

EPISCOPAL DIOCESE OF MICHIGAN OPERATING BUDGET

- Resolution to Adopt 2019 Operating Budget and 2020 Apportionment Formula
- 2019 Operating Budget Summary
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RESOLUTION TO ADOPT THE 2019 OPERATING BUDGET

DATE: October 27, 2018

TO: Clergy and Lay Delegates of the 184th Convention
of the Episcopal Diocese of Michigan

The Diocesan Council offers the following Resolutions:

RESOLVED, that the 2019 Operating Budget of the Episcopal Diocese of Michigan be in the amount of \$2,322,140 and be it further

RESOLVED, that the Diocesan Council shall have the authority to adjust the adopted budget in keeping with income assured from pledges received and other expected income and be it further

RESOLVED, that the formula for calculating the apportionment for congregational support of the 2020 diocesan budget will be based on 10% of the three year average of each congregation's normal operating income as reported in the Parochial Report in the years 2016, 2017, and 2018.

Episcopal Diocese of Michigan
2019 Proposed and 2020 Draft Operating Budgets
One-Page Summary
To be Presented to Diocesan Convention 10.27.2018

	2017	2018	Proposed	Compare		Draft
	Actual	Budget	2019	2019 Bud		2020
			Budget	to 2018		Budget
				Bud		
Operating Revenues						
Apportionment Pledges	1,585,004	1,585,000	1,579,000	(6,000)	-0.4%	1,579,000
Dividends & Interest	491,805	494,042	516,140	22,098	4.5%	521,700
Contributions	219,108	223,500	227,000	3,500	1.6%	227,000
Total Operating Revenues	<u>2,295,917</u>	<u>2,302,542</u>	<u>2,322,140</u>	<u>19,598</u>	0.9%	<u>2,327,700</u>
Operating Expenses						
Salaries and Benefits	1,088,631	1,179,308	1,194,241	14,933	1.3%	1,197,473
Professional Fees	102,038	85,000	85,450	450	0.5%	85,589
Occupancy	172,026	173,300	172,300	(1,000)	-0.6%	172,327
Office Expenses	64,020	63,720	60,820	(2,900)	-4.6%	60,914
Communications and P.R.	32,372	37,900	36,900	(1,000)	-2.6%	36,959
Conf, Mtgs, & Events	116,050	113,400	114,400	1,000	0.9%	114,582
Denominational Support	362,713	332,833	339,700	6,867	2.1%	340,988
Travel & Related Business	82,830	83,500	84,500	1,000	1.2%	84,630
Grants and Other Outreach	208,614	212,323	212,571	248	0.1%	212,948
Equipment	21,636	21,258	21,258	0	0.0%	21,290
Total Operating Expenses	<u>2,250,931</u>	<u>2,302,542</u>	<u>2,322,140</u>	<u>19,598</u>	0.9%	<u>2,327,700</u>
Net Op Surplus/<Deficit>	<u>44,986</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>

Episcopal Diocese of Michigan
2019 Proposed and 2020 Draft Operating Budgets
Account-Level Detail
To be Presented to Diocesan Convention 10.27.2018

	2017 <u>Actual</u>	2018 <u>Budget</u>	Proposed 2019 <u>Budget</u>	Compare 2019 Bud to 2018 <u>Bud</u>		<u>Draft 2020 Budget</u>
Operating Revenues						
Apportionment Pledges						
41100 Apportionment Current Yr	1,573,776	1,575,000	1,569,000	(6,000)	-0.4%	1,569,000
41200 Apportionment Prior Yr	11,229	10,000	10,000	0	0.0%	10,000
	<u>1,585,004</u>	<u>1,585,000</u>	<u>1,579,000</u>	<u>(6,000)</u>	-0.4%	<u>1,579,000</u>
Dividends & Interest						
42000 Dividends	56,338	54,487	65,070	10,583	19.4%	65,700
42100 Extended Ministries	342,157	345,929	356,120	10,191	2.9%	360,600
42300 Endowment Fund	49,854	50,213	51,450	1,237	2.5%	51,900
42400 Interest Income	43,455	43,413	43,500	87	0.2%	43,500
	<u>491,805</u>	<u>494,042</u>	<u>516,140</u>	<u>22,098</u>	4.5%	<u>521,700</u>
Contributions						
42200 Tannahill Fund	217,500	217,500	225,000	7,500	3.4%	225,000
43000 Contributions Unrestricted	1,608	6,000	2,000	(4,000)	-66.7%	2,000
	<u>219,108</u>	<u>223,500</u>	<u>227,000</u>	<u>3,500</u>	1.6%	<u>227,000</u>
Total Operating Revenues	<u>2,295,917</u>	<u>2,302,542</u>	<u>2,322,140</u>	<u>19,598</u>	0.9%	<u>2,327,700</u>
Operating Expenses						
Salaries and Benefits						
70100 Salaries	775,034	835,370	837,360	1,990	0.2%	838,715
70101 Staff Exp Shared by Others	(52,170)	(50,536)	(50,902)	(366)	0.7%	(51,063)
71310 Payroll Taxes-FICA	43,884	43,935	44,716	781	1.8%	44,789
71410 Medical Insurance	198,849	205,524	217,491	11,967	5.8%	217,841
71420 Life Insurance	6,297	7,175	6,868	(307)	-4.3%	6,879
71430 Disability Insurance	5,851	6,638	7,022	384	5.8%	7,033
71440 Worker's Compensation	1,719	2,000	2,000	0	0.0%	2,003
71510 Clergy Pension	35,564	43,852	44,291	439	1.0%	44,362
71520 Lay Pension	49,281	52,203	53,215	1,012	1.9%	53,301
71530 Retiree Medical	19,000	19,975	20,408	433	2.2%	20,441
71600 Sabbatical Provision	4,001	13,172	11,772	(1,400)	-10.6%	13,172
71900 Other Personnel Costs	1,322	0	0	0	0.0%	0
	<u>1,088,631</u>	<u>1,179,308</u>	<u>1,194,241</u>	<u>14,933</u>	1.3%	<u>1,197,473</u>
Professional Fees						
72220 Pastoral Care	1,200	1,200	3,600	2,400	#####	3,606
72240 Ecclesiastical Discipline	8,300	2,400	2,400	0	0.0%	2,404
72290 Outside Services	32,767	25,000	23,700	(1,300)	-5.2%	23,739

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	2017	2018	Proposed 2019	Compare 2019 Bud to 2018		Draft 2020
	Actual	Budget	Budget	Bud		Budget
72310 Legal	15,000	15,000	15,000	0	0.0%	15,024
72360 Audit	13,340	14,000	14,000	0	0.0%	14,023
72380 Payroll Processing	3,268	4,000	3,750	(250)	-6.3%	3,756
72385 IT Support	27,988	23,400	23,000	(400)	-1.7%	23,037
72500 Honoraria	175	0	0	0	0.0%	0
	102,038	85,000	85,450	450	0.5%	85,589
Occupancy						
73200 Diocesan Center Maint	155,800	155,800	155,800	0	0.0%	155,800
73400 Property/Liability Insurance	16,226	17,500	16,500	(1,000)	-5.7%	16,527
	172,026	173,300	172,300	(1,000)	-0.6%	172,327
Office Expenses						
74100 Telephone	7,900	8,000	8,000	0	0.0%	8,013
74200 Cell Phone	6,251	7,200	6,700	(500)	-6.9%	6,710
74400 Internet Services	1,931	1,320	1,320	0	0.0%	1,322
74500 Postage & Delivery	19,722	23,000	21,800	(1,200)	-5.2%	21,835
74600 Net Copy Exp/<Reimb>	7,110	7,000	7,000	0	0.0%	7,011
75100 Reference Materials/Subs	3,371	3,250	3,250	0	0.0%	3,254
76400 Licenses/Copyright	220	250	250	0	0.0%	250
77100 Office Supplies	11,722	9,300	9,300	0	0.0%	9,315
77200 Bank Charges	5,322	3,250	2,050	(1,200)	-36.9%	2,053
77400 Worship Supplies	472	1,150	1,150	0	0.0%	1,151
	64,020	63,720	60,820	(2,900)	-4.6%	60,914
Communications and P.R.						
74700 Electronic Marketing	152	2,000	1,000	(1,000)	-50.0%	1,002
74800 Promotional Marketing	4,164	3,500	3,500	0	0.0%	3,505
74900 Outside Printing/Copying	27,338	32,400	32,400	0	0.0%	32,452
74950 Copying	718	0	0	0	0.0%	0
	32,372	37,900	36,900	(1,000)	-2.6%	36,959
Conferences, Meetings, & Events						
75200 Membership	5,488	4,500	4,500	0	0.0%	4,507
75300 Conference & Seminars	11,681	11,400	11,400	0	0.0%	11,417
75360 Training	3,470	2,400	2,400	0	0.0%	2,404
75500 Facility Rental	34,810	25,400	27,400	2,000	7.9%	27,444
75600 Hosting	4,605	4,450	4,450	0	0.0%	4,458
75700 Other Meeting Costs	105,170	114,900	113,900	(1,000)	-0.9%	114,083
75800 Staff Meetings	814	500	500	0	0.0%	501
75900 Event/Meeting Offset	(49,987)	(50,150)	(50,150)	0	0.0%	(50,232)

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	116,050	113,400	114,400	1,000	0.9%	114,582
Denominational Support						
76100 TEC Assessment	346,513	316,612	323,388	6,776	2.1%	324,640
76200 Provincial Assessment	4,200	4,221	4,312	91	2.2%	4,329
76500 Episcopal Election Accrual	12,000	12,000	12,000	0	0.0%	12,019
	362,713	332,833	339,700	6,867	2.1%	340,988
Travel & Related Business						
78100 Mileage Reimbursements	21,425	23,100	24,100	1,000	4.3%	24,139
78150 Gas cost (Auto)	1,104	1,200	1,200	0	0.0%	1,202
78200 Vehicle Expense	8,017	7,500	7,500	0	0.0%	7,512
78500 Staff Travel & Lodging	46,928	45,500	45,500	0	0.0%	45,570
78600 Travel - Meals	5,357	6,200	6,200	0	0.0%	6,207
	82,830	83,500	84,500	1,000	1.2%	84,630
Grants and Partnerships						
75400 Discretionary Fund	2,363	3,000	3,000	0	0.0%	3,005
79500 Chaplaincy Support	120,000	120,000	120,000	0	0.0%	120,194
79600 Grants						
SDGs	15,751	15,823	16,071	248	1.6%	16,130
Advocacy Ministries	19,000	20,000	20,000	0	0.0%	20,032
Social Ministry Programs	51,500	53,500	53,500	0	0.0%	53,587
	208,614	212,323	212,571	248	0.1%	212,948
Equipment						
81100 Equipment Purchase	1,223	0	0	0	0.0%	0
81200 Equipment Rental	10,793	10,800	10,800	0	0.0%	10,817
81300 Equip Maint & Supplies	356	1,000	1,000	0	0.0%	1,002
81400 Computer Maint & Software	9,265	9,458	9,458	0	0.0%	9,471
	21,636	21,258	21,258	0	0.0%	21,290
Total Operating Expenses	2,250,931	2,302,542	2,322,140	19,598	0.9%	2,327,700
Net Operating Surplus/<Deficit>	44,986	0	0	0	0.0%	0

Episcopal Diocese of Michigan
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Program-Level Summary
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	2017 Actual	2018 Budget	Proposed 2019 Budget	Compare 2019 Bud to 2018 Bud		Draft 2020 Budget
Operating Revenues						
Communications	785	1,000	1,000	0	0.0%	1,000
Diocese General	2,295,132	2,301,542	2,321,140	19,598	0.9%	2,326,700
Total Operating Revenues	2,295,917	2,302,542	2,322,140	19,598	0.9%	2,327,700
Operating Expenses						
Episcopate						
Episcopate - General	379,459	365,682	372,691	7,009	1.9%	374,579
Canonical - Diocese	27,570	38,000	35,000	(3,000)	-7.9%	35,057
Diocesan Convention	66,370	57,850	57,850	0	0.0%	57,943
Churchwide Mission Supp	389,604	357,233	364,100	6,867	1.9%	365,426
Total Episcopate	863,004	818,765	829,641	10,876	1.3%	833,005
Mission Program						
Congregational Develop	127,809	127,652	130,047	2,395	1.9%	130,255
Transition Ministry	4,696	5,600	5,900	300	5.4%	5,908
Youth & Young Adult Min	140,042	138,538	140,412	1,874	1.4%	140,634
Ministry Development	100,971	96,186	98,310	2,124	2.2%	98,464
WI Program Support	57,989	125,576	118,038	(7,538)	-6.0%	118,225
Communications	134,140	124,003	123,360	(643)	-0.5%	123,555
Total Mission Program	565,647	617,555	616,067	(1,488)	-0.2%	617,041
Mission Partnerships						
Campus Ministry	120,000	120,000	120,000	0	0.0%	120,194
SDGs & Companion Dio	15,751	15,823	16,071	248	1.6%	16,130
Advocacy Ministries	19,000	20,000	20,000	0	0.0%	20,032
Social Ministry Programs	51,500	53,500	53,500	0	0.0%	53,587
Total Mission Partnerships	206,251	209,323	209,571	248	0.1%	209,943
Administrative Support						
Administration	166,631	180,921	182,715	1,794	1.0%	183,006
Finance	205,836	228,678	239,246	10,568	4.6%	239,662
Office General	243,562	247,300	244,900	(2,400)	-1.0%	245,043
Total Admin Support	616,029	656,899	666,861	9,962	1.5%	667,711
Operating Expenses	2,250,931	2,302,542	2,322,140	19,598	0.9%	2,327,700
Net Op Surplus/<Deficit>	44,986	0	0	0	0.0%	0

**Episcopal Diocese of Michigan
2019 Proposed Operating Budget
Narrative**

To be Presented to Diocesan Convention 10.27.2018

Revenues

Apportionments: As of the time of this writing, 67 of the 75 congregations have submitted 2019 Apportionment Pledges. Based on these actual pledges received and reasonable estimates on the pledges of the other 8 congregations, and after accounting for a 1.7% shortfall allowance, we are recommending a \$6,000 reduction in the budget for Apportionment Pledge Income in 2019 to a total of \$1,579,000.

Dividends and Interest: Thanks to an increase in investment balances, and even with the Trustees-approved 0.05% cut in the dividend rate for 2019, the 2019 budget for Dividends and Income of \$516,140 is \$22,000 higher than the 2018 budget.

Contributions: The proposed 2019 budget for the Tannahill Fund has been increased by \$7,500 to match the current distribution rate of the Community Foundation of Southeast Michigan. At the same time we have been seeing a lower level of Unrestricted Donations for the last several years and, so, are recommending a \$4,000 drop in that budget for 2019. The combined budget is \$227,000

Overall: We are anticipating a \$20,000 increase in the Operating Budget from 2018's total of \$2,302,542 to \$2,322,140 for 2019.

Expenses

Salaries and Benefits:

- Positions – In 2018 we budgeted a temporary and modest number of hours to be added to the Whitaker Institute Assistant position to allow for a smooth transition with the new director of Whitaker Institute. With the transition now successfully completed, that temporary boost in the budget is not needed in 2019, so the Salaries budget is reduced by \$9,000 and corresponding Benefits budget by \$2,000. Additionally, the Bookkeeper position was budgeted for 9 months in 2018. We will need a full 12 months in

2019, so those extra three months will require a \$4,000 increase in the Salaries budget and a minimal amount in related Benefits.

The net impact of these two position changes is a \$6,000 drop in the Salaries and Benefits budget.

- COLA – Cost of living adjustments (COLA) of up to 1% for eligible staff are incorporated into this proposed budget at a cost of about \$8,000 in salaries plus another \$1,500 increase in related benefits.
- Medical/Dental – Healthcare premiums are up 6% for all of our plans. We are also anticipating a 5% increase in dental premiums. The combined increase in premiums is reflected in the 2019 budget at a cost of \$12,000. As has been the case for the last two years, the Blue Cross Blue Shield 90 PPO plan will be provided to diocesan employees at no cost to them. Employees may buy-up, via payroll deduction, to a richer plan if they choose.

Professional Fees: There are some minor changes between line items within this category, but the overall increase is just \$450 (0.5%).

Occupancy: The Property/Liability Insurance budget for 2019 is slightly lower than 2018 due to an increase in the deductible incorporated into the policy that was renewed in September 2018.

Office Expenses: The budgets for both Postage and Bank Charges are down by \$1,200, reflecting current realities.

Communications and P.R.: The \$2,000 budget for Electronic Marketing has been under-utilized for several years, so this line item was trimmed for 2019.

Conferences, Meetings, & Events: A net \$1,000 has been added to the Diocesan Convention program budget (Facility Rental Expense) to help pay for the rising cost of our Audio/Visual needs during diocesan convention.

Denominational Support: The formula-driven Assessment to The Episcopal Church (TEC) and to Province V will both go up in 2019. First, General Convention 2018 approved a small change in the formula, thus increasing our assessment by \$1,500. Second, our Operating Revenue Total increased from 2016 to 2017, which resulted in a \$5,000 increase in our 2019 assessment. Combined the increase in the budget will be almost \$7,000.

Travel & Related Business: A modest increase in the Travel Budget was added to reflect current realities.

Grants and Partnerships: Other than the formula-driven SDG line item which will go up about \$250 in 2019, there are no other changes in this category.

Equipment: No change.

Overall: 2019 Total Operating Expenses budget \$2,322,140 is up 0.9% or \$20,000 relative to the 2018 budget.

Mission Budget Committee of Diocesan Council

Claudia Hamlin, chair (St Paul's, Lansing)

Andy Anyanonu (Cathedral Church of St Paul, Detroit)

The Rev. Lynda Carter (Grace, Southgate)

Steve Chisholm (St Clement's, Inkster)

The Ven. Linda MacDonald (Capitol Area Deanery)

The Rev. Imogen Rhodenhiser (Christ Church Cranbrook, Bloomfield Hills)

Staff Support

Jo Ann Hardy, Canon Administrator

Mark Miliotto, Treasurer and Director of Finance

