

Episcopal Diocese of New York

Narrative Budget for 2023

Date: September 28, 2022

From: The Rev. Matthew Hoxsie Mead and Mr. Douglas Schimmel,
co-Chairs of the Budget Committee

To: Convention of the Diocese of New York

CC: The Right Reverend Andrew M L Dietsche, Bishop of New York; The Right Reverend Allen K. Shin, Bishop Suffragan; The Right Reverend Mary D. Glasspool, Bishop Assistant; Council of the Diocese; Trustees of the Diocese; Esslie W. Hughes, Chief of Finance and Operations; Sr. Faith Margaret, CHS, Treasurer; Alice Yurke, Esq., Chancellor; Bishop's Senior Staff.

The Budget Narrative is divided into three parts:

- 1) Executive Summary of the Narrative Budget
- 2) Line-by-line Notes for the 2023 Proposed Budget
- 3) Committee & Members
- 4) Resolutions of the Budget Committee

Executive Summary

The 2023 budget fully funds the mission of the Diocese of New York. The 2023 budget addresses the missional priorities of our diocese in 2023 and funds all normal staff, congregational, and ministry support, programming, and grants.

There are six realities that drove our budget process for 2023.

First, inflation is very high. When the budget was crafted in September the CPI index, on a year over year basis, had increased to 8.3%. Neighboring dioceses were planning for COLA increases of up to 8%, regional nonprofits which have the advantage of budgeting later in the year were looking ahead to between 6% and 8%. This proposed budget – like the recommended diocesan minimums from the HR Committee – includes a 7% Cost of Living Increase for all salaried personnel funded by the diocesan budget. Frankly, that may not be enough to keep up with inflation, but we felt going higher without information for the full year was inadvisable.

Second, our assessment to the Episcopal Church increased by \$270,865. The assessment has essentially returned to where it was in 2020.

Third, there were two significant increases pre-baked into our budget from prior years. Episcopal Futures increased by \$130,000 as part of a planned ramp up. Additionally, the Reserve for Electing a Bishop had been increased last year when the announcement of an election of a coadjutor was made, and the money to begin funding that last year came from our contingency. This year we need to restore the contingency as far as possible and also increase

the Reserve by an additional \$50,000 as approved at Convention in 2021. The funding for Coadjutor for 8 months in 2023 also appears as a new line, but there is an equal underpayment to the reserve so that our budget is not artificially inflated by \$185,000.

Fourth, delayed Parochial Reporting by congregations makes it very difficult to project income. In late August our forecasting projected flat apportioned share income based on payment patterns of congregations but without the necessary information from many Parochial Reports (about 25% were missed in August though many have since come in). The good news is that we have more reliable forecasts with additional Parochial Reports and are confident that net Apportioned Shares will be up for 2023.

Fifth, fruit is being borne by the ongoing Funds Project of the Finance Committee. The Diocese has scores of restricted funds, many of which are out of balance or not clearly catalogued as to their use and we are in the process of doing a deep dive into every Fund. That work has revealed that we have additional money that can support our operational budget. It has also revealed that we have several restricted funds for property support that can directly fund some property grants outside of the operating budget without decreasing funding.

Sixth, every commission, committee, and ministry supported by the diocesan budget planned for a full return to normal, and many hoped for and requested increased funding for important mission, programs, and grants that benefit our diocese enormously.

The increases in our TEC Assessment, COLA, and those prebaked into the Reserve for Electing A Bishop and Episcopal Futures were greater than the increases from the funds project and those seen in apportioned share. The Budget Requests only further increased the deficit of our “Ideal” budget to about (\$938,000).

We were able to balance the budget by doing two things:

- 1) We increased income by adding a modest increase to Convention Fees and lowering our contingency from 3% to about 1.5%.
- 2) We spoke with every Commission and Committee Chair, every senior member of the Bishops Staff, and the Bishops to determine what could be removed from each request while still keeping every single ministry whole and not disrupting plans that had already been made. We are grateful that every one of those conversations was filled with understanding and the Holy Spirit.

While it is true that we will not be able to add some new positions we hoped for or fully restore funding to pre-pandemic levels, the 2023 budget will continue and build upon all of the mission and ministry that we are doing now. A few highlights:

- We are paying our full assessment to the Episcopal Church.
- We are funding our Bishop Coadjutor in addition to our current three Bishops.
- We are creating a new Reserve For Curacies for New EDNY Ordinands.
- We are creating a new line for the Reparations Commission (formerly under the umbrella of Social Concerns).
- Increasing COLA by 7% ensures that the 52 people who are paid by our budget do not take a pay cut due to inflation.

The budget spreadsheet includes the 2020 Budget, the 2021 Budget, the 2022 Budget, the 2023 Proposed Budget, and comparisons between 2022 and 2023. It is helpful to assume that the 2020 Budget was our last “normal year”. Line by line notes of income and disbursements are below.

We are grateful for the support and oversight of Bishop Dietsche, his staff, in particular Esslie Hughes, Karin Almquist, and Robert Santiago, our Treasurer Sr. Faith Margaret, CHS, John Trammell who is chair of the Finance Committee, and the members of the Budget Committee.

The Budget Committee recommends approval of the 2023 Proposed Budget. The Proposed Budget was approved by Council on September 27, 2022.

Respectfully submitted,

The Rev. Matthew Hoxsie Mead & Mr. Douglas Schimmel
Co-Chairs of the Budget Committee

A personal note from Father Mead: it is has been an honor to serve as Chair of the Budget Committee. I am rotating off the Committee after having served as chair for ten years.

Line-by-line Notes for the 2023 Proposed Budget

Income Notes

Apportioned Share Income

- **Line 001:** Gross Calculated Apportioned Shares (as of September 15) is down slightly from 2022.
- **Line 002:** Total Adjustments due to 12.5% Cap & Adjustment Board is the aggregate amount that these two canonical caps which decreases Calculated Apportioned Shares. In 2023 that amount is higher than normal in large part due to missing and/or possibly incorrect parochial report data from several parishes, but that should not affect income for the 2023 budget in any substantial way because we have a contingency budgeted.
- **Line 003:** Reserve: Projected Bad Debt & Projected Adjustments is lower than it has been the past two years because we are not projecting for blanket adjustments from the Adjustment Board this year.
- **Line 005:** Net Income From Apportioned Shares is up by about \$428,000

Other Income

- **Line 006:** Total Allocation from the General Endowment & Operational Funds is up about \$237,000 because we were able to allocate money from certain funds as part of the Finance Committee Funds Project and from the Real Estate Reserve Fund.
- **Line 007:** Contribution to General Endowment (25% Cap until 2021; 33% now) is zero because the cap will not be hit this year.
- **Lines 008 and 009:** Trust Income and Fee Income are flat.
- **Line 010:** Diocesan Convention Fee Income is budgeted with a modest increase after having been flat for many years.
- **Line 011:** Net Income from other Sources is up about \$261,000.

Contingency

- **Line 012:** We try to budget a 3% contingency (a negative line reducing income) every year. As we have in past years, this budget does not maintain a 3% contingency, and for 2023 the contingency is budgeted at 1.55%.

TOTAL INCOME

- **Line 013:** Total Income is up about \$746,000 to \$12,764,263.

Disbursement Notes

TOTAL DISBURMENTS

- **Line 1100:** Total Disbursements are up about \$746,000 to \$12,764,263.
- The Income & Summary page of the spreadsheet shows summaries for disbursements. Please review Schedules 100-1000 of the Budget Spreadsheet for detail on disbursements. Line by line notes are below.

Note regarding every line that includes salaries funded by the Diocese of New York

- There are 52 people whose salaries are funded by the Diocese of New York. The \$210,000 in total Salary and Benefit increases (Line 1000) approved at the 2021 Diocesan Convention (a 3% COLA was approved last year) are built into each line as it was budgeted. In some cases a minor increase is noted, in other cases the line is flat or nearly flat.
- The line-by-line notes below will not reference such increases, and will only note other changes to lines.

Total Assessments to The Episcopal Church

- **Line 101:** Our Assessment to the Episcopal Church is up about \$270,000. The assessment has essentially returned to where it was in 2020. Our diocese has the highest assessment (by far) in The Episcopal Church. In 2021 when we provided Apportioned Share relief to our congregations (up to 25% for every congregation that asked for both 2020 and 2021), we hoped for and appealed for Assessment relief from the Executive Council of the Episcopal Church, and our appeal was denied.
- **Line 102:** Our Assessment to Province 2 is up slightly from 2022 when we were provided a new and updated calculation.

Total Reserve Funds

- **Line 201:** Reserve for Annual Diocesan Convention is increased by \$40,000 due to a reallocation from Line 901 (Administration) so as to better reflect that a significant portion of a staff member is devoted to Convention Planning.
- **Line 202:** Reserve for Future Episcopal Elections is increased by \$50,000 as had been approved at the 2021 Convention. The increase is necessary to cover the full expenses of the Election of a Bishop Coadjutor and transition to the 17th Bishop of New York.
- **Line 202a:** Underpayment to Reserve to fund Bishop Coadjutor is a negative line that matches the 2023 funding needed in 2023 for Line 301a Bishop Coadjutor.
- **Line 203:** Reserve For Curacies for New EDNY Ordinands is a new line totaling \$135,000 to help fund curacy positions for our diocese's newly ordained priests. This reserve will replace Line 605 Curacy Initiative and will allow money not spent in a given year to roll over and build up for the future.
- **Line 204:** Reserve for Deputies to General Convention & Provincial Synod is decreased by \$10,000 because General Convention is expected to be shorter in 2024.
- **Line 205:** Reserve for Lambeth Conference (Travel & All Expenses) is decreased by \$7,500 because the next Lambeth will not occur until the 2030s.

Total Episcopal Function

- **Line 301a:** Bishop Coadjutor (May 2023-March 2024 only) is budgeted for 8 months with a stipend between the Bishop of New York and the Bishop Suffragan.

Total Episcopal Support Staff

- Every line in the 400 section is budgeted to continue current staffing and programs and 2022 actuals. Please note that some lines will appear flat, decreased, or increased.

Total Staff Support for Congregations & Diocesan Ministries

- Unless noted below, every line in the 500 section is budgeted to continue current staffing and programs and 2022 actuals. Please note that some lines will appear flat, decreased, or increased.
- **Line 503:** Director of Diocesan Property Services was increased an additional \$50,000 to budget for a part time assistant for the Director of Diocesan Property Services.
- **Line 505:** Public Affairs is increased to fund additional video services.

Total Funding for Strategic/Mission Settings

- Unless noted below, every line in the 600 section is budgeted to continue current staffing and programs and 2022 actuals. Please note that some lines will appear flat, decreased, or increased.
- **Line 605:** Curacy Initiative is zeroed out and a new reserve will be set up (Line 203) to build up money that is not used in a given year. Note that only \$60,000 of the budgeted \$140,000 for 2022 was used, and the balance cannot be rolled into the next year because it was not set up as a reserve.
- **Line 608:** Episcopal Futures Co-Payment (2022 through 2025) increased by \$120,000 as planned. The amount will remain at \$150,000 through 2025 when the program is scheduled to conclude.

Total Diocesan Ministries & Outreach

- The Budget Chair spoke directly with every chair of every Commission/Committee in the 700 section to find a way to keep ongoing ministry and programs whole. In nearly every case, the request was higher than the final budgeted amount which the Budget Chair and the various Commission/Committee agreed upon.
- **Line 703:** Multicultural Ministries (New Community) is increased to continue to fund ongoing programs. The budget amount was \$15,000 less than requested by the Committee.
- **Line 704:** Christian Formation Commission Programs / Young Adult Ministry is decreased by \$7,000 but will enable to Commission to continue to fund ongoing programs.
- **Line 705:** Social Concerns Commission is decreased by \$15,000 but will enable the Commission to continue to fund ongoing programs. Please note that the Reparations Committee/Commission had formerly been a subcommittee of Social Concerns and the \$20,000 allocated in past years for Reparations has been moved to line 705a. Essentially there is an additional \$5,000 for the other subcommittee to use, even though the overall budget has decreased by \$15,000.
- **Line 705a:** Reparations Committee/Commission is a new line. Reparations work has been a priority of the diocese for the past three years and this is reflected in the expanded work of the Committee which is being formed into a Commission. The overall Reparations budget in 2022 was \$20,000, and in increased in 2023 to \$48,500. The full request was higher, but this will enable to the Commission to do their work.
- **Line 707:** Ecumenical & Interfaith Commission is increased by \$500. The Commission has trimmed many expenses and will be initiating an internship program with EDS in

2023 by reallocating that money and adding this modest increase. Their full request was higher with the hope of having two interns.

- **Line 708:** Global Mission Commission is decreased by \$4,000 but will enable the Commission to continue to fund ongoing programs.
- **Line 709:** Companion Diocese Relationship is decreased by \$5,000. The Task Force overseeing this relationship is planning to cover the difference by raising funds from parishes and members of the diocese.
- **Line 711:** New York Service & Justice Collaborative (Episcopal Service Corp) is decreased by a total of \$9,500. The Budget Committee has allocated \$3,000 towards Grace Year which is the other Episcopal Service Corps program in our diocese. The remaining \$12,500 is allocated to New York Service & Justice Collaborative which has been fundraising in 2022 and will need to continue to do so in 2023.
- **Line 712:** Episcopal New Yorker is increased to cover current spending.

Total Grants

- **Line 801:** Property Support Committee Grants appears to be decreased by \$200,000 but, as noted in the executive summary, that same amount of funding will be allocated for 2023 from funds that are restricted for property support as determined by the Finance Committee as part of their ongoing funds project. The total amount of money for Property Support Grants for 2023 will be the same as 2022.
- **Line 802:** First Step Grants is decreased by \$5,000.
- **Line 803:** Next Step Grants was zeroed out several years ago and the new allocation of \$5,000 begins the process of restoring the grant program.
- **Line 804:** Hispanic Ministries Grants is decreased by \$5,000.
- **Line 805:** Sustainable Development Goal Grants is increased to align with the formula (0.7% of total disbursements) adopted by The Episcopal Church.

Total Diocesan Finance & Operations

- Unless noted below, every line in the 900 section is budgeted to continue current staffing and programs and 2022 actuals. Please note that some lines will appear flat, decreased, or increased.
- **Line 901:** Administration is decreased by about \$450,000 through reallocation to other lines (i.e. Line 903: Office of Director of Operations & Human Resources)
- **Line 903:** Office of Director of Operations & Human Resources is a new line which is funded mostly from reallocating funds from Line 901: Administration.

Total Unallocated Cost for Mission

- The ministries and offices of the 910 section are generally used by every department and office of the diocese or are specific to the diocese as a whole. Unless noted below, every line in the 910 section is budgeted to continue current staffing and programs and 2022 actuals. Please note that some lines will appear flat, decreased, or increased.
- **Line 911:** IT Expenses are increased by about \$82,000 to cover server replacement, a phone system upgrade, and cyber security upgrades.

Capital Expenditures Budget

- **Line 950:** Capital Expenditures Budget is decreased by \$20,000 which will mean fewer capital improvements in Diocesan House and Synod House.

Provision for Salary & Benefit Increase

- **Line 1000:** Provision for Salary & Benefit Increase is budgeted with a 7% COLA. When the budget was crafted in September the CPI index, on a year over year basis, had increased to 8.3%. Neighboring dioceses were planning for COLA increases of up to 8%, regional nonprofits which have the advantage of budgeting later in the year were looking ahead to between 6% and 8%. This proposed budget – like the recommended diocesan minimums from the HR Committee – includes a 7% Cost of Living Increase for all salaried personnel funded by the diocesan budget. Frankly, that may not be enough to keep up with inflation, but we felt going higher without information for the full year was inadvisable. Increasing COLA by 7% ensures that the 52 people who are paid by our budget do not take a pay cut due to inflation.

GRAND TOTAL DISBURMENTS

- Total Disbursements are up about \$746,000 to \$12,764,263.

Budget Committee Organization & Members

According to Canon 17 of the Canons of the Diocese of New York: “The Budget Committee shall consist of: a Chair of this Committee appointed by the Bishop, the Treasurer of the Diocese (ex officio), the Chief of Finance and Operations of the Diocese (ex officio), the Chair of the Finance Committee of the Trustees (ex officio), three (3) members of the Council of the Diocese appointed by the Bishop, two (2) members of the Trustees appointed by the Bishop, and others as appointed annually by the Bishop to this Committee.”

The Rev. Matthew H. Mead
Christ the Redeemer, Pelham
CO-CHAIR, BUDGET COMMITTEE
Council, ex officio
Trustee, Class of 2024 (1st Term)
matthew@christchurchpelham.org

Douglas Schimmel
Trinity Wall Street, Manhattan
CO-CHAIR, BUDGET COMMITTEE
Trustee, Class of 2024 (2nd term)
doug@serfihllc.com

Sr. Faith Margaret, C.H.S.
Community of the Holy Spirit, Manhattan
Ex officio, Treasurer

Esslie W. Hughes
Chief of Finance and Operations
Ex officio

Karin M. Almquist
Controller
Staff Liaison

Alice Yurke, Esq.
St. Bartholomew's, Manhattan
Chancellor

The Rev. Canon Victor Conrado
Canon for Congregational Vitality and Formation
Staff Liaison

The Rev. Lenore (Nora) Smith
Canon for Transition Ministry
Staff Liaison

Robert Cummings
St. Matthew's, Bedford
Co-Chair, Adjustment Board
Trustee, Class of 2022 (2nd term)

The Rev. Dr. Pierre André Duvert
St. Luke's, Bronx

Earl K. D. Francis
St. Andrew's (Harlem), Manhattan
Council, Class of 2023 (2nd term)

Susan Jansen
Christ's Church, Rye
Chair, Investment Committee
Trustee, Class of 2022 (2nd term)

Gavin Leckie
Christ the Redeemer, Pelham
President, Diocesan Investment Trust
Trustee, Class of 2023 (1st term)

The Rev. Kyle Martindale
St. Mark's, Mount Kisco
Christian Formation Chair
Council, Class of 2023

The Rev. Lisa Mason
St. John's, Larchmont
Finance Committee
Council, Class of 2023

The Rev. Dr. Nathanael Saint-Pierre
St. Augustine's, Manhattan
Council, Class of 2024

The Rev. A. J. Stack
St. Thomas', Amenia
Council, Class of 2024

The Rev. Margaret (Peggy) Sullivan
Retired
Chair, Property Support Committee
Trustee, Class of 2022 (1st term)

John B. Trammell
St. James', Manhattan
Chair, Finance Committee
Trustee, Class of 2024 (2nd term)

Diana Wheeler
St. Peter's (Lithgow), Millbrook
Trustee, Class of 2024 (1st term)

Resolutions from the Budget Committee

BUDGET COMMITTEE RESOLUTIONS 1 AND 2

Proposer of Resolution: The Rev. Matthew Hoxsie Mead, Chair of the Budget Committee

Parish or Organization: Budget Committee of the Diocese of New York

Telephone and E-mail: 914-738-5515; matthew@christchurchpelham.org

Title of Resolution(s): Adopting the Proposed Budget.

Text of Resolution(s):

[1] Resolved: That the 2023 Apportioned Share Budget presented herewith be adopted; and be it further

[2] Resolved: That the Chief of Finance and Operations shall apportion in accordance with Sec. 2 and Sec. 3 of Canon 17, each congregation's share of the 2023 budget of \$12,764,263. According to Canon 17, Sec. 5, this is to be paid by each congregation in four installments on the fifth day of January, April, July and October 2023.

Commentary on Resolution

These are the standard resolutions that accompany the Proposed Budget in the Calendar of Convention each year.