

Episcopal Diocese of Maryland
2010 Budget
12/07/2009

Line Item Explanations:

INCOME:.....\$4,658,723

Total income is derived from both restricted and unrestricted sources. The following is detail of anticipated revenue sources for the 2010 budget. Funds from restricted sources are noted.

1. Congregational Allocations.....\$3,263,636

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.

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

18% of the three year average Normal Operating Income (years 2006, 2007, and 2008) 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 (2008) 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 2008 Net Operating Income with an average of 12%. Congregational allocations represent approximately 70% of the 2010 total budgeted income.

2. Endowment Withdrawal.....\$485,940

The endowment withdrawal is a percentage of the projected income from the investments. The percentage used in the 2010 budget is 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. Parts of these funds are for restricted use aligned with certain budget lines.

3. Development Income.....\$126,100 (Restricted Funds)

This line represents the net anticipated funds to be raised through development efforts in 2010. The amount is derived from assuming gross anticipated funds of \$150,000 less the anticipated cost associated with fund raising of \$23,900. A few of the ministries supported by these efforts include Johns Hopkins Hospital Chaplaincy, Congregational Development, Youth Ministries, Urban Ministries, Social Ministry Grants, and the Bishop Claggett Center. Please note: while the Bishop Claggett Center is one area addressed in the Bishop's Appeal, income anticipated from this effort for is reported on the Center's operating budget and not within this budget. However, the expenses associated with raising these funds are reported in this budget and not on the Center's budget.

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4. Communication Revenue.....\$3,680

Advertising revenue from Maryland Church News and the Website is listed in this category. The income in this category comes from advertising fees and supports costs associated with producing the Maryland Church News.

5. Restricted Income:\$611,067 (Restricted Funds)

This category reflects income from various sources. These sources include restricted endowments, specific use grants, and restricted donations. Examples of some of these funds include Endowment Grant Funds, Bishop’s discretionary endowment funds, Deacon Program donations, and Latino Ministry Grants. The Bishop’s Discretionary endowment funds include Whitridge, Arrowsmith, Allison, S&D, and Ihloff funds. These funds are available to aid to clergy, support congregational development, and aid new initiatives.

6. Other Income.....\$18,300

This category includes funds received from donations for use of Diocesan owned buildings and other miscellaneous donations.

7. Cash Borrowing.....\$150,000

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 continued ministry and support our church growth. While proper stewardship with God’s resources requires the prudent use of all funds, a point can be reached where cutting expenses prevents ministry. Money is a tool not the rule and therefore all affective avenues must be pursued in order to continue our ministry.

EXPENDITURES:.....\$4,658,723

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

MINISTRY BEYOND MARYLAND.....\$590,508

8. The Episcopal Church\$ 532,960

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 2008. Normally we stay in compliance with this request; however, we are lowering this amount to 20% of 2008 unrestricted income for the 2010 budget.

9. Millennium Development Goals Grants.....\$22,997

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.

10. Environmental Ministry\$3,000

This budget line reflects a new initiative to encourage “green” action and education around the diocese.

11. Global Mission Links\$4,000

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This line represents anticipated costs for visitations and communications with our supported international Anglican relationships.

12. ERD Coordinator.....\$750

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

13. Conventions.....\$20,000

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. Also represented in this line are the funds set aside for the Bishop's attendance at Lambeth which takes place every seven years.

14. Province Dues/Attendance.....\$6,800

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.

MINISTRY TO THE CHURCH IN MARYLAND.....\$463,421

15. Ministry Grants.....\$1,449

This budget line represents only one of the four categories supported by the Endowment Grant Funds (Cross Roads Endowment).

16. Clergy Deployment.....\$1,900

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.

17. Western Maryland Missioner.....\$48,900

Support for the compensation of a priest in Western Maryland to serve four congregations, mentor another priest, and continue with the development of youth ministry.

18. Garrett County Missioner – Helen Stewart Fund.....\$2,203 (Restricted Funds)

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

19. Urban Ministry - Remington.....\$42,000

Contribution to clergy compensation for providing supportive program to 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.

20. West Baltimore Urban Ministry.....\$104,544

This budget line reflects funding to support St. Luke's, Franklin Square and Holy Nativity Pimlico. 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 these intercity neighborhoods.

21. The Korean Congregation.....\$26,000 (Partial Restricted Funds)

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 2009 funding levels.

22. Sudanese Congregation.....\$6,600 (Restricted Funds)

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

23. Latino Ministry.....\$80,200

This line contains contribution towards the support of the growth of Spanish-speaking congregations in Maryland. A matching grant of \$25,000 partially supports this budget line.

24. Mission Strategy Committee.....\$500

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

25. Committee on Older Adult Ministry.....\$600

This line contains the expense of communication and training material purchased for outreach to an aging community.

26. Christian Formation-Resource Center.....\$10,000

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.

27. Education for Ministry (EFM).....\$2,500

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.

28. Congregational Development.....\$86,875

The cost of the mutual ministry's Lifecycle's program is listed here and long with the Percepts subscription. Percept is used for demographic research, training scholarships and other resource publications and to develop materials for congregations. Also, \$73,000 of this line represents the amount available for congregational redevelopment. \$43,000 of this money will be distributed in the Ihloff Fund Grant process and \$30,000 will be used to support the new Canon for Evangelism and Ministry Development. \$53,000 of this amount is distributed from the Bishop Robert W. Ihloff Fund for Congregational Development and the remaining money from the operating budget.

29. Liturgy and Music.....\$3,300

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.

30. Stewardship-Planned Giving.....\$5,350

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.

31. 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.

32. Lay Pension (old plan-mandatory).....\$29,000

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.

33. Office of the Bishop/Strategic Vision.....\$5,000

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

34. Diocesan Council and Standing Committee.....\$3,000

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

35. Critical Issue Symposia\$2,000

This budget line represents the expense of an annual communication meeting between the Bishop and congregational representatives to discuss vision and diocesan ministry.

ORDAINED MINISTRY.....\$437,618

36. Ordained Ministry Grants.....\$55,001

This budget line represents only one of the four categories supported by the Endowment Grant Funds (Cross Roads Endowment).

37. F.O.C.U. S.\$2,500

This budget line represents funding for the clergy spouse retreat.

38. Continuing Education Grants.....\$9,944

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.

39. Scholarship for Clergy's Children.....\$18,782 (Restricted Funds)

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

40. Deacon Training.....\$26,200

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.

41. Exploring Baptismal Ministry.....\$100

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.

42. Discerning Ordained Vocation.....\$100

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.

43. Theological Education.....\$62,000 (Restricted Funds)

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.

44. Post Ordination Training.....\$50,905

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

45. Ecumenical Institute Support.....\$0

This line represents the contribution to St. Mary's Seminary Ecumenical Institute for programs and classes. It will not be funded in 2010.

46. Clergy Training.....\$12,000

Scholarships and other expenses for several training programs including Fresh Start and "Clear Vision of One Church".

47. Pastoral Care of Clergy.....\$25,000

Funds set aside from the Whitridge fund that is restricted for aid to clergy and their families in financial need for the use of the Bishop(s) to make grants as needed.

48. Bishop Grants (S&D, Allison, Arrowsmith).....\$129,636

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.

49. Search & Consecration.....\$15,000

The committee decided it is best to put money aside each year in anticipation of future expenses in order to not overly tax the operating budget in any particular year due to the search process. For 2010, the amount allocated for set of is \$15,000.

50. Ordained Ministry Commission.....\$30,450

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.

SOCIAL MINISTRY..... \$274,407

51. Social Ministry Grants\$109,420

This budget line represents only one of the four categories supported by the Endowment Grant Funds (Cross Roads Endowment).

52. Hopkins Chaplaincy.....\$74,012

Compensation package costs for an Episcopal chaplain at Johns Hopkins Hospital. \$74,012 is covered by restricted income from endowment for 2010, 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 and 2010 to cover the entire cost of this program.

53. 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.

54. Port Chaplaincy.....\$20,000

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.

55. Truth and Reconciliation Commission.....\$10,500

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

56. Diocesan Memberships.....\$7,200

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

57. Public Policy Office.....\$8,275

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.

58. Episcopal Resettlement Center-Cathedral.....\$4,000

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

59. 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.

60. Harford Family House.....\$6,000

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

YOUTH AND YOUNG ADULTS.....\$163,171

61. Youth Camp Scholarship\$4,000

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

62. Urban Education Project.....\$2,500

This budget lines represents the support of an urban feasibility study started in 2009 and will carry over in 2010.

63. Campus Ministry Committee.....\$4,000

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

64 – 67 Campus Ministry-Towson, UMBC, Morgan State, Frostburg.....\$50,444

These lines contain compensation and business expenses for the Lay Chaplain at Towson State University, UMBC, Morgan, and Frostburg State. While Frostburg Campus Minister has been funded through the budget in past years, this is the first year they have had their own budget line.

68. 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.

69. Youth Ministry.....\$24,800

This category contains cost youth activities; youth workers' cost to attend conferences; participate in trips and to hold several youth events during the year. This line item receives funding from gifts in the Bishops' Appeal for youth ministry and youth mission.

70. St. James – Spirit of the Child.....\$0

This program closed in 2009 and is no longer supported through this budget.

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71. 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 at 2009 budget levels.

72. 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. This line maintains 2009 funding level.

73. 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.

74. Homework Club-Guardian Angel.....\$2,100

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.

75. Camp Amazing Grace.....\$14,000

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 at 2009 budget levels.

76. Bragg Scholarship.....\$8,910

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

PROPERTY MAINTENANCE.....\$619,720

77. Property Committee.....\$398,760

Cost of major repairs & maintenance for grants to the 12 mission churches, Diocesan Center, and other Diocesan-owned properties are represented in this category. Also included is money for capital improvements for these properties. Also included in this funding category are the following:

Cemeteries

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

Property tax is assessed to vacate property and property not utilized for to house congregations. Such properties include St. Luke's Brownsville.

Property Insurance

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.

78. Diocesan Center Expenses (net).....\$220,960

Cost of utilities, grounds/tree/shrub care, snow removal, security, water treatment, supplies (housekeeping, lighting, janitorial, facility 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. This amount represents the gross facility expenses less \$93,000 of shared maintenance cost paid by the Cathedral.

DIOCESAN COMMUNICATIONS.....\$78,190

79. Maryland Church News.....\$49,690

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

80. Communications & Public Relations\$28,500

All cost to maintain the Diocesan website is listed in this category. Cost of diocesan subscription e-mail, computer service, and internet support at the Diocesan Center.

ADMINISTRATIVE EXPENSES.....\$182,163

81. Audit.....\$34,000

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.

82. Legal Honorarium.....\$7,000

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

83. Office Expenses & Equipment.....\$132,433

Includes the usual office supplies, telephone expenses (including two 800#'s), copier leases, computers and maintenance, software, postage, and bank fees.

84. Diocesan Subscriptions.....\$1,230

All business and technical subscriptions are represented on this cost line.

85. 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.

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

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

MINISTRY STAFFING COSTS.....\$1,760,829

87 - 91. Compensation and Benefits.....\$1,634,956

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. Factored in the 2010 budget is Bishop's housing which was located under property expense in the 2009 budget. This change gives the impression of a year to year increase, however, compensation in 2010 actually decreased by 3%. Unplanned staffing departures in 2009 have left empty staff positions that will remain unfilled in 2010. Also, the staff will not receive a compensation increase in 2010.

92. Business Expenses.....\$69,450

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 is does not exceed 50.5 cents a mile for staff and 14 cents for volunteers.

93. Worker's Compensation.....\$17,923

This line represents the cost of Worker's Compensation Insurance

94. Staff Professional Development.....\$38,500

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. Also included in this expense is network conferences and Episcopal Church functions.

DEBT SERVICE.....\$88,697

95 – 96. Claggett Property Loan Principle/Interest.....\$79,697

This line represents the payment of principle and interest on the mortgage balance for the Bishop Claggett Center's Dinning Hall and Meeting facility. The full amount that will be in 2010 is \$129,697 however the Bishop Claggett Center has contributed \$50,000 toward principle payment and this amount has been subtracted from the total amount that will be paid.

97 Cash Borrowing Interest.....\$9,000

The amount on this line represents the cost of borrowing money from our line of credit. It is anticipated that the outstanding balance will be repaid as soon as possible thus minimizing this amount.