



THE EPISCOPAL DIOCESE OF PENNSYLVANIA
DIOCESAN COUNCIL
Saturday, June 16, 2012
St. Stephen's Church, Norwood

Attendance (arranged by Deanery)

Rt. Rev. Charles Bennison

Brandywine: Patrick Connelly, Martha Thomae

Bucks:

Delaware: Rev. Michael Knight, Janet Ross

Merion: Sarah Boote, Rev. Jane Cornman

Montgomery: Elise Bowers, Joseph Madison

Pennypack: Carole Baxter

Schuylkill: Debora Brown, William Berry, Rev. George Masters

Southwark: Jeanette Woehr, Paul Yaros

Valley Forge: Barry Norris, Beverly Loftus

Wissahickon: Patricia Smith, Victoria Sicks, Rev. Elliot Waters

Guests: Rob Rogers, Norman McClave, Judy Madison Ledlie Laughlin

MINUTES

1. Call to Order Bishop Bennison
Bishop Bennison called the meeting to order at 9:02 am.
2. Scripture Reflection (*5 minutes*) Rev. Michael Knight
Psalm 126
3. Opening of the meeting (*10 minutes*) Bishop Bennison
 - a. Prayer
Bishop Bennison led us in prayer remembering Rev. Jean Mather and John Johnson who have died this week.
 - b. Welcome and Introductions
Rev. Michael Knight welcomed us to St. Stephen's.
 - c. Adoption of the agenda
A motion was made by Martha Thomae and seconded by Patrick Connelly to adopt the agenda. Motion carried.
 - d. Recognition of Visitors
Mrs. Madison was recognized.
4. Minutes of the May 12, 2012 meeting of Diocesan Council (*5 minutes*) Ms. Jeanette Woehr, Secretary
A motion was made by Patricia Smith and seconded by Janet Ross to accept the minutes of the May 12, 2012 Diocesan Council meeting. Motion carried.
5. Bishop's Report (*35 minutes*) Bishop Bennison
 1. During the Easter Season Sean McCauley and I visited with the clergy of each of the ten deaneries. Sean distributed copies of the property audit sheet we have prepared for parish and mission clergy, their wardens and vestries, to use in maintaining their buildings and grounds. Based on feed-back I received



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on the maps of each deanery we had prepared, I should be able to report to you more accurately the financial state of our churches. :

2. When the Standing Committee meets on June 19, I will ask for its advice and consent
 - **Diocesan History:** To distribute a copy of *This Far by Faith: Tradition and Change in the Episcopal Diocese of Pennsylvania* as a gift from the Bishop and Standing Committee to every parish and mission church in the diocese for its library; to every clergy person in the diocese who attends the Clergy Day on September 11, one of the events on October 7-8, or the Retired Clergy Holiday Gathering on December 6; to bishops who had either begun their ministries in our diocese or worked here for a significant period of time, such as Barbara Harris, Gerri Wolf, Jerry Winterrowd, Mary Glasspool, Greg Brewer, Frank Griswold, Rodney Michel, Allen Bartlett, Franklin Turner, Frederick Borsch, and Edward Lee; and to the active and retired bishops of dioceses in Pennsylvania.
 - **Disciplinary Board:** To appoint a clerical member to replace the Rev. Louis Temme, who resigned from the Disciplinary Board upon his appointment as Intake Officer.
 - **All Saint's, Wynnewood:** Under Diocesan Canon 13.4, to set a date certain by which either Rev. Rev. Edward Rix signs, under Canon III.10.3(f), the Declaration of Faith and Conformity, the Vestry pays all diocesan assessments for 2011, and the Rector, Wardens, and Vestry, under Canon III.12.3(a), receive a visitation by the Bishop Diocesan, or the parish forfeits its property to the diocese.
 - **Interest Income to the Program Budget:** To commit \$726,561 in interest income to the 2013 Program Budget, and insofar as Diocesan Convention includes in the 2013 Program Budget a pledge to The Episcopal Church for 2013, up to \$200,000 in additional income to meet that pledge.
 - **Church House:** To put Church House on the market for not less than its appraised value. The appraiser believes that we should offer the property for \$3.5 million through a broker with Prudential that specializes in converting buildings into condos and multi-family ownership.
 - **St. Mary's, Warwick:** To re-finance the present National Penn Bank loan, to a new loan at 4%, per Sean McCauley's recommendation, saving the diocese \$20,000 to \$30,000 a year.
 - **St. Augustine Church of the Covenant:** To sell the property for \$300,000.

No comments on the Bishop's report

6. 2013 Program Budget

Ms. Debora Brown & Rev. Michael Knight

- a. Presentation by Ms. Debora Brown & Rev. Michael Knight (20 minutes)
 1. **The Program Budget Committee** is an instrument of Council. **Diocesan Council** is, in turn, an instrument of Convention.



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2. **The responsibility of Program Budget** committee is to produce a balanced proposed budget according to the best income forecasts available allocated to reflect the priorities of the Diocese.
3. **The proposed budget** is coordinated with Standing Committee and Finance and Property Committee.
4. **The coordinated budget** is approved by council to recommend adoption by Convention.
5. **Convention's Adopted Budget** can be adjusted by council but only downward, unless specifically authorized in advance by Convention.
6. **The Income side of the budget** comes mostly from three sources.
 - a. One third comes from the pledges of the congregations of the diocese.
 - b. One half comes from Investment Income.
 - c. One eighth comes from participant and other fees generated as part of program operations.
 - d. (Other income accounts for about 1%.)
7. **Congregational Giving** depends on three factors:
 - a. The degree to which congregational leaders see the budgeted programs as vital and compelling for their congregations to be part of..
 - b. The degree to which congregations are stressed, limiting capacity to respond to shared vision.
 - c. The degree to which congregational leadership is healthy enough for their leadership to actually shape financial priorities.
8. **Investment Income** from Endowment Funds is made available to the program budget based on three factors.
 - a. The overall state of the markets which sets a top limit on Investment Income available.
 - b. The endowment governing documents that provide:
 - i. Who has authority to approve release of funds? The largest portion requires agreement between the Standing Committee and the Bishop.
 - ii. What criteria were set up in each fund for the use of its income? Again, the largest portion is designated "for the mission of the church."
 - c. The actual number is a decision reached jointly by Bishop and Standing Committee at PBC's request, but not necessarily at the level requested.
9. **The Expense Side has 4 major Program areas:**
 - a. Direct Support of Congregations. (DCMM, Program Aid to Redeveloping Congregations, Youth Ministry, Congregational Development support.)
 - b. Indirect Support of Congregations – (Campus Ministry and Anti-Racism. You can make a case that Camping and Citi-Camp, placed here, belong under Direct Support.)
 - c. Support of the Larger Church. (TEC, Province III and Millennium Development Goals.)
 - d. Diocesan Administration, Finance and Convention. (What it takes to administer our finances, communications, and diocesan life. (That part that is *not* part of the Episcopate Budget.)
 - e. A fifth area, "Pass-Through" items are not really part of the Program Budget, but we show the income and expenditure here for transparency.)
10. **Your Assignment** is to reflect on Four Questions:
 - a. Are the Diocese of Pennsylvania's best days ahead of us or behind us?
 - b. What would the Diocese of Pennsylvania look like at our most effective in doing mission?
 - c. What do our Congregations need in order to become fully effective in mission?
 - d. What should our Program Budget priorities be if we are to be most effective?

The Committee is at an impasse. There is concern regarding the largest increase which is to the National Church. Programs would be cut if \$200,000 remains for National Church. Bishop Bennison will not release funds if National Church does not receive full amount. Cuts should be fair across the board. Direct support of Congregations is down. Vast majority of money comes from investment income. 1/3 from congregational



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giving, and 12% funds raised by programs. Pledge dollars should go to Mission parishes, youth program, and programs of the diocese. Council needs to be aware of what has been going on at the committee level.

- e. Small group discussion concerning the 2013 Program Budget (*40 minutes*)
- f. Small group feedback regarding the 2013 Program Budget (*20 minutes*)

11. Financial Management

- a. Treasurer's Report (*15 minutes*)

Mr. Norman McClave III, Treasurer

**Diocese of Pennsylvania
Treasurer's Report
For the Period Ended May 2012**

1. Cash Collections: Assessments and Pledges

For the year 2012 through the end of May, we collected approximately \$1,002,000 against total Assessments and Pledges of about \$2,261,000, or 44%. For the first four months of 2012, we are slightly behind 2011, when we collected \$1,052,000, or 46% of pledges.

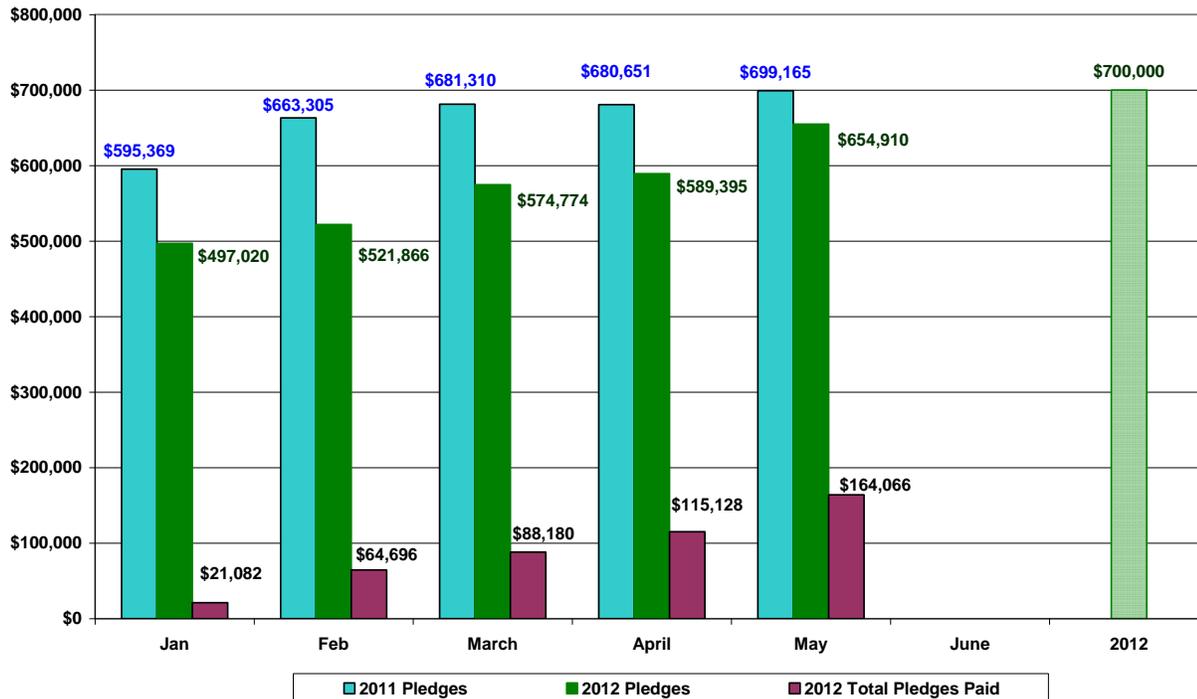
Total Assessments and Pledges for 2012 continue to run less than those for 2012: about \$44,000 less, or about 2%. The shortfall is in the Pledges, which, at \$655,000, are running \$44,000 or 6% behind last year's Pledges of \$699,000 from the same parishes.

May saw a significant closing of the gap between the Pledge Goal of \$700,000 and current pledges of \$655,000, with an increase of about \$65,000 in pledges over the prior month thanks to numerous calls by Bishop Bennison to parishes which had not yet pledged or had not had their pledge recorded. With some additional pledges which came in following the end of May, we are closing in on our goal. Final pledges are likely to be around \$675,000, still short of the goal but far closer.



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Pledges Made and Paid, Year to Date



2. Performance against Budget: the Episcopate Budget

Episcopate revenue for May of \$118,000 again fell short of budget by about \$8,000 but ran equal to May 2011, due to decreased collection of Assessments. Expenses at \$98,000, however, were well below budget and far below May 2011. Major savings vs. the prior year were in legal expenses. Accordingly, the Episcopate showed a net surplus of \$20,000 vs. a budgeted surplus of \$25,000.

For the year to date, the Episcopate is showing a surplus of \$175,000 vs. a budgeted surplus of \$209,000. Again, Assessment Income shortfalls of about \$81,000 are partially offset by expense reductions of about \$37,000. The Episcopate is running well under budget in Bishops' Salaries and Benefits, Legal Expenses, and Lay Retiree Expense, partially offset by increases in Travel/Office Expense and Staff Salaries and Benefits.

3. Performance against Budget: the Program Budget

Program revenue in May was \$75,000, or about \$16,000 over budget, driven by increased Congregational Giving of about \$14,000. Program spending was \$123,000, or \$46,000 under budget. Significant underspends for the month were in Ministry for Congregations, Ministry for Youth, and Finance and Administration. As a result the net deficit of \$48,000 was about \$62,000 better than the



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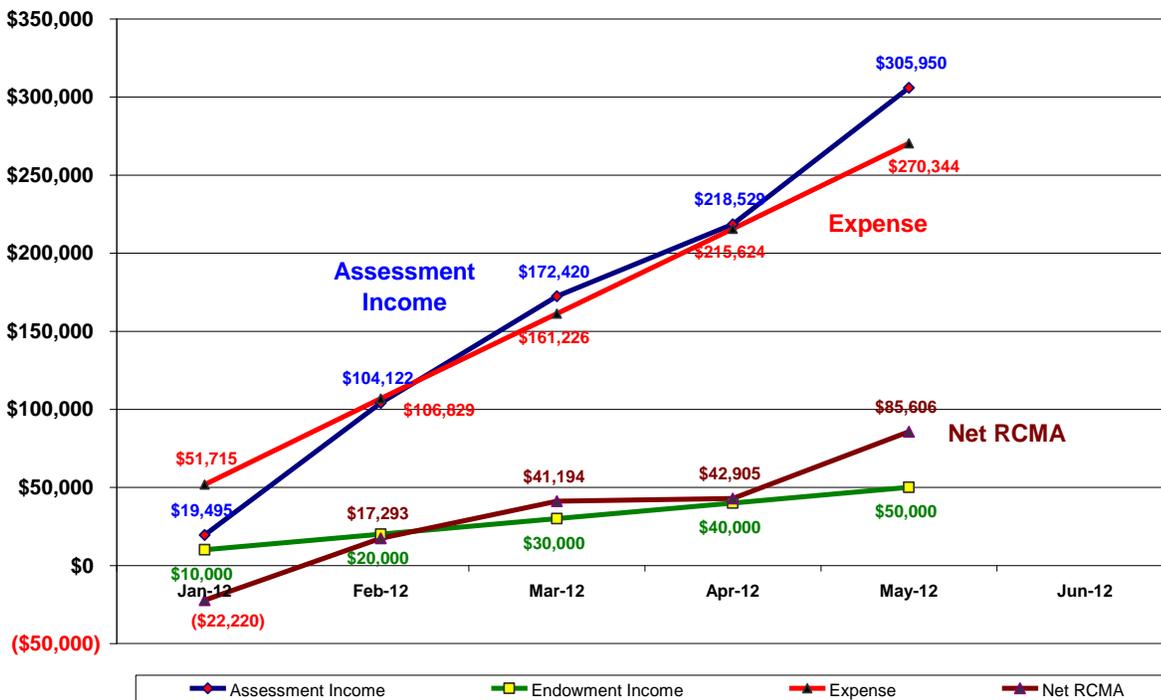
budgeted deficit of \$110,000.

Year to date, the Program Budget shows a net deficit of \$26,000 vs. a budgeted deficit of \$45,000. Congregational Giving is coming in below Budget by about \$10,000, and department income (Servant Year and gifts) are well below their budgeted revenue amounts by about \$58,000. Expenses of \$758,000 are well below the budget of \$847,000, with major underspends in Ministry for Congregations, Ministry for Youth, Conventions, Campus Ministry, and Diocesan History, offset slightly by overspends in Congregations Supported by the Diocese and Finance and Administration.

4. Issues and Concerns: Retired Clergy Medical Assistance

May continued a positive trend for RCMA: Assessment Income received was strong, and now totals \$306,000 for the five months. Expenses continued to increase, too, but at a somewhat slower rate, to \$270,000 for the first five months, about \$15,000 below last year. Accordingly, and with \$50,000 in investment income, the fund showed a surplus at the end of May of \$115,000. This is better than the \$57,000 surplus of a year ago.

RCMA Fund 2012 by Month-End



5. Issues and Concerns: Program Budget Deficits

With the recent increase in pledges received for the 2012 Program Budget, we are close to our goal.



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With a potential gap of perhaps \$25,000 to \$40,000, this shall be closed by expenses at a church without a vicar being \$20,000 less than planned, and by a reimbursement by an insurance company of salaries expended for a clergy member who was injured and for whom the Diocese continued to pay salary. It is unlikely now that any cuts shall have to be made to the 2012 Program Budget.

Issues and Concerns: Longer-Term Trend in Voluntary Pledges

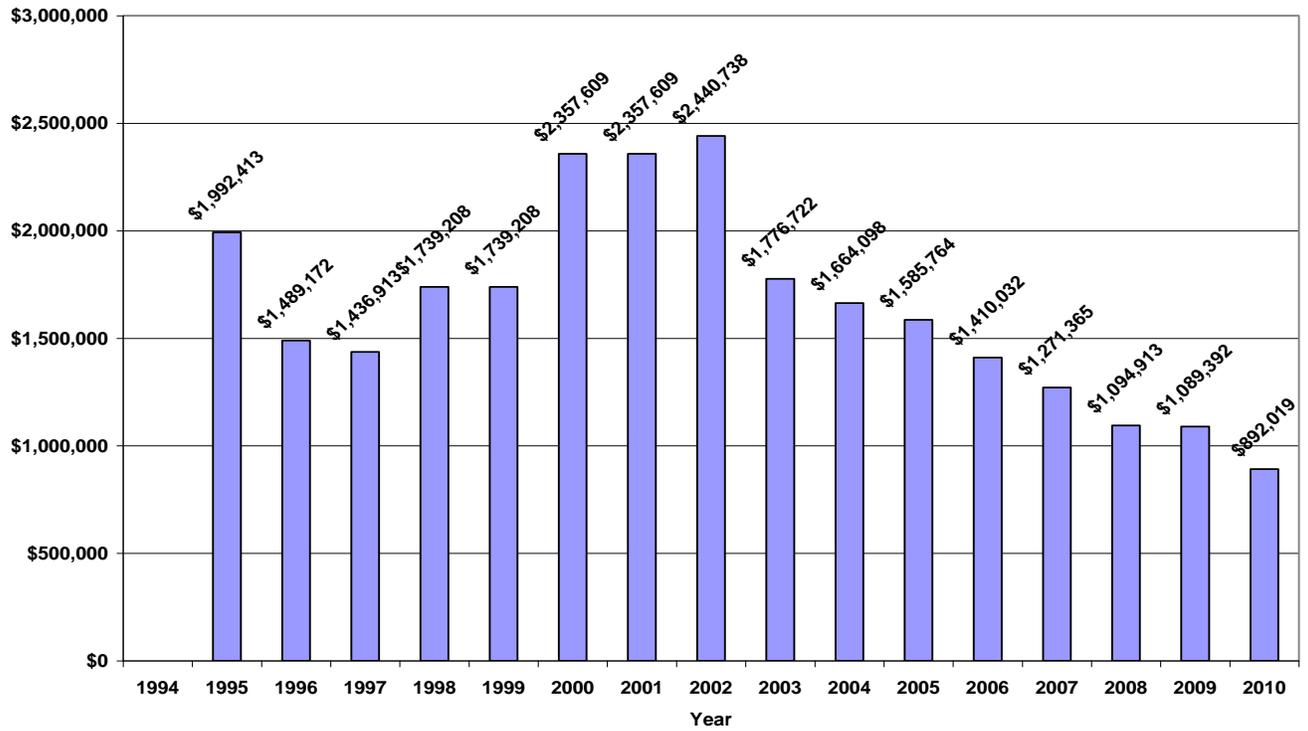
We have had a difficult time this year meeting our pledge goal of \$700,000. While the current economic climate is stressing our parishes, this is also part of a longer-term trend. Looking at data submitted by the parishes in their Parochial Reports from 1994 through 2010 (the latest data available), one can see that pledges for Diocesan programs stayed relatively flat around \$2.4 million from 2000 through 2002, and then have fallen substantially since that time.

Not only have dollar pledges fallen, but the percentage of Parish Income devoted to pledges has also fallen since 2000, from about 7% to about 2%, while Parish Income has remained relatively constant.



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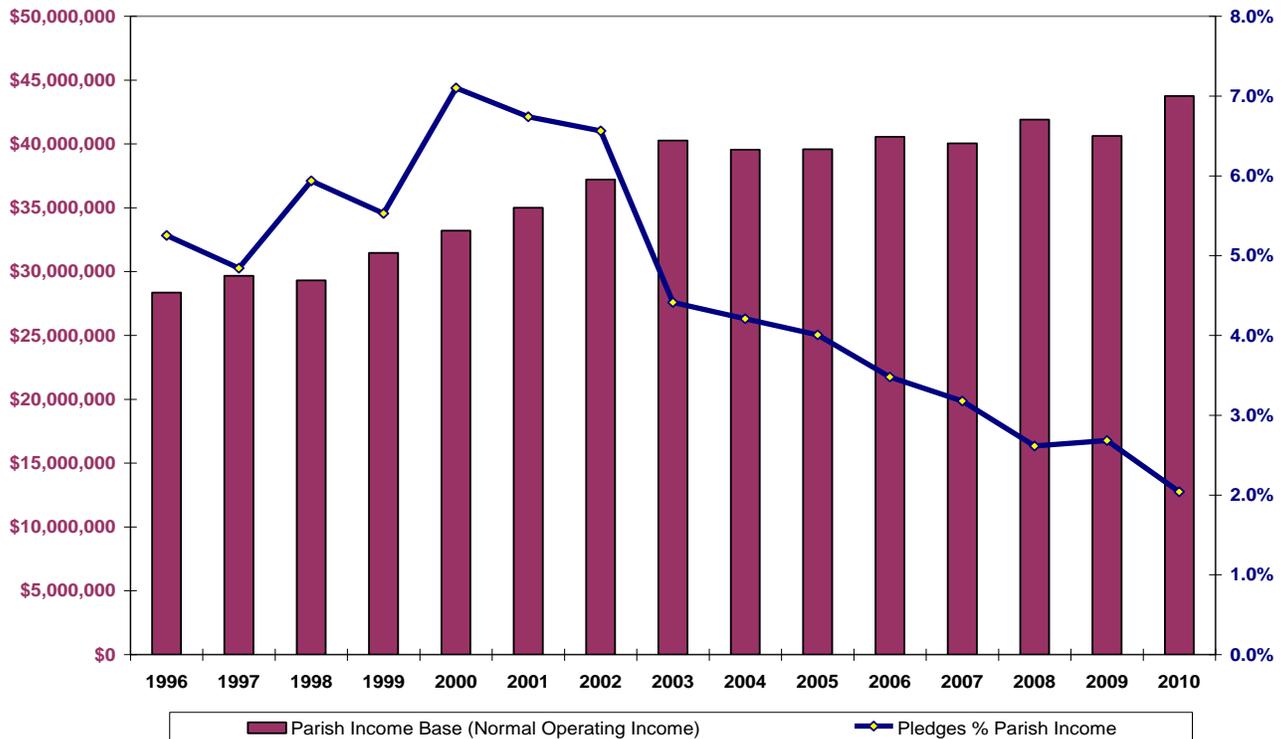
Actual Pledges Made





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Parish Income Base and Percent Pledged



12. Executive Committee Report (15 minutes)

Mr. Paul Yaros

Resolutions for Rev. Dr. Jean Mather

The Diocesan Council of the Diocese of Pennsylvania is saddened by the passing of our sister the Rev. Dr. Jean Mather and expresses gratitude for the many years of service to our Lord and to the Diocese of Pennsylvania, most recently as Chair of the Diocesan History commission.

A motion to accept the Resolution for Rev. Dr. Jean Mather was made by Pat Smith and seconded by Sarah Boote.

Cathedral received approval for removal of brownstone buildings. Received support of Planning Commission.

a. St. Mark's Church, Frankford

In response to the request received in a letter dated June 10, 2012 and addressed to The Rt. Rev. Charles Bennison Bishop Diocesan written by Mr. Marc Andonian, Secretary – Commission on Clergy Compensation and employee Benefits that:

A 'formal review and possibly action, as may (be) appropriate under Canon 9.3 or other canons, by the office of the Bishop, as well as Standing Committee and Diocesan Council'

regarding St. Mark's Church, Frankford 'chronic failure to pay required pension assessments':



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Diocesan Council hereby appoints a committee of 1 Clergy (the Rev. Joy Segal, Southwark Deanery) and 2 lay persons (Mr. George Vosburgh, Merion Deanery and Ms. Beverly Loftus, Valley Forge Deanery) to review the current situation and claims and make a recommendation for possibly action in accordance with Canon 9.3.1 at the September 2012 meeting of Diocesan Council.

SEC 9.3 *Parishes Coming Under the Missionary Administration*

9.3.1 Any parish (a) which is delinquent in its payments to the Church Pension Fund for a period of six months or more, (b) whose rector or other clergy is or are not in receipt of an overall amount equal to the combined total minimum compensation, required by Resolution of the Convention (unless relieved of this obligation pursuant to Canon 4.5.4), and which is also unable to comply with the requirements of the Convention for receiving aid from the Clergy Financial Assistance Assessment, or (c) which is unable adequately to maintain its property or support all other functions and services normally expected from a place of worship, shall by such fact be held to have applied to the Bishop to become an aided parish hereunder, and to have subjected itself to the requirements of this Canon 9.3. Such parish shall thereupon be eligible to receive aid from any diocesan source, missionary or otherwise. The Diocesan Council shall be responsible for determining when the acts listed under (a), (b) and (c) actually exist in any parish and so certifying to the Bishop.

A motion was made by Paul Yaros and seconded by Victoria Sicks. Motion passed.

b. Wapiti Sales Price Resolut

The following resolution was made by Paul Yaros and seconded by Elise Bowers - Diocesan Council hereby instructs the Wapiti Land Company to list the property known as Wapiti for an amount no less that \$7 million dollars. Motion carried. Martha Thomae abstain

c. Diocesan Consultation Team – Convention Resolution

Resolution: Diocesan Consultation Team

Resolved: That this 229th Convention of the Diocese of Pennsylvania charge and authorize the Diocesan Consultation Team (DCT), responsible to the Bishop, to work with the governing and consulting bodies as well as the congregations of the Diocese by identifying, promoting and providing resources and expertise in order to assist congregations in the development and fulfillment of our common mission and ministry priorities.

Explanation

At its 228th Convention, the Diocese of Pennsylvania adopted resolutions which described the vision, mission, and ministry priorities of the Diocese. Resolution R-14-2011, developed and presented by the Diocesan Mission Planning Commission (DMPC), included the following language: *“Our goal as a Diocese is to develop and provide resources and expertise for leaders and promote best practices, so that our congregational communities will thrive according to their unique size and character”*¹. In its report the DMPC elaborated on the history, past and present, and made recommendations regarding Congregational Development as a ministry priority within our diocese.²

On page 160 of the 2011 Convention Journal, the report makes specific recommendations on how to work toward the goal of providing congregations and leaders the resources, best practices and expertise critical in developing faith communities which are vital, thriving, and fulfilling our common mission as the Church. Among the specific recommendations, the report from DMPC calls for an expansion of the role and responsibility of the DCT in the “development and training of a large cadre of lay and ordained



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consultants and ministry partners to assist congregations and clergy in dealing with crises as well as long-term redevelopment efforts”³.

The proposed resolution seeks first to publicize and support the current work of the DCT, which works in cooperation with the Bishop and governing bodies. Secondly and more importantly, in light of the present fiscal constraints within the diocese which preclude the funding of a Congregational Development Office, this resolution seeks to utilize and leverage the wealth of human resources available to us here in the diocese. The current work of the DCT brings together committed individuals from across the diocese who bring a tremendous amount of experience, talent, passion, and compassion, to provide counsel, guidance, and planning to congregations throughout the diocese. We believe there are more such who are willing to serve.

We respectfully request the passage of this resolution, which provides the critical organizational framework to serve the congregations and communities of the Diocese, as our congregations, governance bodies, and the Bishop seek together to live out our common vision, mission, and ministry priorities.

Jeff Moretzsohn and (The Rev.) Joy Segal
for the Diocesan Consultation Team

13. Standing Committee Report (*5 minutes*) Rev. Ledlie Laughlin
Standing Committee has approved the lease of property by parishes.

14. Finance and Property Committee (*5 minutes*) The Rev. Kirk Berlenbach, Chair

15. Committee Liaison Reports (*0 minutes*)
(*A brief report should be submitted in writing prior to each meeting, discussion as time permits or as requested*)
 - a. Anti-Racism Commission Ms. Victoria Sicks
A reunion of crossroad trainings members will be held.

 - b. Companion Diocese Committee Ms. Martha Thomae

 - c. Campus Ministry / LECM Advisory Council Dr. Carole Baxter / Rev. Jane Cornman

 - d. Cathedral Chapter The Rev. Ernest Curtin

 - e. Convention Committee Mrs. Jeanette Woehr

 - f. Diocesan Consultation Team The Rev. Joy Segal & Patrick Connelly

 - g. Diocesan Mission Planning Commission The Rev. John Sorenson

 - h. Financial Review Commission Mr. Douglas Fonte / Mr. George Vosburgh

 - i. Liturgy Committee Mr. Barry Norris

 - j. Middle East Study Committee Ms. Elise Bowers

 - k. Diocesan Council Nominations Committee Ms. Martha Thomae & The Rev. Earnest Curtin



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- l. Retired Clergy Medical Insurance Working Group Ms. Elise Bowers / Rev. Elliot Waters
 - m. Spiritual Growth The Rev. Marek Zabriskie
 - n. Stewardship Committee Mr. Peter Datos
 - o. Wapiti Sale Committee Ms. Patricia Smith & The Rev. George Master II
 - p. Wapiti Wilderness Retreat Board Ms. Patricia Smith
 - q. Youth Advisory Board The Rev. Jane Cornman
16. Old business
No old business
17. Schedule of next meeting Mrs. Jeanette Woehr
The next meeting will be held at the Church of the Holy Trinity, Lansdale on September 8, 2012.
18. Reflections (*5 minutes*)
Ledlie. Thanks to program budget chairs Debora and Michael.
Michael explained about the fire that took place at the Church in November 2011.
Charles Jill is on sabbatical. Karen is in the hospital. Ordination was held last week.
Cost to sell Church House and move to cathedral.
General convention meeting begins June 25. Delegates will deal with same gender union.
19. Closing Prayer and Adjournment Bishop Bennison
11:31 am adjourn