

# **Budget and Finances For the Mission of the Church In the Diocese of New Jersey**

FINANCIALS II

## **Report of the Treasurer to the 221<sup>st</sup> Diocesan Convention**

*To: Clergy, Lay Deputies and Alternates to the 221<sup>st</sup> Convention of the Diocese of New Jersey*

*From: Peter Hausman, Treasurer*

*The Budget and Finances for the Mission of the Church in the Diocese of New Jersey – Report to the 221<sup>st</sup> Diocesan Convention*

Dear Friends,

This memorandum accompanies the Revised Preliminary Diocesan Budget for Fiscal Year (FY) 2005 and the Proposed Preliminary Diocesan Budget for FY 2006, supporting the mission and ministry of the Diocese of New Jersey for the next two years, which you received in your last Pre-Convention mailing and which I am submitting for your consideration on behalf of the Diocesan Council, the Finance and Budget Committee and the financial offices of the Diocese. You also received documents detailing preliminary results in the Diocesan Budget for Fiscal Year 2004 and payments to mission congregations in that mailing. Two other documents that follow this memorandum detail congregational pledge commitments for 2004 and 2004 and the position of diocesan trust funds as of January 1, 2005.

### **General and Preliminary Comments.**

As we plan our new life together under Bishop Cancell's episcopacy in the Diocese of New Jersey, we are continuing to focus our finances more explicitly on our mission, and the budget documents are designed to reflect that. The budget documents that are presented with this report also reflect the recommendations of the Task Force on Finances that was approved at the 2003 Convention. That report recommended a new funding formula, under which the basic expenses of the Diocese were funded through a tithe on congregational income, and the cost of the mission and ministry that we do together was funded through an offering of 3% of congregational income above \$50,000 and an additional 3% of income above \$100,000. Accordingly, the FY 2005 and FY 2006 budgets are presented in two sections: the first allocates income that has been pledged or will be requested for the tithe to the basic operating expenses of the Diocese; the second allocates income that has been pledged or will be requested as the offering for the church's mission to the ministry that we expect to do together. Each section also includes the portion of other revenue that is dedicated to that section's expenses.

### **The Fiscal Year 2005 Budget.**

Pledge forms for FY 2005 requested pledges that were calculated under the new funding formula. As of January, we had received pledges request from approximately 80% of our congregations. For the congregations that had not yet submitted a pledge, the Diocesan Council and the Finance and Budget Committee have estimated pledges equal to the amounts that were paid for FY 2004.

The total amount of tithes that were received or estimated for FY 2005 equals \$2,239,006; the total amount that was pledged or estimated for the offering for the church's mission equals \$483,561. Including trust and other income, the FY 2005 budget anticipates total tithed revenue of \$2,660,093, and total revenue for the church's mission of \$812,432. Following is a detailed explanation of the proposed expenses for FY 2005:

## **Treasurer's Report to the 221<sup>st</sup> Diocesan Convention**

### ***Allocation of the Tithe***

The first part of our budget for the tithe provides \$410,600 in direct support payments to mission congregations – which is the amount that was recommended by the Board of Missions and allocated by the Diocesan Council – and we have increased our support for our Cathedral from 1% to 2% of total parish pledges. The next part of that budget supports our Social and Ethnic ministry. The diocesan entities that are responsible for that ministry requested funding to support their programs; support was provided at between 75% and 100% of the requested amounts.

The next section of that budget supports the diocesan staff, and includes funding to hire a full-time Communications Director in 2005. Other senior staff received compensation increases equal to the amounts that apply to our diocesan clergy. The next two sections of the tithed budget support the regular administrative expenses of the ongoing operation of our Diocese, based on our best estimates of these costs.

Our obligations for health insurance for retired clergy, their widows and orphans and the gatherings of the church within our Diocese, and in the larger church are funded in the final two sections. (Note that the Lambeth Conference, General Convention and the ECW Triennium do not occur annually; these allocations are intended to spread the cost for those gatherings evenly over the intervening years.)

The last item in this section is our tithe to the national church. We are asking each of our congregations to commit to a tithe as the minimum standard of giving to the Diocese, and we believe that a basic standard of equity requires that we commit ourselves to the standard that we are recommending to others. For this reason, a tithe of the total amount of congregational pledges is included as part of the basic expenses of the Diocese. (An additional amount is pledged under our offering for mission, and will be discussed later in this memorandum.)

### ***Allocation of our Offering for the Church's Mission***

This section includes our support for the mission and ministry that we do together, beyond the basic obligations of the Diocese, and our support for new ministry.

#### ***Support for Congregations***

Local Program Ministry Grants – new programs that will provide support for ministries that local congregations wish to undertake, but do not have the resources to support them – have been funded for the first time in 2005. Support for the Congregational Development Committee's work (the diocesan workshop days), for the program and administrative expenses of the Board of Missions and for two new ministries have been supported.

Congregational ministries have been supported at or near 100% of the amounts that were requested by the diocesan entities that are responsible for them. The Planned Giving program is sponsoring a new effort that will provide resources for congregations to begin their own planned giving programs. Funding continues to be provided to support and develop new and current clergy, including the Commission on Ministry's program that provides internships for college students who aspire to a vocation in the priesthood, the School for Deacons and the Fresh Start program for new clergy and clergy who move to new congregations.

#### ***Our Ministry Together***

Our communications program will be reestablished under the direction of the new Communications Director in FY 2005. Funding has also been provided for Bishop Cancell's plans to engage the Diocese in a visioning process that will create a vision for the Diocese, and a program of mission and ministry under that vision, that can be adopted by the Convention in 2006.

## **Treasurer's Report to the 221<sup>st</sup> Diocesan Convention**

Funding for youth activities – the work of our Youth Director, Kep Short – is increased in FY 2005. A task force has also begun to consider how the Diocese might support ministry to young adults, but that work has not yet reached the point that any programming can be created or funding can be requested. Our ministry at St. Michael's Chapel at Rutgers University continues to be supported in FY 2005, and we have begun to support for educational chaplaincies in our smaller colleges and universities. We also continue to support our community initiatives at 75% to 100% of their requested level in FY 2005.

Our covenants and agreements are supported in the final section of our budget. The ECUSA Mission Covenant is the second part of our pledge to the national church. Added to the ECUSA tithe, it equals 100% of the amount of our fair share asking from the national church – for the first time since 1995. We also support our covenant with Province II, the work of our ecumenical officer, and our Companion Diocese arrangement with the Diocese of El Salvador.

The final line in this budget supports the United Nations' Millennium Development Goals – goals that were endorsed by the 2003 General Convention and by a resolution from last year's Diocesan Convention, challenging every diocese and congregation to commit 0.7% of their income to support projects in underdeveloped areas of the world.

### **The Fiscal Year 2006 Budget.**

As created by the Finance and Budget Committee and approved by the Diocesan Council, the FY 2006 budget includes the total amount of revenue that would be available if every congregation is able to commit to the full amount of their Fair Share. This approach allows us to hold this budget up as a vision of the kind of ministry that we can accomplish together if the resources are available to support it.

The FY 2006 budget proposes to spend \$3,213,631 on basic diocesan obligations, \$2,650,871 of which would come from congregational tithes, and an additional \$1,020,221 on the church's mission, of which \$998,667 would be funded from the congregational offering for mission.

In the interest of achieving some brevity in this memorandum, I will not repeat explanations for expenses in the FY 2006 budget that have already been explained in the previous section. Following is an explanation of the changes in expenses for FY 2006 from FY 2005:

#### ***Allocation of the Tithe***

Direct support for mission congregations is allocated at \$398,500, which is the amount requested by the Board of Missions; the Cathedral is again supported at 2% of congregational pledges. Allocations for Social and Ethnic ministry have been provided at 100% of the requested amounts.

An additional new senior position has been introduced for FY 2006. (Note that this position is currently defined as a Stewardship Officer; however, if different priorities should emerge from the visioning process, that position could change.) Support has also been provided to increase the administrative staff.

#### ***Allocation of our Offering for the Church's Mission***

##### ***Support for Congregations***

Local and Regional Program Ministry Grants have been increased in the FY 2006 budget. Support for other congregational ministries has been provided at 100% of the amount that was requested.

##### ***Our Ministry Together***

A substantial increase has been provided to support communications, including funding for the National Ad Campaign; another substantial increase in the visioning line item will support the results of that process. Youth ministry is supported at 100% of the requested amount, and support for college chaplaincies and Community Initiatives has been increased. The ECUSA Mission Covenant for FY 2006, combined with the ECUSA tithe, will again support our full fair share to the national church.