

**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 235<sup>th</sup> Diocesan Convention**

*To: Clergy, Lay Deputies and Alternates to the 235<sup>th</sup> Convention of the Diocese of New Jersey*

*From: Kirk A. Bonamici, 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 235<sup>th</sup> Diocesan Convention*

To my brothers and sisters in Christ:

This report accompanies the Revised Preliminary Diocesan Budget for calendar year 2019 and the Proposed Preliminary Diocesan Budget for calendar year 2020, 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 Stokes, the Diocesan Council, the Finance and Budget Committee and the Diocesan Finance Office.

***The 2018 Year in Review***

The goal of 2018 for the Finance and Budget Committee was to accept the Bishop's challenge to consider our work through the lens of discipleship. Members of our committee have had the opportunity through various leadership roles to work with the Discerning Our Common Call Committee, various task forces and the Bishop and his staff to discern how our ministry fits into our unifying purpose of forming people as disciples of Jesus Christ so that they can participate in God's mission of reconciliation in the world.

I humbly admit that I struggled at times during the year on maintaining my focus on that goal. However, when I wonder if I'm on the right path, I just think about how Canon Rob Droste tried to explain this to me by saying simply "try to live and love like Jesus, and help others do the same." I believe that the members of the Finance and Budget Committee exemplify striving to meet this goal, and where I see it most clearly is when we share knowledge, experiences, and our faith with each other and with other ministry leaders that come into our circle. The principle that we wrap our arms around as we carry out the creation of the Diocesan budgets is that **EVERYTHING WE DO IS DISCIPLESHIP**.

One area especially where the commitment to discipleship was most evident to Finance and Budget this year was how congregations met or exceeded their Marks of Mission Commitment Giving. With

giving by those who exceeded their pledge totaling over \$61,000, we were able to return \$35,000 of our Trustee Grants back to the trust funds. Please see Financial Exhibit IV for a listing, and accept our thanks and gratitude for the importance you placed on resourcing Diocesan mission and ministry.

During our budget preparation meetings with ministry heads, the Finance and Budget Committee continued its prior year focus of helping to share methods whereby they could help resource their ministries with funding outside the Diocesan budget. Particularly, our work with one ministry led to an awareness of potential grant opportunities that they were otherwise unaware of before our meeting. For a second ministry, we were able to provide a connection to an organization that could provide them with no-cost or low-cost materials that could help them with their mission work.

Part of our later deliberations included a new focus of how we could further build discipleship by encouraging ministries to work in greater concert with one another. This concept was ultimately referred to as Ministry Synergy.

With that as our foundation, the Finance and Budget Committee began the preparation of the 2019 Revised Preliminary Budget.

### ***The 2019 Revised Preliminary Budget***

The starting point of the budget, of course, is with the Marks of Mission Commitment Giving shown on line 1b as \$2,887,000.

Last year, we provided some statistics on our giving trends, and it needs to be continued because it really is our good news story as we continue our Discerning Our Common Call process and how we live into the ideal of being in community with one another across the Diocese.

As of the date of this writing, of our 139 congregations, we have received 115 Marks of Mission Commitment Giving responses which, as reported at our Preconvention Hearings, showed the following statistical results:

- 52 congregations responded at the Ask or better
- 19 congregations responded below the Ask, but at least at the tithe
- 44 congregations responded below the tithe

Congregations responding at the Ask or better increased from 36% in 2018 to 45% in 2019. Those congregations at the tithe or better increased from 50% in 2018 to 62% in 2019.

In comparison to the prior year:

- 75 congregations (or 65%) increased their commitment from 2018 to 2019
- 20 congregations decreased their commitment from 2018 to 2019 (although it is important to note that 10 of the 20 reduced their commitment because their Ask decreased)
- 20 congregations maintained the same commitment from 2018 to 2019

In total, our overall giving as a percentage of the asking for 2019, or our “realization rate” is currently projected at 70.35% (versus 65.5% in 2018); and, our overall giving as a percentage of combined parochial income from all of our congregations for the coming year is projected at 9.95% (versus 9.3% last year).

It deserves to be said again what a tremendous job our congregations are doing in addressing the importance of resourcing our mission and ministry in the Diocese. We wouldn't be able to come close to doing the things we are doing without everyone's commitment.

Presenting a balanced budget does, though, require us to consider not only increases in our Marks of Mission Commitment Giving, but a mindful balancing of cost management and budgetary support from our Diocesan trust funds.

For our ministry expenses, we spent time discussing resource availability with the Board of Missions to provide our recommendation for Mission Congregation funding for 2019. This was ultimately approved by Diocesan Council at the \$425,000 shown on line 10 of the budget.

For our support of The Episcopal Church for 2019, the large increase from 2018 is the culmination of a five-year plan to meet the mandatory giving requirement by dioceses to TEC. We have been stepping up by 1% per year from the 10% level we were at several years ago to the mandatory 15% shown here for 2019.

As mentioned earlier, Ministry Synergy was part of our focus this year. This concept was developed out of a meeting on the Congregational Development budget (line 100) with Canon Rob Droste. This free-ranging discussion with Finance and Budget, and then with Bishop Stokes, led us to consider a new way of addressing certain ministries' funding. Notably for 2019, our budget recommendations for Congregational Development, Stewardship (line 110), Christian Formation (line 111) and Lay Leadership (line 402) were decided by looking at them as a block. While you see individual amounts for each of their lines, Finance and Budget looked at them as a whole with a combined budget of \$55,000. It represents a significant increase over last year and shows our ongoing commitment to discipleship building throughout the Diocese. With the new Way of St. Paul 3.0 kicking off and the Festivals to be held during the year (and please be sure to read all the wonderful materials about the Festivals in Canon Rob Droste's section on Congregational Development), this block grant is designed to support that work, and these Ministry heads will be working together to allocate the funds as they see fit.

The Youth Activities budget for the year (line 300) reflects our continuation of a two-pronged approach to resourcing youth programs for the year. The first part, \$15,000, is for Diocesan-wide activities as led by our new Youth Convener, Tonya Wildgoose, and reflects the potential for a synergy with our youth participating in one or more of the Festivals during the year. The remaining \$40,000 is for youth program grants in the amount of \$5,000 to each of our 8 convocations up from \$2,500 apiece in 2018.

Finally, on expenses, I'd like to highlight the section on Diocesan compensation. For the coming year, the Standing Commission on Clerical Compensation is recommending to Convention a 2% cost-of-living increase, and usually this would also cover the Bishop and his staff, as well. However, this

budget recommends only a 1% increase for the Bishop and his staff which helps ensure that no staff positions will be cut this year. I'd like to thank the Bishop and his staff for working with us in this area.

Two last items of note to complete the discussion of this 2019 balanced budget: Other Income of \$41,000 shown on line 4 of the budget and Trustee Grants of \$480,152 shown on line 6.

The line 4 amount is the result of several accounting accruals approved by Diocesan Council for ministries that under-utilized their budgets in 2018 because they were undergoing some form of leadership and/or program transition. This total of \$41,000 will offset 2019 expenses for the Anti-Racism Commission, the Hispanic Commission, Youth Ministry, the Prison Ministry, the Immigration Ministry and our Deacon's Council.

For line 6, our Trustee Grants, the proposed preliminary budget for this line item approved by Convention last year was \$424,100. That amount represented 2/3 of the 2018 amount, estimated that way in an effort to wean us off this method of resourcing ministry. The \$480,152 amount finally approved by Diocesan Council still represents a significant decrease of \$155,967 from the \$636,119 in budgeted 2018 trust fund draws (lines 6 and 6b for 2018). This would not have been possible without the commitment to resourcing our diocesan community's common call of discipleship evident in the 2018 and 2019 responses to the Marks of Mission Giving. Finance and Budget felt strongly that the \$480,152 shown is necessary to fully fund the mission and ministry of common call and discipleship that has begun to move us towards abundant life.

During the Preconvention Hearings, many insightful questions were asked which gave us an opportunity to discuss (among other things) how budget shortfalls are addressed. In our three-pronged approach, faith that our current upward trajectory in our Marks of Mission Giving would continue cut almost a third off our gap of just over \$167,000. Our cost management and block grant strategy reduced the gap by another third, and as noted above, the final third came from additional support from our trust funds.

On behalf of the Finance and Budget Committee, I would like to thank all those who attended one of the Preconvention Hearings and shared their thoughts and ideas with us.

### ***The 2020 Proposed Preliminary Budget***

The first aspect of preparing the 2020 Proposed Preliminary Budget was to determine anticipated Marks of Mission Commitment Giving (line 1b).

As many will remember, at the 2017 Convention, a resolution was passed to make the Diocesan Ask mandatory starting in 2020. The 3-year period was designed to give congregations time to take advantage of the resources being provided as part of our common call to discipleship and to meet with the Board of Consultation where needed to develop plans to make use of those resources. As noted above in the reporting on 2018 and 2019 Marks of Mission Giving results, the impact these initiatives are having is beginning to be felt. The upward trajectory from 2017 to 2018, and now again from 2018 to 2019, formed the basis of our estimate of the 2020 budgeted Marks of Mission Commitment Giving at \$3,124,409.

As we progress towards the next budget season, we will continue to evaluate how congregations which are below the Ask are addressing increasing their Diocesan giving. Particularly, we will be following the ministry of the Board of Consultation which will be meeting with congregations this year to hear their stories and how that reflects in their commitments.

For our Trustee Grants for 2020, the proposed plan of 2018 remains our goal in continuing to wind down our reliance on our investments to support the operating budget of the Diocese. That plan was to utilize 2/3 of the 2018 amount for 2019 (as previously discussed) and then to use ½ of the 2019 amount for 2020. For 2021, we would look to end that reliance using only the normal income from our investments to support our Diocesan mission and ministry.

Considering next our expenses for 2020, most were maintained at 2019 levels. The two exceptions are the budgets for Mission Congregations (line 10) and The Episcopal Church (line 20).

For Mission Congregations, this Proposed Preliminary Budget of \$400,000 is based on our estimate of available resources. This gives the Board of Missions something to work with during the coming year, and if resources allow us to recommend a higher amount, we feel it is easier to increase this number than decrease it later on.

For the line 20 budget for The Episcopal Church, note that the amount is decreasing from 2019 to 2020. Now that we are at the mandatory giving percentage in 2019, this amount should stay fairly static going forward. As increases in congregational giving are offset by reductions in investment draws so that our overall budget stabilizes at a sustainable level, our commitment to The Episcopal Church should stabilize as well.

As we move through 2019 and continue to discern what discipleship looks like in our Diocese, our 2020 budget will serve as a guiding document of how we steward our resources and work towards living into our unifying purpose of forming people as disciples of Jesus Christ so that they can participate in God's mission of reconciliation in the world.

### ***In Conclusion***

During this past year, I had the opportunity to learn about the concept of Tikkun Olam. This Hebrew term is translated in a few different ways including "heal the world" and "change the world". But the one I liked best was "improve the world". I've used this thought when discussing stewardship in my congregation of St. Peter's, Spotswood. I think it plays in nicely with the thought of living and loving like Jesus and helping others do the same. I share it with you so that perhaps every day we can all do a little towards building disciples and then together we improve the world.

Next, there was a quote I was sharing in our Preconvention Hearings from Bishop Desmond Tutu's 2011 book *Made for Goodness*. I include it here, again, for your consideration.

Perfect love is not an emotion; it is not how we feel. It is what we do. Perfect love is action that is not wrapped up in self-regard, and it has no concern with deserving. Instead, perfect love is love poured out. It is self-offering made out of the joy of giving. It requires no

prompting. It seeks no response and no reward. God's love is perfect because God always and only performs acts of love.

Finally, I want to take a moment to thank the many people who work so hard in the ministry that is Finance in our Diocese.

First, for the members of the Finance and Budget Committee, my sincere gratitude for your dedication and insights over the last few years. To those members concluding their service this year, notably Captain Louis Cavalieri and Reverend Martha McKee, special thanks and please know that your counsel at the table will be missed.

To our Diocesan controller, Sarah Paige, and business manager, Manny Strauss, thank you for all you do not only handling the day-to-day tasks of running the Finance Office, but also assisting the Finance and Budget Committee with our ministry. To Pat Hawkins, thanks for your assistance in getting us ready for our budget meetings.

To Canon Phyllis Jones, during our second year together, you have continued to challenge me in ways that make me feel both grateful at times and uncomfortable at times. Suffice to say, I think that I have grown a lot as a disciple of Jesus for being involved in ministry with you, and thanks for walking awhile on the path with me.

To Bishop Stokes, for listening to me (I think I said a lot more this year) plus your leadership and support, heartfelt thanks.

To my wife, Laura, your strong faith and the support you provide to do what we do is my strength. I thank God every morning for the promise of another day spent with you.

Finally, for all the people in the pews throughout our Diocese, for those who have accepted the call to leadership as wardens or members of their congregation's vestry or volunteer at the Diocesan level, and to all the clergy and staff, thanks for your continued support throughout the year. Please continue to be engaged and share with each other as we continue to build each other up as disciples of Jesus Christ.

***We respectfully request that the 235<sup>th</sup> Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Revised Preliminary Budget for calendar year 2019 in support of the mission and ministry of our Diocese, as recommended by the Finance and Budget Committee , and approved by Diocesan Council.***

***Further, we respectfully request that the 235<sup>th</sup> Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Proposed Preliminary Budget for the calendar year 2020, in support of the mission and ministry of our Diocese, as recommended by the Finance and Budget Committee, and approved by the Diocesan Council.***