



EPISCOPAL DIOCESE OF MICHIGAN OPERATING BUDGET

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RESOLUTION TO ADOPT THE 2020 OPERATING BUDGET

DATE: October 26, 2019

TO: Clergy and Lay Delegates of the 185th Convention
of the Episcopal Diocese of Michigan

The Diocesan Council offers the following Resolutions:

RESOLVED, that the 2020 Operating Budget of the Episcopal Diocese of Michigan be in the amount of \$2,342,280 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 2021 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 2017, 2018, and 2019.

Episcopal Diocese of Michigan
Proposed 2020 Operating Budget and Draft 2021 Budget
Summary
Presented to Diocesan Convention on October 26, 2019

	2018	2019	Proposed	Compare		Draft
	Actual	Budget	2020	2020 Bud		2021
			Budget	to 2019		Budget
				Bud		
Operating Revenues						
Apportionment Pledges	1,574,632	1,579,000	1,589,000	10,000	0.6%	1,591,000
Dividends & Interest	503,103	516,140	526,280	10,140	2.0%	528,205
Contributions	226,409	227,000	227,000	0	0.0%	227,000
Total Operating Revenues	<u>2,304,144</u>	<u>2,322,140</u>	<u>2,342,280</u>	<u>20,140</u>	0.9%	<u>2,346,205</u>
Operating Expenses						
Salaries and Benefits	1,164,342	1,194,241	1,192,721	(1,520)	-0.1%	1,192,721
Professional Fees	83,158	85,450	90,850	5,400	6.3%	90,850
Occupancy	170,652	172,300	174,300	2,000	1.2%	174,300
Office Expenses	58,892	60,820	60,870	50	0.1%	60,870
Communications and P.R.	30,724	36,900	37,800	900	2.4%	37,800
Conf, Mtgs, & Events	120,773	114,400	117,600	3,200	2.8%	117,600
Denominational Support	332,833	339,700	346,950	7,250	2.1%	350,702
Travel & Related Business	73,029	84,500	85,200	700	0.8%	85,200
Grants and Other Outreach	211,875	212,571	214,629	2,058	1.0%	214,802
Equipment	22,972	21,258	21,360	102	0.5%	21,360
Total Operating Expenses	<u>2,269,250</u>	<u>2,322,140</u>	<u>2,342,280</u>	<u>20,140</u>	0.9%	<u>2,346,205</u>
Net Op Surplus/<Deficit>	<u>34,894</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>

Episcopal Diocese of Michigan
Proposed 2020 Operating Budget and Draft 2021 Budget
Account-Level Detail

Presented to Diocesan Convention on October 26, 2019

	2018 Actual	2019 Budget	Proposed 2020 Budget	Compare 2020 Bud to 2019 Bud		Draft 2021 Budget
Operating Revenues						
Apportionment Pledges						
41100 Apportionment Current Yr	1,565,049	1,569,000	1,579,000	10,000	0.6%	1,581,000
41200 Apportionment Prior Yr	9,583	10,000	10,000	0	0.0%	10,000
	1,574,632	1,579,000	1,589,000	10,000	0.6%	1,591,000
Dividends & Interest						
42000 Dividends	63,511	65,070	66,160	1,090	1.7%	66,700
42100 Extended Ministries	345,909	356,120	364,370	8,250	2.3%	365,180
42300 Endowment Fund	50,213	51,450	52,310	860	1.7%	52,885
42400 Interest Income	43,471	43,500	43,440	(60)	-0.1%	43,440
	503,103	516,140	526,280	10,140	2.0%	528,205
Contributions						
42200 Tannahill Fund	225,000	225,000	225,000	0	0.0%	225,000
43000 Contributions Unrestricted	1,409	2,000	2,000	0	0.0%	2,000
	226,409	227,000	227,000	0	0.0%	227,000
Total Operating Revenues	2,304,144	2,322,140	2,342,280	20,140	0.9%	2,346,205
Operating Expenses						
Salaries and Benefits						
70100 Salaries	829,288	837,360	808,344	(29,016)	-3.5%	808,344
70101 Staff Exp Shared by Others	(50,555)	(50,902)	(50,881)	21	0.0%	(50,881)
71310 Payroll Taxes-FICA	44,415	44,716	44,709	(7)	0.0%	44,709
71410 Medical Insurance	203,016	217,491	248,665	31,174	14.3%	248,665
71420 Life Insurance	6,593	6,868	6,948	80	1.2%	6,948
71430 Disability Insurance	6,615	7,022	6,640	(382)	-5.4%	6,640
71440 Worker's Compensation	1,115	2,000	2,000	0	0.0%	2,000
71510 Clergy Pension	43,852	44,291	38,896	(5,395)	-12.2%	38,896
71520 Lay Pension	48,694	53,215	53,303	88	0.2%	53,303
71530 Retiree Medical	19,529	20,408	20,925	517	2.5%	20,925
71600 Sabbatical Provision	11,779	11,772	13,172	1,400	11.9%	13,172
71900 Other Personnel Costs	0	0	0	0	0.0%	0
	1,164,342	1,194,241	1,192,721	(1,520)	-0.1%	1,192,721
Professional Fees						
72220 Pastoral Care	2,200	3,600	3,600	0	0.0%	3,600
72240 Ecclesiastical Discipline	0	2,400	2,400	0	0.0%	2,400
72290 Outside Services	22,861	23,700	28,700	5,000	21.1%	28,700

Episcopal Diocese of Michigan
Proposed 2020 Operating Budget and Draft 2021 Budget
Account-Level Detail

Presented to Diocesan Convention on October 26, 2019

	2018	2019	Proposed 2020	Compare 2020 Bud to 2019		Draft 2021
	Actual	Budget	Budget	Bud		Budget
72310 Legal	15,000	15,000	15,000	0	0.0%	15,000
72360 Audit	13,340	14,000	14,400	400	2.9%	14,400
72380 Payroll Processing	3,695	3,750	3,750	0	0.0%	3,750
72385 IT Support	23,562	23,000	23,000	0	0.0%	23,000
72500 Honoraria	2,500	0	0	0	0.0%	0
	83,158	85,450	90,850	5,400	6.3%	90,850
Occupancy						
73200 Diocesan Center Maint	155,800	155,800	157,800	2,000	1.3%	157,800
73400 Property/Liability Insurance	14,852	16,500	16,500	0	0.0%	16,500
	170,652	172,300	174,300	2,000	1.2%	174,300
Office Expenses						
74100 Telephone	7,809	8,000	8,000	0	0.0%	8,000
74200 Cell Phone	6,322	6,700	6,700	0	0.0%	6,700
74400 Internet Services	1,590	1,320	2,620	1,300	98.5%	2,620
74500 Postage & Delivery	19,552	21,800	20,800	(1,000)	-4.6%	20,800
74600 Net Copy Exp/<Reimb>	10,139	7,000	7,000	0	0.0%	7,000
75100 Reference Materials/Subs	1,859	3,250	3,250	0	0.0%	3,250
76400 Licenses/Copyright	235	250	250	0	0.0%	250
77100 Office Supplies	8,800	9,300	9,200	(100)	-1.1%	9,200
77200 Bank Charges	2,369	2,050	1,900	(150)	-7.3%	1,900
77400 Worship Supplies	216	1,150	1,150	0	0.0%	1,150
	58,892	60,820	60,870	50	0.1%	60,870
Communications and P.R.						
74700 Electronic Marketing	1,132	1,000	1,000	0	0.0%	1,000
74800 Promotional Marketing	3,983	3,500	4,400	900	25.7%	4,400
74900 Outside Printing/Copying	25,087	32,400	32,400	0	0.0%	32,400
74950 Copying	522	0	0	0	0.0%	0
	30,724	36,900	37,800	900	2.4%	37,800
Conferences, Meetings, & Events						
75200 Membership	5,546	4,500	4,800	300	6.7%	4,800
75300 Conference & Seminars	12,406	11,400	11,400	0	0.0%	11,400
75360 Training	3,176	2,400	2,400	0	0.0%	2,400
75500 Facility Rental	32,529	27,400	33,800	6,400	23.4%	33,800
75600 Hosting	3,498	4,450	4,450	0	0.0%	4,450
75700 Other Meeting Costs	121,516	113,900	115,600	1,700	1.5%	115,600
75800 Staff Meetings	802	500	500	0	0.0%	500
75900 Event/Meeting Offset	(58,700)	(50,150)	(55,350)	(5,200)	10.4%	(55,350)

Episcopal Diocese of Michigan
Proposed 2020 Operating Budget and Draft 2021 Budget
Account-Level Detail

Presented to Diocesan Convention on October 26, 2019

	2018 Actual	2019 Budget	Proposed 2020 Budget	Compare 2020 Bud to 2019 Bud		Draft 2021 Budget
	120,773	114,400	117,600	3,200	2.8%	117,600
Denominational Support						
76100 TEC Assessment	316,612	323,388	324,622	1,234	0.4%	328,324
76200 Provincial Assessment	4,221	4,312	4,328	16	0.4%	4,378
76500 Episcopal Election Accrual	12,000	12,000	18,000	6,000	50.0%	18,000
	332,833	339,700	346,950	7,250	2.1%	350,702
Travel & Related Business						
78100 Mileage Reimbursements	21,367	24,100	24,100	0	0.0%	24,100
78150 Fuel for Leased Vehicle	1,382	1,200	1,200	0	0.0%	1,200
78200 Leased Vehicle Expense	7,035	7,500	9,500	2,000	26.7%	9,500
78500 Staff Travel & Lodging	36,557	45,500	43,500	(2,000)	-4.4%	43,500
78600 Travel Meals	6,688	6,200	6,900	700	11.3%	6,900
	73,029	84,500	85,200	700	0.8%	85,200
Grants and Partnerships						
75400 Discretionary Fund	2,552	3,000	3,000	0	0.0%	3,000
79500 Chaplaincy Support	120,000	120,000	120,000	0	0.0%	120,000
79600 Grants						
SDGs	15,823	16,071	16,129	58	0.4%	16,302
Advocacy Ministries	20,000	20,000	22,000	2,000	10.0%	22,000
Social Ministry Programs	53,500	53,500	53,500	0	0.0%	53,500
	211,875	212,571	214,629	2,058	1.0%	214,802
Equipment						
81100 Equipment Purchase	2,330	0	0	0	0.0%	0
81200 Equipment Rental	10,547	10,800	10,550	(250)	-2.3%	10,550
81300 Equip Maint & Supplies	799	1,000	800	(200)	-20.0%	800
81400 Computer Maint & Software	9,296	9,458	10,010	552	5.8%	10,010
	22,972	21,258	21,360	102	0.5%	21,360
Total Operating Expenses	2,269,250	2,322,140	2,342,280	20,140	0.9%	2,346,205
Net Operating Surplus/<Deficit>	34,894	0	0	0	0.0%	0

Episcopal Diocese of Michigan
Proposed 2020 Operating Budget and Draft 2021 Budget
Program-Level Summary
Presented to Diocesan Convention on October 26, 2019

	2018 <u>Actual</u>	2019 <u>Budget</u>	Proposed 2020 <u>Budget</u>	Compare 2020 Bud to 2019 Bud		Draft 2021 <u>Budget</u>
Operating Revenues						
Communications	1,160	1,000	1,000	0	0.0%	1,000
Diocese General	2,302,984	2,321,140	2,341,280	20,140	0.9%	2,345,205
Total Operating Revenues	<u>2,304,144</u>	<u>2,322,140</u>	<u>2,342,280</u>	<u>20,140</u>	0.9%	<u>2,346,205</u>
Operating Expenses						
Episcopate						
Episcopate - General	365,619	372,691	342,208	(30,483)	-8.2%	342,208
Canonical - Diocese	35,345	35,000	37,000	2,000	5.7%	37,000
Diocesan Convention	64,947	57,850	65,000	7,150	12.4%	65,000
Churchwide Mission Supp	354,157	364,100	369,750	5,650	1.6%	373,502
Total Episcopate	<u>820,069</u>	<u>829,641</u>	<u>813,958</u>	<u>(15,683)</u>	-1.9%	<u>817,710</u>
Mission Program						
Congregational Develop	125,733	130,047	131,850	1,803	1.4%	131,850
Transition Ministry	6,097	5,900	5,900	0	0.0%	5,900
Youth & Young Adult Min	133,650	140,412	143,737	3,325	2.4%	143,737
Ministry Development	95,740	98,310	99,886	1,576	1.6%	99,886
Lifelong Formation (Whitaker)	132,659	118,038	120,701	2,663	2.3%	120,701
Communications	115,393	123,360	135,670	12,310	10.0%	135,670
Total Mission Program	<u>609,272</u>	<u>616,067</u>	<u>637,744</u>	<u>21,677</u>	3.5%	<u>637,744</u>
Mission Partnerships						
Campus Ministry	120,000	120,000	120,000	0	0.0%	120,000
SDGs & Companion Dio	15,823	16,071	16,129	58	0.4%	16,302
Advocacy Ministries	20,000	20,000	22,000	2,000	10.0%	22,000
Social Ministry Programs	53,500	53,500	53,500	0	0.0%	53,500
Total Mission Partnerships	<u>209,323</u>	<u>209,571</u>	<u>211,629</u>	<u>2,058</u>	1.0%	<u>211,802</u>
Administrative Support						
Administration	176,683	182,715	197,015	14,300	7.8%	197,015
Finance	211,189	239,246	236,884	(2,362)	-1.0%	236,884
Office General	242,715	244,900	245,050	150	0.1%	245,050
Total Admin Support	<u>630,587</u>	<u>666,861</u>	<u>678,949</u>	<u>12,088</u>	1.8%	<u>678,949</u>
Operating Expenses	<u>2,269,250</u>	<u>2,322,140</u>	<u>2,342,280</u>	<u>20,140</u>	0.9%	<u>2,346,205</u>
Net Op Surplus/<Deficit>	<u>34,894</u>	<u>0</u>	<u>0</u>	<u>0</u>	0.0%	<u>0</u>

Episcopal Diocese of Michigan
Mission Budget Committee
Proposed 2020 Operating Budget Narrative
Presented to Diocesan Convention on October 26, 2019

Apportionment Pledges – As of the time of this writing, 69 of the 75 pledge forms have been submitted. Of the six not yet submitted, four have indicated their intended pledge amount pending vestry approval. So we have a real good sense of our expected Apportionment Pledge total for 2020. Assuming the same 1.85% allowance for shortfall that we have budgeted for the last few years (the actual shortfall has averaged 1.5% over last seven years), we are anticipating a \$10,000 increase in Apportionment Income from 2019 to 2020.

Dividends & Interest – The Trustees of the Diocese of Michigan have announced that the dividend rate for the Growth and Income Fund will stay at 4.10% for 2020. At this payout rate, we will see a bump up of \$10,000 in Growth and Income Dividend Income.

Salaries and Benefits – There are several different things going on here, all contributing to a net \$1,500 cut in the Total Salaries and Benefits budget. First, the compensation package of the Bishop Elect is lower than that of the current Bishop, so we have a savings in that regard. Second, also contributing to the savings is the fact that the Bookkeeper is working fewer hours in the Finance Department than originally planned. Partially offsetting these savings are: 1) Two staff members had qualifying life events this year, thus adding to the diocesan healthcare expense, 2) healthcare premiums are going up an average of 5% in 2020, and 3) a proposed 1.5% COLA for staff to match the inflation rate.

Professional Fees – What looks like a \$5,000 increase in the Outside Services budget is just a reclassification of budget from Conferences, Meetings, & Events up to Professional Fees. This move was necessitated by a staff decision to move catering expenses for various events out of Events Expense and into Professional Fees.

Occupancy – The diocesan share of expenses for the upkeep of the cathedral/diocesan center has not changed in 11 years. This proposed budget includes a \$2,000 (1.3% increase) in this line item.

Conferences, Meetings, & Events – For several years the budget for Diocesan Convention has been inadequate to cover the true cost of this annual meeting. So this proposal includes a \$7,000 increase to the convention budget to bring the budget in alignment with the true cost (\$65,000) of the meeting. As noted above, \$5,000 of the budget in this category was moved up to Professional Fees. And, lastly, at the request of our Missioner for Youth and Young Adult (YAYA) Ministries, a proposed \$1,500 has been added to the YAYA program budget.

Denominational Support – To stay at the full assessment for The Episcopal Church and Province V requires an additional \$1,200 in the budget. Additionally, it costs about \$200,000 (in today's dollars) when there is a transition in the diocesan bishop. If we hazard a guess as to when the Bishop Elect will retire, one could quickly see that our current accrual rate of \$12,000 per year is insufficient. We recommend increasing this accrual by \$6,000.

Grants and Partnerships – The SDGs (Sustainable Development Goals) line item in the budget is formula driven – 0.7% of the previous year's Normal Operating Income. Applying that formula for 2020 requires that we increase the budget by \$58. More significantly in this category, we are recommending an increase in the Advocacy Ministries budget. Covenant V submitted a request to Mission Budget for a significant increase in this budget to serve the growing needs in this ministry, and we felt that a \$2,000 increase this year is a reasonable and prudent response to this request.

All Other Categories – There are some other, minor budget adjustments in the proposed budget, but otherwise we recommend leaving most other line items in the budget at the same level as in 2019.

Draft 2021 Budget – The early forecast for 2021 Apportionment Pledges is that it will increase by a small amount – about \$2,000. Similarly, we are expecting just a \$2,000 increase in Dividends and Interest. And we are not expecting any changes to the amount of Contributions. On the Operating Expense side, we have increased only those line items that are formula driven: TEC Assessment, Province V Assessment, and SDGs. At this early stage of budget development, all other line items have been left at the same level as the proposed amount for 2020.

Mission Budget Committee of Diocesan Council

Claudia Hamlin, chair (St Paul's, Lansing)
The Rev. Lynda Carter (Grace, Southgate)
The Ven. Linda MacDonald (Capitol Area Deanery)
The Rev. Teresa Wakeen (Church at Crossroads, Detroit)

Staff Support

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