

2014

Narrative Budget

Presented to the 2013 Convention of the Diocese of New York
By the Budget Committee of the Diocese of New York

2014 Narrative Budget

INTRODUCTION

This memorandum seeks to provide a narrative for the 2014 budget of the Diocese of New York. Our goal is to offer a starting point for clarity and openness in the diocesan budget process. We hope to explain in general the receipts and disbursements of the diocese; in other words, where the money comes from and how it is spent. When possible and where applicable, we have included the assigned staff members for each program, mission, or office. This narrative is designed to be read as a companion to the budget. That said; it might be helpful to have on hand a copy of the 2014 budget and also a copy of the Diocesan Canons.

If you have questions or concerns that require a more detailed explanation of a specific office or program, please contact the appropriate staff member or the Chair of the Budget Committee.

The Budget Committee met numerous times throughout the summer of 2013. Our meetings took place in person and by phone, and we also had correspondence through email. The phone meetings were particularly productive due to the ability for every committee member to have remote viewing access to budget files on Mr. Allen Barnett's office computer. We are very grateful to the time and energy that Mr. Barnett, the staff member who was assigned to assist the Committee, put in working with the Committee this summer.

The Right Reverend Andrew M. L. Dietsche was installed as the Bishop of New York on February 2, 2013. The Budget Committee was appointed by Bishop Dietsche to provide a budget for 2014. Members of the Committee are:

The Rev. Keith Johnson
Sister Faith Margaret, CHS, *Treasurer of the Diocese of New York*
The Rev. Betty McWhorter
The Rev. Matthew Mead, *Chair of the Budget Committee*
Ms. Marsha Ra
The Rev. Thomas Synan
Mr. Tom VanWort
Mr. Allen Barnett, *staff member assigned to the Budget Committee*

This report is divided into three major sections:

- 1) Executive Summary (PAGE 2)**
- 2) Receipts (PAGE 5)**
- 3) Disbursements (PAGE 8)**

SECTION 1: EXECUTIVE SUMMARY

Throughout the process members of the Committee met with Bishop Dietsche. We came to the common conclusion that 2014 would be a transition year where the Diocese would prepare for the challenges of the future. We discussed looking ahead to 2014 and 2015, the planned Indaba process, and the strategic planning that is expected to begin following that process. Our discussions focused on how the 2014 budget could best be structured to enable that preparation, and we are very optimistic looking ahead to 2015. This section is subdivided into 4 parts: Summary of Receipts, Summary of Disbursements, Summary of Disbursement Requests Received But Not Approved, and Summary of the 2014 Budget.

Summary of Receipts

- Receipts in 2013 are below what they were expected to be when the budget was drawn up in 2012.
 - Assessment income and CSP Contributions are both lower than anticipated. Assessments are down primarily because several of the largest assessment congregations were forced to temporarily reduce their assessment contributions. The Adjustment Board, the Bishop, and the CFO have been in regular dialogue with these congregations, and they are on track to pay more of their assessments by 2015 (e.g. a newly negotiated rental agreement at one assures that payment will increase considerably). Those increases are not expected to be seen until 2015 and beyond.
- We do not expect receipts to increase in 2014.
- We expect receipts to increase in 2015 and beyond.
 - As noted above, the Adjustment Board, the Bishop, and the CFO have been in regular dialogue with several of the largest assessment congregations who were forced to temporarily reduce their assessment contributions, and they are on track to pay more of their assessments by 2015 (e.g. a newly negotiated rental agreement at one assures that payment will increase considerably). Those increases are not expected to be seen until 2015 and beyond.
 - The diocese owns a property on 108th street which had been rented for an approximate annual income of \$500,000. When the tenant informed the diocese that it would not renew for 2014, other options were explored for the property by a taskforce. The taskforce determined that it was financially untenable to renovate a property for potential diocesan use or for another potential tenant. The taskforce determined that selling the property is the best option and the increase to annual diocesan investment income should more than offset the income lost from rent. The sale of the property should be complete before 2014. Sale of any diocesan property must be approved by the Bishop and the Trustees and is not the purview of the Budget Committee.

For full detail on all receipts see Section 2 below.

Summary of Disbursements

- A Suffragan Bishop will be elected in December, 2013, and cannot begin working until all necessary Episcopal Church approvals have been given. We expect the Suffragan Bishop to begin in March, and that position is to be budgeted for only 10 months in 2014.
- We are budgeting for an Assistant Bishop for 6 months so that there is overlap with the new Suffragan Bishop.

- We are continuing to move toward full payment of our Asking to The Episcopal Church.
 - In 2013 we paid 81% of our requested Asking to The Episcopal Church. A resolution approved by Diocesan Council requested that our Committee continue to move toward full payment of the assessment, and so that percentage will increase to 84% in 2014, increasing from \$750,000 in 2013 to \$832,000 in 2014.
 - The overall Asking percentage is expected to be reduced by General Convention in 2015, and we expect our 2014 increase will cover 100% of our Asking in 2015.
- We are budgeting all grants and programs at 2013 levels.
- The amount budgeted annually for the deputation to General Convention has been increased at the request of the deputation to \$13,000 to cover higher travel expenses.
- The Mission Initiative line was renamed the Harlem Initiative and funding to support clergy in Harlem was increased.
- The College Chaplain position at New Paltz that had been temporarily vacant will be filled again in 2014 which accounts for the increase in the Campus Ministry line. This is not a new position.
- The Bishop intends to change the makeup of the diocesan staff over the next year. These changes will include adding a Canon for Pastoral Care, but the total number of staff positions and overall budget for staff will not increase.
- We are budgeting a 3% increase for all staff to cover rising health benefit costs. The total amount for that increase is \$79,000.
- Staff changes in the Bishop's Office and Administration meant that these line items were above budget in 2013 due to severance payments and hiring new employees with more experience. Accordingly, we have budgeted to cover these continued increases in 2014.

For full detail on all disbursements see Section 3 below.

Summary of Disbursement Requests Received But Not Approved

The Budget Committee occasionally receives requests from committees and groups in the diocese to consider funding a specific mission or program. All requests are reviewed by the Committee. Time for vetting a request is required, and requests that come in during the summer often do not allow for such vetting. Requests for disbursements that were considered but not approved are noted below.

- Most of the staff of the diocese has received only one salary increase in the last six years. At the start of our process we were aware of this, but due to the fact that income was lower than expected in 2013 and projections are similar for 2014, we were not able to include a cost of living salary increase for the staff. We did however include overall an increase in staff compensation to cover the cost of rising healthcare. When the budget was presented to Diocesan Council on September 11, 2013, the Committee was asked to consider some cost of living increase for the staff when preparing 2015 Budget.
- The Committee on the Environment requested \$50,000 to assist every congregation in doing an energy audit: an energy audit can significantly save operating costs, while cutting greenhouse emissions. The request came before the Committee in late June, and was considered at meetings in July and August. The Committee commends the idea of doing an energy audit, but we were unable to vet the idea without more information and time. We suggest that a survey of congregations that have already done an energy audit might be helpful for vetting such a proposal.

- The Congregational Development Commission does not currently have a line item in the budget (for comparison, see Social Concerns, General Global Mission, etc.). A request was made to add a line item of up to \$50,000, but no less than \$20,000. The request was made at the conclusion of our budget process in late August (this fact was noted in the request), and for that reason the request was marked for 2014 and for 2015. The Committee was unable to carefully consider the request due to its late submission, and it will consider the request when preparing the 2015 Budget.

Summary of the 2014 Budget

The Bishop and the Committee view 2014 as a year of transition: Bishop Dietsche will mark his first anniversary as Bishop of New York; a newly elected Suffragan Bishop will be installed; the Indaba process will be underway; and the people and mechanisms will be in place to begin strategically planning for the future of the Diocese of New York. We are very optimistic and the future of the Diocese of New York looks bright.

At the start of our process we knew that receipts in 2013 would be below levels budgeted for that year which meant that our starting point budgeting for receipts for 2014 was going to be lower than the 2013 budget. We understood that the real questions were about whether or not the numbers would improve in 2015 and beyond. Can we assume that assessment income will increase in 2015 and beyond or will it remain static? Can we assume that a tenant will be found for West 108th Street or that the property could be sold? If the answer to those questions was “yes”, then we were looking at 2014 as an “interesting year”, rather than a new reality, and the budget could be balanced for a year by drawing from our cash reserves. If the answer to any of those questions was “no”, then we must assume that there will be less operating income in 2014 and beyond, and we should plan to move toward balancing the budget by cutting programs, grants, and staff beginning in 2014.

The Committee and Bishop Dietsche believe that 2014 will be an “interesting year” rather than a new reality. We are very optimistic looking past 2014, and we expect that income will increase in 2015 because sufficient congregations have indicated to the Bishop that they will be able to pay a larger portion of their assessments in 2015. Knowing that receipts are not expected to increase until 2015 and with full support of the Bishop, we plan to maintain current levels of funding of programs, grants, and staff for 2014. This will allow us to transition rather than tear down only to rebuild again. Total disbursements increase by about \$235,000 in 2014 (compared to 2013 Projected numbers), and this is accounted for by modest increases in our Asking to the Episcopal Church, modest increases in covering rising medical costs, and funding current positions and grant programs that were vacant or partially funded in 2013. There are no new line items or grant programs in the 2014 budget. Drawing from diocesan reserves, built up specifically to support transitional years like 2014, will cover the difference.

To be clear, it is not normal to pass a budget that is balanced by drawing from reserves. But we reiterate that this will allow us a smooth transition rather than tearing down only to rebuild again.

The total amount of revenue and expense budgeted for 2014 is \$9,513,000. This represents a 1.5% increase from the 2013 budget (\$9,365,000), and a 2.5% increase from the 2013 projections (\$9,275,588).

This budget and narrative is presented by the Budget Committee with full support of Bishop Dietsche. The budget and a draft of this narrative were presented by email to the Council of the Diocese of New York on August 28, 2013. The budget was approved by Diocesan Council on September 11, 2013.

SECTION 2: RECEIPTS

Assessments (Congregation's Apportioned Share)

The Congregation's Apportioned Share (see Canon 18, Section 1.2, of the Canons of the Diocese of New York) is commonly called an assessment. The assessments of the Diocese of New York make up the vast majority of the income for each year's annual budget. To be blunt, without payment of assessments, the Diocese shuts down, people lose their jobs, and all funding supporting many of the congregations and mission work in the diocese stops. Unlike some dioceses the Diocese of New York does not have voluntary assessments; unlike The Episcopal Church and the Provincial Synod the Diocese of New York also does not have a suggested asking amount.

The assessment which is calculated for each congregation is based on a formula agreed upon by resolution of Diocesan Convention and set forth in the Canons of the Diocese of New York and applied to that congregation's average Normal Operating Income (as defined in Canon 18, Section 2.3, of the Canons of the Diocese of New York) for the last two years. According to Canon 18, Section 2.1, of the Canons of the Diocese of New York, the Apportionment Formula for assessment is:

- 4% of income from \$1 to \$50,000, plus
- 10% of income from \$50,000 to \$200,000, plus
- 15% of income from \$200,000 to \$500,000, plus
- 20% of all income above \$500,000

The Trustees are authorized from time to time to increase the dollar amounts that divide the brackets in the above formula to take into account inflation in the cost of the major items making up the budgets of congregations in the Diocese of New York.

Payments of assessments are due quarterly. Consequences for non-payment are determined by resolution of Convention and set forth in detail in Canon 18, Section 4, of the Canons of the Diocese of New York.

Since 2008 most of the congregations in the diocese, including but not limited to the majority of the congregations that pay the largest assessments, have struggled to pay their full assessments. Many have opted to appeal their assessments. Any congregation may appeal its assessment to the Adjustment Board, a Committee of the Diocesan Board of Trustees (see Canon 18, Section 1.3, of the Canons of the Diocese of New York); the Adjustment Board will affirm or reduce a congregation's assessment at a requested hearing. Any congregation may appeal the Adjustment Board's decision to the Trustees.

The result of these appeals is that the budget committee has three completely different numbers when considering and budgeting for the assessment of each congregation. The first is the amount

that is actually assessed for each congregation. The second is the amount that a given assessment has been modified through appeal. The third is the amount that the diocese can reasonably expect to receive because some of our congregations will be unable to pay their full/appealed assessment. This third amount is the line item “Assessments” in the budget.

In 2013 assessment income was lower than expected. We anticipate that these conditions will continue through 2014 and have budgeted based on the projected 2013 actual numbers. As noted in the Executive Summary, we expect assessment income to increase beginning in 2015 primarily because several of the largest assessment parishes are on track to pay more of their assessments by 2015.

Congregational Support Plan Contributions

The Congregational Support Plan (see Canon 18, Section 3, of the Canons of the Diocese of New York) helps to provide clergy for a number of congregations in the Diocese of New York. Any congregation may apply for entry into the Plan with a request to the Congregational Support Plan Committee. Congregations in the Plan receive money from the Diocese to help pay the salary and benefits of their priest. Congregations in the Plan do not pay an Apportioned Share or assessment, but they do pay into the Plan 50% of their Normal Operating Income.

Congregational Support Plan income represents the second greatest source of income to the assessment budget. However, the combined total of income and expenses of the Congregational Support Plan is a net expense for the diocese since more money is spent supporting congregations than is received from congregations being supported.

Since 2009, the number of congregations being supported by the plan has decreased: 52 congregations as of January 1, 2009; 40 congregations as of January 1, 2010; 36 Congregations as of January 1, 2011; 31 Congregations as of January 1, 2012; 28 Congregations as of January 1, 2013. A total of 64 congregations have been in the CSP.

Though there have been fewer congregations in the Plan each of the last few years, the total expense of the Plan has not gone down dramatically. Fewer congregations in the Plan necessitates that less money is being paid into the Plan. In general, the congregations that are in the Plan in 2014 are receiving a greater net benefit from the diocese than those that have transitioned out of the Plan. With this in mind, the Congregational Support Plan Committee has tried to ensure that each congregation in the Plan has the right clergy coverage (full-time, part-time, etc.).

Investments, Rental, and Fee Income

The Diocese has an unrestricted investment portfolio of approximately \$15 million at December 31, 2012. In 2013, a draw down from a portion of these funds, based on the guideline of 4.5% of the 3 year moving average principle, is included in the diocesan budget.

The remainder of the investment portfolio consists of restricted or dedicated funds, meaning that money from those funds can only be used in certain ways. This income is not the purview of the Budget Committee and is not included in the budget.

The Diocese owns a building at West 108th Street which produced rental income of approximately \$500,000 in 2013. When the tenant informed the diocese that it would not renew for 2014, other options were explored for the property by a taskforce. The taskforce determined that it was

financially untenable to renovate a property for potential diocesan use or for another potential tenant. The taskforce determined that selling the property is the best option and the increase to annual diocesan investment income should more than offset the income lost from rent. The sale of the property should be complete before 2014. Sale of any diocesan property must be approved by the Bishop and the Trustees and is not the purview of the Budget Committee.

Fees are charged by some committees to attend various meetings and conferences which help defray the expenses of those meetings.

SECTION 3: DISBURSEMENTS

MISSIONS & PROGRAMS

The following budget line items include money spent on missions, programs and grants inside and outside of the Diocese. Technically all of these items are discretionary. This money is used by the Commissions and Committees of the Diocese. The work of all of these Commissions and Committees is done by volunteers from around the Diocese who have either been elected to the Standing Committee, to the Diocesan Council or to the Diocesan Trustees or who have been appointed by the Bishop. Each Committee and Commission has one or more Diocesan staff members who assist the Committee or Commission as needed.

Support for The Episcopal Church

As the congregations in the Diocese of New York have canonically agreed to support the Diocese through each congregation's apportioned share, so too the Dioceses have agreed to support The Episcopal Church. Since 2009, the Diocese of New York has not paid the full percentage of its Asking to The Episcopal Church.

The Episcopal Church passes a three year budget at each General Convention and includes a formula for calculating the asking of each diocese for those three years. In 2009, the three year budget that was passed asked for varying amounts for each year (from 21% to 20% of the operating budget of each diocese). In 2012 the Asking of The Episcopal Church was set to 19%. It is expected that the Asking of The Episcopal Church will be lowered to 16% in 2015, and 15% after that.

Note: the formula is more complicated than a simple percentage: there are exceptions, averages of years, a lag time, and a number of different things that complicate how each diocese's operating budget is calculated, and the asking is the agreed on percentage of that final calculated amount. Because the formula operates on a two year lag (for example, the 2012 assessment is based on 2010 numbers), and because there is no mechanism for appealing an Asking at the (inter)national level, The Episcopal Church assumes a far greater amount of financial stability than reality sometimes allows.

When confronted with the economic crash in 2008, the budget committee was unable, due to the Canons of the Diocese, to modify the 2009 Budget prior to Convention. The budget passed with the knowledge that it would be dramatically changed, as allowed by Canon law, by the Trustees of the Diocese. The Trustees of the Diocese did in fact make a number of major adjustments to the budget throughout 2009. Many of those changes continued to be reflected in the budgets prepared for the years following 2009. One such change included lowering the amount paid to The Episcopal

Church, and that change was made in part because, according to the Chief Financial Officer of the Diocese of New York, the diocese overpaid our Asking to the Episcopal Church for a number of years.

In 2008 the Diocese of New York paid \$1,525,000 to The Episcopal Church. The 2009 Diocesan Convention passed a budget planning to pay \$1,698,691 to The Episcopal Church. In fact, we paid \$1,328,000 which required dipping deeply into our limited investment reserves and endowed funds. In 2010 we budgeted \$950,000 and paid \$900,000. In 2011 we budgeted and paid \$700,000. In 2012 we budgeted and paid \$600,000. It is important to note that the entire budget of the diocese also decreased dramatically over these years. This change was made out of necessity, not because The Episcopal Church asking was expendable or considered a discretionary expense. One can make the argument that The Episcopal Church asking is too high, or that the money The Episcopal Church spends should be spent on other things, but we strongly believe that those arguments ought to take place within the forum of General Convention as our ecclesiology and polity requires, and as such they should be made to our Deputies to General Convention and the Bishops of the Diocese of New York so that they can bring such concerns to The Episcopal Church.

Going into 2013, the diocese could no longer make the case that it had overpaid, and the Budget Committee, with full support of the Bishops, believed that it was important for the Diocese of New York to move towards paying its full asking. In 2012 we paid \$600,000 which was about 58% of the asking. In 2013 we paid \$750,000 which was about 81% of the asking.

In 2014 we again budgeted towards paying our full asking; \$832,000 represents 84% of the asking. The overall Asking percentage is expected to be reduced by General Convention in 2015, and we expect our 2014 increase will cover 100% of our Asking in 2015.

Council of Churches

The Venerable William C. Parnell, Archdeacon for Mission

The Diocese of New York is by charter a member of both the New York City and New York State Council of Churches, which include other Protestant and Orthodox churches. The Archdeacon represents the Bishop on both the city and state councils. The councils engage in ecumenical dialogue on subjects of common concern and then translate that dialogue into engagement with city and state government on important issues of public policy such as racism and poverty. The councils vet chaplains for city and state prisons, and have recently become involved with issues of farm labor rights. Our presence on these councils is highly valued. In addition to these bodies, the Archdeacon has in recent months been involved in the creation of a new council of interfaith leaders for the City of New York. This new organization will share in funding from this line as its formation progresses in the coming year.

Provincial Synod Assessment

The Venerable William C. Parnell, Archdeacon for Mission

This line helps cover expenses associated with the work of Province II. The figure is determined by a formula. The full asking was budgeted in the 2013 budget after five years of partial funding. The full asking is also budgeted for 2014. Our Province II assessment has to do with our faithfulness to the wider Episcopal Church and should be maintained in full. The purpose and mission of Province II, the International Atlantic Province, is to foster and support the Church's mission and ministry in a regional coalition of the Dioceses in the States of New York and New Jersey, Haiti and the Virgin

Islands, and the Convocation of Episcopal Churches in Europe, by providing regular channels and systems of communication, promotion, support, education and fellowship.

Social Concerns

The Venerable William C. Parnell, Archdeacon for Mission

The Social Concerns Commission includes membership in national and local organizations that promote important social work of the diocese. In addition to the work of various committees, this line item includes our support of the Millennium Development Goals (General Convention in 2006 recommended 0.7% as an appropriate amount of each diocesan budget through 2015). Some of the Social Concerns Commissions areas of focus include children's advocacy, anti-racism conversations, study of reparations for slavery, HIV/AIDS, protection of the environment, and housing/homelessness. The new diocesan initiative to reduce gun violence is being furthered through the Social Concerns Commission. Other areas where we need a more coordinated diocesan witness include immigration and violence against women, and these areas might well fall under the auspices of the Social Concerns Commission.

General Global Mission

The Venerable William C. Parnell, Archdeacon for Mission

The Global Mission Commission (formerly Congregational Life for Mission) coordinates our partnerships around the world including Tanzania, South Africa, India, the Diocese of Jerusalem and the Middle East, Haiti, and the Diocese of London. It works with the local Asia-America Ministry and Metropolitan Japanese Ministry, as well as our Global Women's Fund (which supports higher education for women) and the Global Hospitality Fund (which assists with welcoming Anglican guests who are visiting our diocese). The Commission also provides support for Young Adult Service Corps interns from the Diocese of New York who serve overseas, and maintains contact with our diocesan missionaries (currently in China, Pakistan and the Philippines). In 2014 the work of the Global Mission Commission is being restructured to form networks for congregations and individuals who are involved (or wish to be involved) in particular regions of the world. The Commission itself will be composed of persons with significant experience in global partnerships, and will focus on training us all to be better mission partners, promoting opportunities for young persons such as the Young Adult Service Corps and Episcopal Service Corps, and raising funds for major grants to our partner dioceses and organizations.

Christian Formation for Youth and Young Adults

The Rev. Canon Patricia Sobers Mitchell, Canon for Christian Formation

This line was formerly titled "Christian Education", but it was renamed for clarity. This line supports the annual Diocesan Summer Youth Conference at Incarnation Camp through scholarships, camp nurse and transportation. It also supports the Episcopal Service Corps in the Diocese of New York. Episcopal Service Corps is a program for young adults, who intern at congregations in the diocese. The program helps them discern their call to their life's work, and it assists them in developing the skills needed for a life of service. The Christian Formation Office also provides seed money to start new internship programs at congregations within the diocese and supports the interns in the form of a year-end stipend.

Rural and Migrant Ministry

The Venerable William C. Parnell, Archdeacon for Mission

Rural and Migrant Ministry is a multi-faith organization founded by the Diocese of New York and serving rural and migrant people in New York State since 1981 through programs of youth

empowerment, education, and accompaniment, and legislative reform. It is an extremely important church organization which works throughout New York State to protect migrant workers. The Rev. Richard Witt, its Executive Director, is recognized as a leader in the area of justice for farm workers, and the organization also had a very important role in the recovery of rural communities from disastrous flooding from Hurricane Irene. In addition to funding support from the Diocese of New York, contributions are made from a variety of religious traditions and represent most regions of the State. Disbursements from the Assessment Budget cover expenses for administrative staff and operations – items not funded by most foundations.

Assistance Provided to CSP Congregations

The Rev. Dr. Richard Sloan, Plan Coordinator and Stewardship Officer

All expenses in the Congregational Support Plan line pay salary and benefits for parish clergy in congregations that are not yet self supporting. In exchange for clergy compensation Congregational Support Plan congregations make payments of 50% of their Normal Operating Income to the Assessment Budget. See *Congregational Support Plan* above in the *Receipts* section for more information.

The Harlem Initiative

The Venerable William C. Parnell, Archdeacon for Mission

This line was formerly the Mission Initiative line that was zeroed out in 2012, but has been used during 2013 to fund a clergy presence at the Church of the Intercession, New York City. The line has been renamed for clarity. The Harlem Initiative is part of the Bishop's strategic vision to stabilize and build up the Episcopal Church presence in Harlem.

First Step Grant

The Rev. Canon Dr. Williamson Taylor, Canon for Congregational Development

The Rev. Canon Claudia M. Wilson, Canon for Congregational Development

A First Step Grant acts as a catalyst for a congregation this is seriously committed to taking the first substantive steps toward a long-term growth strategy. Funds are awarded to support strategic activities that will result in quantifiable spiritual and numerical growth within congregations. First Step grants are not intended for general operation, on-going program support, or benevolence. Applications are made through the Congregational Development Commission. In 2011 the Congregational Development Commission received grant applications from 22 congregations for a total of \$92,956.37 and awarded 8 grants to congregations for a total of \$20,011. In 2012 the Congregational Development Commission received grant applications from 23 congregations for a total of \$93,491.88 and awarded a total of \$20,000. Grants for 2013 are in process and will be reported in full by December 31st.

Next Step Grant

The Rev. Canon Dr. Williamson Taylor, Canon for Congregational Development

The Rev. Canon Claudia M. Wilson, Canon for Congregational Development

A Next Step Grant is given to support a congregation making the transition from pastoral to program size by providing temporary, partial funding for an assistant clergy person. Between 2009 and 2011 Christ Church, Warwick, received a grant for an assistant clergy person. No grant was awarded in 2012. Grants for 2013 are in process and will be reported in full by December 31st, however, it is unlikely that there will be any Next Steps Grants awarded this year because the grant money is not enough to pay the entire cost of a clergy person.

Hispanic Grants

The Rev. Canon Dr. Williamson Taylor, Canon for Congregational Development

The Rev. Canon Claudia M. Wilson, Canon for Congregational Development

This subcommittee overseen by the Congregational Development Commission meets to disburse these funds to Spanish-language/cultural congregations within the diocese. For the 2013 budget the Budget Committee separated non-salary Hispanic Ministries grants and Hispanic Ministries clergy compensation into two line items. For years prior to 2013, this item reflected grants that were given for all Hispanic Grants including clergy compensation and benefits. In 2011, eleven Hispanic Ministries Grants were awarded for \$257,943.07 to 11 congregations; of those 11 grants, 6 paid for clergy compensation and benefits or for part time clergy for Hispanic congregations for a total of \$219,543.08, and \$38,399.99 was awarded for things other than clergy compensation and benefits. In 2012, fifteen Hispanic Ministries Grants were awarded for a total of \$387,014.57; of those 15 grants, 9 paid for clergy compensation and benefits or for part time clergy for Hispanic congregations for a total of \$341,934.57, and \$45,080 was awarded for things other than clergy compensation and benefits. Grants for 2013 are in process and will be reported in full by December 31st.

Hispanic Compensation

The Rev. Canon Dr. Williamson Taylor, Canon for Congregational Development

The Rev. Canon Claudia M. Wilson, Canon for Congregational Development

For the 2013 budget the budget committee separated non-salary grants and compensation into two line items. This item reflects grants that were given for Hispanic clergy compensation and benefits. See the line above for more information.

Transitional Growth Grants

The Venerable William C. Parnell, Archdeacon for Mission

This line was created in 2013. Beginning mid-2013 the grant has been used to fund a full-time curacy at Saint Philip's Church, New York City, for one of the newly ordained African-American priests of the Diocese of New York. The funding for this position will continue throughout 2014 and will be supported by this grant. This grant is distinct from the Harlem Initiative in that it is a not specifically designated for clergy support in Harlem.

Property Support Grants

Mr. Michael Rebic, Director of Property Support

Details for 2013 will be available at year's end. In 2012, Property Support awarded 52 grants totaling \$350,000 to 40 congregations throughout the Diocese of New York. Two emergency grants and loans were issued for roofing and to repair a church water system; five energy grants were awarded to assist congregations in lowering utility bills; and four material grants were made available to congregations whose members were willing to donate volunteer labor to undertake projects pre-approved by Property Support. Included in the total grants awarded are 6 annual matching grants totaling \$56, 198 to congregations enrolled in the roof reserve program. The remaining grants funded various projects ranging from masonry work, heating systems, roof repair and replacement, steeple restoration, exterior painting, rectory renovations, sidewalk repairs and essential mandated safety issues. Also included in the above grants are 22 consulting grants made to congregations enabling them to hire outside expertise to evaluate conditions, help plan and prepare building documents as well as to supervise projects. In addition to the grant program, the Property Support Office also provided \$298,000 in loans to six parishes through the Revolving Loan Fund. As part of its mandate, the Property Support Office conducted site visits to parishes to investigate building-

related problems and review proposed projects and provide technical advice. Together with the Chancellor's Office and the Standing Committee, Property Support fielded numerous legal inquiries from parishes regarding questions ranging from the renting of parish properties, tenancy issues to the sale of property. The Property Support Office also worked closely with the Standing Committee to develop guidelines for property matters under that committee's purview. In addition to the above, the Property Support Office also provided oversight for property owned by the diocesan Board of Managers; this included the pending sale of St. David's Church in Highland Mills, Property Support also participated in a variety of diocesan-sponsored workshops as well as provided staff support to the diocesan Environmental Committee.

Episcopal Charities

Ms. Mary Beth Sasso

Episcopal Charities, an independent 501(c)(3) organization, currently supports 93 community outreach programs in partnership with Episcopal congregations throughout the Diocese of New York. Programs are available to all persons in need regardless of faith or church affiliation. Grants are made to the following types of programs: Feeding, Skills Building, Health & Wellness, Children's Arts, Children's Academic Enrichment and Summer Recreation. These programs address locally identified needs and also serve as ready resources during times of particular urgency ... as they did following 9/11 and Hurricanes Irene and Sandy. In 2013 Episcopal Charities will grant more than \$1 million dollars in funding to help sustain and strengthen programs. Financial support from the diocese is essential to soliciting funds from other sources.

DIOCESAN STAFF, OFFICE & TRAVEL EXPENSES

As of January 1, 2013, the Diocese of New York employed 24 full-time employees and 4 part-time employees who administer and support the missions and programs of the diocese. Please note that expenses and staff for the Cathedral Church of Saint John the Divine are not listed here since the Cathedral and its staff are not paid for by the Diocese of New York.

CSP Coordinator & Stewardship

The Rev. Dr. Richard Sloan, Plan Coordinator and Stewardship Officer

The Congregational Support Plan (CSP) Coordinator is the staff member and administrator of the CSP program who serves as the primary connector between the diocese and CSP congregations. The CSP Coordinator provides information to, supports, and assists the CSP Committee and its Chair. The CSP Coordinator advises the bishops regarding CSP congregations and leadership, and assists other diocesan staff in their ministries with CSP congregations. Expenses covered by this line include compensation and benefits for a full-time CSP Coordinator, travel expenses, office expenses, and the costs associated with Committee meetings. As the Stewardship Officer, he consults with congregations and individuals in the Diocese of New York regarding all forms of stewardship, including annual giving, capital campaigns, and planned giving. The Stewardship Officer works with clergy, vestries, and parish stewardship committees.

Congregation Development

The Rev. Canon Dr. Williamson Taylor, Canon for Congregational Development

The Rev. Canon Claudia M. Wilson, Canon for Congregational Development

Until 2010 the diocese employed three half-time Canons for Congregational Development, however, due to financial constraints the decision was made not to replace the third Canon in this area of

ministry when he transitioned to another diocese. The two canons each serve the diocese as consultants in congregational development, and each also serves half time at a congregation (one in Putnam County, the other in the Bronx). The Canons hold Vestry workshops and Clergy and Vestry consultations in every region of the diocese. Expenses covered by this line include compensation and benefits for two half-time Canons for Congregational Development, office expenses, travel expenses, costs for conferences, and training.

Campus Ministry

The Rev. Canon Patricia Sobers Mitchell, Canon for Christian Formation

The Diocese of New York has chaplains at 6 (one of the six is currently vacant) campuses within the Diocese of New York. The Committee for Campus Ministry supports the work of the current chaplains, advises the bishops regarding Episcopal ministry to students, faculty and staff of various colleges within diocesan boundaries and serves as a resource about campus ministry for congregations within the diocese. Members of the Committee are appointed by the Bishop and serve three-year terms. The campuses currently being served include:

- Columbia University (volunteer interim): The Rev. Dr. Richard Sloan
- Cornell University - Weill Medical College (part-time): The Rev. Curtis W. Hart
- Manhattanville College (part-time): The Rev. Gawain de Leeuw
- Canterbury Downtown (Canterbury Club at New York University, New School, Cooper Union, Pace University) (full-time): The Rev. Mary Catherine Young
- State University of New York at New Paltz (part time): Temporarily vacant and will be filled in 2014
- United States Military Academy, West Point (part-time): The Rev. Judy Ferguson

Expenses covered by this line provide compensation and benefits for the chaplains and program support.

Canon for Christian Formation

The Rev. Canon Patricia Sobers Mitchell, Canon for Christian Formation

The Canon for Christian Formation oversees campus ministry in the diocese and serves as staff liaison to the Committee for Campus Ministry. The Canon for Christian Formation provides on-site consultations with clergy and congregational committees and with regional and diocesan leaders to develop, promote and organize congregational and regional Christian formation programs. The Canon for Christian Formation organizes diocesan-wide youth events, formation conferences and workshops and is the staff member who oversees campus ministry and supervises the college chaplains on behalf of the Bishop. Expenses covered by this line include compensation and benefits for a full-time Canon for Christian Formation, office expenses, travel expenses within the diocese, travel expenses to conferences, educational materials, honoraria for guest speakers, diocesan wide licenses (EFM, Happening, etc.), diocesan sponsored workshops, and scholarship aid to attend events.

Archdeacon for Mission

The Venerable William C. Parnell, Archdeacon for Mission

The Archdeacon for Mission serves as advisor to, and representative of, the bishops regarding our witness to Christian ethics, mission and outreach. He assists the bishops in the development of strategic mission initiatives within the diocese, including regional partnerships and congregational development/redevelopment, and in focused mission initiatives that honor and celebrate the diversity of our diocese. The Archdeacon serves as the staff contact with the Social Concerns

Commission, the Global Mission Commission, the Ecumenical and Interfaith Commission, the Congregational Development Commission, the various committees that are under the aegis of those bodies, and other responsibilities as assigned. The Archdeacon is the primary representative of the Bishop and Diocese of New York to, the various denominations and faiths of New York State and the metropolitan area, host to ecumenical and interfaith visitors to the region, and liaison to city, state and federal officials. The Archdeacon, along with the bishop's office, is a primary contact for the Diocese of New York with The Episcopal Church and the rest of the Anglican Communion. Expenses covered by this line include compensation and benefits for a full-time Archdeacon, travel expenses, office expenses, and the costs associated with committee meetings.

Canon for Transition Ministry

The Rev. Canon Deborah Tammearu, Canon for Transition Ministry

Mr. Alito Orsini, Assistant to Canon for Transition Ministry, Assistant to the Canon for Ministry

This line item and office was formerly titled: "Deployment Officer". The Canon for Transition Ministry assists congregations searching for ordained leadership, helps oversee every search process, and advises clergy seeking placement. The Canon for Transition Ministry remains in contact with transition officers in other dioceses and manages such matters as background checks, Safe Church workshops, and other elements important to employment in the Diocese of New York. Expenses covered by this line include compensation and benefits for a full-time Canon for Transition Ministry, compensation and benefits for a half-time assistant (shared with the Office for Ministry who pays the other half), travel, workshops, and office expenses.

Canon for Ministry

The Rev. Canon Charles W. Simmons, Canon for Ministry

Mr. Alito Orsini, Assistant to the Canon for Ministry & Canon for Transition Ministry,

The Canon for Ministry works with the Bishop and the Commission on Ministry to assure that the selection and formation of future ordained leadership from within the Diocese meet the requirements and needs of the Church. The Canon for Ministry supports the Bishop in decision-making regarding Nominees (applicants), Postulants, Candidates and the newly ordained. With and on behalf of the Bishop, the Canon for Ministry guides and supports people in discernment for ordination to the priesthood and vocational diaconate, through the time of formation in seminary or the Diaconal Formation Program, and for two years after ordination. The Bishop and/or the Canon for Ministry visit annually with seminarians at their seminaries. The Office of Ministry annually prepares and sends application materials for financial aid grants to Postulants and Candidates, receives completed requests for funding, and the Canon for Ministry and members of the Commission on Ministry determine grants to individual seminarians from endowed funds for that purpose. The Canon for Ministry administers the Diaconal Formation Program, working with its Director. Grants for continuing education for clergy are also administered through this office. As of June 2012, the Office of Ministry is or has recently been engaged formally with at least 79 individuals (Nominees, Postulants, Candidates and newly ordained priests and deacons). In 2013, 3 vocational deacons were ordained, and 8 transitional deacons were ordained. God willing, 7 priests will be ordained. Expenses covered by this line include compensation and benefits for a full-time Canon for Ministry, compensation and benefits for a half-time assistant (shared with the Office for Deployment who pays the other half), travel, workshops, Fresh Start Program for the newly ordained, meals for the Gay and Lesbian Clergy group, office expenses, and costs for diocesan Discernment Conferences and Ordinations.

Mid Hudson Regional Office

Ms. Val Stelcen, Executive Assistant to the Bishop

The Mid Hudson Regional Office coordinates the workings of the Region and assists in the day to day life of congregations in the Counties of Orange, Sullivan, Ulster, and Dutchess, which includes 59 congregations (including 3 Spanish language congregations). The program life of the Region is exercised in three categories: Adult Programming, Youth Committee, and Latino Ministry. Expenses for this line include compensation and benefits for a full-time Regional Administrator, telephone, office expenses, utilities, mailings, travel reimbursements, meetings, conferences (clergy day, new clergy welcome, lay worship leader training, etc.), and approximately \$15,000 in program money.

Property Support Coordinator

Mr. Michael Rebic, Director of Property Support

The Director of Property Support formulates, implements, and manages the diocesan Property Support program and oversees real property held by the Board of Managers. The Director manages the diocesan grant and loan program, conducts site visits, works with clergy and congregational leadership in planning and implementing projects and identifying funding sources; evaluates grant and loan requests; reviews proposed work; provides technical assistance; develops program initiatives; reviews long-term real property transactions; serves as staff to the Property Support Committee; organizes workshops; assists congregations in the preparation of grant applications; produces technical documents and works cooperatively with outside funding organizations seeking to preserve religious buildings. In addition, the Director oversees diocesan-owned investment properties, works closely with congregations applying to the Standing Committee for real property matters and advises the Bishop and Standing Committee concerning proposed real property transactions requiring diocesan approval. Expenses for this line include compensation and benefits for a full-time Director of Property Support, office expenses, travel, mailings, etc.

Bishop of New York

The Right Reverend Andrew M. L. Dietsche, Bishop of New York

Bishop Dietsche serves as the Ordinary and chief pastor of the Diocese of New York, and represents the Diocese in the national and international arenas. He hires and oversees the work of diocesan staff and presides over the process for candidates to ordained ministry, as well as the calling of clergy to serve the nearly 200 congregations of the diocese. The Bishop is in a different congregation in the diocese on an official visitation nearly every Sunday. Expenses for this line include compensation and benefits for Bishop Dietsche.

Suffragan Bishop

The Diocese of New York has scheduled a convention to elect a Suffragan Bishop in December, 2013. The Suffragan should be approved and begin working by March or April, 2014. Almost every Sunday the Suffragan, like the Diocesan, is in a different church in the Diocese on official visitation. The Bishop Suffragan, working with diocesan staff and parish clergy and lay leaders, will have oversight responsibility for the coordination of ministries to young adults and college chaplaincies, and the development of a vision for our outreach to and shared ministry with young adults in the church and across our communities. The Suffragan will also carry the oversight responsibility for congregational development in the diocese. As the structures of diocesan and parish ministries evolve, the Suffragan will be given particular oversight of the structures for the support of parishes, resources for vestry leadership, stewardship and evangelism, and the development of lay ministries. Expenses for this line include compensation and benefits for a Bishop Suffragan.

Assistant Bishop ³/₄ Time

The Right Reverend Chilton Knudson, Assistant Bishop of New York, Retired Bishop of Maine

The Assistant Bishop is appointed by the Diocesan Bishop and serves ³/₄ time. Principal duties include assisting with Episcopal visitations and confirmations, and taking responsibility for other diocesan ministries as determined by the Diocesan Bishop. Expenses for this line include compensation and benefits for a full time Assistant Bishop ending after 6 months.

Shared Travel

The Right Reverend Andrew M. L. Dietsche, Bishop of New York

Suffragan Bishop to be elected

The Right Reverend Chilton Knudson, Assistant Bishop of New York, Retired Bishop of Maine

In addition to regular travel for Episcopal visitations and other diocesan business, this line also covers travel on behalf of the diocese for meetings of the House of Bishops and other national and international meetings, ordinations, and presence. Expenses for this line include a transportation pool of funds for the Diocesan Bishop, Suffragan Bishop and Assistant Bishop.

Bishops' Offices

The Bishop's Office line provides the immediate staff support and clerical assistance for the Diocesan Bishop and his office. The office helps keep the Bishop's calendar for both Diocesan and extra-diocesan events, and handles the registration of confirmands and ordinands, and the licensing of lay ministers, among other duties. Expenses for this line include compensation and benefits for two full-time assistants and all office expenses. Support staff for the Suffragan Bishop has also been budgeted for 2014.

Canon to the Ordinary

The Rev. Canon John A. Osgood, Canon to the Ordinary

The Canon to the Ordinary in the Diocese of New York is a primary assistant to, and a representative of, the Bishop of New York. This priest primarily supervises the work of the office of the Bishop, synchronizing various endeavors with the other Bishops and functioning much as a "chief of staff" in the supervision, coordination and assistance of the diocesan staff. Urgent matters, emergencies and disciplinary situations are directed by the Canon to the Ordinary, who also serves as the Intake Officer for the Diocese. Various related roles are filled such as draft writer, research, protocol, Canon Law, policy setting and implementation. Additionally, the Canon currently serves as the primary office of contact for the Chancellor and Vice-Chancellors, for all Deacons of the diocese, for the Solitaries [and the discernment process for the Solitary Life] of the diocese, and for items connected to The Episcopal Church and the Anglican Communion. Expenses for this line include compensation and benefits for a full-time Canon to the Ordinary, travel, and all office expenses.

Office services

Mr. W. Allen Barnett, Chief of Finance and Operations

This line includes the basic expenses of operating the Diocesan offices. Expenses for this line include compensation and benefits for a full-time office manager, a full-time assistant to the office manager, and one full-time mail room worker.

Administration

Mr. W. Allen Barnett, Chief of Finance and Operations

This line provides salary and benefits for the persons employed in the necessary administrative tasks in maintaining normal business practices. There are currently five persons employed in the Administrative Office who help with the creating of all budgets, accounting services for the diocese and for Episcopal Charities, payroll services, Board of Managers/Trustees support, DIT, and health insurance administration.

Public Affairs & Archives

Mr. Nicholas Richardson, Communications Director & Editor, The Episcopal New Yorker

The Public Affairs department is responsible for the vital job of communicating programs and activities of the diocese both internally and externally using media, including website (functionality and updating,) email, social media, postal mail, and events. The Communications Director is also responsible for handling all press inquiries that come into the diocesan offices.

Mr. Wayne Kempton, Archivist & Historiographer

The archives contain some 2,000 boxes of historical records, including some records for over 400 congregations and all of the original cathedral records. Sacramental records for about 80 congregations, including the cathedral, can also be found there, as well as the personal papers of our bishops and all manner of diocesan business files; legal documents, deeds, some blueprints, and trust fund materials as well. The diocesan archivist also acts as Registrar with respect to keeping the record of Episcopal Acts, like ordinations, confirmations, the issuance of lay licenses, etc. The preparation of finding aids for this material, its preservation (purchasing archival boxes, photo sleeves and file folders), and the answering of all queries on all manner of church subjects from all manner of people is the responsibility of the archivist. The archivist also visits parishes wishing to consult on the care of their collections. The archivist also acts as records custodian for those parishes with special storage needs; that is, where their records may be in danger of being lost or not cared for, especially the sacramental records. Recent additions to the archives include an extensive collection of records from the Cathedral Communications Department, including over 1,000 photographs and contact sheets spanning the decades of the 1970's through the 1990's. The archives budget also covers the expense of framing portraits and/or photographs for the diocese; most recently the Bishop Wetmore portrait was framed and hung in Diocesan House. This past year he hosted a tour of the diocesan archives for members of the New York Genealogical and Biographical Society as well and it will now be on their yearly schedule of repository visitations.

DIOCESAN OFFICE EXPENSES

Please note that office expenses for the Cathedral Church of Saint John the Divine are not listed here since the Cathedral and its staff are not paid for by the Diocese of New York. Some line items share the same title as items above.

IT Expenses

Prior to 2011 IT matters were assigned to a diocesan staff person, but this work is now contracted out to a professional agency, resulting in a cost savings. This line covers our contract for IT services.

Administration Expenses

This line covers office and administrative expenses directly related to the financial health and operation of the diocese by its staff.

Office Service

This line covers expenses related to the operation of the Diocesan offices, such as office supplies, license and registration, telephone, postage, shipping, computer, parking, security, etc.

Public Affairs Expenses

This line covers travel, telephone, and other related office expenses to run the Public Affairs Office.

Episcopal New Yorker

The ENY is the newsprint quarterly edition of Diocesan news. This line includes purchase of paper, printing, distribution, writing and editing of the newspaper. Reductions have been realized by publishing fewer editions annually in favor of online news outlets. Further reductions could only come by increasing the number of advertisers.

Overhead and Fixed Obligations

This line allows for an annual audit, legal fees, new office furniture purchases, fidelity bond for all diocesan congregations, worker's comp of diocesan employees, unemployment insurance, and retiree health insurance.

Web Management

This line covers expenses associated with the hosting, design, updating, and trouble-shooting of the Diocesan website. The diocese also provides free website hosting and email hosting for any congregation that requests either service.

Archives

The budget line is used primarily for the purchase of archival supplies, folders, boxes, photo sleeves, digitization of audio tapes, and some conservation work done on oil paintings owned by the diocese. Computer equipment, including scanners and copiers, environmental controls like air conditioning, and maintenance for them are included in this line. Expenses also include a subscription to a computer back-up service for detachable drives (216 GB worth of material), which do not get backed up by the diocese.

Cathedral Cost Sharing

The Diocese of New York utilizes a number of buildings owned and maintained by the Cathedral of St. John the Divine, including office and meeting spaces as well as a residence for Bishop Dietsche. The diocese pays the cathedral for the use of the space.

Rent

The Diocese of New York rents two apartments in Diocesan House from the Cathedral of St. John the Divine, for the Assistant Bishop and for hosting visitors when needed.

CONVENTION & MEETINGS

Delegates to Provincial Synod

This line covers travel, meals, and lodging for our delegates to Provincial Synod.

Journal and Directory & Diocesan Convention

Ms. Sara Saavedra, Convention Officer - Assistant Secretary to Convention, Assistant to Chief of Finance and Operations, Diocesan Benefits Administrator

This line provides for the publication of the Journal of Convention as well as the Calendar of Business. It also offsets expenses associated with Convention such as security, electronic support, and building use in order to keep delegates' fees as low as possible.

Council/Convention Meeting

This line covers the costs of meetings of the Convention Planning Committee, the Standing Committee, the Council of the diocese, and the Commissions and Committees of the Council of the Diocese. Most of the cost is for refreshments, but also covers security for evening and weekend meetings as well as postage and copier charges related to the support of Council and Standing Committee.

Commissions of Convention

This line is primarily used to provide meals at the meetings of Commissions of Convention. Many commission members travel great distances to attend meetings which are often scheduled during lunch or dinner hours.

Ecumenical & Interfaith Commission

The Venerable William C. Parnell, Archdeacon for Mission

The line item supports meetings with ecumenical and interfaith dialogue partners. The funding also covers travel expenses of the Diocesan Ecumenical and Interfaith Officer, the Rev. Joseph Campo, and participation each spring in the annual meeting of the Episcopal Diocesan Ecumenical and Interfaith Officers (EDEIO). It also pays General Convention mandated dues of \$250 each year from each diocese to EDEIO. The Ecumenical and Interfaith Commission is engaged in fruitful dialogues with the Lutheran (ELCA), Roman Catholic, United Methodists and Eastern Orthodox churches, as well as with the Jewish and Muslim faith traditions.

RESERVE FUNDS

The diocese has several reserve funds which are annually funded by the diocesan budget. Not funding these reserves means being unable to pay for a necessary expense (such as an Episcopal search and election) in years to come.

Discretionary Fund-Hospitality

This line allows the Diocesan Bishop to provide hospitality at his discretion.

Deputies to General Convention

This figure represents the annual contribution to a reserve fund which pays the expenses of our deputation (in 2012 all deputies and two clergy alternates and two lay alternates were sent) to General Convention. In order to make election to the deputation available to anyone in the diocese, it is important to provide funding for travel to and from the Convention city, as well as lodging and meals when Convention is in session. The amount budgeted annually for Delegates to General Convention has been increased in 2014 at the request of the Delegates to \$13,000 to cover increased travel expenses.

Reserve for Future Episcopal Elections

No single year Assessment Budget could bear the cost of a search for a new bishop. Each year's budget makes a contribution to build up an adequate reserve. This fund covers the cost of surveys, Search Committee expenses and travel, as well as travel and hosting of the final candidates, as well as the liturgical and practical expenses of the bishop's ordination and installation.

Reserve for Lambeth

This reserve fund is maintained to pay travel, lodging, and meals for all of our bishops who attend Lambeth Conferences.