

September 20th, 2024

To: Convention Delegates, Wardens and Treasurers
From: Diocesan Council
CC: Trustees, Standing Committee, Commission on Ministry, HR Committee and Diocesan Staff
RE: Proposed 2025 Diocesan Budget

On the website, you can find the proposed:

- 2025 Diocesan Budget & Apportionment
- 2025 Parish Apportionment

approved by Diocesan Council at our September 19th meeting.

Please plan to join us for an online forum (via Zoom) on **Tuesday, October 1st at 5:30 PM** for an overview of the proposed budget, apportionment, resolutions, logistics for Convention and an opportunity to meet the nominees for elected offices. Use this Zoom link.

INCOME from Apportionment, Investments, and Other Income:

APPORTIONMENT: We continue to move our formula for apportionment towards the Biblical Tithe of 10%. Each year, we expand the 10% apportionment rate-range, gradually reducing the average apportionment towards a 10% Tithe (*EXHIBIT #1*).

For 2025, the proposed apportionment formula is (*EXHIBIT #2*):

- **10% on the first \$200,000** of Parish Operating Income, and **15.5%** on all income over **\$200,000**
- Any increase or decrease in Parish apportionment for 2025 is limited to a **maximum of 5%** of the Parish's 2024 apportionment, unless the Parish qualifies for a cap on "Effective Rate".
- If a Parish experiences a substantial decrease in income, such that the *effective rate* of apportionment exceeds their *formula rate* by more than 3.0 percentage points, then apportionment is capped at the *formula rate + 3 pts.*, but just for that year.

Total Apportionment for 2025 (\$967,403) is down less than 1% from 2024. A list of all 2025 Parish Apportionments is provided in *EXHIBIT #12*.

INCOME FROM INVESTMENTS: On September 11th, our Diocesan Trustees approved a draw of \$1,044,000 to fund the 2025 Diocesan Operating Budget. Trustees also approved a \$46,000 draw from designated funds overseen by Trustees, to cover post-retirement healthcare benefits for eligible retirees. These healthcare benefits include Health Reimbursement Accounts (HRA), funded at \$900 per eligible retiree.

The total draw of \$1.090M. is 4.7% of the trailing, 5-year average balance and includes the unrestricted interest income from our loan portfolio (*EXHIBIT #3*). *This draw is down about 12% compared to the 2024 Budget, when we were funding both the Bishop Transition and the General Convention.*

EXPENSES: For most of the past decade, our total expenditures averaged about \$2M. For 2024, expenses for the bishop transition, staff transition, legal fees and General Convention, increased expenses by about 12%, but should come down 8-9% in 2025 (*EXHIBIT #4*).

Our proposed operating expenses for 2025 are \$2.011 M. (*EXHIBIT #5*), a decrease of about \$165,000 (8%) when compared to the 2024 Operating Budget (*EXHIBIT #6*), and a *reduction of about \$25,000 from the 1st Draft Budget* distributed last May. These expenses are summarized by category below and detailed in *EXHIBITS # 7-11*.

- **CONGREGATIONAL DEVELOPMENT PARTNERSHIP (CDP):** The CDP Committee has completed reviews of (13) grants, totaling \$204,400 for 2025. The total proposed budget is now **\$300,000**, *down \$15,000 from the 1st DRAFT Budget*, as the impact of the \$25,000 cap on grants has reduced expenses. Almost \$96,000 remains unallocated and available for additional grants.
- **MISSION PARTNERSHIP:** The Mission Partnership Committee has reviewed all the 2025 mission grant requests and proposed funding remains at **\$175,000**, the same as the 1st DRAFT and 2024 budgets. The *proposed pilot* to move from a (5) District structure to (3) Convocations in 2025, will not decrease the total amount of District Mission Grants budgeted. These grants are budgeted at a total of \$25,800 (vs. \$25,000), or \$600 for each church.
- **DOMESTIC & FOREIGN MISSIONARY SOCIETY (D&FMS):** Our contribution to D&FMS will increase 4% next year to **\$276,410**, due to higher Diocesan income reported for 2023.
- **LEADERSHIP DEVELOPMENT:** *Expenses decreased about \$22,000 from the 1st DRAFT Budget*, to **\$66,950**, due primarily to changes in our Diocesan Clergy Staffing roles.
- **GOVERNANCE:** *Expenses increased about \$18,000 from the 1st DRAFT Budget*, to **\$109,950**, due primarily to higher auditing expenses. But, they are still down 57% (\$146,050) compared to the 2024 Budget, as we completed the Bishop Transition (\$124,000) and General Convention (\$40,000) in 2024.
- **STAFF:** *Expenses decreased about \$16,000 from the 1st DRAFT Budget*, to **\$993,093** and are up about 10% compared to the 2024 Budget, due to significant changes in diocesan staff roles for 2025. *EXHIBITS S1-7* provide details on the changes to staff structure, salary ranges, and total compensation by position.
- **OFFICE EXPENSE:** *Expenses decreased by \$1,000 from the 1st DRAFT Budget*, due to savings on IT expenses, but are essentially “flat” compared to the 2024 Budget, at **\$90,000**.

This year’s budget is back down closer to our recent \$2M. spending levels and reflects the many staffing transitions that we’ve been preparing for over the last year.

The proposed 2025 Budget represents our best assessment of the resources needed at this time. That assessment will continue to evolve as we move through this period of transition for our congregations, the Diocese and The Church. While there will be ongoing changes throughout the coming year, we are blessed to have the resources to support our churches and our communities, through continued thoughtful stewardship.

Thank you for your faithful support.