

**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 237th Diocesan Convention

To: Clergy, Lay Deputies and Alternates to the 237th Convention of the Diocese of New Jersey

From: Jonathan A. Gloster, 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 237th Diocesan Convention

To my dear brothers and sisters in Christ:

This report accompanies the Revised Preliminary Diocesan Budget for calendar year 2021 and the Proposed Preliminary Diocesan Budget for calendar year 2022, 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 2021 Revised Preliminary Budget

The work of the Finance and Budget Committee in 2020 focused 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 also dealt with the challenges of global pandemic that dramatically changed the way we gathered in worship, fellowship and Christian formation; and delivered outreach ministries. We adapted the budget to address these challenges to maintain the Dioceses' commitment to DISCIPLESHIP.

In preparing the 2021 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 events of 2020 inspired new initiatives to enhance our Christian commitment to social justice. Building on the spirit of the Convention last November, the 2021 budget reflects the priorities of the Bishop, Diocesan Council, ministries and delegates to grow the mission and ministry of the Diocese.

Even with the challenges of this past year the ability to resource our Diocesan ministries starts with the congregations' commitments to our Marks of Mission Giving. Through remarkable faith and ingenuity our congregations overcome the hurdles of the pandemic and social unrest to maintain a strong commitment of giving. While we revised downward Mark of Mission giving during the summer of 2020 to account for these challenges which strained revenue sources, our congregations exceeded

those projections. Going into 2021 we project a similar level of giving as we recover from the impact of the pandemic. I direct your attention to Financial Exhibit IV for the 2020 listing of Marks of Mission giving by our 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 \$2,900,000.

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. The year is the first year using the new formula for computing Marks of Mission Asks. We hoped this fairer calculation will allow more congregations to meet or exceed their Asking. To date, we have a realization rate of 78%. Realization rate is the percentage of funds pledged by all congregations versus the total amount of asking. In 2020 the realization rate was 73%. As of this date 89 pledges have been received and 49 congregations had met or exceeded their Asking. Congregations responding at the Ask or better increased from 52% in 2020 to 55% in 2021.

Looking at additional Revenue in the 2021 Budget we were able to reduce the draw from the Diocesan Trust fund on line 6: Trustee Grant - Re-tooling our Ministries to \$231,622. This is reduction of \$66,378 from 2020. This is due to the available of funds carried over from the 2020 PPP Grant. While we received the loan in 2020 we are not able to record it as income until it is officially forgiven by the SBA. We are projecting forgiveness in 2021 and have included the income from the PPP Grant on Line 7 in the amount of \$370,005. In 2021 we carried over the practice of funding the Canon Missioner for Hispanic Ministry through a Trustee Grant on Line 6a: for \$137,000. Again, I ask that we recognize the incredible response from our congregations to our common call to resource our discipleship efforts across the Diocese.

Returning to the operating budget, Finance and Budget continues to look for ways to respond to the needs and desires of the ministries and congregations of the Diocese through discipleship building programs at the congregational and convocational levels. We have maintained our commitments to Mission congregations (\$425,000) and our offering to The Episcopal Church (\$563,918). We were able to fully fund budget requests from our Social and Ethnic ministries. Block grants for Congregational Development have been maintained or slightly enhanced in the 2021 budget. We have reduced the Budget for Parish COVID-19 response on line 103a in hopes that congregations will be able to recover significantly as we head into the second half of the year.

In the 2021 budget we continued the new approach introduced in 2020 for funding the Deacon Ministry through a combination of the School for Ministry (classroom instruction), Committee on the Diaconate (background checks and psychological evaluations) and the Deacons Council (Diocesan Deacon gatherings).

In 2020 we were not able to achieve as much as anticipated in Youth Ministries due to the pandemic conditions, but we have fully funded Youth Activities in 2021 through 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 brings us back up to the original 2020 levels before mid-year revisions. A new budget item on line 313 is \$25,000 for the Task Force on Reconciliation and Reparations. The task force was created by resolution 2020-3 of the 236th Diocese Convention. The funds will cover the formation and planning of the task force. We carried forth an approach started in 2020 that creates a single block grant line item on line 315 of \$6000 for Social

Justice Ministries.

In the area of Diocesan Gatherings, the only significant changes are a lower budget to support a virtual Diocesan Convention (\$11,000) and fully budget expenses for projected General Convention and ECW Triennium (\$28,000). The only significant change in the Programs and Covenants section is for the Companion Diocese (Line 502). We have reduced the budget to ½ of the usual budget in hopes that travel restriction will be lifted enough in the second half of the year to allow us to resume this important ministry.

As we head into the compensation section of the budget, the Standing Commission on Clerical Compensation recommended no COLA increase for 2021 to restrain spending in response to financial challenges of the COVID-19 pandemic. However, we restored the budget for staff travel allowances to pre-pandemic levels. We would like to thank the Bishop and his staff for their sacrifices in this area.

The total proposed budget for 2021 is **\$4,129,962**. As stated earlier we can fully fund our ministries and balance the budget with funding from Line 6 Trustee Grant- Re-Tooling Our Ministries (\$231,622) and the Carry-over of the PPP Grant on Line 6a (\$370,005).

On behalf of the Finance and Budget Committee, I would like to thank all those who contributed to the development of the 2021 budget.

The 2022 Proposed Preliminary Budget

The first aspect of preparing the 2021 Proposed Preliminary Budget was to determine anticipated Marks of Mission Giving commitments. Based on the new formula determining Congregation Asking and anticipated recovering from the COVID-19 pandemic, we are projecting a budget of \$3,100,000 which is at pre-pandemic levels.

The most significant challenge in 2022 will be replacing the revenue carried over from the PPP grant. The Diocese does not qualify for the second round of PPP loans, so we do not anticipate a carry-over from 2021. To make the revenue and balance the budget we are expecting a significantly larger amount for Trustee Grant on Line 6.

On the Outlays side, most items, as is typical for this preliminary budget, are projecting most outlays to be the same as 2021 which recognizes that this gives authority to the Diocese to continue paying the bills until Convention approves the final 2022 budget next year. Only a few items of significance have changes including anticipated increase in funding for our mission congregations (line 10), which is offset by a similar decrease in Diocesan Ministries.

The total budget for 2022, presented for your approval, is **\$4,124,754**.

In Conclusion

I want to thank the members of the Diocesan Finance and Budget Committee for all their support as a transition to this new role. Kirk Bonamici outgoing Treasurer for his support and guidance. Phyllis Jones and Tanya Rainey for their support in financial reporting, Anne Notte and Steve Welch

for their administrative and communications support. Lastly Bishop Stokes and Diocesan Council for their leadership in Diocesan Mission and Ministry.

We respectfully request that the 237th Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Revised Preliminary Budget for calendar year 2021 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 237th Convention of the Protestant Episcopal Church in the Diocese of New Jersey adopt the Proposed Preliminary Budget for the calendar year 2022 in support of the mission and ministry of our Diocese, as recommended by the Finance and Budget Committee, and approved by Diocesan Council.

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