

**Finance and Budget  
for the Mission and Ministry of  
The Convention of the Protestant Episcopal Church in the Diocese of New  
Jersey**

**Report of the Treasurer to the 228<sup>th</sup> Diocesan Convention**

*To: Clergy, Lay Deputies and Alternates to the 228<sup>th</sup> Convention of the Diocese of New Jersey*

*From: James H. Bathurst, Treasurer*

*The Budget and Finances for the Mission and Ministry of the Convention of the Protestant Episcopal Church in the Diocese of New Jersey - Report to the 228<sup>th</sup> Diocesan Convention*

Dear Friends,

This memorandum accompanies the Revised Preliminary Diocesan Budget for fiscal year 2012 and the Proposed Preliminary Diocesan Budget for fiscal year 2013, supporting the mission and ministry of the Diocese of New Jersey for the next two years, which I am submitting for your consideration on behalf of Bishop Councill, the Diocesan Council, the Finance and Budget Committee and the financial office of the Diocese.

***The 2012 Budget***

This has been a very challenging year for budget development. Total parochial income for the diocese declined 3.5% in 2010 (this is the income year on which the 2012 budgeted revenue is based). The Diocese as well as our Parishes and Missions continued to struggle financially as costs continued to rise and income did not keep pace with this increase.

As a consequence to the above, Fair Share Asking did not meet expectations. In fact, even after an urgent appeal for the reconsideration of pledges to the Diocese, the commitments are only at 63% of the asking. This is virtually the same percentage as in 2011. To be able to fully fund the budget, we need 74% of the Asking. The net result of not being able to meet the 2011 income projection was that we fell short of being able to fund the very restrictive 2012 Proposed Preliminary Budget approved at last year's Convention by \$600,000.

In order to present a balanced budget for 2012 the Finance and Budget Committee and the Diocesan Council had to make some very sobering decisions. These decisions were made on both the expense and revenue sides of the budget. With regard to the expense side of the budget the 2012 budget provides:

- in most cases line items held at 2011 levels
- for our mission churches, the full asking of the Board of Missions (line 10)
- 2% increases in staff compensation (Lines 600 to 680)
- funding of Trinity Cathedral at the same level as 2011 (Line 40)
- for diocesan obligations to retired clergy, widows, widowers and orphans (Lines 730 to 734)
- provision for the Episcopal Election and Transition process (Lines 698 and 699)
- a reduction in the pledge to The Episcopal Church from 19% of parochial income to 10% (line 10): this is a reduction of approximately \$300,000 in the budget

On the revenue side of the budget, after consideration of the expenditure adjustments, a review of the various funding sources (Lines 1b, 2, 2a, and 4) still left the budget approximately \$211,000 short of being in balance. In order to avoid making what many would perceive to be devastating cuts to Diocesan programs, Finance & Budget and Diocesan Council agreed to recommend taking \$211,000 from prior years' accumulated surplus in order to balance the budget. This action was taken to allow time for serious, thorough re-examination of the entire process by which the Diocese funds its budget, and only in conjunction with a requirement that a task force be immediately formed for that purpose, to report back to next year's Convention.

There were other casualties of a difficult, diligent and thoughtful budget-making process such as this that are not immediately apparent in a review of the "numbers". There are programs that will continue but not necessarily at the requested levels and there will be some negative impact that will have to be dealt with. For example:

- the Anti-Racism committee, which is one of the jewels of the Diocese, will have had no increases over two years. The work that they do has become a model that many other Dioceses want to emulate. They will once again have to pare back program that has made a profound difference in our Diocese.
- the work of the Hispanic Commission will be impacted with the lack of additional funding needed to meet the expanding needs within the Diocese.
- support for the Commission on the Priesthood and diaconal ministry with funding at 2011 levels is far less than what has been requested, at the same time the numbers of candidates continue to increase (praise God!).
- there are no funds budgeted to support a study of the needs to ensure that the Diocesan House is being maintained at the level of expectations, or to support maintenance that will be required as the result of such a study.
- request for funding for Youth Ministry has been reduced again this year. This will impact projected programming.

Even in the toughest of economic times there are items that we can celebrate. The Good News of our Diocese includes but is not limited to:

- our Cathedral Church and its growth as a community center whose service to the Trenton community includes its pre-school program, feeding program and pilot UrbanPromise summer camp and after-school program
- our Companion Diocese relationship with Central Ecuador
- our vibrant and growing Jubilee Ministry program
- the vital Youth Ministry programs that continue to positively impact those who take advantage of them.
- the Urban and Prison ministries that continue to flourish.
- our focus on Episcopal Relief and Development and the Millennium development Goals.
- the funding of a missionary (Charlie Nakash, Christ Church, Toms River) to serve in the remote areas of the Dominican Republic.
- conferences and training opportunities supporting the ministries and community of our clergy and lay leaders
- an incredible variety of quality enrichment and development programs offered to both clergy and laity through the Ministry Institute
- our Bishop and the Diocesan Staff – we are truly blessed!

We would indeed be remiss if we did not acknowledge the support from our parishes and missions. This is especially true given the continuing uncertain times and challenging individual circumstances. We particularly wish to express our deep appreciation for:

- the 27 congregations, so far, who have pledged 100% of Fair Share asking
- the additional congregations, so far, who increased their pledge amount and/or percent of asking pledged
- all those congregations who, regardless of pledge outcome for 2012, continue to consider diocesan support as a budget priority and have expressed to us a goal of continued improvement in their pledge amount and/or percent of asking pledged

### ***The Preliminary 2013 Budget***

Fair Share revenue for 2013 (Line 1) provides that each congregation pledges 100% of its Fair Share asking or increases its pledge from 2012. The estimated Fair Share for 2013 has been reduced by a 29.5% allowance for an anticipated shortfall in Fair Share pledges. As a result total Fair Share income (Line 1b) is projected at 70.5% of asking in order to fund a budget substantially similar to 2012's, including the final phases of the election of a new Bishop and the 6-month transition period during which we will need to support two Bishops. The allocation from surplus has been eliminated in anticipation of a successful Fair Share campaign. It is critical that the congregations of the diocese accept and meet this challenge.

### ***In Conclusion***

We re-iterate our heartfelt gratitude to those congregations noted above which continue to express their faith in our life together as the Body of Christ by pledging their financial and human resources in support of our diocese. Your response during our special appeal was even more encouraging to us than perhaps the financial picture alone might indicate. The intangible but undeniable sense of community strength you projected throughout our conversations may well prove to be the most valuable resource we share, and one that would perhaps have otherwise remained under the radar. God is good . . . all the time!

Looking ahead, the Finance and Budget Committee and the Diocesan Council recognize that circumstances have changed tremendously since the last time the fair share system was evaluated and revised 10 years ago. The fact that in examining this year's Fair Share Asking, we found that 67% of our congregations failed to meet the minimum 10% commitment to the Plan. This single, stark fact demonstrates more clearly than any other that the Fair Share Plan is not working as intended and there needs to be a new plan for financial commitment to the Diocese. The Fair Share re-evaluation committee which the Bishop has appointed and commissioned to complete its review and ready a recommendation for the 229<sup>th</sup> Convention should be supported through prayer and response to any requests for information. This committee will review the entire system and not be limited to merely proposing another formula, so they will need your input when called upon. It is our hope that the recommendation that will be made will be in place and ready to fully support the 2014 budget.

We thank Bishop Cancell for his direction, understanding and support of the recommendations that went into the formulation of the 2012 and 2013 budgets and we acknowledge the untiring efforts of Canon Phyllis Jones in providing all of the financial data in a timely and coherent manner.

We respectfully request that the 228<sup>th</sup> Convention of the Protestant Episcopal Church in the Diocese of New Jersey, adopt the Revised Preliminary Diocesan Budget for fiscal year 2012 and the Proposed Preliminary Diocesan Budget for fiscal year 2013, in support of the mission and ministry of our diocese for the next two years, as recommended by the Finance and Budget Committee, and approved by Diocesan Council.