

LINE ITEM NARRATIVE FOR 2014 BUDGET
(The Highlights)

INCOME:

- Line 4: In 2009, the apportionment percentage was 13.75% of Net Operating Income [NOI]. The following year, due to the economic recession, the percentage was reduced to 13.25% and has remained at that rate for each subsequent year. It is of interest to note that in 2009 38% of the apportionment income went for medical insurance. Making changes in medical coverage over the past several years caused that percentage to go as low as 33%. In 2014, the proposed medical will once again be at 38% of the apportionment and there remains the possibility of further cost sharing or plan changes. With this in mind, and recognizing that the economy has shown some sense of recovery, the recommendation is to raise the apportionment percentage to 13.50% for 2014.
- Line 11: The Investment and Finance Committee hoped to reduce the draw to 5.5%. They understood that that might not be feasible and therefore recommended that the draw not exceed 5.75%. They further wanted it noted that both of these rates are recognized by the committee to be non-sustainable over the long term and acknowledges 4.81% (based on US Government Unit Trust calculation) as a sustainable rate based on 20 years certain under current market conditions. The Budget Committee proposes freezing the draw at the same dollar amount as in 2013 which is about \$25,000 less than a 5.75% draw would have provided from investments. The effective rate of draw would be 5.67%
- Line 13: This is the income we receive from the Interchurch Center (the location of the diocesan offices) on our investment of warrant capital. It pays 7% which helps reduce the true cost of our rent.
- Line 17: The clergy payroll for Peace Church in Rockport and St. Timothy's is handled by the diocesan office. In 2014, the full amount will be reimbursed by the parishes for those two salaries.
- Line 25: This is a relatively new bequest which gives half of the income to operations to help offset medical insurance for clergy.

Line 26: The remaining funds set aside years ago for clergy mental health when the insurance did not treat this coverage equally.

Line 29: Remaining funds from a Lilly Grant to study economic challenges facing parishes which will be used to offset our ministry funds to parishes through Mission Strategy.

EXPENSES:

ADMINISTRATION:

Lines 7-92: Most of these line items are salary and benefits. The Personnel Policy and Compensation Committee [P²C²] recommended a 2% Cost of Living [COL] adjustment for 2014 based on the forecast from the IU School of Economics. The budget group froze diocesan staff salaries from 2009-2010 and again from 2012-2013. The recommendation in this draft a 1% COL adjustment for all salaries funded through the diocesan budget.

Lines 54 & 56: May be used for special extra work during 2014 and provide some minor 403(b) matching funds for lay diocesan staff. The Pension Fund has frozen all future cost of living increases for those participating in the Lay Defined Benefit Plan indefinitely so this can provide some small contribution towards parity/equity.

Line 95-97: Provides for the Bishop and Canon to the Ordinary lease vehicles, gas and repairs. This line item also provides mileage reimbursement for other staff and covers any diocesan staff conferences and continuing education. These items were decreased in 2011, 2012 and 2013. The recommendation is to freeze these lines for 2014. There is also a line item for travel and meeting expenses for all committees like Executive Council without line items in the budget. Bishop's hospitality account provides funds for cards, flowers, and events which the Bishop hosts.

Line 101-103: Diocesan Lay active and retired life and income replacement insurance, Property and Liability Insurance which covers theft, fire, umbrella coverage, fidelity bonding, etc. Medical is about 1/5 of the budget and covers 85% of all clergy and diocesan staff medical insurance which includes vision, EAP, hearing aid discounts, health advocate and Express Scripts for pharmacy. Clergy and Lay are expected to have 15% of their premium cost share withheld from their paychecks in 2013. It should come as no surprise to anyone that this benefit is one of the chief benefits of serving in the Diocese of Indianapolis.

Line 107-109: All office expenses related to rent, phone, postage, copier lease, printers, payroll fees and office supplies and an accrual line for office equipment. No accrued funds available as this line was cut for several years.

Line 113: These are miscellaneous bank fees on checking but about \$6,500 of the cost is for our accounting firm to handle the distributions of income and produce quarterly reports for the 75 sub accounts held in our Special Fund for the diocese and parishes. All fees, except those imbedded in mutual fund holdings, are absorbed by the diocesan budget allowing our parish investments to receive income mostly gross of fees.

Line 114: Annual diocesan audit fees

Line 115: An accrual over 10 years to provide for the Bishop and spouse to attend the Lambeth Conference.

Line 116: Convention expenses for the annual meeting in October for over 250 delegates and alternates.

Line 118: For the accrual of funds to send our 8 delegates (and when possible the first alternates) and the Bishop to the General Convention every three years.

Line 119: Costs of the service, gift, ordination certificates, etc. for the newly ordained.

Line 123: Transition expenses are costs for parishes involved in searches or during interims.

Line 124: Provides funds for a chaplain to stay in contact with our retiree clergy and an annual service and lunch.

Line 125: Funds outside of medical to assist the Bishop with any needed clergy evaluations.

MISSIONS:

Line 130: Our apportionment to the Domestic & Foreign Missionary Society [aka. The Episcopal Church, aka. TEC, aka. the national church] for the work of the Presiding Bishop and staff. This is calculated at 19% of the diocesan income minus \$120,000 for the Episcopate and our clergy medical insurance. Our contribution also funds the Executive Council, some 70+ Committee, Commissions, Agencies and Boards, and support to missionary diocese (ex. Navajoland). The Church Center staff has been reduced over the past 6 years, which has resulted in less programmatic support for and resources for dioceses. This line item to TEC is akin to the parishes' apportionment to the Diocese.

Line 131: Province of the Midwest: This much smaller sum goes to assist Province V to cover its costs. We reduced our giving in 2013 and have frozen it for 2014.

Line 132: COOPERATING MINISTRIES (alphabetical order) The list below have been the agencies receiving funding from the diocesan budget. The budget committee is proposing no further funding be provided. They all may still participate in insurance programs with the diocese.

Alternatives Incorporated of Madison County:

Founded in 1978, Alternatives Incorporated strives to eradicate family violence in all its facets through education, prevention, and intervention in Central Indiana. During FY 2010, Alternatives sheltered 169 women and 166 children in emergency shelter and 9 women and 23 children in alternative housing. Services provided: meals, clothing, essential transportation, case management, individual and group support, weekday preschool, an afterschool program for elementary children, and an educational/employment training center. Effectively collaborate with other local and regional organizations to achieve this ministry. Located in Anderson with outreach offices in Greenfield and Elwood.

John P. Craine House, Inc.

Craine House is an alternative sentencing program for non-violent female offenders and their pre-school age children. This facility is one of six in existence in the country and the only one in the Midwest. Our Residential program allows women from within Marion and surrounding counties to serve out their executed sentence with their children, in lieu of jail or prison. The program offers structure and guidance with individualized goals for the women. Craine House offers an array of programs to better serve each woman's needs; parenting, GED classes, tutoring, health and nutrition, substance abuse programs, employment resources, and faith-based opportunities. In 2009 , 25 women lived at Craine House with a 60% successful completion rate. Clients who successfully complete the program reduce their likelihood of recidivism by more than 30% and kids who have parents living as stable members of the community don't end up in the criminal justice system themselves.

The Damien Center

Founded in 1987 through an interfaith partnership between the Episcopal Diocese of Indianapolis and the Catholic Archdiocese, the Damien Center is now the largest and oldest provider of services to the HIV/AIDS community in Indiana. The Damien Center offers comprehensive HIV prevention services, including free HIV and STD testing, prevention counseling, education, and advocacy. In 2010, 1555 free and confidential HIV tests were provided to the community, increasing individuals' knowledge of their own health and reducing the transmission and occurrence of HIV infections in our community. In 2010 The Damien Center served 1230 HIV+ individuals through Care Coordination. Care Coordination is the largest program at The Damien Center and is focused on providing linkages to medical and insurance providers for clients as well as links to supportive services. Care Coordinators work one on one with each client to develop a plan that addresses not only issues related to their HIV status, but also other issues that affect their ability to live a safe, healthy, and dignified life. The Damien Center partners with a wide variety of organizations throughout the community.

Dayspring Center, Inc. Dayspring Center is and emergency shelter providing food, clothing, and shelter to homeless families in Central Indiana, working to keep families together. Each year, Dayspring serves 500 individuals (150 families). Basic needs of food, clothing and shelter are met. Intensive supportive services provide resources and knowledge during their stay and up to a year after they leave the shelter, to effect permanent change, so the family can be contributing members of the community. Multiple collaborations and partnerships with other organizations help

with this ministry

The Julian Center

The Episcopal Diocese of Indianapolis founded the Julian Center in 1975 to assist victims of domestic violence. The Center now provides emergency shelter, counseling, transitional housing, permanent housing, respite child-care, legal and medical services, community outreach, a donation center, and a food pantry for its clients and has partnerships with United Way, the City of Indianapolis, philanthropic individuals and other organizations in addition to the Diocese. In 2010, the Center served 4,700 victims of domestic violence.

St. Richard's Episcopal School

Established in 1960, St. Richard's is a diverse, urban school in the English school tradition that serves students from age three through the eighth grade in small, intimate classes and excels at preparing young people to succeed in selective high schools, colleges, and universities and to pursue productive, fulfilling lives of service and achievement. St. Richard's fosters knowledge and values for a lifetime through instruction in faith, classic curriculum, leadership, civic responsibility, and global readiness.

DIOCESAN OUTREACH MINISTRIES:

Line 133: Prison Ministry

Outreach to prison inmates takes the form of spiritual formation for those who wish to attend regular EFM sessions offered, a "Just Friends" post office mailbox for encouraging letters mailed by diocesan parishioners, and communal prayer. Our diocesan representatives offer a friendly, inclusive and traditional Christian fellowship opportunity from a perspective that invites questioning. At this time, the diocese is represented through this ministry in two prisons in the Indianapolis area, and one in Lafayette.

Line 134: Episcopal Fund For Human Need (EFHN)

The Episcopal Fund for Human Need (EFHN) is a diocesan-wide ministry that provides an emergency safety net for those in central and southern Indiana who "fall through the cracks" of human needs agencies. Gifts through EFHN provide a lifeline to those who are hungry, homeless or poorly housed, without transportation, or ill and in need of assistance. An offering for the Episcopal Fund for Human Need is generally gathered in diocesan parishes on or near Pentecost Sunday.

Line 135: Millennium Development Goals/Global Mission Commission

The Diocese of Indianapolis is blessed with a three-way covenant relationship unique within the Anglican Communion that links our diocese with the Diocese of Brasilia in Brazil and the Diocese of Bor in southern Sudan. The National and Global Mission Commission is charged with promoting and supporting this relationship on behalf of our diocese as well as supporting and encouraging additional national and global missions opportunities such as work in Haiti.

Line 137: Deacons/Council on Diaconate

Deacons function in ministries of liturgy, word, and charity. They serve directly under the bishop of a diocese and help to carry out the bishop's ministry. Bishops normally assign deacons to special responsibility for mercy and justice. Dioceses usually require that prospective deacons already serve in specialized ministries among the poor, sick, and oppressed. Once ordained, deacons exercise leadership among the faithful, encouraging, training, and organizing them for various ministries. In many ways the vision of the historic diaconate has become a reality in our time (<http://www.diakonoia.org/AEDinfo.html>).

CONGREGATION & COMMUNITY LIFE:

Line 141: Youth Program funds have been increased by \$500 for 2014 from 2013. More fundraising will help provide funding for the various events around the diocese and nationwide. This fundraising effort is offered by the Coordinator of Ministries with and for Youth.

Line 142: No funding available in 2014 for young adult ministry.

Line 143: The women of the diocese have several events which have been underwritten by this budget along with an annual accrual of \$3,500 towards the Triennial held during General Convention every 3 years.

Line 144: Waycross assistance from the diocesan budget for the running of our camp and conference center. This includes income from an invested fund dedicated to Waycross.

Line 145: This supports the various modes of communicating to the diocesan family through the year including maintenance of the diocesan Website and assistance with parish websites, and technical support for the Diocesan office. This line item suffered a large decrease in 2013 and the committee wished to reinstate a good portion of the lost funding.

Line 146: Covers the costs of Commission on Ministry meetings and retreats with those in the ordination process.

Line 147: Provides funds for the diocesan stewardship officer to underwrite stewardship events and purchase materials.

Line 148: This covers the annual storage fees for our diocesan archives.

Line 149: Provides funding for two distinct Leadership Development areas: (1) Lay Formation and Congregational Development including: EFM, Lifelong Christian Formation, Vestry College, Under One Roof, Safeguarding, Anti-Racism & LEV trainings, and Lay and Congregation Program Development grants; (2) Clergy Formation & Wellness programs: Annual Clergy Conference, 3 Ember Days, Fresh Start for newly ordained and new to a position clergy, Clergy continuing education grants and EAP for deacons and clergy not covered by our medical insurance.

Line 150-153: Supports campus ministry in Indiana. We have an Episcopal presence on 8 campuses and are about the only denomination continuing to invest in campus ministry. Fixed costs broken out as sub accounts of Higher Education include the mortgages for both properties at IU and Purdue and the agreement with the Lutheran's for the Ball State program. Chaplains' salaries may be found on lines 80-88 above.

Line 154: Diocesan support for the ecumenical resource center housed at Christian Theological Seminary [CTS] for all churches in the Diocese to use.

Line 156: Support of parishes under \$120,000 of NOI that cannot afford audits.

Line 157: Direct ministry support from the Diocese to eligible congregations in the Diocese. In

2013, 21 congregations received assistance.

EXPLORATION/PROMISE/OPPORTUNITY:

Line 161: No budgeted funds for 2014 This is where funds for Haiti would have most appropriately be accounted for.