adopt the proposed Diocesan Program Budget for 2010, as presented by the Program Budget Committee, reviewed by the Committee on Finance & Property, and approved by Diocesan Council and Standing Committee.

EXPLANATION: A Narrative Introduction to the 2010 Program Budget

Crafting the 2010 Budget meant wrestling with two significant challenges: reduced endowment income and an increasingly unpredictable base of parish giving. However, by digging deep to clarify facts and by conservatively projecting our income, we have produced a financially sound document. This was possible only because of the tremendous cooperation and open sharing of information that took place at all levels of this process. It involved all areas of leadership including Diocesan Council, Standing Committee, Finance and Property and Church House staff, and we are very pleased to report that everyone was able to set aside any previous suspicions or hard feelings and work together for the good of the Diocese. However, while this is indeed an achievement to be celebrated, this balanced budget comes at a significant cost in terms of cuts to almost every category. We have tried to spread the financial pain evenly and fairly. We recognize that some of the programs affected by the cuts are long established and politically charged, but the dire financial realities meant that no program could claim immunity. Some areas of note include the following:

- 1) All Souls' Church for the Deaf: We are recommending that All Souls' draw on its sizable endowment in order to meet its expenses. This was the case in 2008, but in 2009 the cost of its clergy was funded by the Diocese. Given the twin realities of their large endowment and dwindling membership, we firmly believe that the most ethical choice was for All Souls' to draw on their own funds at this time. It is important to note that, even under these conditions, the congregation can afford to stay open for many years.
- 2) Income Generation: We have added an income line for Anti-Racism in the hopes that all specialized ministries in the Diocese will follow the lead of Campus Ministry, Youth and others, and work to raise some of their own funding.
- 3) Employee Raises: At the direction of Bishop Michel, there are no raises scheduled for Diocesan employees for 2010.
- 4) Financial Assistance to Parishes: This process, which was once a Sub-committee of Finance and Property, came directly under the auspices of the PBC. The Financial Assistance Sub-committee created a very thorough and fair system to evaluate all requests for aid. Kudos to George Whitfield and his team for their fine work. Specifics on their process and rationale can be found on the next page.

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

One last issue that we wish to bring to your attention is that stewardship is of vital importance to the success of this budget. It is our plan to work both with the various ministries supported by this budget and with Diocesan Council to help tell the story of all the good work that our Diocese is

doing. We hope this will increase awareness and generate some more excitement and help the individual parishes understand what we are doing and what is in it for them. It is essential that everyone understand that if they do not do their part to support the budget, these vital and exciting ministries cannot continue. Building awareness and ownership is essential since, even though our proposed number for parish giving is fairly modest, this budget cannot succeed without the committed involvement of all our parishes. The bottom line is this: there is no fat left to trim... 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 14 applications for financial assistance from the 2010 Program Budget. All completed applications were considered. Most of the parishes seeking aid had applied in previous years. One congregation which had not applied in previous years applied and was granted aid. In most cases, the entire amount requested was for clergy salary and/or salary connected with programs in the congregations. The committee tried to be equitable in allocating the \$238,054 provided for aid under this section of the Program Budget. We took into account both any previous agreements congregations may have had with the Diocese and the amount requested.

The sub-committee looked at information provided by the applicants, which included answers to the sub-committee's questionnaire, parochial reports, the most recent completed audit (2007) and the year-to-date financials for 2009. From this information, the committee looked at several criteria. The criteria included but were not limited to the growth (or potential growth) of the congregation, the financial situation of the congregation and the average pledge of the congregants compared to the average dollar amount spent by the congregation for each congregant.

In most instances, where a church had an endowment, the full amount of aid requested was not granted. The committee felt that it was more important to help congregations without an endowment, and to provide for clergy salary, than to pay for programs themselves.

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 2009.

- # 3) Congregational Giving:** While this is only a slight increase over 2009, we recognize that income from endowments will go down for 2010. Therefore this number represents a significant commitment from the parishes. However, we believe that the parishes will step up to support the core values of ministry and mission that this budget represents. Should the amount pledged exceed our projections (after factoring in a 10% margin for non-payment), then Diocesan Council has directed that those monies may be used to fund the work of the Diocesan Mission Planning Commission.
- #4) Endowment Income:** The drop of endowment represents both a drop in value and a likely decrease in the payout amount by Church Foundation, from 4.75% back to 4.5%.
- #5) Parker Bulmer Income:** See line #4
- #6) All Souls' Endowment:** See page one for a detailed explanation.
- #14) Anti-Racism:** This committee will raise some of its own money by asking participants to contribute a small 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.

- #16) Servant Year:** This line is being added to the PB but it is only a pass through.
- #32) All Souls' Church:** This line reflects both the Vicar's salary & benefits plus an additional \$9,823 for program. All these funds are drawn from their own endowment.
- #38) St. George/St. Barnabas:** To their great credit, this mission has become self-sustaining and so is graduating off the DCMM roles.
- #48) Trinity Coatesville:** Trinity requested \$17K this year. This parish is a model of successful and creative fund raising. Their effectiveness has allowed them to build up a small endowment and we have confidence that they will be able to find the \$7,000 that we did not award them through other means.
- #49) Trinity Collingdale/Boothwyn:** Trinity requested \$45K in aid this year. This parish has moved into a new home in Boothwyn and has put their old building up for sale. Once it sells, they will be allowed to use the interest generated by the invested principle. This money should be more than adequate to fill the gap.
- #52) All Saints, Darby:** Although All Saints did not receive any grant aid last year, they did receive \$29K in special funding through Standing Committee. This year we granted money for clergy.
- #54) Church of the Crucifixion:** In 2009 this parish received a special grant from Standing Committee to allow them to pay a part time clergy person. Although we could not fund all of their request, we opted to grant them as much as possible so that they could try and retain their priest.
- #55) St. Mary's, Chester:** Due to some miscommunication, St. Mary's did not receive any grant aid last year. However, they were granted a special award of \$8,500 by the Standing Committee. This year we worked with the parish leadership to make sure their application got completed and granted them money to hire clergy and a musician.
- #61) Youth Programs:** Youth Ministry is raising the additional monies budgeted to be spent.
- #67) General Convention:** Although there is no GC in 2010 we felt it prudent to split up the cost so as to avoid a big hit every three years.
- #70) Summer Camp:** Several factors contributed to this cut. First is our belief that people can and should pay as much as they are able to participate in programs like this. Second, we feel that the new City Camp offers an alternative for teens who are looking for a camp experience, and finally, there seems to be a limited number of campers participating over the last two years.
- #74) Education and Training Programs:** We felt that these programs, although important, were underutilized by the Diocese at this time.
- #84) Finance & Administration Staff:** Through taking a hard look at expenses, we were able to tighten up this line considerably. No staff positions were eliminated.
- #95) Congregational Planning and Development:** There is no money budgeted for this item but Council felt strongly that should any income come in over and above the budgeted amount, it should be devoted to this purpose.
- #111) Servant Year:** As noted for Line #16 on page 2, this is a pass through item.

Summary

We hope this document helps make the whole process that has gone into this budget both comprehensible and transparent. We commend the 2010 Program Budget to you for your consideration. We firmly believe that it represents a significant step forward in terms of cooperation and responsibility.

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, Diocesan Council
Ms. Deborah Brown, Diocesan Council
Ms. Arlene McGurk, Standing Committee
Mr. Barry Norris, Diocesan Council, Youth Council
Mr. William Powell, Standing Committee
Ms. Patricia Smith, Diocesan Council
Mr. Robert Swartz, Finance & Property
Mr. George Whitfield, Diocesan Council

Ex-Officio

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