

PRESENTATION OF THE 2017 DIOCESAN BUDGET



Diocesan Budget Priority Statement for 2017

The priority of the Diocese of Indianapolis is to spread the love of God, primarily through congregational ministries that serve parishioners and the communities beyond each parish. This dynamic is how we live out the diocesan mission statement of “Deepening our Faith, Widening our Embrace.”

2017 will be a year of transition, which means, ironically enough, that maintaining the course laid out over the last few years is the most prudent way to prioritize our budget expenditures. In addition to the priorities listed below, we will provide sufficient funding to support the period of overlap between the incumbent-Bishop and the Bishop-elect.

In recent years and therefore in 2017, the diocesan budget focuses especially on support of congregations. A significant aspect of this support is shown in the health insurance expense. This benefits all congregations who are served by stipendiary clergy serving 20 or more hours per week. This diocese is one of only two which pays for clergy health insurance through the diocesan budget rather than by each congregation. The Mission Strategy Group expense is the direct financial aid to twenty of our congregations.

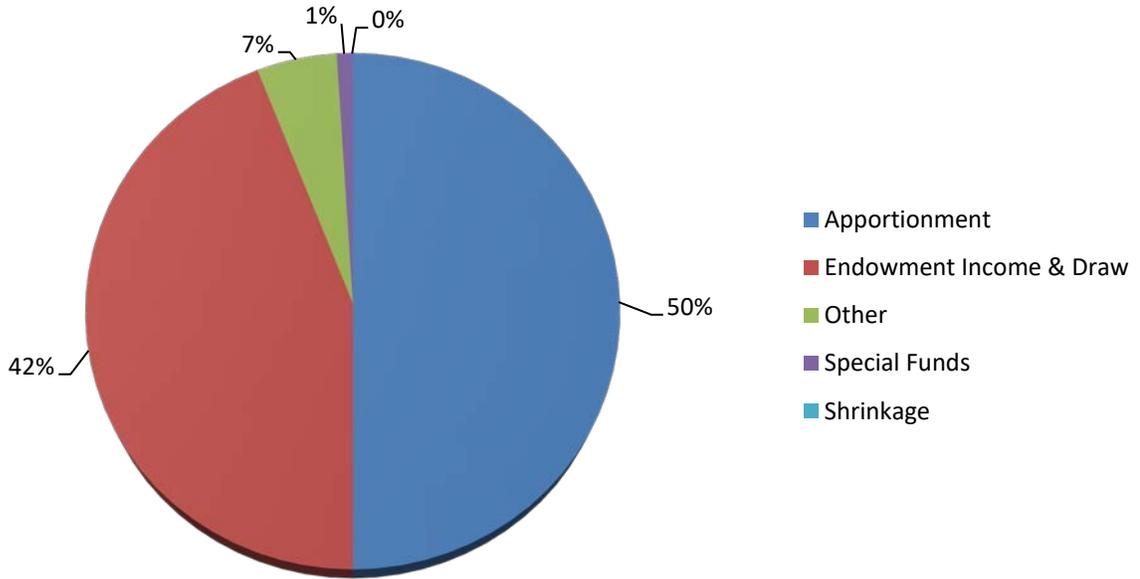
Diocesan programming is designed to enhance, support, and build up congregational ministries, with examples including Pathways to Vitality; Vestry College; Education for Ministry; Fresh Start; Good Samaritan, Brownsburg (our church plant); Diocesan Youth Ministries; and, training in Stewardship; Communications, and Evangelism, to name a few. Diocesan staff responsibilities are focused on supporting congregations and their ordained and lay leadership through these programs as well as the individual ministries of each staff member.

Waycross and campus ministries also receive substantial budget support. The Waycross and campus ministries reach youth and young adults, forming them as curious, creative Christians, and helping to discern their vocations and develop their leadership potential.

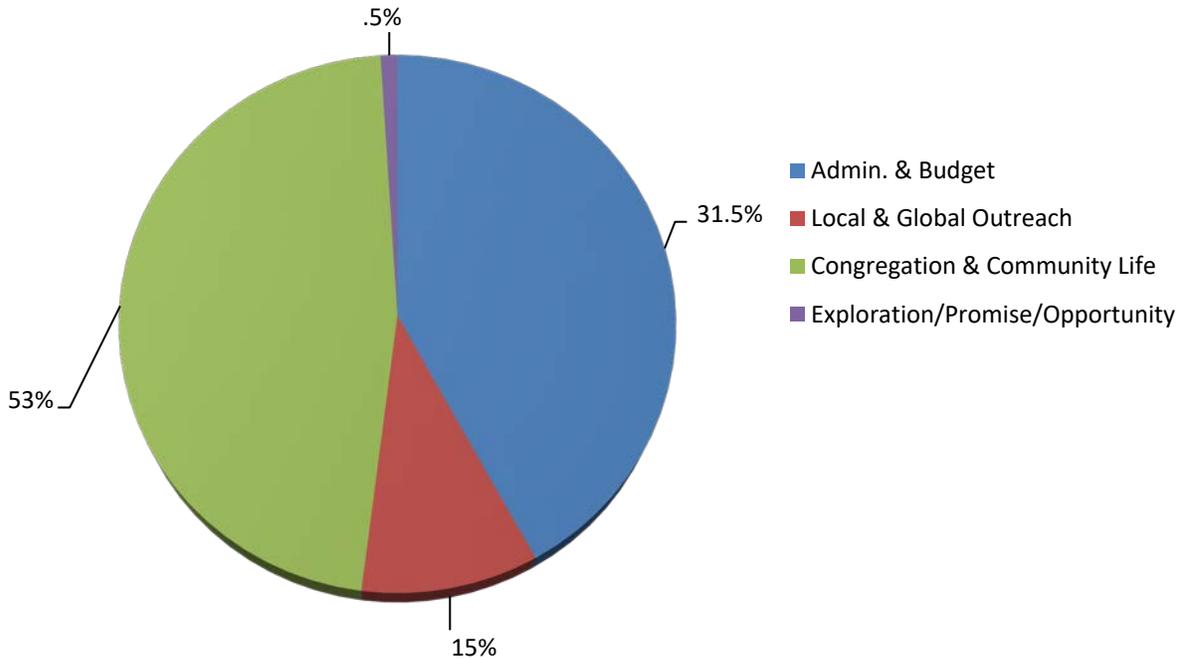
The budget looks beyond the diocese with appropriate support for The Episcopal Church, our Anglican partners and our Cooperating Ministries. Local outreach is spread through every deanery of the diocese through the grants made by the Episcopal Fund for Human Need.

Our Income & Expense Projections for 2017 by Categories

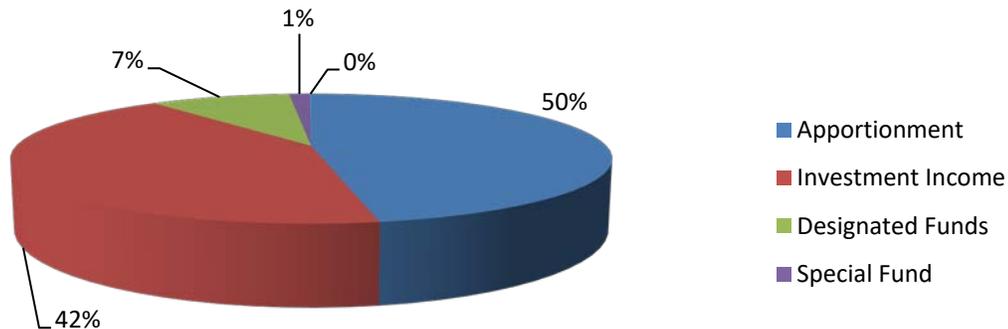
2017 Budget Income



2017 Budget Expenses



Total 2017 Budget Income \$3,919,634



- **1. Apportionment:** The Apportionment formula is established by canon taking a three-year average of Normal Operating Income (Line A on the annual parochial report) times a percentage set each year at convention when the budget is approved. Current proposed rate is 13.75% for 2017. During the first budget round this had been increased to 14% due to the extra income needed during the Bishop transition so as not to affect programming. Though many line items have remained the same as 2016 it allowed for no major decreases. A survey in 2013 of 54 diocese reporting shows 27 use a flat % rate and 25 a graduated rate and 2 use other methods. The average flat rate not including Indianapolis is 14.55% and the median is 14.65% with a minimum of 10% and maximum of 22.5%. Graduated rates go from 5% to 20%. (Factoring out parish clergy medical of \$524,486, which is unique to our diocese, makes our true flat rate about 10%)

\$1,953,250 (50%)

- **2. Investment Income** comes from several sources like interest on checking and Bassett Trust (a small trust account) for \$600 and 7 % interest on warrant capital held at the Indiana Interchurch Center in the amount of \$11,172 and Foundation Fund income of \$29,000. The majority of operating income is from a draw on the Unrestricted Funds of \$1,707,468. The rate of draw proposed for 2017 is 5.25% net of bank fees.

\$1,612,468 (42%)

- **3. Designated Funds** consist of some restricted endowments that supply offsetting Income funds to two budgeted expense line items. The Grisbaum Fund provides for seminarian assistance \$9,500 and the Waycross Foundation Fund is stewarded by the diocese for the benefit of Waycross Camp and Conference Center in the amount of \$12,000. Other income items in this category include funds returned to the diocese by some missions and parishes whose clergy were paid through the diocese as part of the shared ministries in the amount of \$78,114. A line item for 2017 of \$78,784 is funding for the new church start Good Samaritan in Brownsburg. The remaining Haiti Funds allocated to rebuild the Cathedral in that country produce income for operations of \$2,500. There is \$3,722 left

in a designated fund from Chase class action funds accumulated for operational use in 2017. In the 2016 budget income of \$111,343 which was unused draw from a prior year set aside was not going to be used so this item was carried over for use in the 2017 budget in the amount of \$100,000.

\$284,620 (7%)

- **4. Special Funds** are comprised of two funds: the Restricted Fund and the Temporarily Restricted Fund. The restricted fund splits its annual income in half providing some assistance with clergy medical and for Waycross scholarships. The Joanne Hall/Mitchell funds of \$9,000 are to be used for clergy medical costs. Some temporarily restricted funds of \$11,000 for racial reconciliation will offset expenses in the anti-racism budget for training. The Jennie Moore Fund will provide \$9,500 of income to offset outreach. The Executive Council set aside the proceeds from the sale of a painting she had donated to Bishop Craine and designated the fund for outreach.

\$29,500 (1%)

- **5. Budget Shortfall Allowance:** A reduction allowance of:

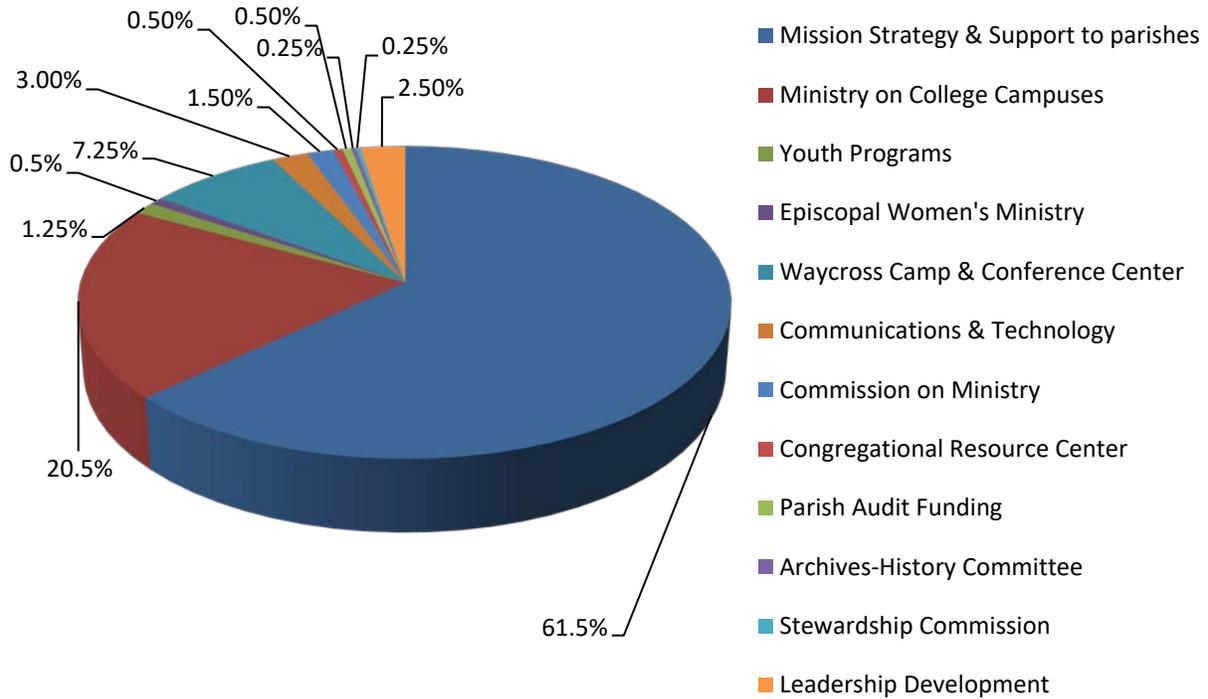
(-1,126)

Non Budgeted Income and Expense:

You will find an amount of \$50,000 below the line on both the income and expense side of the detailed line item budget for 2017. This was a onetime draw the Executive Council approved to provide a lead gift in support of the Pathways Ministerial Excellence Fund. The Pathways to Vitality grant from Lilly included an amount of \$250,000 to be matched by gifts around the diocese to set up the MEF fund. Also, a three year set aside of \$85,000 for the 11th Bishop Search and Election.

CONGREGATION & COMMUNITY LIFE

TOTAL \$2,077,954 (53%)



- **1. Mission Strategy & Support to Parishes:** Provides funding for 20 churches to minister in smaller communities and those where demographics are changing sharing \$511,585 in direct grants. An additional \$239,137 in salaries and expenses are paid by the diocese for the work of several clergy as we develop creative ways to supply clergy leadership. (\$78,114 is returned on the income side for salary reimbursements.) Along with this is the cost of all parish clergy medical benefits at 81% (clergy pay 19% as a payroll deduction) budgeted for 2017 in the amount of \$524,486. (The full cost of medical is \$664,486 or 17% of the entire budget. The other portion is listed as a line item in Administration & Budget covering diocesan staff and a few retirees/clergy disabilities at \$140,000.) Not part of this budget, but a big assistance to congregations, is the provision of life insurance for active and retired clergy by the Church Pension Fund along with Medicare supplement payments which relieved the diocesan budget of most clergy retiree costs. Active clergy are also provided an income replacement “short term” disability insurance paid by CPG.

\$1,275,208 (61.5%)

- **2. Ministry on College Campuses:** Our support of campus ministries includes three full time clergy salaries at IU, Purdue and Episcopal /Lutheran Indianapolis Campus Ministry at \$279,860 plus additional mortgage costs of \$28,800 for IU and Purdue. These three schools along with Ball State,

Hanover, Wabash, DePauw and ISU receive program dollars totaling \$114,903 with a small fraction used for the Ministry in Higher Education Commission.

\$423,563 (20.5%)

- 3. **Youth Program** funding of \$26,750 helps cover some of the costs for the spring retreat, fall conference, participation at diocesan convention, summer mission initiatives, the triennial youth event, youth steering committee expenses and a membership fee to the Center for Youth Ministry (part of Leader Resources). This makes curriculum for youth available to all of our parishes. (Ex. Journey to Adulthood, confirmation, retreat and intergenerational curriculum.)

\$26,750 (1.25%)

- 4. **Episcopal Women’s Ministry** will use some of the funds for a spring luncheon and a fall retreat. They also have an extensive database and publish an e-newsletter four times per year called The Communicator. Their mission is to support women on their journey in the service of Christ by giving of time, talent and treasure. They also work with United Thank Offering (UTO), Church Periodical Club and Province V Episcopal Churchwomen (ECW). This budget no longer will fund an accrual for the Triennial expense as it will be covered by a draw when needed from the Emily Upfold Fund a special fund investment for the EWM.

\$7,000 (.5%)

- 5. **Waycross Camp & Conference Center:** \$160,000 is budgeted for our camp and conference center. These funds will be used for youth formation during the summer camp programs along with formation for family and adult programs offered at the camp. About ¼ of non-camp usage is non-profits like Special Olympics, Jesuit Volunteer Corps, etc., which serve Indiana communities and beyond.

\$160,000 (7.75%)

- 6. **Communications and Technology** covers diocesan and parish web hosting of about 20 small congregations, site development, and upkeep. There is still some print and direct mail like the “In Touch” magazine. The cost of computer support in the office and a small amount of public relations grant funds for congregations. This provides sharing of information and assistance with each other and the wider world. We do this through multiple avenues of communication – Facebook, Twitter, YouTube, WebEx conferencing, etc.

\$60,000 (3.0%)

- 7. **Commission on Ministry** is required by Canon to “advise and assist the Bishop: (a) in the Implementation of Title III of [The Episcopal Church] Canons, (b) in the determination of present and future opportunities and needs for the ministry of all baptized persons, and (c) in the design and oversight of ongoing process for recruitment, discernment, formation for ministry, and assessment of readiness thereof.” To accomplish this there is a deacon formation program, interview weekends at Waycross, information days, seminary support, background checks, psychological and medical evaluations, general ordination exams, and some supplies and travel.

\$40,400 (1.5%)

- 8. **Congregational Resource Center:** All congregations have access to the Congregational Resource Center at Christian Theological Seminary. Parishes may visit or have materials mailed to them from the Center. Funding for this central resource to provide education and formation materials is provided not only by our diocese but by CTS and about 6 other denominations.

\$7,000 (.5%)

- 9. **Parish Audit Funding:** Since about 18 churches have operating incomes below \$120,000 the diocese began paying for one third of the audit/reviews/year by members of our audit committee so each of these 18 would have an outside review of procedures every third year. Audits are required by canon but costs have become prohibited for small churches. We do ask each church that receives this assistance to perform internal reviews on their books during the two interim years.

\$6,250 (.5%)

- 10. **Archives/History Committee’s** budget primarily covers the cost of the storage facility, GRM, where our historical documents are housed. Many of these records and documents belong to our congregations.

\$3,200 (.25%)

- 11. **Stewardship Commission** has a budget for webinars, workshops, tuition assistance for parishioners plus dues and workshops with the Planned Giving Group of Indiana. We also work with The Episcopal Network for Stewardship (TENS).

\$3,000 (.25%)

- 12. **Leadership Development:** Grants provided for Lay, Ordained and Congregational Development Programs (lay grants average about 10/year); EFM (35 individuals from 16 congregations and 12 mentors); Prison EFM (10 participants 2 mentors); Trinity Institute (2 congregations with 20 participants).

– **Mandated Trainings:** Safeguarding Programs (several hundred participants each year); Racism

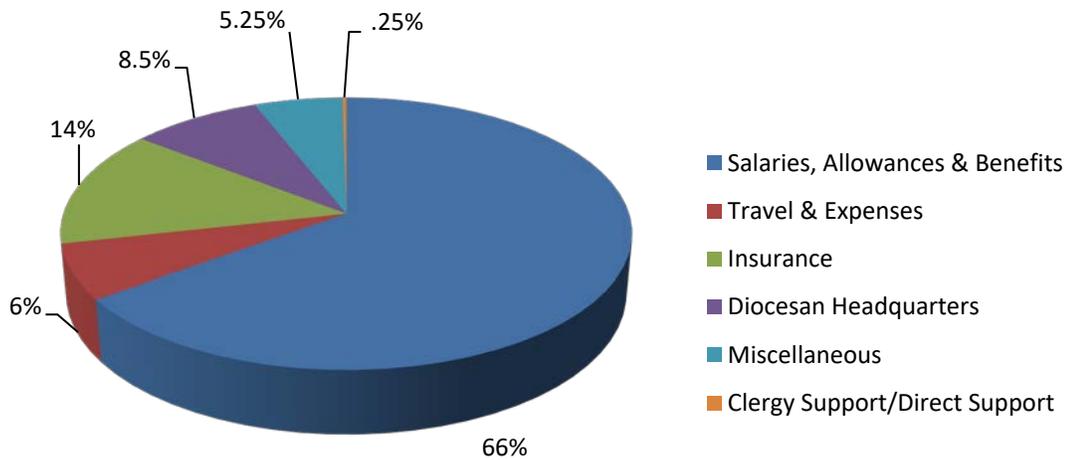
Training

- **Lay Programs:** Lifelong Christian Formation Committee; Church Next CE online (30 participating parishes); LEV training (25-30); Holy Currencies Program; Other Lay Licenses (preaching and worship leaders)
- **Clergy Formation:** 3 Ember Days (60 per day); Clergy Conference (55 for 3 days at Waycross); Fresh Start (17 participants monthly plus 1 overnight)
- **Joint Programs:** Vestry College (75); Barnabas Project (30)
- **Sabbatical Funding:** Clergy who do not qualify for Lilly Grants and professional Lay staff
- **Other:** EAP; (13 priests, deacons, and lay persons not covered by the diocesan medical insurance benefit from the Employee Assistance Program); Annual Memberships; and New Program Development.

\$65,583 (2.5%)

ADMINISTRATION & BUDGET

TOTAL \$1,250,285 (31.5%)



- 1. **Salaries, Allowances & Benefits** includes 7 full time employees at 40 hours and 2 part-time working 20 hours or less. Two employees are Non-Exempt with years of service in this office ranging from 19 years to 21 years and all others are Exempt employees with years of service ranging from 7 to 37. One may consider a percentage of this total dollar amount as part of the section on Congregation and Community Life. The Bishop, Canons and Program Staff spend time working in and with our congregations doing supply, transition, ministry reviews, stewardship, youth programs, audits, administration or communications. The Personnel Policy & Compensation Committee

recommended a 3% COLA for 2017 and for diocesan lay staff a 403(b) match of 4.5% to provide some equity to the difference in lay and clergy pensions. The largest increase is an overlap (one year only) of two Bishop's during the transition.

\$823,896 (66%)

- 2. **Travel and Expenses** includes \$67,000 for the office staff travel reimbursement, two lease cars for the Bishop and Canon to the Ordinary with gas, plates and insurance. This line item also covers travel reimbursement, continuing education and other training events which may include flight, hotel and meals for all staff. There is \$6,000 set aside for Travel/Meetings for others which covers non budgeted committee meetings and volunteer travel reimbursement such as the Executive Council, Personnel, Standing Committee, etc. Bishop's Hospitality covers many areas such as cards, flowers, hosting of visitors and other special occasions and is set at \$8,500.

\$81,500 (6%)

- 3. **Insurance** covers the medical premiums at 81% for diocesan staff and this also covers a few disabled clergy, retired clergy and lay staff and is budgeted at \$140,000. The diocesan property and liability coverage costs \$20,000 as this is an area of rising costs. The active, lay employees, in the diocesan office have \$50,000 term life insurance and lay retirees with over 20 years of service have \$10,000 term life insurance at a total premium cost of \$3,500. (The full cost of medical is \$664,486 or 17% of the entire budget. The other portion is listed as a line item in Congregation & Community Life covering diocesan clergy in parishes.)

\$163,500 (14%)

- 4. **Diocesan Headquarters** is the section in the budget which covers rent at the Indiana Interchurch Center \$63,506 (This is the gross rent. We also receive a 7% rent reduction booked as income of \$11,172. The diocese has warrant capital of \$159,601 invested in the building). This section includes all operating expenses such as phones, copiers, postage, supplies, etc. set at \$39,000 for 2017 and an accrual of \$500 for office equipment. A line item for legal fees has been budgeted for \$7,000. Please note this is available to all churches if approved by the diocesan office. The guidelines are on our web site.

\$110,006 (8.5%)

- 5. **Miscellaneous** incorporates the following items: Bank Fees with Chase plus fees with Kemper accounting firm for the handling of the approximately 75 sub accounts (over 50 belonging to our churches or cooperating ministries) in our Balanced and Growth Special Fund Investments (\$10,800). Additional expenses include the annual diocesan audit (\$22,500), Lambeth Reserve Accrual for the Bishop and spouse to attend the ten year gathering in England was not funded in 2016 or 2017 as the accrual is substantial and the event may not occur. (\$-0-), Diocesan Convention (\$17,583) which will require a reduction in technology expenses, Contingencies (\$500), General

Convention Reserve Accrual for every third year gathering of The Episcopal Church to conduct business (\$14,000) and Ordination Costs of (\$2,000) for the certificates, small gifts and a gathering of family & friends prior to ordination.

\$67,383 (5.25%)

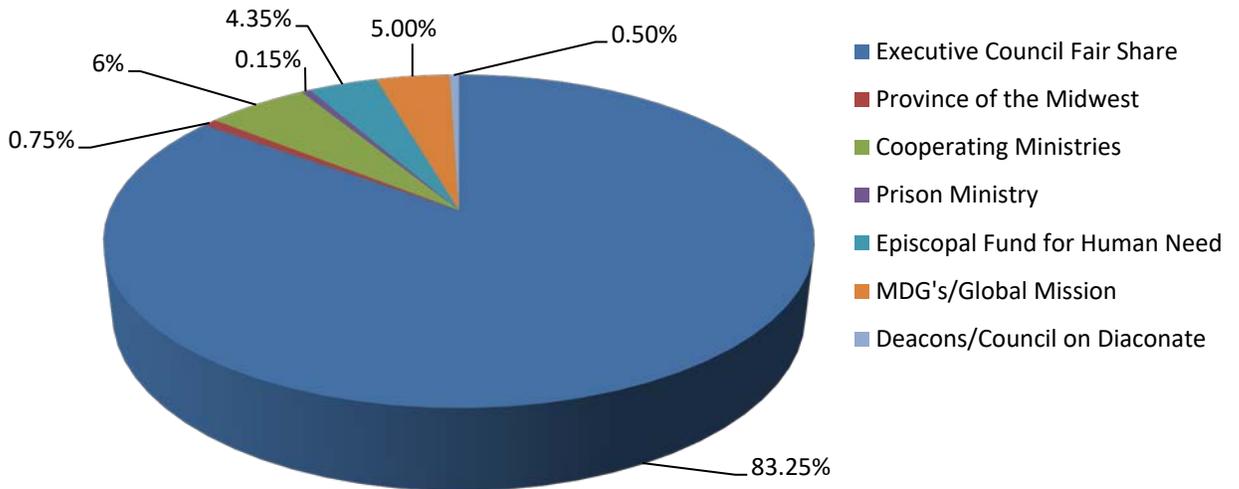
- 6. **Clergy Support/Direct Support** includes a budget for Transition Ministry in the amount of \$3,500 to assist with materials, training and search coaches in small locations. The Chaplain to retirees has a small budget of \$500 to keep in touch with retired clergy and offers assistance.

\$4,000 (.25%)

MISSIONS

(Funds Expended Beyond the diocesan household)

TOTAL \$570,157 (15%)



- 1. **Executive Council Fair Share** is the diocesan support for national and global work through the office of the Presiding Bishop. The formula is set by General Convention for 2017 is 16.5% of the reported diocesan operating income minus \$125,000 for the Episcopate and minus our clergy medical insurance along with a few income items that have restricted purposes. In 2018 the support rate will reduce to 15%.

\$473,082 (83.25%)

- 2. **Province of the Midwest** is the diocesan support for Province V which includes the following (14) dioceses: Indianapolis, Northern Indiana, Ohio, Southern Ohio, Springfield, Missouri, Chicago,

Milwaukee, Eau Claire, Fond Du Lac, Northern Michigan, Michigan, Western Michigan and Eastern Michigan. Our apportionment is based on 1.1% of our fair share.

\$5,735 (.75%)

- 3. **Cooperating Ministries** are agencies begun by the Episcopal Church that are now ecumenical but have applied for cooperating ministry status at diocesan convention in accordance with Canon VI. This status allows participation in the diocesan benefit programs, the diocesan property and liability insurance programs, and agencies may request budgeted funds. They value the relationship for four specific reasons; access to parishes for volunteer help and board service, they can purchase insurance thru our pool as mentioned, they can access funds for building projects, and being affiliated with The Episcopal Church helps with grant requests and other fund raising. These ministries are: Julian Center and Alternatives, both shelters for victims of domestic violence; Dayspring, a homeless shelter for families; Craine House, a women's offender program that allows children to remain with their mothers; Damien Center, for assistance to individuals with HIV or living with aids; St. Richard's School, offering a rich educational environment for children from pre-kindergarten to eighth grade; and Exodus, a center working with the resettlement of refugees. Small reduction to move some additional funds to EFHN.

\$32,500 (6%)

- 4. **Prison Ministry** provides various clergy with mileage reimbursement to provide Eucharist weekly at the Women's Prison, along with some funds for the EFM prison program and the letter writing programs in the Indiana prisons.

\$700 (.15%)

- 5. **Episcopal Fund for Human Need (EFHN)** supports the Pentecost ingathering in each of our parishes. It provides funding to agencies in every deanery (34 agencies in 2016). These are all social agencies that serve the poor, elderly, at risk children, ex-offenders, and feeding programs.

\$27,500 (4.35%)

- 6. **Millennium Development Goals/Global Mission** provides funding for our work with our partner in the Diocese of Brasilia and other committee work with Haiti. This budget amount is in addition to the \$500,000 that convention voted to help rebuild in Haiti. The Executive Council has approved and paid \$380,000 for the building of the school in Mithon which was completed July of 2014. The remaining funds will be used to assist in rebuilding of the Cathedral.

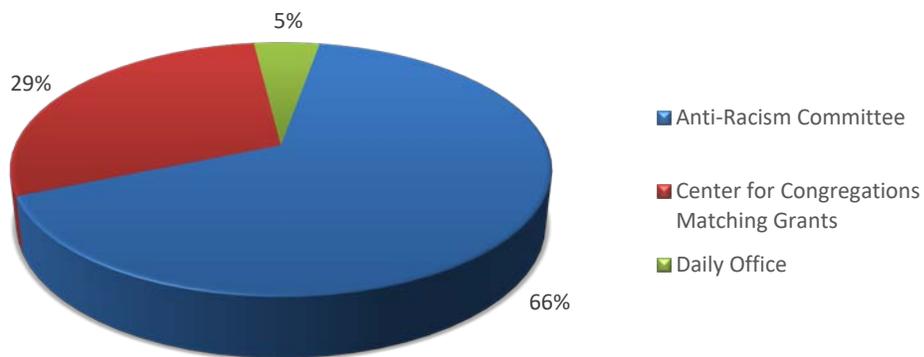
\$28,500 (5%)

- 7. **Deacons/Council on Diaconate** provides funding for 2 meetings with the Bishop (one is a retreat) each year and 4 other gatherings. This also funds dues to the Association for Episcopal Deacons. We have 20 retired and active deacons. Many serve the ministries of the diocese in various venues.

\$2,140 (.5%)

EXPLORATION/PROMISE/OPPORTUNITY

\$21,238 (.5%)



- 1. **Anti-Racism Committee** – A new program required by canon. Training began in 2014. There is offsetting income covering this expense.

\$14,000 (66%)

- 2. **Center for Congregations Matching Grants** - An initiative to provide our congregations with support in obtaining resource grants. The Resource Grants program pays for resources such as computer software, architects, fundraising consultants, strategic planning consultants, attendance at educational workshops, and many other resources. The best way to find out if your project or idea is eligible for a Resource Grant is to contact a Center for Congregations resource consultant. To be connected with a resource consultant, follow this link to find the office nearest you (<http://centerforcongregations.org/page/contact-information>) or call 866-307-2318. We replenish the original amount based on grants used the prior year.

\$6,238 (29%)

- 3. **Daily Office** – A ministry which is providing an online program for folks to enrich their prayer life.

\$1,000 (5%)