

# EPISCOPAL DIOCESE OF MICHIGAN OPERATING BUDGET

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## RESOLUTION TO ADOPT THE 2018 OPERATING BUDGET

DATE: September 27, 2017

TO: Clergy and Lay Delegates of the 183<sup>rd</sup> Convention  
of the Diocese of Michigan

The Diocesan Council offers the following Resolution:

RESOLVED, that the 2018 Operating Budget of the Episcopal Diocese of Michigan be in the amount of \$2,302,542 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.

### From the 182<sup>nd</sup> Convention, October 2016

The formula for calculating the apportionment for congregational support of the diocesan budget will be based on 10% of the most recent three year average of each congregation's normal operating income as reported in the Parochial Report; this formula will be utilized for calculating budgets for the next three years (2017, 2018, 2019).

**Episcopal Diocese of Michigan**  
**2018 and 2019 Operating Budgets**  
**Summary**  
**Presented to Diocesan Convention - October 28, 2017**

	<b>2016 Actual</b>	<b>2017 Budget</b>	<b>Proposed 2018 Budget</b>	<b>Compare 2018 Bud to 2017</b>		<b>Draft 2019 Budget</b>
<b>Operating Revenues</b>						
Apportionment Pledges	1,550,502	1,567,000	1,585,000	18,000	1.1%	1,585,000
Dividends & Interest	480,960	487,685	494,042	6,357	1.3%	510,993
Contributions	228,963	223,500	223,500	0	0.0%	223,500
Transfer from Reserves	0	12,000	0	(12,000)		0
<b>Total Operating Revenues</b>	<b>2,260,425</b>	<b>2,290,185</b>	<b>2,302,542</b>	<b>12,357</b>	<b>0.5%</b>	<b>2,319,493</b>
memo: Total Op Rev w/o Reserves	2,260,425	2,278,185	2,302,542	24,357	1.1%	2,319,493
<b>Operating Expenses</b>						
Salaries and Benefits	1,063,960	1,153,651	1,179,308	25,657	2.2%	1,187,808
Professional Fees	119,593	88,100	85,000	(3,100)	-3.5%	85,633
Occupancy	172,423	172,800	173,300	500	0.3%	173,430
Office Expenses	68,516	61,170	63,720	2,550	4.2%	64,197
Communications and P.R.	38,173	37,400	37,900	500	1.3%	38,182
Conf, Mtgs, & Events	86,524	107,800	113,400	5,600	5.2%	114,238
Denominational Support	369,615	362,713	332,833	(29,880)	-8.2%	336,513
Travel & Related Business	69,062	76,100	83,500	7,400	9.7%	84,120
Grants and Other Outreach	212,442	209,751	212,323	2,572	1.2%	213,955
Equipment	25,513	20,700	21,258	558	2.7%	21,417
<b>Total Operating Expenses</b>	<b>2,225,821</b>	<b>2,290,185</b>	<b>2,302,542</b>	<b>12,357</b>	<b>0.5%</b>	<b>2,319,493</b>
<b>Net Op Surplus/&lt;Deficit&gt;</b>	<b>34,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>

**Episcopal Diocese of Michigan  
2018 and 2019 Operating Budgets  
Account-Level Detail**

**Presented to Diocesan Convention - October 28, 2017**

	2016 Actual	2017 Budget	Proposed 2018 Budget	Compare 2018 Bud to 2017		Draft 2019 Budget
<b>Operating Revenues</b>						
<b>Apportionment Pledges</b>						
41100 Apportionment Current Yr	1,541,181	1,557,000	1,575,000	18,000	1.2%	1,575,000
41200 Apportionment Prior Yr	9,321	10,000	10,000	0	0.0%	10,000
	<b>1,550,502</b>	<b>1,567,000</b>	<b>1,585,000</b>	<b>18,000</b>	1.1%	<b>1,585,000</b>
<b>Dividends &amp; Interest</b>						
42000 Dividends	48,752	52,204	54,487	2,283	4.4%	56,373
42100 Extended Ministries	338,346	342,214	345,929	3,715	1.1%	359,257
42300 Endowment Fund	49,496	49,854	50,213	359	0.7%	51,950
42400 Interest Income	44,367	43,413	43,413	0	0.0%	43,413
	<b>480,960</b>	<b>487,685</b>	<b>494,042</b>	<b>6,357</b>	1.3%	<b>510,993</b>
<b>Contributions</b>						
42200 Tannahill Fund	217,500	217,500	217,500	0	0.0%	217,500
43000 Contributions Unrestricted	11,463	6,000	6,000	0	0.0%	6,000
	<b>228,963</b>	<b>223,500</b>	<b>223,500</b>	<b>0</b>	0.0%	<b>223,500</b>
<b>Transfer from Staff Reserves</b>						
49910 Release from Designated	0	12,000	0	(12,000)		0
	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>(12,000)</b>		<b>0</b>
<b>Total Operating Revenues</b>	<b>2,260,425</b>	<b>2,290,185</b>	<b>2,302,542</b>	<b>12,357</b>	0.5%	<b>2,319,493</b>
memo: Total Operating Revenues w/o Reserves	2,260,425	2,278,185	2,302,542	24,357	1.1%	2,319,493
<b>Operating Expenses</b>						
<b>Salaries and Benefits</b>						
70100 Salaries	750,357	798,603	835,370	36,767	4.6%	841,585
70101 Staff Exp Shared by Others	(48,047)	(52,171)	(50,536)	1,635	-3.1%	(51,087)
71310 Payroll Taxes-FICA	38,217	42,818	43,935	1,117	2.6%	44,262
71410 Medical Insurance	199,345	218,243	205,524	(12,719)	-5.8%	207,054
71420 Life Insurance	6,285	5,800	7,175	1,375	23.7%	7,227
71430 Disability Insurance	5,294	5,907	6,638	731	12.4%	6,687
71440 Worker's Compensation	2,138	2,000	2,000	0	0.0%	2,015
71510 Clergy Pension	44,467	43,002	43,852	850	2.0%	44,178
71520 Lay Pension	39,230	50,375	52,203	1,828	3.6%	52,591
71530 Retiree Medical	25,674	25,902	19,975	(5,927)	-22.9%	20,124
71600 Sabbatical Provision	1,000	13,172	13,172	0	0.0%	13,172
	<b>1,063,960</b>	<b>1,153,651</b>	<b>1,179,308</b>	<b>25,657</b>	2.2%	<b>1,187,808</b>
<b>Professional Fees</b>						

**Episcopal Diocese of Michigan  
2018 and 2019 Operating Budgets  
Account-Level Detail**

**Presented to Diocesan Convention - October 28, 2017**

	2016 Actual	2017 Budget	Proposed 2018 Budget	Compare 2018 Bud to 2017		Draft 2019 Budget
72220 Pastoral Care	1,200	1,200	1,200	0	0.0%	1,209
72240 Ecclesiastical Discipline	8,165	2,400	2,400	0	0.0%	2,418
72290 Outside Services	30,427	24,000	25,000	1,000	4.2%	25,186
72310 Legal	33,570	15,000	15,000	0	0.0%	15,112
72360 Audit	13,140	13,500	14,000	500	3.7%	14,104
72370 Accounting	0	0	0	0	0.0%	0
72380 Payroll Processing	4,591	4,000	4,000	0	0.0%	4,030
72385 IT Support	28,001	28,000	23,400	(4,600)	-16.4%	23,574
72500 Honoraria	500	0	0	0	0.0%	0
	<b>119,593</b>	<b>88,100</b>	<b>85,000</b>	<b>(3,100)</b>	-3.5%	<b>85,633</b>
<b>Occupancy</b>						
73200 Diocesan Center Maint	155,800	155,800	155,800	0	0.0%	155,800
73400 Property/Liability Insurance	16,623	17,000	17,500	500	2.9%	17,630
	<b>172,423</b>	<b>172,800</b>	<b>173,300</b>	<b>500</b>	0.3%	<b>173,430</b>
<b>Office Expenses</b>						
74100 Telephone	7,875	8,000	8,000	0	0.0%	8,060
74200 Cell Phone	6,232	7,470	7,200	(270)	-3.6%	7,253
74400 Internet Services	560	1,000	1,320	320	32.0%	1,330
74500 Postage & Delivery	23,679	23,000	23,000	0	0.0%	23,171
74600 Net Copy Exp/<Reimb>	8,261	5,800	7,000	1,200	20.7%	7,052
75100 Reference Materials/Subs	2,380	1,950	3,250	1,300	66.7%	3,275
76400 Licenses/Copyright	441	250	250	0	0.0%	252
77100 Office Supplies	11,735	9,300	9,300	0	0.0%	9,371
77200 Bank Charges	7,168	3,550	3,250	(300)	-8.5%	3,274
77400 Worship Supplies	175	850	1,150	300	35.3%	1,159
	<b>68,516</b>	<b>61,170</b>	<b>63,720</b>	<b>2,550</b>	4.2%	<b>64,197</b>
<b>Communications and P.R.</b>						
74700 Electronic Marketing	130	2,000	2,000	0	0.0%	2,015
74800 Promotional Marketing	3,148	3,000	3,500	500	16.7%	3,526
74900 Outside Printing/Copying	34,689	32,400	32,400	0	0.0%	32,641
74950 Copying	207	0	0	0	0.0%	0
	<b>38,173</b>	<b>37,400</b>	<b>37,900</b>	<b>500</b>	1.3%	<b>38,182</b>
<b>Conferences, Meetings, &amp; Events</b>						
75200 Membership	4,178	4,500	4,500	0	0.0%	4,532
75300 Conference & Seminars	10,007	10,400	11,400	1,000	9.6%	11,482
75360 Training	1,438	2,400	2,400	0	0.0%	2,416
75500 Facility Rental	19,401	24,000	25,400	1,400	5.8%	25,589
75600 Hosting	3,563	4,200	4,450	250	6.0%	4,484

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	2016 Actual	2017 Budget	Proposed 2018 Budget	Compare 2018 Bud to 2017		Draft 2019 Budget
75700 Other Meeting Costs	150,401	112,000	114,900	2,900	2.6%	115,755
75800 Staff Meetings	737	400	500	100	25.0%	504
75900 Event/Meeting Offset	(103,200)	(50,100)	(50,150)	(50)	0.1%	(50,524)
	<b>86,524</b>	<b>107,800</b>	<b>113,400</b>	<b>5,600</b>	5.2%	<b>114,238</b>
<b>Denominational Support</b>						
76100 TEC Assessment	353,685	346,513	316,612	(29,901)	-8.6%	320,155
76200 Provincial Assessment	3,930	4,200	4,221	21	0.5%	4,269
76500 Episcopal Election Accrual	12,000	12,000	12,000	0	0.0%	12,089
	<b>369,615</b>	<b>362,713</b>	<b>332,833</b>	<b>(29,880)</b>	-8.2%	<b>336,513</b>
<b>Travel &amp; Related Business</b>						
78100 Mileage Reimbursements	18,677	22,000	23,100	1,100	5.0%	23,273
78150 Gas cost (Auto)	928	1,400	1,200	(200)	-14.3%	1,209
78200 Vehicle Expense	6,295	7,000	7,500	500	7.1%	7,556
78500 Travel & Lodging	38,208	39,500	45,500	6,000	15.2%	45,837
78600 Travel - Meals	4,953	6,200	6,200	0	0.0%	6,245
	<b>69,062</b>	<b>76,100</b>	<b>83,500</b>	<b>7,400</b>	9.7%	<b>84,120</b>
<b>Grants and Partnerships</b>						
75400 Discretionary Fund	6,392	3,000	3,000	0	0.0%	3,024
79500 Chaplaincy Support	120,000	120,000	120,000	0	0.0%	120,893
79600 Grants						
SDGs	15,050	15,751	15,823	72	0.5%	15,991
Advocacy Ministries	19,000	19,000	20,000	1,000	5.3%	20,149
Social Ministry Programs	52,000	52,000	53,500	1,500	2.9%	53,898
	<b>212,442</b>	<b>209,751</b>	<b>212,323</b>	<b>2,572</b>	1.2%	<b>213,955</b>
<b>Equipment</b>						
81200 Equipment Rental	13,647	10,400	10,800	400	3.8%	10,880
81300 Equip Maint & Supplies	660	1,000	1,000	0	0.0%	1,007
81400 Computer Maint & Software	11,206	9,300	9,458	158	1.7%	9,530
	<b>25,513</b>	<b>20,700</b>	<b>21,258</b>	<b>558</b>	2.7%	<b>21,417</b>
<b>Total Operating Expenses</b>	<b>2,225,821</b>	<b>2,290,185</b>	<b>2,302,542</b>	<b>12,357</b>	0.5%	<b>2,319,493</b>
<b>Net Operating Surplus/&lt;Deficit&gt;</b>	<b>34,604</b>	<b>0</b>	<b>0</b>	<b>0</b>	0.0%	<b>0</b>

**Episcopal Diocese of Michigan**  
**2018 and 2019 Operating Budgets**  
**Program-Level Summary**  
**Presented to Diocesan Convention - October 28, 2017**

	2016 <u>Actual</u>	2017 <u>Budget</u>	Proposed 2018 <u>Budget</u>	Compare 2018 Bud to 2017		Draft 2019 <u>Budget</u>
<b>Operating Revenues</b>						
Communications	775	1,000	1,000	0	0.0%	1,000
Diocese General	2,259,650	2,289,185	2,301,542	12,357	0.5%	2,318,493
<b>Total Operating Revenues</b>	<b><u>2,260,425</u></b>	<b><u>2,290,185</u></b>	<b><u>2,302,542</u></b>	<b><u>12,357</u></b>	<b>0.5%</b>	<b><u>2,319,493</u></b>
<b>Operating Expenses</b>						
<b>Episcopate</b>						
Episcopate - General	370,987	357,565	365,682	8,117	2.3%	368,060
Canonical - Diocese	57,175	36,500	38,000	1,500	4.1%	38,283
Diocesan Convention	51,060	57,850	57,850	0	0.0%	58,282
Churchwide Mission Supp	397,953	384,713	357,233	(27,480)	-7.1%	361,095
<b>Total Episcopate</b>	<b><u>877,174</u></b>	<b><u>836,628</u></b>	<b><u>818,765</u></b>	<b><u>(17,863)</u></b>	<b>-2.1%</b>	<b><u>825,720</u></b>
<b>Mission Program</b>						
Congregational Develop	123,081	127,975	127,652	(323)	-0.3%	128,591
Transition Ministry	6,485	5,500	5,600	100	1.8%	5,641
Youth & Young Adult Min	123,285	131,392	138,538	7,146	5.4%	139,556
Ministry Development	32,713	96,528	97,686	1,158	1.2%	98,401
WI Program Support	92,871	100,957	124,076	23,119	22.9%	124,987
Communications	129,633	144,403	124,003	(20,400)	-14.1%	124,915
<b>Total Mission Program</b>	<b><u>508,068</u></b>	<b><u>606,755</u></b>	<b><u>617,555</u></b>	<b><u>10,800</u></b>	<b>1.8%</b>	<b><u>622,091</u></b>
<b>Mission Partnerships</b>						
Campus Ministry	120,000	120,000	120,000	0	0.0%	120,893
SDGs & Companion Dio	15,050	15,751	15,823	72	0.5%	15,991
Advocacy Ministries	19,000	19,000	20,000	1,000	5.3%	20,149
Social Ministry Programs	52,000	52,000	53,500	1,500	2.9%	53,898
<b>Total Mission Partnerships</b>	<b><u>206,050</u></b>	<b><u>206,751</u></b>	<b><u>209,323</u></b>	<b><u>2,572</u></b>	<b>1.2%</b>	<b><u>210,931</u></b>
<b>Administrative Support</b>						
Administration	163,842	173,184	180,921	7,737	4.5%	182,256
Finance	214,123	218,317	228,678	10,361	4.7%	230,514
Office General	256,564	248,550	247,300	(1,250)	-0.5%	247,981
<b>Total Admin Support</b>	<b><u>634,529</u></b>	<b><u>640,051</u></b>	<b><u>656,899</u></b>	<b><u>16,848</u></b>	<b>2.6%</b>	<b><u>660,751</u></b>
<b>Operating Expenses</b>	<b><u>2,225,821</u></b>	<b><u>2,290,185</u></b>	<b><u>2,302,542</u></b>	<b><u>12,357</u></b>	<b>0.5%</b>	<b><u>2,319,493</u></b>
<b>Net Op Surplus/&lt;Deficit&gt;</b>	<b><u>34,604</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b>0.0%</b>	<b><u>0</u></b>



**Episcopal Diocese of Michigan**  
**2018 Operating Budget**  
**Narrative**  
**Presented to Diocesan Convention**

**Revenues**

Apportionment: 2018 Apportionment pledges have come in about 1.0% higher than the pledges for 2017. Based on those pledges, and after accounting for a 1.9% shortfall allowance, the 2018 Budget is \$18,000 higher than the 2017 Budget.

Dividends and Interest: The Trustees of the Diocese of Michigan have approved a slight decrease in the dividend rate for 2018, down from 4.25% to 4.15%. Despite this rate cut, the dollar payout will increase modestly, resulting in an increase in the budget of about \$6,000 from 2017 to 2018.

Contributions: No changes are expected in Contributions.

Transfer from Staff Reserves: The 2017 Budget had allowed for the possible need of \$12,000 in Staff Reserves to fully fund the existing diocesan staff positions. However, those reserves were not needed in 2017 and will not be needed in 2018 either.

Overall: After factoring out the Transfer from Reserves, Total Revenues are projected to increase 1.1% or \$24,000 from the 2017 Budget to 2018.

**Expenses**

Salaries and Benefits:

- Positions – The need for a part-time bookkeeper has been known for several years but the funding for the position has not been available until now. The proposed 2018 Budget includes the addition of a part-time bookkeeper at a total cost of about \$12,000 which covers the months of April through December 2018. Additionally, a temporary and modest number of hours have been added to the Whitaker Institute Assistant position to allow for a smooth transition with the new director of Whitaker Institute. All other staff positions remain the same as in 2017.
- COLA – Cost of living adjustments (COLA) of up to 1% for eligible staff are incorporated into this budget at a cost of about \$7,000 in

salaries plus another \$1,000 in associated benefits costs. Additionally, the budget includes another 0.5% to help offset the larger share of healthcare costs that the staff are being asked to bear in 2018.

- **Medical/Dental** – The healthcare plans currently being offered to diocesan employees via Church Pension Group are being phased out. The new ones to be offered in the Diocese of Michigan in 2018, while still maintaining the same insurance coverage, will have two key changes: 1) the premium for the base plan being offered to employees (90% coverage) will go down by about 4.1% and 2) employees will see slightly higher deductibles, copays, and services. Employees who “buy up” to a richer plan will see their share of the premiums rise substantially. The extra 0.5% in salary increases noted above is meant to offset these additional employee costs.
- **Life and Disability Insurance** – We are anticipating a greater than 10% increase in the rate for life and disability insurance. Even so, the dollar increase will be small.

Professional Fees: There will be a slight decrease in the IT Support budget, which is tied to a reallocation of the sharing of that service with the Cathedral Church of St Paul and the Cathedral Chapter rather than a cut in rate.

Occupancy: Other than an expected increase in property and liability insurance, this category is budgeted to be relatively flat.

Office Expenses: In total the budget for Office Expenses needs an additional \$2,500 (+4%) to reflect new realities.

Communications and P.R.: No significant change expected.

Conferences, Meetings, & Events: The cost of all the various diocesan conferences, meetings, and events continues to rise. The proposed budget in this category includes a \$5,000 boost to reflect that reality.

Denominational Support: Based on the 2016-2018 Budget approved by General Convention 2015, the formula for The Episcopal Church’s (TEC’s) Assessment will drop from 16.5% to 15% in 2018, reducing our asking by about \$32,000. However, the base Operating Revenue used in the calculation (our 2016 Operating Revenue), increased almost \$11,000 relative to the prior year’s base, resulting in an increase in the assessment

of about \$2,000, partially offsetting the savings from the rate drop. So the net impact to us is a decrease in the TEC Assessment of \$30,000.

Travel & Related Business: The current budget for travel expenses of the staff and volunteers is a little light relative to the current need, so the proposed 2018 Budget includes a \$7,000 increase to ensure that the current needs are met into the future.

Grants and Partnerships: The needs for Social Ministry Programs and Advocacy Ministries regularly exceed the funding, so the proposed budgets in these ministries include a combined \$2,500 enhancement.

Equipment: Virtually no change.

Overall: Total Expenses are projected to increase by 0.5% or \$12,000 relative to the 2017 budget.

#### Mission Budget Committee of Diocesan Council

Claudia Hamlin, chair (St Paul's Lansing)  
Bruce Cann (St Matthew's & St Joseph's Detroit)  
The Rev. Lynda Carter (Grace Southgate)  
Steve Chisholm (St Clement's Inkster)  
The Rev. Karen Lewis (St Paul's Lansing)  
The Rev. Imogen Rhodenhiser (Christ Church Cranbrook)

#### Staff Support

Jo Ann Hardy, Canon Administrator  
Mark Miliotto, Treasurer and Director of Finance

