

**Episcopal Diocese of Maryland**  
**2009 Budget**  
**12/08/2008**

**Line Item Explanations:**

**INCOME:.....\$4,386,342**

Total income is derived from both restricted and unrestricted sources. The following is detail of anticipated revenue sources for the 2009 budget. Funds from restricted sources are noted.

**1. Congregational Allocations.....\$3,141,882**

The Allocation formula is based on the calculation originally devised in 1985 with a change approved at the Diocesan Convention 2007. In this change the total operating expense amount was used to calculate the 4% deduction rather than Parochial Report line 14 as it was in the past. The reduction of allocation is designed to allow our congregations to continue and increase their budgeted outreach while helping them to focus on Millennium goals and partnerships as resolved with the 2006 Diocesan Convention. The short fall will be recouped in the operating budget through reduced appeals so as not to impact total mission and ministry with the allocation reduction.

Congregation allocations are the lesser of the results of the following two equations:

18% of the three year average Normal Operating Income (years 2005, 2006, and 2007) less 4% of the prior year's normal operating expenses (including Diocesan allocation and Outreach) and less \$2,860.

Or

18% of the prior year's Normal Operating Income (2007) less 4% of the prior year's normal operating expenses (including Diocesan allocation and Outreach) and less \$2,860.

The calculations result in a graduated allocation reflecting 1% to 14% of Congregation's 2007 Net Operating Income with an average of 10% NOI. Congregational allocations represent approximately 77% of the total budgeted income.

**2. Endowment Withdrawal.....\$546,972**

The endowment withdrawal is a percentage of the projected income from the investments. The percentage used in the 2009 is 4.5% of the three year average ending balance in our both unrestricted and restricted endowments. The restricted portion of this line is used in accordance with donor restrictions and noted in the expense portion of the budget accordingly. Part of these funds are for restricted use aligned with certain budget lines.

**3. Development Income.....\$150,000 (Restricted Funds)**

The amount projected to be paid to the ministries supported by the Episcopal Appeal Funds is listed on this line. The ministries are Johns Hopkins Hospital Chaplaincy, Congregational Development, Campus Ministries, Copley Kids, Camp Excel, Rainbow Camp, Holy Nativity and the Hartford Family House. It assumed the amount of expense budgeted for these ministries will be raised in the Appeals. Any shortages in the Appeals Campaign will have to be covered by congregation allocations.

**4. Communication Revenue.....\$2,440**

Advertising revenue from Maryland Church News and the Website is listed in this category. This category clearly defines the total cost of producing Maryland Church News and the total amount raised through advertising fees.

5. (This budget line represents a 2007 one time occurrence is not funded in 2009. It is intentionally left blank for future use.)

6. **Grants-Bishops**.....\$160,518 (Restricted Funds)

This category represents income drawn from certain investments with use restricted to the Bishop’s discretion. Such funds are the Whitridge, Arrowsmith, Allison, and S&D funds. The income listed in this category off set expenses paid for with these funds. Expenses paid by these funds are typically, aid to clergy, congregational development and new initiatives.

7. **Other Income**.....\$ 91,400 (Restricted Funds)

Miscellaneous income from gifts, fees, etc.

**Room/Facility Rental**.....\$18,000

Funds received from donations for use of Diocesan owned buildings.

7A. **Cash Borrowing**.....\$81,440

This line item represents the amount we anticipate borrowing to cover the budget shortfall of the same amount. Although borrowing to support the operating budget carries negative connotations, it is important to keep infrastructure in tack in down markets to enable the organization to continue in ministry and rebound with the market when that time comes.

8. **Other Grants Released from Restriction**.....\$149,643 (Restricted Funds)

This line contains temporarily restricted income (funds from our endowments) used for certain on-going ministries. This line in the budget will allow all expenses paid with these funds to be off set and not impact the operating budget

9. **Grants-C+R Endowment**.....\$62,048 (Restricted Funds)

Grants from the Cross Roads Endowment funds are listed in this category. The amount is calculated by applying the endowment withdrawal percentage to the projected year end balance in the funds. The Grants Committee distributes this amount based on the category restrictions of the funds. Lay Ministry, Ordained Ministry, Social Ministry, and Congregational Development are the categories for which the funds are distributed. The funds are distributed twice a year. January 2009 will be the second funding for grant year 2008-2009. August 2009 will be the first funding for grants year 2009-20010.

**EXPENDITURES:.....\$4,386,342**

The following expenditures are supported by designated, restricted, and unrestricted funds listed above.

**STAFFING.....\$1,634,656**

10. **Compensation and Benefits**.....\$1,558,156

Compensation, social security, pension, and insurance (health, life, long-term disability and income replacement) for staff is represent in this line. Include in this number are compensation for the following staff positions: Bishop, Bishop Suffragan, Canon to the Ordinary, Bishop Administrative Staff, Diocesan Human Resources, Diocesan Archivist, Deacon Trainers, Christian Formation Staff, Evangelism Staff, Development Office and Business Office Staff. Please note that only seven months of the Bishop’s and Bishop Suffragan’s compensation is represented in the 2008 budget line. The actual compensation level in the 2009 is **down 4% from that of 2008**.

**Business Expenses**.....\$60,000

This portion of compensation is comprised of mileage reimbursement and other travel costs of the Bishop, Canon, deployment office, the Arch Deacons, justice and peace office, development staff, and volunteers. Mileage is reimbursed at the IRS rate providing it does not exceed 50.5 cents a mile for staff and 14 cents for volunteers. **This amount was decreased in the 2009 from 2008 by 13% to 60,000.**

**11. Other Employee Costs**.....\$16,500

Included in this category are Worker's Compensation Insurance, and Employee Bond Insurance.

**SHARING RESOURCES**.....\$1,282,425

**12. Episcopal Church**.....\$520,591

Calculation of our pledge is based on a formula established by Executive Council/General Convention Office and approved by General Convention. The asking is for 21% of the Net Operating Income from 2007. Normally we stay in compliance with this request; however, we are lowering this amount to 20% of 2007 unrestricted income for the 2009 budget in accordance with our Congregation's requests for allocation adjustments.

**13. Millennium Goals**.....\$25,965

This budget line represents .7% of our unrestricted budget to be used toward supporting the UN Millennium Goals as approved by the National and Diocesan Convention in 2006.

**14. Conventions**.....\$46,000

This category contains funds set aside to cover the costs of sending the Bishops, Retired Bishops, deputies and first alternate to General Convention and the delegates to Triennial. The Convention takes place every three years and 2009 is a convention year.

**15. Province Dues/Attendance**.....\$6,600

Costs for a representation of the Deputies to attend the Province 3 meetings annually and to pay the annual dues assessed for the Diocese of Maryland.

**16. Property Committee**.....\$76,500

Cost of major repairs & maintenance for grants to the 12 mission churches, miscellaneous costs for other Diocesan-owned properties are represented in this category. Also included is money for capital improvements for these properties. This money was reduced in the 2009 budget due to financial constraints.

**Cloverhill Subcommittee**.....\$94,500

This line contains cost of major repairs & maintenance for the Cathedral, the Diocesan Center Offices and the Clover Hill House. A list of proposed projects can be obtained from the Property Committee.

**St. Mary's-Repairs**.....\$0

Costs for addressing the deferred maintenance items and general up keep will be postponed until after 2009. This money was reallocated to other mission churches with active congregations due to financial constraints. St. Mary's congregation closed in 1999.

**Cemeteries**.....\$44,712

Costs of mowing the cemetery, trimming trees and shrubs and removing debris are contained on this line item. This does not include any gravestone repair. St. Mary's Hamden, St. Mark's Petersville, and St. Stephens Crownsville are Diocesan owned cemeteries that require constant care. There are limited perpetual care funds for these cemeteries.

**Property Tax**.....\$16,000

Property tax is assessed to vacate property and property not utilized for to house congregations. Such properties are the 611 W. University Parkway and St. Luke's Brownsville.

**Property Insurance**.....\$46,000

This line covers property insurance costs for all diocesan own locations plus umbrella coverage and business insurance less D & O insurance represented by another line in our budget.

**17. Diocesan Center Expenses (net)**.....\$202,642

Cost of utilities, grounds/tree/shrub care, snow removal, security, water treatment, supplies (housekeeping, lighting, janitorial, paper, maintenance, hospitality), pest control, carpet/floor maintenance, maintenance contracts, general minor repairs, heat/air conditioning maintenance, elevator maintenance, property manager, archive supplies, and property management fee. The Dioceses is reimbursed a fixed amount by the Cathedral. This line also includes Archives support by restricted funds.

**18. Maryland Church News**.....\$49,734

Costs of producing and distributing the Maryland Church News six times a year is included in this category.

**19. WEB Page & Communications Public Relations** .....\$11,590

All cost to maintain the Diocesan website is listed in this category.

**20. Communications-Electronic**.....\$6,050

Cost of diocesan subscription e-mail, computer service, and internet support at the Diocesan Center.

**21. Clergy Deployment**.....\$3,100

Training and materials for consultants/interims, materials for congregations in transition, grants for cost of a search process consultant for congregations in financial need, memberships in professional networking groups and conferences.

**22. Western Maryland Missioner**.....\$64,803

Support for the compensation of priests in Western Maryland to serve three congregations, mentor another priest, continue with the development of youth ministry and initiate campus ministry at Frostburg State University

**Garrett County Missioner – Helen Stewart Fund**.....\$1,679

This line is funded by restricted funds designated for ministry in Garrett County.

**23. Committee on Older Adult Ministry.....\$0**

This line usually contains an amount used for communication and training material purchased for outreach to an aging community. However, the committee did not submit a budget request for 2009 in time. In an effort to ensure fairness and transparency for all, requests for diocesan budget funding must be received by the deadline of July 1<sup>st</sup>.

**24. Global Mission Links .....\$0**

This line represents anticipated costs for visitations and communications with our companion Diocese. This has been left out of the budget this year due to other budgetary constraints.

**25. Lay Urban Ministry-Guardian Angel.....\$31,500**

Contribution to clergy compensation for providing supportive program to suburban laity volunteering in urban ministries related to poverty. Support of this program is just one of the way in which the Diocese serves Mission Strategy’s goal of Urban Ministry. This budget line was reduced below 2008 funding levels due to financial constraints in the 2009 budget.

**9. Grant.....\$3,460**

(This line item references revenue line 9 because this is part of the expense related to the revenue. The expense is broken into four categories and based on income of Cross Roads Endowment balances. This line is placed here for calculation purposes only)

**CLAGGETT CENTER.....\$145,567**

**26. Claggett Program Assistance.....\$4,000**

Funds for this budget line are derived from our endowment for youth programs.

**Claggett Property Loan Principle/Interest.....\$141,567**

Interest costs for the Diocesan building project at the Bishop Claggett Center. It is anticipated the interest will be .055 above Libor or approximately 5.41% on the \$1,000,000 amortized over ten years.

**EVANGELISM.....\$232,786**

**27. The Korean Congregation.....\$28,000**

This line contains the Diocesan support for the Korean Congregation located in Towson. \$10,000 of funding is coming from the Arrowsmith Fund which is restricted for new initiatives. This ministry was reduced from 2008 funding levels.

**28. Sudanese Congregation.....\$6,600**

This line contains the Diocesan support for the Sudanese Congregation. This is paid for 100% from restricted funds from the Arrowsmith Fund.

**29. St. Luke’s Carey Street.....\$59,544**

Funding to support Urban Ministry in West Baltimore in keeping with the goals from Mission Strategy.

**30. Urban School Project.....\$2,500**

This budget lines represents the start of an urban school project. The money is intended to be used to conduct a feasibility study in 2009.

**31. Campus Ministry Committee.....\$5,000**

Office support, communications and support for smaller ministries within the campus environment.

**Campus Ministry-Towson, UMBC, Morgan State.....\$59,434**

This line contains compensation and business expenses for the Lay Chaplain at Towson State University, UMBC, and Morgan State which is planned to start in the fall of 2007 with \$10,000 funding from DFMS. \$25,000 represents half of DFMS funding which covers program years 2007 – 2009.

**32. Latino Ministry.....\$47,000**

This line contains contribution towards the support of the Vicar of the Hispanic congregation currently worshipping at St. James, Irvington. A matching grant of \$23,500 is included in this line therefore the operating budget is paying \$23,500.

**33. Hopkins Chaplaincy.....\$63,680**

Compensation package costs for an Episcopal chaplain at Johns Hopkins Hospital. \$63,680 is covered by restricted income from endowment for 2009, much of which was raised by the support committee themselves, in addition to the efforts of the Episcopal Appeal. Usually this amount is only \$38,000 but as we have not drawn all of 2007 or 2008 monies because that position was not filled, we have increased 2009 to cover the entire cost of this program.

**34. Mission Strategy Committee.....\$1,000**

Consultant fees, resource materials and training for the committee, especially for the overnight retreat.

**35. (This line was intentionally left blank)**

**36. Washington County Region Ad Project.....\$0**

Normally, this line includes costs of using a multi media approach including television ads, brochures, mailings and distribution of printed material to attract newcomers to the Episcopal churches in this county. This line was cut from the 2009 due to financial constraints.

**37. St. Mary’s Outreach Mission Center, Hamden.....\$20,000**

Operating expenses, including compensation for a director, to develop the outreach ministries at St. Mary’s, Hampden. We are sharing support with St. David’s with each paying \$20,000 annually.

**9. Grant.....\$31,028**

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**CHRISTIAN FORMATION.....\$313,311**

**38. Christian Formation – J2A Licenses.....\$800**

This line represents the cost of congregation J2A License renewals. The cost of this is unknown but not expected to be great.

**39. Christian Formation-Resource Center.....\$7,200**

For the acquisition of resources and the costs of quarterly workshops, annual ministry retreat, education consultation, Children’s Sabbath, education practicum, parish education day, discipleship support, communications, furnishings and professional memberships.

**40. Youth Ministry.....\$21,000**

This category contains cost youth activities, youth workers’ cost to attend conferences, participate in trips and to hold several youth events during the year.

**41. St. James, Irvington.....\$15,000**

This is funding to assist in operating St. James and the Spirit of the Child ministry. St. James’ became a Mission church in January 2006. Spirit of the Child ministry is designed as a resource for children in the Irvington Community and is a joint ministry of Diocese, St. Bartholomew’s, and St. John’s Ellicott City.

**42. Education for Ministry (EFM).....\$3,100**

Membership fee for all the congregations in the Diocese to participate in this educational program, a 4-year Scripture and Church History study combined with ministry examination and affirmation.

**43. Continuing Education Grants.....\$9,307**

Scholarship aid provided by income from the Bishop’s Guild and other scholarship funds. Grants are decided by a committee and, as much as possible, are divided equally between lay and clergy applicants.

**Scholarship for Clergy’s Children.....\$18,282 (Restricted Funds)**

This budget line represent the amount of restricted income distributed for clergy children scholarships.

**44. Deacon Training.....\$10,500**

Costs related to training vocational deacons are on this line. With the fees paid by students and supporting congregations, the program is almost self supporting, with the exception of the cost of the Director which is included in the staffing line. Money received for this program is recognized as revenue and is no longer netted against this expense line.

**45. Exploring Ministry (Ministry Discernment Program).....\$1,000**

A comprehensive discernment program designed for laity to differentiate a call to ministry. Those called to ordained ministry move from the Exploring Ministry process to the Finding Our Way program. As no one has chosen to opt for the Living into Ministry program for those called to ministry of the laity, no budget has been submitted for that portion. The major expense of the Program is for the trainers, the director’s compensation, retreats at Claggett and the psychiatric exams. Half of the expense is covered by fees paid by the participants and congregations.

**46. Finding Our Way-Discernment.....\$350**

Support for students seeking ordain ministry as they prepare through study, prayer and counseling to discern their call. The major portion of the expense is for psychiatric exams, trainers’ fees and retreats.

**47. Seminarian Support .....\$54,500**

List in this category are scholarship aid for seminarians, medical and psychiatric exams, attendance at Convention, some travel expenses and Ordination expenses. This expense is covered by restricted investment income.

**48. Post Ordination Training.....\$44,650**

Support for congregations in which transitional deacons and first year clergy have been placed for training. This expense is covered by restricted investment income.

**49. Ecumenical Institute Support.....\$1,000**

This line represents the contribution to St. Mary's Seminary Ecumenical Institute for programs and classes.

**50. Clergy Training.....\$11,350**

Scholarships and other expenses for several training programs including Fresh Start and "Clear Vision of One Church". This is covered by restricted investment income.

**51. Congregational Development.....\$87,500**

The cost of the Lifecycle's program for four congregations' is listed here. The Cost of Percepts is in this figure. Percepts is used for demographic research, training scholarships and other resource publications and to develop materials for congregations. \$65,000 of this line represents the amount available for congregational redevelopment. \$45,000 of this amount is distributed from the Bishop Robert W. Ihloff Fund for Congregational Development and the additional \$20,000 from operating funds. This money is designed to assist struggling congregations in redeveloping themselves.

**52. Liturgy and Music.....\$4,400**

Expenses for Diocesan Confirmation Services held at the Cathedral, support for the Leadership Program for Church Musicians Serving Small Churches (LPM Program), workshops and the ADLMAC membership.

**53. Stewardship-Planned Giving.....\$5,850**

Materials, publications, communications and mailings to congregations. Also includes an inaugural legacy reception for those who have included their parish or Diocese in their will.

**54. Safe Church.....\$1,500**

Any necessary materials and training for the volunteers who are called in to help when sexual misconduct occurs or is alleged involving lay or clergy employees or volunteers within the congregational setting or program.

**9. Grant.....\$16,021**

(This line item references revenue line 9 because this is part of the expense related to the revenue. The expense is broken into four categories and based on income of Cross Roads Endowment balances. This line is placed here for calculation purposes only)

**55. (Left blank for future use)**

**JUSTICE & PEACE.....\$228,240**

**56. Holy Nativity (Financial Assistance & Loan).....\$45,000**

This line represents the cost of financial assistance designed to enable the continuation and to extend ministries of music, pastoral care and community activities for children and adults in this intercity neighborhood.

**57. Port Chaplaincy.....\$18,000**

This category contains contribution towards compensation for a chaplain to work with the Seafarer's Ministry at the Port of Baltimore. This is a ministry of hospitality and outreach with particular emphasis on advocacy in justice related issues involving wage disputes, living conditions and safety aboard ship.

**58. Truth and Reconciliation Commission.....\$8,550**

Program mandated by Convention 2005. Expenses include materials, speakers and workshop costs.

**59. ERD Coordinator.....\$1,000**

For attendance at the Episcopal Relief & Development National Network meeting and for the mailings to congregations.

**60. Diocesan Memberships.....\$7,500**

Interfaith Action for Racial Justice, Ecumenical Advocacy Council, Maryland Interfaith Legislative Council, Global Episcopal Ministries, Call to Renewal, Diocesan Jubilee Ministries, Central Ecumenical Council, Episcopal Network for Economic Justice, BUILD

**61. Public Policy Office.....\$11,318**

Honorarium and business expenses for Public Policy Officer to attend sessions of the Maryland Assembly and to keep the Bishops/Council informed of pending legislative action pertinent to the church, particularly regarding issues of peace and justice.

**62. Rainbow Camp.....\$23,618**

This line funds aid and other support for a one-week residential camp for the benefit of predominantly inter-city children who are infected or affected by HIV/AIDS. This program is also funded through Bishop's Appeal and other donations. Any amount not funded by these donations is covered by Diocesan operating funds. This program is being funded below 2008 budget levels.

**63. Copley Kids.....\$18,000**

Grant to help cover the costs of staffing, operations and program activities for an after school mentoring and support program held at Resurrection Church, Joppa.

**64. Camp Excel.....\$10,000**

Instructional materials and field trip costs for a summer program aimed at high risk children. This category also includes reading and math tutoring, instruction in anger management and conflict resolution and development of appropriate social skills. This program is held at Holy Covenant Church on The Alameda.

**65. Homework Club-Guardian Angel.....\$2,000**

This line contains the cost of partial support for a program to assist underprivileged middle and high school students in the Remington area in improving their academic achievements. The summer program contains mentoring and tutoring for students in the third through fifth grades.

66. **Episcopal Resettlement Center-Cathedral**.....\$2,400

Provides workshops, legal aid and loans for immigrants and refugees.

67. **Samaritan Community**.....\$15,000

The cost of compensation assistance for staffing a team to provide crises intervention and empowerment counseling to Baltimore City families and individuals in need. Services also include some residence support, financial aid, groceries and enriching family experiences and adventures. This ministry is served by Memorial Church, Bolton Hill.

68. **Harford Family House**.....\$6,000

This is ongoing financial support for this ministry which provides temporary housing for homeless families with children.

69. **Camp Amazing Grace**.....\$13,950

This line funds a summer camp for children with Parents or Guardians in prison. The majority of funding for this program is derived from the Bishop's Appeal. This program is funded below 2008 budget levels.

70. **Bragg Scholarship**.....\$8,885

This line represents the scholarship program for disadvantage youth. This program is 100% from restricted endowment funds.

9. **Grant**.....\$37,019

(This line item references revenue line 9 because this is part of the expense related to the revenue. The expense is broken into four categories and based on income of Cross Roads Endowment balances. This line is placed here for calculation purposes only)

**EPISCOPAL OFFICES**.....\$458,357

71. **Audit**.....\$32,000

This line contains the cost of an annual audit for the Diocese performed by independent auditors selected by the Audit Committee. The Sarbanes Oxley law has created additional requirements for auditors' compliance thus increasing the time spent on an annual audit and therefore the audit expense.

72. **Legal Honorarium**.....\$6,300

This amount is the stipend paid to Venable, LLP for legal services and advice rendered through out the year.

73. **Staff Professional Development**.....\$28,700

This cost represents funds paid staff, deacon liaisons and volunteer liaisons to participate in continuing education events related to their jobs and attendance at professional conferences in their disciplinary fields.

74. **Office Expenses & Equipment**.....\$140,880

Includes the usual office supplies, telephone expenses (including two 800#'s ), copier leases, computers and maintenance, software, postage, and bank fees. Included in 2009's budget is a technology upgrade consisting of a new service contract for IT support and T-1 telecommunication service.

**75. Diocesan Membership.....\$600**

All business and technical subscriptions are represented in this cost line with the exception of Justice and Peace memberships noted on line 58.

**76. Director's and Officer's Liability Insurance.....\$4,500**

Liability insurance coverage for staff, Convention officers, Standing Committee, Diocesan Council, canonical committees and various Boards. This was included previously with the Property & Liability insurance included in Diocesan Center costs.

**77. Reserve for Legal Expenses.....\$0**

This cost represents funds set aside for the costs of any Ecclesiastical Court trials that may occur in the future.

**78. Lay Pension (old plan-mandatory).....\$32,000**

This is a mandatory expense line due to the difference in pension benefits for lay employee retirees who started on the pension plan with one company and were changed in 1980 to the plan with the Church Pension Group before retirement.

**79. Pastoral Care of Clergy.....\$25,000**

Funds set aside from the Whitridge bequest, S&D, and Allison restricted for aid to clergy and their families in financial need for the use of the Bishop(s) to make grants as needed.

**80. Bishop Grants (S&D, Allison, Arrowsmith).....\$104,652**

This line represents the Bishop's discretionary restricted endowment funds. Funds set aside from the S&D and Allison restricted for aid to clergy and their families in financial need for the use of the Bishop(s) to make grants as needed.

**81. Search & Consecration.....\$0**

Amount budgeted for 2008 only for the costs of electing a new Bishop.

**82. Office of the Bishop/Strategic Vision.....\$21,500**

This budget line represents developing and team and communicating with congregations to determine the diocesan strategic vision and cost associated to act on what is learned. This includes the cost for a Critical Issues Symposium.

**83. Ordained Ministry Commission.....\$29,250**

This line contains costs for the Commission on Ministry and the cost for Clergy Events such as Clergy Conference. These costs include pre-ordination screening, the Dean and Chaplain for the Examining Chaplains and the interviewing and testing process for recommending postulants and candidates for Holy Orders.

**84. Diocesan Council and Standing Committee.....\$3,000**

This line contains financial assistance available to representatives in need, for the annual retreat and Diocesan Convention.

**85. Diocesan Convention Scholarships.....\$0**

This represents scholarship aid for delegates in financial need. Money necessary for this budget line will be grant by the Bishop from the convention surplus fund and represented on line 86.

**86. Diocesan Convention.....\$3,000**

This funding will come from the amount in a convention surplus fund.

**87. Fund Raising-Episcopal Appeal.....\$26,975**

Cost for all fund raising efforts, including the Bishop's appeal, is represented in this line. These cost include brochure printing, postage, mailing costs, donor events, and possibly enlisting a consultant for the 2009 year.