

The Episcopal Diocese of Western Massachusetts

Memorandum

To: Delegates to the 119th Diocesan Convention
From: Steven P. Abdow, Canon for Mission Resources
Subject: Plan for Use of Diocesan Resources in 2021
Date: October 16, 2020

On behalf of Bishop Fisher and Diocesan Council I am pleased to present the proposed budget for 2021. I will be available to answer any questions you have about this plan at a Budget Hearing scheduled for 7:00 PM on Wednesday, November 4 by Zoom meeting. Additionally, I invite you to contact me directly with any questions or comments. I can be reached at sabdow@diocesewma.org or 413-417-2414.

Overview of 2020

Over the course of 2020 our common ministry was disrupted like never before. Our churches stopped meeting in their buildings. Events and travel stopped. The global economy is reeling. And the future is uncertain.

At the same time we have shown how resilient our faith is, how able we are to adapt and innovate, and we understand better how our church is not a physical location but a community of followers of Jesus in his mission of mercy, compassion, and hope.

Most of the diocesan run programs and activities planned for 2020 were suspended. The Bishop and Diocesan Council committed to supporting our congregations as much as possible on many fronts. Financially, the diocese offered two months of assessment relief, and also successfully obtained a PPP loan for the whole diocese. This resulted in positive financial results for our congregations allowing them to maintain staffing and be in a good position for the rest of the year.

We are blessed to have the financial resources available to do our work and carry on Jesus's mission of mercy, compassion and hope in the world.

The 2021 Plan

Each budget year we strive to properly align our human, financial, and intellectual resources to best support our common mission. The focus continues to be on increasing vitality and vibrancy in our congregations. Our strategy is to continue to invest in leadership formation and development work, and to discover ways to support our congregations to be church in virtual and online environments across the diocese.

Our work is guided by priorities and goals set by Bishop and Diocesan leadership :

- Developing and supporting transformational lay and clergy leaders
- Engaging congregations in processes of honest, healthy self-assessment and renewal
- Encouraging inter-diocesan, ecumenical, and interfaith partnerships in congregations and the Bishop's office
- Providing opportunities for clergy to gather for support and networking
- Committing to Social Justice issues (moving from idea to ministry to a movement)
- Encouraging and supporting new initiatives in ministry

Staff Changes

Canons Pam Mott and Steve Abdow, along with accounting manager Esther Barker, are making transitions in 2021 and will not be part of the 2021 payroll. This will result in changes in staffing at Diocesan house. There are internal promotions and we have hired a new staff member. As a result of these transitions we will incur one-time personnel expenses in 2021, but the budget for personnel expenses in 2021 is projected to be \$62,000 less than in 2020. Overall, wages and salaries remain at the same level in 2021 except for increases for the two new canon positions (Susan and Vicki), the new CFO position (Kim), and the Canon to the Ordinary (Rich) whose positions and responsibilities have been expanded. Other changes in personnel expenses are a result of reallocating the expenses for compensation and benefits for support staff amongst the different categories of the budget.

Expenses

For planning purposes we assumed that in 2021 activity like travel, gatherings, and events will begin to resume at the end of the second quarter. Other budget lines for expenses not interrupted by the pandemic are budgeted the original 2020 levels. This is in line with TEC Executive Council's Finance Committee strategy for 2021. The committee will use pre-pandemic 2019 figures as the baseline for developing the 2021 budget proposal with an assumption that travel, face-to-face meetings and other church expenses will begin to return to normal next year.

Notable lines:

- Our entire budget for Mission in the World (Outreach) remains unchanged at \$533K. This includes our Apportionment to TEC of \$366K
- \$100,000 for Ministry Development Initiatives and Technology grants
- \$42,500 for Formation and Leadership Development programming and consulting
- \$10,000 annual grant to support Lawrence House, our Episcopal Service Corps program run out of All Saints in S. Hadley
- \$150K to support Hispanic Ministry

- \$66,000 in scholarships for members of our congregations, children of clergy, and seminarians
- \$42K to support our Creation care ministry

The total expense budget in 2021 is \$2.57 million. 56% of the budget is for payroll and personnel related expenses. The work of the bishop's office is relational and highly dependent on personnel. Services provided by the Administrative Offices of the Diocese to the congregations are payroll and benefits administration, transition ministry support, congregational development programs and support. The ministry of the bishop includes parish visitations, confirmations, ordinations, and representation at the house of Bishops and other communion wide work. Included in the budget is the cost of the diocesan convention, clergy conferences, and diocesan wide leadership development events.

Income

Revenue forecasts are down \$91,000 from the original 2020 projection. Revenues are budgeted to come in at \$2.571 million resulting in a balance budget

Investment income is budgeted to be \$27,000 less than in 2020 at \$1.385 million. We expect growth to slow over the next quarters. We base our distributions on a 20 quarter rolling average of the balance which acts to smooth out negative (and positive) trends in the market so the impact is slow. The total investment income budget is down \$112K from 2020 however last year we budgeted for and received an additional withdrawal of \$85K above the regular distribution.

Assessment Income (Support for Common Ministry)-- After review with Council and the Budget and Financial Planning Committee it was decided to budget assessment income according to our regular formula, which uses the average of the most recent three full years of Normal Operating Income as reported on the parochial report. The result is an increase in the budget for Assessment income of \$23,000 to \$1.153 million for the year. How congregations fare with their income in 2021 is uncertain. We have evidence that pledging has remained strong, but rental income and fundraising income will be soft. Investment income for those parishes with invested funds remains a steady and reliable income stream. The plan is to address financial challenges of our congregations individually as they arise using our existing Assessment Reduction Request process.

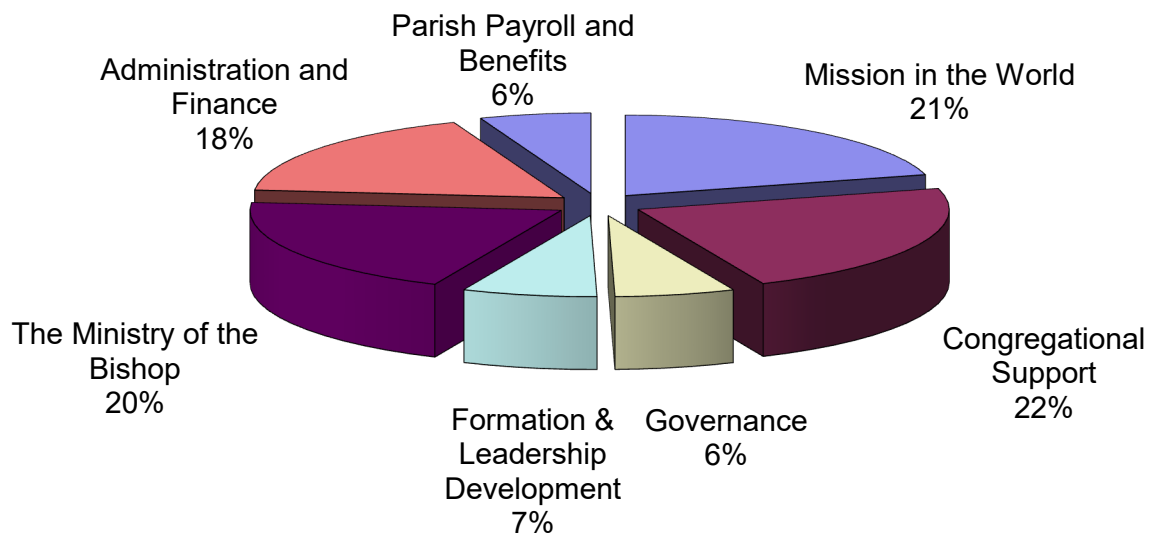
Bottom Line

The budget for 2021 is balanced without the requirement of additional draws from our invested funds. We will need to monitor income closely and be prepared to adjust the budget accordingly. The environment is changing too rapidly to do otherwise.

In conclusion, the diocese is in excellent position to serve its congregations and continue Jesus's mission during this challenging moment. We are indeed blessed with abundant gifts and resources. That has become clearer this year.

I encourage you to accept this proposal for the 2021 budget of the Diocese of Western Massachusetts.

Budget Expenses by Category



Members of Diocesan Council: The Rt. Rev. Doug Fisher, the Rev. Janet Zimmerman and Mr. Richard Gore (Berkshire Corridor), Ms. Janet Walsh Young, the Rev. Heather Blais, Ms. Donna Christian, and the Rev. Eliot Moss (Valley Corridor), Richard Delorme, Mark Rogers, the Rev. Jose Reyes and the Rev. Beth Baldwin (Worcester Corridor), the Rev. Nancy Webb Stroud (Vice President of Council), Ms. Wende Wheeler (Secretary to Convention), Mr. Frank Minasian (Trustee Representative)

Members of the Budget and Financial Planning Committee: Kitty Dougherty, Treasurer (Grace Church, Amherst), Mick Kalber (Holy Trinity, Southbridge), Wayne Gass, (All Saints, South Hadley), Al Symonds (St. Stephen's, Pittsfield), Mr. Bob Perkins (Holy Spirit, Sutton), the Rev. Dave Woesnner (St. Michael's on the Heights, Worcester), Kendra Macleod (St. Paul's, Stockbridge), The Rev. Heather Blais (Saints James and Andrew, Greenfield), Steve Abdow (Assistant Treasurer), and Kim Foster (Financial Controller)

One Page Summary of the Proposed 2021 Budget

	2018 YTD Actual	2019 YTD Actual	2020 Budget	2021 Budget	<u>% of Budget</u>
<i>OPERATING REVENUES</i>					
Assessment for Common Ministry	1,124,645	1,144,906	1,130,000	1,153,000	42.4%
Use of Investments -- Spending Rule	1,396,789	1,501,060	1,496,618	1,384,903	56.2%
Program Income	42,009	28,362	25,500	21,000	1.0%
Other Income and Gifts	65,632	14,331	9,600	12,000	0.4%
Internal Grant Funding	26,834	0	0	0	0.0%
<u>Interest Income</u>	<u>316</u>	<u>325</u>	<u>400</u>	<u>0</u>	0.0%
TOTAL REVENUES FOR DIOCESAN OPERATIONS	2,656,225	2,688,984	2,662,118	2,570,903	100.0%
<i>OPERATING EXPENSES</i>					
The Ministry of the Bishop	495,088	506,022	499,870	511,500	18.8%
Congregational Support	504,919	564,155	548,326	581,688	20.6%
Formation & Leadership Development	236,179	284,198	279,717	179,463	10.5%
Mission in the World	546,369	527,142	540,780	534,551	20.3%
Governance	208,098	197,767	176,093	159,949	6.6%
Administration and Finance	477,789	464,627	467,987	454,269	17.6%
<u>Parish Payroll and Benefits</u>	<u>199,150</u>	<u>144,474</u>	<u>148,581</u>	<u>148,690</u>	5.6%
TOTAL OPERATING EXPENSE	2,667,592	2,688,385	2,661,354	2,570,110	100.0%
OPERATING REVENUE AND EXPENSE					
Operating Income	2,656,225	2,688,984	2,662,118	2,570,903	
<u>Operating Expense</u>	<u>2,667,592</u>	<u>2,688,385</u>	<u>2,661,354</u>	<u>2,570,110</u>	
SURPLUS/(DEFICIT)	(11,367)	599	764	793	

**EPISCOPAL DIOCESE OF WESTERN MA
PROPOSED 2021 BUDGET**

	Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
REVENUES				
Assessment for Common Ministry	\$1,144,906.00	\$425,135.00	\$1,130,000.00	\$1,153,000.00
Use of Investment - Trustees	\$1,501,059.72	\$777,588.60	\$1,496,618.00	\$1,384,903.00
Program Income	\$28,362.14	\$1,916.44	\$25,500.00	\$21,000.00
Other Income and Gifts	\$14,331.34	\$7,460.12	\$9,600.00	\$12,000.00
Internal Grant Funding	\$0.00	\$0.00	\$0.00	\$0.00
Interest Income	\$325.18	\$470.38	\$400.00	\$0.00
TOTAL DIOCESAN INCOME AND GIFTS:	\$2,688,984.38	\$1,212,570.54	\$2,662,118.00	\$2,570,903.00

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET	
EXPENSES						
BISHOP'S MINISTRY						
PROGRAMS						
	Communications	Wages and Benefits	\$107,832.76	\$56,107.93	\$112,696.65	\$155,105.06
	Communications	Business Expenses	\$26,716.63	\$11,510.83	\$23,356.20	\$19,150.00
	Communications		\$134,549.39	\$67,618.76	\$136,052.85	\$174,255.06
	Social Justice		\$1,320.00	\$2,568.13	\$1,750.00	\$1,750.00
	Retired Clergy Gatherings		\$0.00	\$0.00	\$1,250.00	\$1,250.00
	Special Diocesan Events		\$1,132.69	\$0.00	\$2,500.00	\$0.00
	Wanderings and Special Journeys		\$0.00	\$0.00	\$0.00	\$0.00
		Total PROGRAMS	\$137,002.08	\$70,186.89	\$141,552.85	\$177,255.06
PERSONNEL EXPENSES						
	Wages and Benefits		\$322,818.54	\$158,948.22	\$326,169.67	\$313,314.47
	Business Expenses		\$46,201.91	\$10,808.81	\$32,147.56	\$20,931.00
		Total PERSONNEL EXPENSES	\$369,020.45	\$169,757.03	\$358,317.23	\$334,245.47
		TOTAL BISHOP'S MINISTRY	\$506,022.53	\$239,943.92	\$499,870.08	\$511,500.53

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
CONGREGATIONAL SUPPORT: Mission with Congregations					
GRANTS and SCHOLARSHIPS					
	Clergy Children Educational Grants	\$5,250.00	\$2,250.00	\$6,000.00	\$6,000.00
	College Scholarships	\$43,510.85	\$19,125.00	\$40,200.00	\$40,000.00
	Continuing Education Grants	\$3,300.00	\$4,000.00	\$4,000.00	\$0.00
	Deanery	\$489.87	\$0.00	\$0.00	\$0.00
	Ministry Development Initiatives	\$75,398.00	(\$10,302.68)	\$70,000.00	\$100,000.00
	Sabbatical Grants	\$4,500.00	\$655.00	\$5,000.00	\$5,000.00
	Total GRANTS and SCHOLARSHIPS	\$132,610.28	\$15,961.19	\$126,700.00	\$156,500.00
OPERATIONAL EXPENSES					
	Special Assistance to Congregations	\$425.00	\$0.00	\$0.00	\$0.00
	Transition Ministry	\$6,110.23	\$2,738.81	\$5,850.00	\$2,850.00
	Christian Formation Missioner	\$62,916.65	\$30,118.11	\$55,254.28	\$58,855.16
	Latino Ministries	\$138,189.83	\$71,873.01	\$138,990.04	\$145,779.45
	Safe Church Training and Prevention	\$8,087.47	\$705.11	\$4,450.00	\$4,480.00
	Stewardship	\$1,501.34	\$1,000.00	\$5,000.00	\$0.00
	Youth Ministry				
	Wages and Benefits	\$11,181.67	\$0.00	\$0.00	\$0.00
	Business Expenses	\$0.00	\$0.00	\$0.00	\$0.00
	Program Expenses	\$1,300.00	\$0.00	\$5,000.00	\$0.00
	Youth Ministry	\$12,481.67	\$0.00	\$5,000.00	\$0.00
	Total Operational Expenses	\$229,712.19	\$106,435.04	\$214,544.31	\$211,964.61
	TOTAL	\$229,712.19	\$106,435.04	\$214,544.31	\$211,964.61
PERSONNEL EXPENSES					
	Wages and Benefits	\$192,634.11	\$99,607.89	\$198,581.36	\$207,222.92
	Business Expense	\$9,198.91	\$2,806.35	\$8,500.00	\$6,000.00
	TOTAL PERSONNEL EXPENSES	\$201,833.02	\$102,414.24	\$207,081.36	\$213,222.92
	TOTAL CONGREGATIONAL SUPPORT	\$564,155.49	\$224,810.47	\$548,325.67	\$581,687.52

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
FORMATION & LEADERSHIP DEVELOPMENT for the Baptized					
OPERATIONAL EXPENSES					
	David Allen Seminars	\$0.00	\$0.00	\$0.00	\$0.00
	Education for Ministry	\$1,925.00	\$1,750.00	\$1,750.00	\$1,750.00
	Parish Leadership Day	\$9,730.82	\$3,105.00	\$10,600.00	\$5,000.00
	Formation and Leadership Development	\$37,347.29	\$14,541.53	\$42,500.00	\$42,500.00
	Clergy Conferences	\$23,916.18	\$9,549.49	\$17,650.00	\$7,150.00
	Commision on Ministry	\$5,986.15	\$5,871.45	\$3,750.00	\$2,500.00
	Diaconate Formation	\$6,661.78	\$3,079.56	\$3,000.00	\$3,000.00
	Fresh Start	\$3,331.60	\$381.88	\$2,000.00	\$750.00
	Seminarian Assistance	\$500.00	\$650.00	\$5,000.00	\$20,000.00
	Lawrence House	\$5,000.00	\$0.00	\$0.00	\$10,000.00
	TOTAL OPERATIONAL EXPENSES	\$94,398.82	\$38,928.91	\$86,250.00	\$92,650.00
PERSONNEL EXPENSES					
	Wages and Benefits	\$177,955.04	\$58,643.87	\$183,467.22	\$84,562.82
	Business Expense	\$11,844.12	\$1,784.69	\$10,000.00	\$2,250.00
	TOTAL PERSONNEL EXPENSES	\$189,799.16	\$60,428.56	\$193,467.22	\$86,812.82
	TOTAL LEADERSHIP DEVELOPMENT	\$284,197.98	\$99,357.47	\$279,717.22	\$179,462.82

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
MISSION IN THE WORLD					
OPERATIONAL EXPENSES					
	Anglican Communion Partners	\$0.00	\$0.00	\$0.00	\$0.00
	Outdoor Worship Communities				
	Wages and Benefits	\$53,238.40	\$27,693.18	\$56,045.73	\$55,921.16
	Business Expenses	\$25,000.00	\$14,750.00	\$25,000.00	\$22,000.00
	Total Outdoor Worship Communities	\$78,238.40	\$42,443.18	\$81,045.73	\$77,921.16
	Creation Care				
	Wages and Benefits	\$33,752.88	\$17,808.60	\$35,725.92	\$36,624.60
	Business Expenses	\$3,841.84	\$1,353.79	\$4,500.00	\$5,000.00
	Creation Care	\$37,594.72	\$19,162.39	\$40,225.92	\$41,624.60
	Ecumenical Relations				
	Berkshire Organizing Project	\$3,500.00	\$1,250.00	\$3,500.00	\$3,500.00
	Ecumenical Officer	\$2,038.33	\$300.00	\$2,300.00	\$0.00
	Interfaith Council	\$750.00	\$350.00	\$350.00	\$350.00
	Mass Council of Churches	\$15,000.00	\$7,500.00	\$15,000.00	\$15,000.00
	Province One	\$9,749.04	\$7,374.52	\$9,749.00	\$9,749.00
	Total Ecumenical Relations	\$31,037.37	\$16,774.52	\$30,899.00	\$28,599.00
	The Episcopal Church Apportionment	\$351,447.00	\$185,065.00	\$368,629.00	\$366,406.00
	Global Mission	\$8,825.00	\$150.00	\$10,000.00	\$10,000.00
	Lambeth	\$0.00	\$0.00	\$0.00	\$0.00
	Sustainable Development Goals	\$20,000.00	\$5,000.00	\$10,000.00	\$10,000.00
	Note: Veterans' Ministry and Walking Together are now part of Human to Human				
	TOTAL MISSION IN THE WORLD	\$527,142.49	\$268,595.09	\$540,799.65	\$534,550.76

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
GOVERNANCE					
OPERATIONAL EXPENSES					
	Chancellor's Conference	\$50,035.79	\$32,171.80	\$47,000.00	\$47,000.00
	Diocesan Convention				
	Wages and Benefits	\$7,786.68	\$3,403.74	\$7,750.80	\$6,680.00
	Business Expenses	\$23,785.52	\$0.00	\$23,600.00	\$21,750.00
	Total Diocesan Convention	\$31,572.20	\$3,403.74	\$31,350.80	\$28,430.00
	Diocesan Council	\$4,150.66	\$2,297.49	\$2,700.00	\$500.00
	General Convention	\$15,000.00	\$7,500.00	\$15,000.00	\$0.00
	House of Bishops	\$5,956.74	\$1,597.51	\$3,000.00	\$3,000.00
	Retired Clergy and Lay Support	\$65,466.53	\$30,577.80	\$64,040.00	\$61,156.00
	Standing Committee	\$371.10	\$0.00	\$500.00	\$0.00
	Title IV				
	Wages and Benefits	\$7,149.75	\$0.00	\$3,000.00	\$3,000.00
	Title IV	\$14,686.29	\$15,525.00	\$5,000.00	\$5,000.00
	Title IV	\$21,836.04	\$15,525.00	\$8,000.00	\$8,000.00
	Governance Admin	\$3,378.40	\$3,480.42	\$4,502.59	\$11,862.71
	TOTAL GOVERNANCE	\$197,767.46	\$96,553.76	\$176,093.39	\$159,948.71

		Y/E Actual 2019	YTD Actual Jun-2020	2020 ANNUAL BUDGET	2021 PROPOSED BUDGET
DIOCESAN FINANCE & ADMINISTRATION EXPENSES					
	ARCHIVE EXPENSES				
	Wages and Benefits	\$6,426.65	\$3,313.40	\$6,693.61	\$6,765.71
	Business Expenses	\$185.00	\$185.00	\$300.00	\$300.00
	TOTAL ARCHIVE EXPENSES	\$6,611.65	\$3,498.40	\$6,993.61	\$7,065.71
	OPERATIONAL EXPENSES				
	Financial Management	\$38,745.59	\$22,200.78	\$34,250.00	\$34,250.00
	Property - Plant	\$116,206.19	\$57,326.00	\$118,926.16	\$118,466.80
	General Operations	\$26,757.11	\$15,829.65	\$30,450.00	\$28,450.00
	TOTAL OPERATIONAL EXPENSES	\$181,708.89	\$95,356.43	\$183,626.16	\$181,166.80
	PERSONNEL EXPENSES				
	Wages and Benefits	\$265,776.62	\$136,857.45	\$266,990.68	\$250,936.56
	Business Expenses	\$10,529.84	\$4,622.70	\$10,376.20	\$15,100.00
	TOTAL PERSONNEL EXPENSES	\$276,306.46	\$141,480.15	\$277,366.88	\$266,036.56
	TOTAL DIOCESAN FINANCE & ADMINISTRATION EXPENSES	\$464,627.00	\$240,334.98	\$467,986.65	\$454,269.07
DIOCESAN AGENCY EXPENSES FOR CONGREGATION SUPPORT					
	OPERATIONAL EXPENSES	\$14,901.14	\$7,172.90	\$13,150.00	\$13,150.00
	PERSONNEL EXPENSES				
	Wages and Benefits	\$128,007.50	\$67,559.52	\$134,231.36	\$134,790.24
	Business Expenses	\$1,565.03	\$160.00	\$1,200.00	\$750.00
	TOTAL PERSONNEL EXPENSES	\$129,572.53	\$67,719.52	\$135,431.36	\$135,540.24
	TOTAL DIOCESAN AGENCY EXPENSES	\$144,473.67	\$74,892.42	\$148,581.36	\$148,690.24
	TOTAL EXPENSES	\$2,688,386.62	\$1,244,488.11	\$2,661,374.01	\$2,570,109.65
	NET Income (Loss)	\$597.76	(\$31,917.57)	\$743.99	\$793.35