



Know Jesus. Change the World.

The Episcopal Diocese of Pennsylvania

Introduction to the Revenue and Spending Plan for 2019 for the Ministry of the Episcopal Diocese of Pennsylvania

And I will give them one heart, and put a new spirit within them. And I will take the heart of stone out of their flesh and give them a heart of flesh” Ezekiel 11:19

The Wages of Love

We are honored to present to you the extensive work of several representatives of the ‘stakeholders’ in our Diocese, to practically balance the financial support of the ambitious ministry of the Office of the Diocese with the generous cash contributions of our parishes.

The 2019 ‘budget’ is the third conceived in the mutual ministry of the Finance Committee and our ambitious Bishop. The 2017 budget largely followed the spending priorities of the previous year, and the 2018 budget introduced an innovative and creative re-organization of the Offices and the introduction of the Growth Development Fund, while holding the assessments requested of parishes flat. The 2019 Spending and Revenue Plan is a fresh conception of Bishop Gutiérrez’s theology of LOVING, manifest as stewardship, and his fierce commitment to fiscal responsibility, transparency and accountability.

I. Theology: Know Jesus. Change the World.

The work of the Offices of the Diocese has been almost entirely restructured in the last year to support the Bishop’s mission to *Know Jesus and Change the World*. He’s dead serious about this stuff ... and has an ambitious, thoughtful plan for the collective work of proclaiming the gospel, empowering our churches, and addressing pain and poverty in the world. More than half of the cost of staff is classified as mission work, and the balance is for the important work of empowering our churches—their clergy and lay ministers—to grow disciples and proclaim the gospel.

Proclaiming the Gospel

- + increased funding of collective Diocesan ministries
- + increased support and efficiency of communication for and among parishes
- + increased ability for of the Bishop and Canons being out among the flock
- + increased support for churches and clergy for our neighbors who cannot yet sustain themselves
- + increased support to promote growth in Hispano/Latino ministries

Empowering our Churches

- + extends the work of the Growth Development Fund for grants to churches
- + reflects re-organization of Office staff, with Canons with specific focus



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Addressing Pain and Poverty in the World

- + increases funding of collective Diocesan ministries
- + increases our participation in and engagement with The Episcopal Church ministries

II. Fiscal Responsibility: LOVING Manifest as Stewardship

This plan had to be balanced against the reality of our recent and present financial circumstances, notably

- ⇒ the Diocesan budget has run at a deficit for the last five years; this is simply not sustainable
- ⇒ the annual increase in the costs of building the Kingdom through the work of our Missional Congregations is intractable
- ⇒ our churches already struggle to increase their contributions commensurate with the increased cost, however modest, in Diocesan commitments
- ⇒ the Diocese is not currently meeting its financial commitment to The Episcopal Church and cannot be considered “in good standing” until we fulfill the annual assessment

The Budget, Finance and Investment Committees, which intentionally include a broad cross-section of our Diocesan population in terms parish size, demographics, history, physical plant, have worked closely with Standing Committee, Diocesan Council and the Office of the Diocese to identify a creative and pastoral path out of this gap. Notably by:

- ⇒ redressing weaknesses in the budget model and structure
- ⇒ offering maximum transparency of Diocesan financials
- ⇒ reducing and restructuring staff to serve congregations while keeping costs flat
- ⇒ enhancing income opportunities from Diocesan church properties
- ⇒ actively negotiating with The Episcopal Church to maintain our standing and collaborate on increasing our contribution over a number of years
- ⇒ establishing the Growth Development Fund for grants for local ministries
- ⇒ identifying Endowment funds available/appropriate for direction/distribution to temporarily meet budget gap
- ⇒ holding Sacred Gifts for Support (formerly *Assessments*) to 2017 levels while making substantial grants available to churches

III. Transparency + Accountability: Loaves and Fishes

You will no doubt have been surprised and impressed by the [18 page communiqué the Bishop distributed in October](#) outlining the philosophy, process and challenges in implementing this Vision. This



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extraordinary, and unprecedented level of detail ensures that you will always know how your gifts are being used to serve and guarantees you a level of accountability that has not formerly been possible. Below are some of the highlights that we shared at the four pre-Convention meetings:

- Two Thirds of the Budget is Mission ~ Sacred Gifts for Mission (formerly *Pledges*) expected to be the same as 2018.
 - ✓ Missional Congregations (previously *DCMM*) represent the biggest expense in the Mission budget, but a process for becoming and sustaining missional congregations has been rigorously established, vetted and ratified by Standing Committee and Diocesan Council
 - ✓ Youth Ministries is lower as a consequence of this year's outsourcing of many of the functions that were previously centralized in the Diocesan offices with less impact.
 - ✓ Diocesan Ministries including Hispano/Latino ministries, anti-racism, veterans are connecting us to potential for growth in these communities.
- Mission spending is significantly higher than Sacred Gifts for Mission again this year; the 2019 Spending Plan allocates funds to cover this deficit this year but needs to be balanced with parish support in successive years.
- Our assessment from The Episcopal Church (TEC) needs to increase by more than we have been stretching to allocate in the last few years. Currently, the Diocese is paying half of its \$880,000 2018 TEC assessment. We are the largest diocese failing to meet its obligation and had to request and receive an exception to be seated at General Convention. We are in regular discussion with TEC on our plan to return to an acceptable level of pledging.
- Increases in Spending Plan
 - ✓ Diocesan Ministries including Hispano/Latino ministries, anti-racism, veterans
 - ✓ TEC Assessment is the largest increase to the budget
 - ✓ staff expenses are the largest expense, but are held flat for 2019 despite increased costs
 - effected through cuts in positions
 - re-allocation Canons for support to parishes, and less 'support' to Bishop
 - ✓ office rental expense is significant and will be addressed by a Committee formed by the Standing Committee to identify next steps
- Decreases in Spending Plan
 - ✓ Support from the Offices of the Diocese (formerly called Administration) held to 2018
 - Costs held to 2018 despite pay and healthcare increases
 - No pay increase for Bishop for second year



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- Increases in Revenue
 - ✓ Endowment distribution at 4.4%
 - ✓ Transfer of previously non-distributing funds

IV. Pastoral Issues for 2019 and Beyond: Thistles

There are thorny issues that the 2019 Revenue and Spending Plan was not able to accommodate and must be addressed in the coming 24 months.

- In order to balance this year's expected revenue and proposed spending, we have to take a \$900,000 transfer from the endowment. Withdrawals in excess of the spending rate are not unprecedented, nor taken lightly. As a consequence of a rigorous review of our financial accounting, we identified funds for transfer that had been accumulating without being distributed. We do not anticipate 'finding' more under-utilized assets in the future. Furthermore, the investment portfolio has outperformed expectations (past and future) giving us more financial support than we should anticipate in the future.
- Our budgeted contribution to the broader church woefully short of where it has to be. In 2018, our assessment was \$880,000 and we budgeted \$365,000. This is a conversation we have to engage in at every level of stewardship and administration. We have to consider what it means to us to be Episcopalians and how to meet the responsibilities of our membership.

V. Conclusion: *"The church is summoned to realize its true nature and mission by being the body of Christ...whose voice, hands, eyes, and total being is doing Christ's work of LOVE. The describe the church as the body of Christ is to describe the church as living out the meaning of Christian stewardship."*

Managing from Abundance, Crafting with a View toward Building the Kingdom, bridging the gap with pastoral care and all fueled by LOVE!

You know by now that our Bishop is supremely pastoral. He has committed to knowing us as "a shepherd smells like his flock" and has engaged the resources of a broad array of representatives to help craft a spending plan that holds compelling, competing objectives loosely. Not unlike a parent sending a son out into the world, wanting to 'finance' growth, willing to accept some setbacks, willing to take some hits to the long-term savings portfolio to empower transition and growth that is reasonable and necessary.



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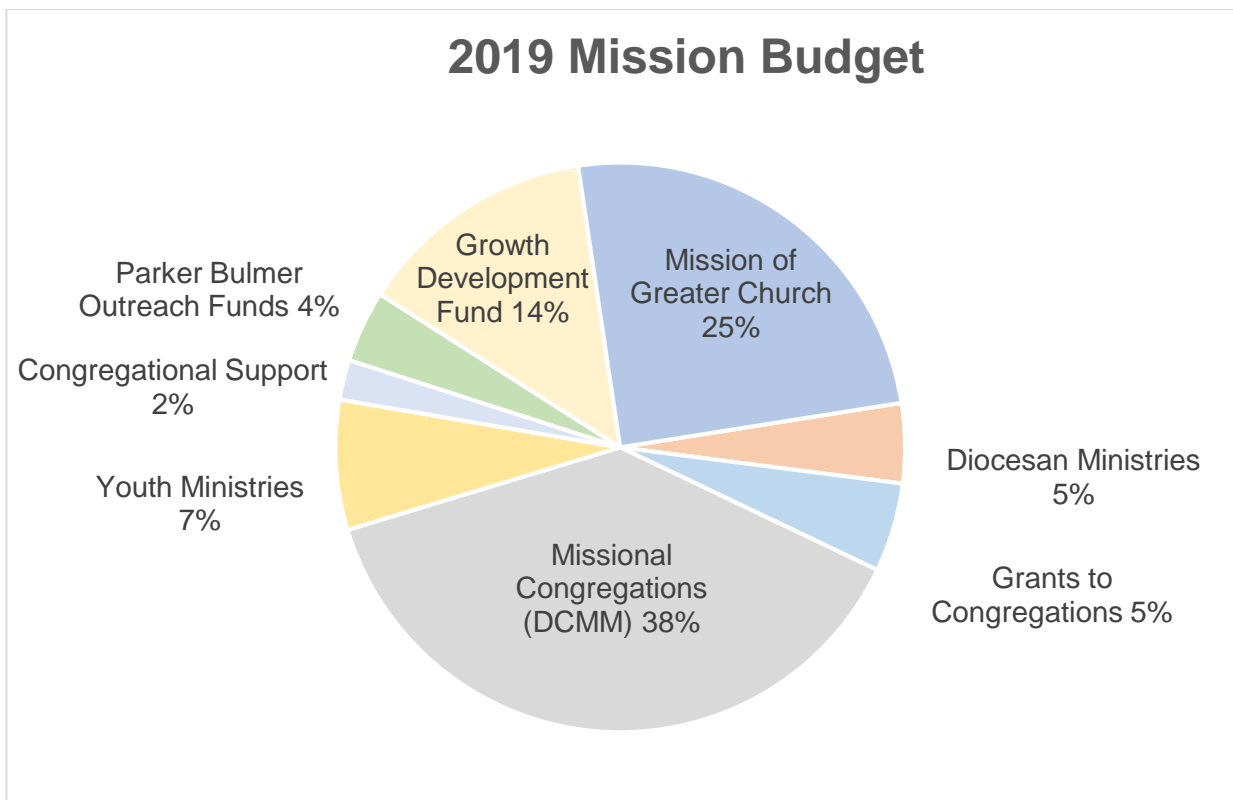
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The Bishop continues to be sensitive to constraints of parishes, but intensely mindful of fiscal responsibility for stewardship of next three years. The Finance Committee is committed to prioritizing working with Vestry and clergy to establish a path to a balanced budget.

With appreciation for the challenging and inspired work of the members of the 2018 DioPA Budget Committee, a Sub-Committee of the Finance Committee:

- Ann Booth-Barbarin
- The Rev. Elizabeth Costello
- The Rev. Sarah Hedgis
- The Rev. Joanne Jones
- Kirk Muller
- Eric Rabe
- The Rev. Cesar Ramirez-Segarra
- Tamika Rodríguez

“Walking out into the World...Turn hearts of stone into hearts of flesh”

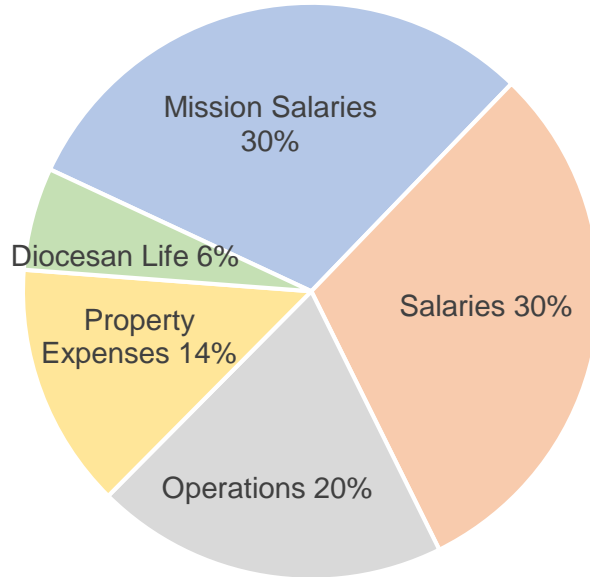




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2019 Support Budget



Proposed 2019 DIOPA Total Budget

