

**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 236th Diocesan Convention

To: Clergy, Lay Deputies and Alternates to the 236th 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 236th Diocesan Convention

To my dear brothers and sisters in Christ:

This report accompanies the Revised Preliminary Diocesan Budget for calendar year 2020 and the Proposed Preliminary Diocesan Budget for calendar year 2021, 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 2020 Revised Preliminary Budget

The work of the Finance and Budget Committee in 2019 continued our focus on 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. We work to advance our mandate to communicate to the Diocese through the budget that **EVERYTHING WE DO IS DISCIPLESHIP.**

In preparing the budget, our inspiration came from many groups: the ministry leaders who not only prepared their detailed budget requests considering how they fit within the 5 Marks of Mission, but came and met with us to discuss how their ministries were building discipleship throughout the Diocese; the Discerning Our Common Call team who led us in leadership training to discern how Schools of Discipleship would, could and should grow the budget; the Mission, Structure and Budget Task Force for their work in thinking about how we can work in greater concert with one another; the Marks of Mission Giving Task Force for their development of a new model to resource discipleship across the Diocese; and, finally, the Bishop and his Diocesan team in helping to assess all the gifts these groups were bringing to bear to grow the mission and ministry of the Diocese.

With so much happening in the Diocese that is new or expanding, the ability to resource our ministries starts with the congregations' commitments to our Marks of Mission Giving. Shaping our projections is the impact of our ongoing congregational development and discipleship efforts, our Discerning Our Common Call initiative and the mandatory giving requirements adopted in 2017 that became effective in 2020. In addition, we considered the ongoing trend of how congregations have been exceeding their Marks of Mission Giving pledges. I direct your attention to Financial Exhibit 15 for the 2019 listing of these congregations, and extend our thanks and gratitude for the importance you placed on resourcing Diocesan mission and ministry.

For 2020, Finance and Budget is projecting the Marks of Mission Giving income as \$3,118,382.

In previous years, we provided some statistics on our giving trends, and it needs to be continued because it is our good news story of how we live into the ideal of being in community with one another across the Diocese. Appendix A to this report, the Budgeted Revenue Trends chart, provides a very visual representation of that good news story. As we consider the statistical trends in giving, you should particularly note the relationship of purple line at the top which represents the total of all the Marks of Mission Giving Asks across the Diocese and the green line which represents the pledges of all the congregations. A significant part of our good news story in the Diocese is how these two lines continue to move closer and closer together.

As of the date of this writing, of our 138 congregations, we have received 108 Marks of Mission Commitment Giving responses which, as reported at our Preconvention Hearings, showed the following statistical results:

- 56 congregations responded at the Ask or better
- 25 congregations responded below the Ask, but at least at the tithe
- 27 congregations responded below the tithe

Congregations responding at the Ask or better increased from 45% in 2019 to 52% in 2020. Those congregations at the tithe or better increased from 62% in 2019 to 75% in 2020.

In comparison to the prior year:

- 73 congregations (or 68%) increased their commitment from 2019 to 2020.
- 27 congregations decreased their commitment from 2019 to 2020 (although it is important to note that 15 of the 27 reduced their commitment because their Ask decreased).
- 8 congregations maintained the same commitment from 2019 to 2020.

In total, our overall giving as a percentage of the asking for 2020, or our "realization rate" is currently projected at 77.2% (versus 70.4% in 2019); and, our overall giving as a percentage of combined parochial income from all of our congregations for the coming year is projected at 10.8% (versus 9.9% last year).

Again, I ask that we recognize the incredible response from our congregations to our common call to resource our discipleship efforts across the Diocese.

Next, we have a new line 6a in the Revenue section, Trustee Grants-Canon Missioner for Hispanic Ministry. During the budget process, Finance and Budget spent time discussing how to resource our Hispanic Ministry led by Fr. Ramon Ubiera. Funding previously had been provided through a combination of the Special Initiatives program (begun in 2015), contributions from four congregations working with Fr. Ubiera and a \$20,000 allocation from the Diocesan budget (see 2019 line 314). This funding concluded in 2019. During that 5-year span, the demand from congregations across our diocese for assistance in developing Hispanic ministries experienced a tremendous increase. So much so that we needed to expand the model of Fr. Ubiera's ministry from a concentrated regional one to a broader one that could encompass the larger diocesan community. The amount to be funded of \$137,000 from our Diocesan trust funds accounts for Fr. Ubiera's compensation items shown on lines 640-644 along with his share of insurance benefits and pension included on lines 690-694.

A question posed during our Preconvention Hearings was how we were accounting for the stipend for our Canon Missioner for Black Ministry, since it had not previously appeared in the budget. Previous funding for Deacon Clive Sang's stipend and travel allowance had come from monies allocated in the Special Initiatives programs, so it had not been part of the operating budget. For this year, it is built into the operating budget on page 4, new line items 656 and 657 with the corresponding funding from final carryover Special Initiatives dollars included as part of Other Income.

Conversely to the Hispanic ministry experience, support of our Historically Black Churches appears to bear the most fruit from a concentrated, local approach with oversight from Deacon Sang and Canon to the Ordinary Brian Jemmott, rather than the more diffuse, diocesan approach. Consequently, a significant part of the diocesan funding for our Historically Black Churches, where applicable, comes from the Mission Renewal Fund and other trust fund grants rather than from the budget. Where we are able to maintain stable, energetic, full-time clergy presence to work with lay leadership in their own local contexts, our Historically Black Churches are connecting with their communities in remarkable, transformative ways fully reflecting their focus on discipleship. Appendix B to this report summarizes the amounts that have been invested in our Historically Black Churches over the last 6 years. The fruit being borne from their amazing ministries to their communities speaks eloquently of how those "talents" have been multiplied.

Returning to the operating budget, Finance and Budget continues to look for ways to recognize discipleship building programs at the congregational and convocational levels. The block grant idea developed last year for the Congregational Development ministry (line 100), Stewardship (line 110), Christian Formation (line 111) and the Lay Leadership Conference (line 402) has been renewed for 2020 with consistent total funding at \$55,000 for those ministry leaders to allocate as they determine for their programs. Youth Activities will continue to be a combination of Diocesan-led activities and grants given for youth programs either at specific congregations or regionally among a few congregations. The amount on line 300 of \$29,000 appears less in 2020 than 2019 due to an under-utilization of the 2019 amounts which were accrued and carried over to 2020.

In a new approach for 2020, the budgets for Prison Ministry (line 311), Detention Center (line 311a) and Immigration (line 312) were combined (along with a possible expansion for other related work) into the new line 315, Social Concerns Committee Block Grants. Ministries across the Diocese developing or participating in this programming will have the opportunity to apply for grants from this pool of funds.

To that end, the communication, implementation and administration related to these grant opportunities was the subject of a fair amount of discussion both before and during the Preconvention Hearings. The new line 104 of the budget, Convocational Support, was designed to provide funding to address these concerns. The Bishop and the Deans of the convocations have been discussing how to best use this funding, and while still being fleshed out, may include creating a stipendiary coordinator diocesan staff position along with grants to the convocations to assist the deans with their convocational responsibilities.

The next new item is line 209, the School for Ministry, which is replacing and expanding on the School for Deacons (previously included as part of line 210). The initial budget of \$21,000 was set to balance the school's 2020 budget which is primarily funded through student tuition and application fees. The line 210 budget for the Committee on the Diaconate was reduced to \$16,400 for the year which basically covers background checks and psych evaluations.

As we head into the compensation section of the budget, two items of note. First, a new administrative position will be added to Diocesan staff for 2020 leading to the increase in the budget shown on line 680. For our Diocesan program staff to continue to serve as effective resources for our Diocesan community of congregations, we found that additional support was needed, and assuming Convention approves, a new person will likely be added in April.

Second, to help balance the budget, once again this year, the Bishop and staff will only be receiving a 1% increase in pay even though a 2% COLA increase was recommended by the Standing Commission on Clerical Compensation. I'd like to thank the Bishop and his staff for working with us in this area.

Finally, for our last item in the Expenditures, just a note of new lines 721, 722 and 723, IT Maintenance and Support, Leased Equipment and Computer Software and Supplies. These items were previously included as part of Equipment on line 713, but are being broken out to provide not only better budgeting, but better tracking of costs during the year.

By turning to the last page of the budget, one can see the total proposed budget for 2020 as \$4,105,476. To provide the resources necessary to fully fund our ministries and balance the budget, we needed one more funding source, and it comes on line 6, Trustee Grants-Additional Ministry Support.

Investments in our ministries through the use of our trust funds has evolved over the years from the start of our Special Initiatives programs to today. These investments have created stronger ministry work throughout our congregations which, we believe, has led to a revival of our Marks of Mission Giving.

Of course, in Finance and Budget's 3-prong approach to balancing budgets, and discussed again at the Preconvention Hearings: increasing giving, cost management and trust fund utilization, funding ministries means growing discipleship, and the \$298,000 shown on line 6 (and approved by the Trustees of Diocesan Trust Funds) is our commitment to making that happen.

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 2021 Proposed Preliminary Budget

The first aspect of preparing the 2021 Proposed Preliminary Budget was to determine anticipated Marks of Mission Giving commitments. Our budget takes into account that Convention will approve the new Canon 16, Section 3 formula proposed by the Marks of Mission Giving Task Force. Part of that formula is the initial amount of the Outreach Credit which Finance and Budget and Diocesan Council are recommending to Convention as \$500. While the overall Giving Ask is less in 2021 than 2020, estimated Board of Consultation adjustments are also less, resulting in Marks of Mission Giving increasing to \$3,218,664.

In the Revenue section, line 6a, Trustee Grants-Canon Missioner for Hispanic Ministry is set up to be consistent with 2020 while line 6, Trustee Grants-Additional Ministry Support is projected to be somewhat less in 2021 than 2020.

On the Expenditures side, most items, as is typical for this preliminary budget, are projected the same as 2020 which recognizes that this gives authority to the Diocese to continue paying the bills until Convention approves the final 2021 budget next year. Only a few items of significance have changes including anticipated increases in funding for our mission congregations (line 10), a slightly larger amount for convocational support (line 104), increasing line 300, Youth Activities, to recognize the utilization of the 2019 accrual in 2020, and having the new administrative person (line 680) on board at Diocesan House for all of 2021.

The total budget for 2021, presented for your approval, is \$4,165,417.

In Conclusion

As I conclude my tenure as Diocesan Treasurer, I would like to thank the people that made serving in this role so fulfilling.

First, for the members of the Finance and Budget Committee, my sincere thanks and gratitude for your dedication and hard work over the last several years. The experience and insights you bring to this ministry are tremendous. Everyone throughout the Diocese should feel blessed that you give of your time and talents to steward our resources so capably.

To our Diocesan controller, Tanya Rainey, and business manager, Manny Strauss, thank you for not only handling the day-to-day tasks of running the Finance Office, but also for the kindness

and fellowship you shared with all of us on the Finance and Budget Committee. To Pat Hawkins, thanks for your assistance in getting us ready for our budget meetings.

To Canon Phyllis Jones, one of the seminal moments of our year together for me was when we changed our approach to presenting our financial reports to Diocesan Council, to move away from the focus on the revenue and expense numbers to a focus on our ministry work through the lens of the finances of the Diocese. It was an epiphany for me to think about things in a way I never could have when I started out as treasurer just a few years ago. I trust that revelation will stay with me as I continue to walk the path.

To Bishop Stokes, several months ago you said (during one of the many meetings I attended with you) “Love is an act of human will”. At a time when I found myself challenged by life events, it inspired me to be a better...everything. As always, many thanks for your support and guidance.

To my wife, Laura, “thank you” seems wholly inadequate for the support you give me. Knowing that whatever challenges are put before us we tackle together, makes every problem solvable. That thought alone always brings me great peace.

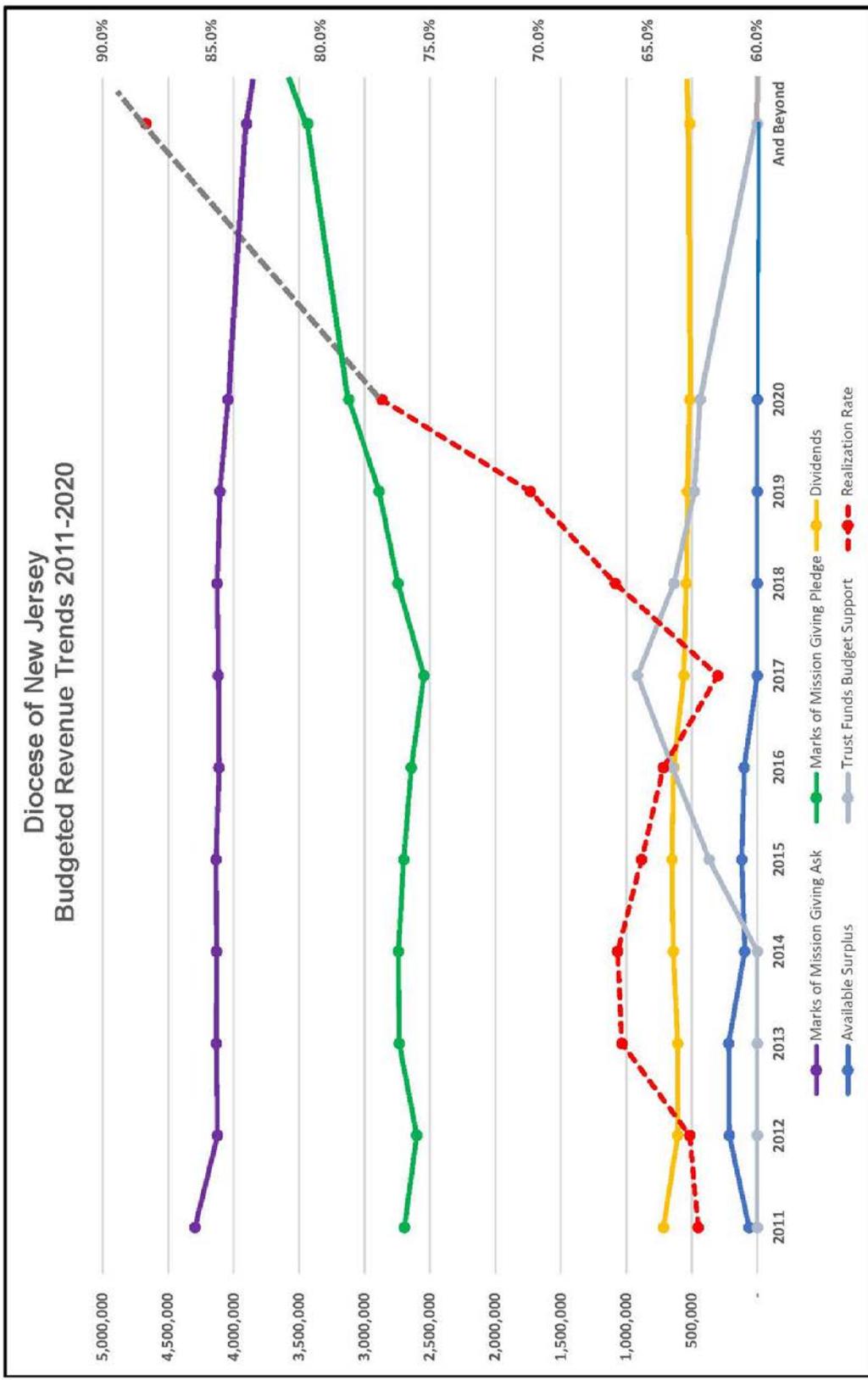
For Fr. Marshall Shelly, as we discussed growing our discipleship at St. Peter’s, we talked about how people needed to get a little more Vitamin “J” in their diets. I love that concept and use it whenever I can to live and love like Jesus and help others do the same.

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 support over the years. AND, be sure to take your Vitamin J every day.

We respectfully request that the 236th Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Revised Preliminary Budget for calendar year 2020 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 236th Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Proposed Preliminary Budget for the calendar year 2021, including under Canon 16, Section 3(d) an Outreach Credit of \$500, in support of the mission and ministry of our Diocese, as recommended by the Finance and Budget Committee, and approved by Diocesan Council.

APPENDIX A – BUDGETED REVENUE TRENDS



APPENDIX B – SUPPORT FOR HISTORICALLY BLACK CHURCHES

