

2024 PROPOSED BUDGET OVERVIEW

As in most budgeting processes, Diocesan Council attempts to balance The Episcopal Church in Hawai‘i’s (“TECH”) projected financial needs with projected financial resources. Council further attempts to construct a conservative budget by slightly underestimating income and slightly overestimating expenses, allowing unforeseen events to be accommodated during the year. This process was once again challenging, given the unusually mixed economic circumstances we are currently facing.

Historically, TECH has assessed congregations at 18% of their operating income since 2018. Pandemic relief was granted churches in 2020 and 2021 through a two-month assessment waiver. The pandemic relief continued in 2022 with a lower assessment rate of 16.5% and a one-month assessment waiver. That 16.5% assessment rate is proposed to remain the same.

The Endowment draw rate was set by Diocesan Council at 4% in 2018. It was temporarily increased to 5% in 2021 to compensate for other revenue shortfalls due to the pandemic. It was reduced to 4.5% in 2022 and 2023. Eventually Council wants to return to a more sustainable 4% draw rate, but in 2024, Council is proposing a 4.25% draw rate. For information, the draw formula is based on a trailing 12 quarter average Endowment value.

The 2023 Budget was slightly rearranged and a few new sections were added to enhance transparency and to better categorize income and expenses. TECH’s 2024 Budget continues to generously support Ministry and Mission initiatives, such as the Hālau Wa‘a Church Plant (previously known as “West Oahu”), Grace Moloka‘i, Camp Mokolē‘ia, Diocesan Youth Mission, Waiolaihui‘ia, Prison chaplaincy, A Cup of Cold Water, and newly added this year at the request of our Environmental Justice and Creation Care Committee, one for Carbon Offsets. It should be emphasized that TECH’s monetary support of Ministry and Mission programs is only a portion of TECH’s total support, as Diocesan Support Center (DSC) staff devote considerable time and energy in support of these and other Ministry and Mission programs throughout the Diocese.

Under normal circumstances, a conservatively developed budget will produce a nominal surplus at year-end, which typically is used to prudently increase reserves or is carried forward to help fund the next Budget cycle. The 2024 Budget does not anticipate a 2023 surplus to balance the budget.

2024 PROPOSED BUDGET SUMMARY

TECH’s Proposed 2024 Budget is balanced, with total budgeted income equaling total budgeted expenses.

Total Income in TECH’s 2024 Budget is \$2.422 million, a slight decrease from \$2.432 million in the 2023 Budget. Net **Assessment Income** of \$1.449 million represents 59.8% of Total Income in 2024 versus 56.7% in the 2023 Budget. Budgeted **Investment Income** of \$791.4K (32.7%) is lower than the 2022 Budget amount of \$817.5K (34.9%). **Other Income** in the 2024 Budget, Parking Rents, is \$116.8K (4.8%).

Total Expenses in TECH's 2024 Budget are \$2.422 million, a slight increase from budgeted 2023 Total Expenses of \$2.345 million. **Diocesan Organization Expenses** of \$1.727 million represents 71.3% of Total Expenses in the 2024 Budget, versus \$1.647 million (70.2%) in the 2023 Budget. **Ministry and Mission Expenses** of \$567K represents 23.4% of Total Expenses in the 2024 Budget versus \$588K (25.19%) in the 2023 Budget. **Transfers to Reserves** of \$128K represents 5.3% of Total Expenses in the 2023 Budget versus \$111K (4.7%) in 2023.

Line-by-line specifics by budget item, prepared by DSC staff and edited by Council, follow:

INCOME

Page 4, Line 1a: Assessments

Assessment income is the amount levied by the Convention (as authorized by Article XII of the Constitution of the Diocese) on each congregation in the Diocese of Hawai'i to support the programs and expenses of the Diocese. The projected income shown in this budget is based on a 2024 assessment rate of 16.5% of each congregation's operating income, as shown on the 2022 parochial report, page 5, line A.

Page 4, Line 1b: COVID-19 Assessment Waiver

This was a 2-month waiver of assessment payments to the Diocese to help congregations with loss of income due to the COVID-19 pandemic in 2020 and 2021. There was a 1-month waiver in 2022. The waivers ended in 2023.

Page 4, Lines 1c1-1c13: Investment Income

All projected investment income is net of investment fees, both managerial and custodial.

Endowment Funds: To estimate income from investments for 2024, the Diocese budgets and will draw 4.25% of each restricted and unrestricted endowment fund's average market value over the prior twelve quarters.

Trust Funds: There are four non-endowment funds of which the Diocese is the beneficiary of investment income but has no investment management oversight.

- Catton Fund – Income is restricted by the donor for needy retired church workers.
- Parke Trust Fund (Unrestricted)
- Prisanlee Fund (Unrestricted)
- Valvon Fund (Unrestricted)

Page 4, Line 1d: Rental Income - Cluett Apartments

Diocesan Council has approved demolition of the building (and possibly replacing with landscaping and/or parking) and plans are in place for the demolition to be completed by the end of 2023.

Page 4, Line 1e: Parking

Parking income is from the rental of Diocesan parking spaces on Queen Emma Square which are rented to St. Andrew's Schools and four to six individuals.

Page 4, Line 1f: Interest

This represents the interest earned on Diocesan cash accounts and Certificates of Deposits (CDs). The estimated amount for 2023 was understated, so the estimated amount for 2024 is adjusted to reflect closer to current actual.

Page 4, Line 1g: Miscellaneous

Miscellaneous gifts and other income are included in this line item. This number is a “guesstimate” based on previous year’s actual. There are no steady, consistent numbers for this line item.

Page 4, Line 1h: Restricted donation – Ministry Training

This represents funds that were set aside by Diocesan Council for Ministry Training.

Page 4, Line 1i: Restricted donation – Waiolaihui‘ia Center for Ministry (WCM) (Expense line 6e)

This represents temporary restricted donations received for WCM, the Diocesan Local Ordination and Licensed Lay Ministry Formation Program. These funds are transferred as needed based on actual program expenses.

Page 4, Line 1j: Bishop Emergency Fund (Expense line 7a)

This represents earmarked funds set aside for distribution as grants to congregations to pay for unplanned emergencies that threaten the ministry of the congregation. These funds are transferred as needed based on actual disbursements.

Page 4, Line 1k: Episcopal Charities

This represents funds raised from churches to set up an Episcopal Charities Fund. The Episcopal Charities Commission was established by the 23rd Convention in 1991 to raise funds for Episcopal-related outreach programs. We cannot find any records for this fund, so the money will be used to support various Diocesan outreach programs.

Page 4, Line 1l: Prior years’ Surplus

Estimated amount of carry forward surplus from prior years used to balance the budget and transferred as needed based on actual expenses/disbursements. No transfer amount is projected for 2024.

EXPENSES

Page 5, Line 2a: Native Hawaiian Ministry Committee

This line item is usually used for travel for individuals to attend meetings of the Anglican Indigenous Network (AIN) and other local- and church-wide indigenous ministry events. This Committee maintains contact with other indigenous peoples and their faith communities throughout the Worldwide Anglican Communion. The every 2-year meeting was last held in Hawai‘i in 2019. There are currently no plans for the next meeting. It is also noted that this Committee has other sources of income for their work.

- A restricted fund of \$13,000
- Diocesan Council allocated \$20,000 of funds received from The Episcopal Church for the work of this Committee. After current expenses, the amount left is \$18,000.

Page 5, Line 2b: Tongan Ministry

This line item is used to help pay for the ministry of a Tongan-speaking priest for the Tongan congregation at St. Elizabeth's Church, Honolulu.

Page 5, Line 2c: Diversity and Racial Reconciliation Ministry

This funding is to assist in diversity training, communication, and resource development for congregations and individuals. The training was mandated by resolution of the General Convention. Based on the promises in our Baptismal Covenant to "seek and serve Christ in all persons, loving [our] neighbors as [ourselves]" and to "respect the dignity of every human being," we must seek to create dialogue on racism; to facilitate respect for diversity; and to promote healing, reconciliation, and transformation in our members and institutions. The Reconciliation Task Group has begun this work. Additional funds were allocated for the work of this Task Group (and that of the Native Hawaiian Ministry Committee) by Diocesan Council from a grant from The Episcopal Church (\$20,000 to each group) and the funds remaining are \$18,000.

Page 5, Line 2d: Safe Church

This line item funds training required by General Convention resolutions and by Diocesan policy for educating church leaders and volunteers about sexual misconduct and to promote a Safe Church environment. In 2017, the Diocese moved to individual online training. The online training is less costly than hiring local trainers. At the 2019 Annual Meeting, the budget was amended to increase the funding to allow for in-person training for those for whom online training is difficult. The pandemic made in-person trainings impossible. Testing of a hybrid system (both in-person and online) is scheduled for 2023. The 2024 budget reflects the desire for both in-person and online training.

Page 5, Line 2e: Diocesan Grants for Programs

This line item was used to help start new programs in congregations. During the pandemic this line item was combined with the Emergency grants. No funds are in the 2024 budget.

Page 5, Line 2f: Environmental Justice & Climate Care

This line item will help fund initiatives that come out of the Environmental Justice and Creation Care Task Force.

Page 5, Line 2g: Carbon Offsets

This line item will be used to help fund carbon offsets for interisland airfare.

Page 5, Line 3a: Agreed Upon Procedures (AUP) Expenses– Missions

In previous years, the Diocese included in its budget the funds to pay for annual AUP reviews for missions. This is a national canonical requirement, coming from an action of the General Convention of the Episcopal Church. (Parishes also are canonically required to have an annual audit, but at their own expense.) In 2022 a part-time person was contracted to perform the 2021 AUP reviews. This line item was moved to the Diocesan Support Center staff section in 2023.

Page 5, Line 3b: Calvary

The purpose of this financial support has been to assist in re-establishing Calvary as a viable Episcopal Church in Kaneohe following the departure of many parishioners in disagreement with the 2003 ordination of Bishop Gene Robinson and the Diocesan stance favoring an inclusive understanding of marriage. The subsidy was reduced in 2022 and discontinued thereafter.

Page 5, Line 3c: Grace, Moloka'i

This line item supports the ministry of Grace Church on Moloka'i. The Council has determined that this is an essential ministry of the Diocese of Hawai'i. Council encourages other churches in the Diocese to greater engagement with Grace Church, including urging support of their thrift shop and consciously visiting the congregation when possible (see www.gracechurchmolokai.com).

Page 5, Line 3d: Church Internet/Website Support

This line item was established about 10 years ago to encourage churches to transition from the Yellow Pages method of searching for a church to a website. The funds were used to provide assistance with the costs of maintaining the websites for Churches. Starting 2024, this support will be for mission churches only.

Page 5, Line 3e: Legal and Related Expenses for Churches

This represents legal and related costs incurred by the Diocese on behalf of churches.

Page 5, Line 3f: Hālau Wa'a Church Plant

Hālau Wa'a Episcopal is a new mission church, organized in 2022, serving the population of over 120,000 residents and potential spiritual seekers in the Honouliuli ahupua'a (Kapolei, 'Ewa Beach, and Makakilo). The mission is developing a New Episcopal Community template of wa'a (small group ministries) empowering each member's spiritual journey by bringing God's word into everyday activities. The individual wa'a gather for renewal, community, and worship as Hālau Wa'a Episcopal. The funds are largely used for the compensation of the Missioner, the Rev. Mark Haworth. The Episcopal Church in Hawai'i owns land near Kapolei Elementary School (11f). It should be noted that this land may or may not be used for Hālau Wa'a, but it is an asset of the Diocese intended for future expansion in the region. This line assumes future reductions in support as the mission works toward self-sufficiency.

Page 5, Line 4a: Camp Mokulē'ia

Camp Mokulē'ia (see <https://www.campmokuleia.org>) operates as a subsidiary of the Diocese. Programs include summer camps consisting of a high school program, a middle school program, and a shorter elementary school (entering grades 4-6) program. In addition, there have recently been new initiatives: (1) Camps on neighbor islands and sites on O'ahu outside of the Camp, and (2) youth events. The Camp faces opportunities and challenges as the pandemic subsides. The budget includes an allocation of \$73,000 for the ongoing maintenance and programs of the Camp. This is the minimum support Diocesan Council has discerned that the Diocese should provide to show commitment to this ministry.

Page 5, Line 4b: Christian Formation

Christian formation is most effectively done on the congregational level, but this line item helps to support those efforts by funding Diocesan membership fees for programs such as Education for Ministry (EfM), Godly Play, and StoryMakers. Training for clergy and lay leaders is funded elsewhere in this budget (6a).

Page 5, Line 4c: Planned Giving

This funding is to help congregations encourage members and friends to remember the Church in their wills or estate plans. The Diocese offers a program of education for congregations' leaders and direct support for congregations, and works with the Episcopal Church Foundation (ECF) on marketing, training, and gift planning. This line item also funds Ho'ike Ulu Legacy Society events that honor good stewards who have remembered their congregations, the Diocese, or another ministry in their wills or estate plans.

Page 5, Line 4d: Diocesan Youth Ministry - Program

These funds are being budgeted to allow maximum flexibility to the task group to use the money as it sees best to support this ministry, whether that be a paid position or other support.

Page 5, Line 5a: A Cup of Cold Water

A Cup of Cold Water (ACCW) is a community-based Care-Van outreach program on the island of Maui, formed by a group of committed Episcopalians from all Maui congregations. Like Camp Mokulē'ia and St. Andrew's Schools, ACCW is a subsidiary of the Episcopal Church in Hawai'i. The program uses the care-van to deliver essential food, hygiene and clothing items throughout the island. With a strong volunteer base from the Episcopal Churches on Maui, the program is growing and now includes other churches and other religious communities. (See <https://www.episcopalhawaii.org/a-cup-of-cold-water.html>)

Page 5, Line 5b: Ecumenical/Interfaith Relations

This line item supports efforts to build relationships with, and community among, other faiths through shared communication and participation in the areas of faith-based, spiritual, and social issues aligned with the mission of our Diocese. Institutional membership in The Interfaith Alliance Hawai'i (TIAH) is part of this support. The budget also includes funds for Pacific Health Ministries and the Samaritan Counseling Center.

Page 5, Line 5c: Prison Chaplaincy (PT)

This represents only the compensation (including SECA) for a part-time chaplain, the Rev. Kaleo Patterson, towards the development of an active prison ministry in the State of Hawai'i, Department of Public Safety (all islands), the Federal Detention Center in Honolulu, and the Saguaro Correctional Facility in Arizona. Most prison chaplaincy activity and programs take place on O'ahu, where most of the incarcerated are processed upon entry into the system, and released or transferred to facilities on neighbor islands, or Saguaro, Arizona. There was a 3% increase in 2023. This line assumes a 22% increase for 2024. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 5, Line 5d: Prison Chaplain (PT) – Pension Contribution

This represents the pension contribution for the Prison Chaplain, the Rev. Kaleo Patterson.

Page 5, Line 5e: Prison Ministry - Program

This line item provides funds to support prison chaplain & ministry expenses required to provide oversight of all prisons in Hawai'i and Saguaro Correctional in Arizona, and the Federal Detention Center in Honolulu, utilizing volunteers and local churches, community partnerships, program and curriculum development, printing, materials, and supplies needed for: Makahiki Classes and Ceremonies, Baibala English/Hawaiian Language Classes, Hawaiian Bibles, Episcopal Holy Eucharist and other Services, and special programs, Reentry Bacpacs, reentry services, and support, such as cell phones, housing assistance, and Holo bus passes, other travel assistance, and alms, which provide a continuity of prison ministry and pastoral care from in-prison to community reentry. The Diocesan Council views this as an important living out of the gospel, "...I was in prison and you visited me." (Matthew 25:36 NRSV) Here is also the understanding that we are called "...to bring good news to the oppressed, to bind up the brokenhearted, to proclaim liberty to the captives, and release to the prisoners. (Isaiah 61:1 NRSV)

Page 5, Line 6a: Leadership Development

This is for training and/or conferences for clergy and lay leadership (including wardens, vestry members, bishop's committee members, and treasurers) events like "Spring Training," "Education Day" and other special events.

Page 5, Line 6b: Clergy Retreat and Conference (Income line 1c5)

This is to fund two events during the year, an annual clergy retreat and a clergy conference.

Page 5, Line 6c : Commission on Ministry (COM)

This line item includes expenses such as:

- Psychological testing and background checks for those in the ordination process (both of which are required by church canon) and background checks for candidates for positions as priests in mission congregations.
- Any costs associated with the training and licensing of laypersons to the licensed ministries spelled out in Title III of the Canons of The Episcopal Church.
- The cost of various books, periodicals, and other resources intended to promote leadership or ministry development and discernment throughout the Diocese.

Page 5, Line 6d: Retired Clergy

This is to help fund expenses for ministry to retired clergy.

Page 5, Line 6e: Waiolaihui'ia Center for Ministry (WCM) (Income line 1i)

WCM is Hawai'i's program for licensed lay ministries and those being formed for ordination to the priesthood or vocational diaconate. 2023-2024 is projected to be funded by a donor-restricted reserve fund (income line item 1i). This program is intended to provide training and formation for mature persons, established in the local life of Hawai'i, for whom the disruption and cost of

residential seminary is not feasible. Ordination-track individuals have the flexibility and stability to serve a congregation. Ordination-track graduates of WCM are expected to meet all canonical requirements for ordination. For the ordination-track, there is a one-year preparatory program followed by the three-year WCM ordination program. Committees are currently reevaluating the funding and process.

Page 5, Line 6f: Waiolaihui‘ia Academic Dean (PT)

This represents only the compensation paid (including SECA) to the Academic Dean, the Rev. Haaheo Guanson, who oversees the WCM program. There was a 3% increase in 2023. This line assumes a 3% increase for 2024. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 5, Line 6g: Waiolaihui‘ia Academic Dean (PT) – Health Insurance

This represents the premiums for health insurance for the Academic Dean, the Rev. Haaheo Guanson.

Page 5, Line 6h: Waiolaihui‘ia Academic Dean (PT) – Pension Contribution

This represents the pension contribution for the Academic Dean, the Rev. Haaheo Guanson.

Page 5, Line 7a: Emergency Grants (income line 1j)

These monies are used to help fund congregations with unplanned/unforeseen expenses such as retaining walls, sewer systems, plumbing, electrical, technology upgrades during the Pandemic, etc. and ministries that support the vision and goals of the Episcopal Church in Hawai‘i. These grants of up to \$3,000 can be approved by the Bishop and grants over \$3,000 must be approved by Diocesan Council on the recommendation of the Bishop.

Page 6, Line 8a: Bishop (income line 1c1)

This line item is for only the compensation (including SECA) for the Bishop Diocesan, the Rt. Rev. Robert Fitzpatrick. There was a 3% increase in 2023. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

There is a fund (income line item 1c2) that partially funds line items 8a-8g.

Page 6, Line 8b: Health Insurance (income line 1c1)

This represents the premiums for health insurance for the Bishop Diocesan, the Rt. Rev. Robert Fitzpatrick.

Page 6, Line 8c: Pension/Retirement Contribution (income line 1c1)

This represents the pension contribution for the Bishop Diocesan, the Rt. Rev. Robert Fitzpatrick.

Page 6, Line 8d: Hospitality (income line 1c1)

This supports the Bishop's ministry of hospitality. As part of his episcopal responsibilities, he exhibits Hawai'i's aloha spirit and hosts individuals and groups, reciprocates hospitality, and develops partnerships.

Page 6, Line 8E: Board Responsibilities (income line 1c1)

Previously, this line item was included in the Hospitality line item. Recently the cost of fulfilling one of the Bishop's board responsibilities, supporting the fundraising activities of the entities on whose board of directors he serves by virtue of the office (St. Andrew's Schools, 'Iolani School, Seabury Hall, and Camp Mokulē'ia), has significantly increased. It was decided that this should be separated from hospitality since this contribution is an expectation of board members.

Page 6, Line 8f: Key Person insurance (income line 1c1)

This line item pays for the insurance premium for the Bishop's life insurance benefitting the Diocese in the event of the Bishop's death.

Page 6, Line 8g: Travel and Continuing Education (income line 1c1)

This covers the Bishop's and spouse's travel expenses (transportation, meals, lodging, etc.) for church visitations, meetings, conferences, etc.). It also covers the Bishop's continuing education.

Page 6, Line 9a: Executive Assistant to the Bishop (32 hrs/0.8 FTE)

This line item includes only the compensation for the Bishop's Executive Assistant, Ms. Nani Carroll. The Executive Assistant provides administrative support to the Bishop and the Diocese. The position is now 32 hours per week instead of 40 hours per week. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 6, Line 9b: Business Manager

This position was eliminated in the 2022 budget.

Page 6, Line 9c: Canon to the Bishop

This line represents only the compensation (including SECA) for the Canon to the Bishop, the Rev. Cn. Sandy Graham. This staff position focuses on working with regions and congregations to equip leaders (lay and ordained) to engage in God's mission in these islands. Particular focus is given to congregational development, stewardship, and formation (especially as it strengthens lay and clergy leaders and advances the mission of the Church to make disciples.) This staff person will also encourage and help equip congregations to establish alternative Christian communities and reach new populations. There was a 3% increase in 2023. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC

staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 7, Line 9d: Controller

This line item represents only the compensation for the Diocesan Controller, Mr. Sam Okita. The Controller performs the following tasks and functions: General Ledger, preparation of financial statements and reports, work with diocesan treasurers so they can report to governance bodies, non-diocesan grants support to churches, bank liaison, loans, audit preparation, church financials / financial section Parochial Reports review. DSC liaison to Commission on Investments and Commission on Finance. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 6, Line 9e: Financial Support Administrator (32 hrs/0.8 FTE)

This line item covers only the compensation for the Financial Support Administrator, Ms. Fatima Houchens, who performs the following tasks and functions: Accounts Payable and Accounts Receivable,. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 6, Line 9f: Financial Review Assistant (25 hrs/0.625 FTE)

This line item covers only the compensation for the Financial Review Assistant, Mr. Spencer Lum, who performs the annual Agreed Upon Procedures (AUP) reviews for mission churches and provides accounting advice/support to all churches during the rest of the year. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time.

Page 6, Line 9g: Accounting Support

This line item in 2023 was to cover the cost of transitioning from former Controller, Mr. Danny Casey to current Controller, Mr. Sam Okita.

Page 6, Line 9h: Operations Manager

This line represents only the compensation for the Operations Manager, Ms. Rae Costa. This position is responsible for the following tasks and functions: Insurance, licenses and leases of congregations, diocesan property issues and contracts, human resources, DSC operations. DSC liaison to Commission on Property. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 6, Line 9i: Office Support (PT: 18 hrs/0.45 FTE)

This line represents only the compensation for the Office Support position filled by Mr. Sonny Liu. This position provides clerical support to Diocesan Support Center staff and volunteers such as organization of files, scanning, filing, mailings, etc. There was a 3% increase in 2023. This line assumes a 3% increase for 2024. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time. In previous years, the compensation line item in the budget was a total package for the position which included compensation and any related insurances, taxes, and benefits that were applicable to that position. In 2023, those non-compensation items started being reported separately.

Page 6, Line 9j: Operations Support Assistant (PT: 20 hrs/0.5 FTE)

This line represents only the compensation for an Operations Support Assistant. This position provides analytical, statistical, and organizational support to the Operations Manager. This line assumes a 3% increase for 2024. . As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time.

Page 6, Line 9k: Creative Communications Specialist (income line 1c4)

This line represents only the compensation for the Creative Communications Specialist. This position includes being the Editor of the e-Chronicle and Webmaster of the Diocesan website, providing video enhancements, creation of logos, flyers, and announcements, and oversight of communications. A portion of this expense is covered by a restricted fund (income line item 1c4). As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time.

Page 6, Line 9l: Archivist (PT: 4 hrs/0.1 FTE)

This line represents only the compensation for the Archivist. This position is responsible for the Archives for the Diocesan and Congregational Records. As the Compensation Review Committee for the Bishop and the Diocesan Support Center staff, the Standing Committee recommended a 6.5% increase to adjust for inflation in both 2022 and 2023 (the Bishop and DSC staff received a 3% increase for 2023). Diocesan Council is proposing the 3% increase as the most fiscally prudent amount at this time.

Page 6, Line 9m: Communications & Event Coordinator

This position was reevaluated in 2022 and it was determined that the diocese would be better served with support in other areas, so this position is no longer in the budget since 2023.

Page 6, Line 9n: Health Insurance (employees this section)

Since health insurance premiums can vary from none to a family plan for each position of the Diocesan Support Center, including it in the compensation package of each position caused some positions to seem more highly (or lowly) compensated when compared with other positions. To more accurately illustrate the compensation for each position, the health insurance premiums for the positions in this section have been removed from the individual positions and put into this line item.

Page 6, Line 9o: Pension/Retirement Contribution (employees this section)

Since pension/retirement contributions can differ between clergy (18%) and lay (10%) employees, including it in the compensation package of each position caused some positions to seem more highly (or lowly) compensated when compared with other positions. To more accurately illustrate the compensation for each position, the pension/retirement contributions for the positions in this section have been removed from the individual positions and put into this line item.

Page 6, Line 9p: Employment Taxes & Insurance (all employees)

Calculation of individual positions' employment taxes and insurance is cumbersome and since health insurance and pension/retirement numbers were removed from the individual positions, it was decided to remove employment taxes and insurance from the individual positions and put into this line item.

Page 6, Line 9q: Temporary Staffing

Temporary staffing has not been needed since 2022, so no money budgeted since 2023.

Page 7, Line 10a: Archives

This line item covers the cost to maintain the archives for the Diocese of Hawai'i, including archival supplies, pest management, reproduction of images from other institutions, exhibits, and attendance by our Diocesan Archivist at a professional development conference. The current archives location is too small. Plans are being made to move the Archives.

Page 7, Line 10b: Audit Expenses – Diocese

This line item covers the cost of contracting with a certified public accounting firm to conduct an audit of the Diocesan financial records and to prepare a report as annually required by the Canons of the Episcopal Church.

Page 7, Line 10c: Chancellor's Expenses

This line item allows the Chancellor to participate in the Western Chancellors' Conference, and provides access to a computer research service and certain publications in support of the legal assistance that the Chancellor gives to the Diocese and its congregations and institutions.

Page 7, Line 10d: Contract Communications Services

This position transitioned from a contractor position to an employee position in 2023, so the money for this position has been moved to DSC Staff section.

Page 7, Line 10e: CPA Contract Services

This line item covers outsourced CPA services as needed.

Page 7, Line 10f: Diocesan Convention

This line item covers unreimbursed costs of holding the Annual Meeting of Diocesan Convention, including venue costs, supplies, materials, and postage. This cost is net of registration fees.

Page 7, Line 10g: Diocesan Office Cleaning Expenses

This budget item covers the cost for cleaning of the Diocesan Support Center offices.

Page 7, Line 10h: Directors & Officers Insurance

This is used to pay the premiums for liability insurance for The Episcopal Church in Hawai'i from errors and omissions by its directors, officers and volunteers. The insurance premium is based on claims experiences and market conditions.

Page 7, Line 10i: Legal and Related Expenses

This represents legal, ethical, Disciplinary Board, and related costs incurred by the Diocese for the Diocese. Unreimbursed legal and related expenses for churches is on line 3e (Support for Congregations section). Unexpended funds from this line item up to \$5,000 per year will be set aside as a reserve to cover potential future legal expenses.

Page 7, Line 10j: Office Expenses

This line item includes telephone, copying costs, equipment maintenance, subscriptions, postage, equipment purchase, supplies, etc.

Page 7, Line 10k: Post-Retirement Benefits (formerly Medigap Program)

This line item provides a subsidy to eligible qualified retired clergy (and their spouses) and qualified lay employees of the Episcopal Church in Hawai'i (Diocesan Support Center staff) to cover a portion of their Medicare Advantage and/or Dental insurance costs. The guidelines for eligibility are currently based on employment status in a compensated position and years of service in the Diocese (at least 10 years before the date of retirement or 20 years in this Diocese even if retiring while serving in another Diocese).

Page 7, Line 10l: Staff Continuing Education

This line item covers the cost of continuing education for the Diocesan Support Center staff.

Page 7, Line 10m: Storage

This budget item covers the cost of storing records in a secure, off-site location due to space limitations in current office quarters.

Page 7, Line 10n: Technology Support

Included in this line item is the contract for outsourced IT support, software, computer upgrades and the purchase of needed technology. The increase is to cover the costs to replace aging equipment.

Page 7, Line 11a: Security Shared with the Queen Emma Square

This is the Diocese's portion of the cost of maintaining security for Queen Emma Square. The other Episcopal entities on the Square also share in the cost of these services.

Page 7, Line 11b: Shared Cathedral Expenses

The Diocese pays a portion of the Cathedral's maintenance budget because of the presence of the Diocesan Support Center on the second floor of the Memorial Building. This is a non-assessable building use expense reimbursement.

Page 7, Line 11c: Property - Cluett

With the demolition of the Cluett apartments, the minimal expenses for this portion of the campus are being moved to Property – Diocese line item 11d.

Page 7, Line 11d: Property - Diocese

This account covers expenses related to Queen Emma Square (including the portion of the square where the Cluett apartments were), such as general liability and umbrella insurance and the cost of maintenance of the trees on the Diocesan parking lot.

Page 7, Line 11e: Property Taxes – Grounds and Parking

This line item pays the property taxes on the grounds and parking lots on the Square rented for income by the Diocese.

Page 7, Line 11f: Kapolei land

This budget line pays the property taxes and other expenses to maintain property in Kapolei. As there is not currently a Church building on the site, the Diocese must pay property taxes.

Page 7, Line 12a: Governance Groups Travel

This line covers the cost of travel for meetings of the governance groups of the Diocese, including Standing Committee, Diocesan Council, Compensation Review Committee, Commission on Ministry, and for clergy and warden meetings with the Bishop. This line item has been significantly reduced due to in-person meetings being replaced by Zoom meetings.

Page 7, 12b: Staff Travel

This line item supports the ministries of members of the Diocesan Support Center by funding travel for meetings, consultations, conferences, and church-related programs. This line item is being returned to pre-pandemic level since travel has opened up.

Page 7, Line 13a: The Episcopal Church Quota (Assessment)

This funds the assessment the Diocese pays to The Episcopal Church nationally to contribute toward its work and ministry. The 2024 assessment is 15% of the 2022 Diocesan income, which includes parochial giving, unrestricted operating investment income, and restricted investment income used to pay operating expenses, minus a \$200,000 exemption. The Diocese of Hawai'i always pays the full ask amount of the General Convention.

Page 7, Line 13b: Province VIII Quota

This line item funds the voluntary assessment the Diocese pays to the Province. Hawai'i is part of Province VIII of the Episcopal Church, and this is the amount the Diocese pays to help with Provincial programs and administration.

Page 7, Line 14a: EYE Travel Fund Reserve

Every three years, there is a nation-wide Episcopal Youth Event. The last one was July 4-8, 2023 on the campus of the University of Maryland. Information for the next one is not available at this time. It is the Diocese's policy to fund the full cost of chaperones plus one-third of the cost for each youth, while expecting congregations and individuals to support the balance. This amount will go into the reserve fund for the next EYE just as the Diocese reserves funds each year for General Convention.

Page 7, Line 14b: Bishop's General Convention Travel Reserve Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the travel and meeting costs for the Bishop and his spouse to attend the triennial General Convention of the Episcopal Church. The next General Convention is scheduled for 2024 in Louisville, KY.

Page 7, Line 14c: General Convention Deputy Support Reserve Fund

This line item provides the annual allocation to a reserve fund to be held over three years to support the eight deputies (four clergy and four lay), the first alternate for clergy, and first alternate for lay from our Diocese who attend the triennial General Convention of the Episcopal Church. The next General Convention is scheduled for 2024 (and will include the election of a new Presiding Bishop).

Page 7, Line 14d: Lambeth Conference Travel Reserve Fund

This line item funds a reserve to pay for the Bishop's and spouse's attendance at future Lambeth conferences. The most recent one was in July 2022. The current funding is to prepare for the next Lambeth Conference.

Page 7, Line 14e: Future Bishops' Transition Reserve Fund (formerly known as Election

Process Fund) This line item funds a reserve to cover the costs of transitions of future bishops. The amount in the reserve account (Election Process Fund) as of March 2023 was

approximately \$262,000. A review of the cost of bishops' elections and transition show that a reserve of up to \$400,000 would be prudent.

Page 7, Line 14f: Memorial Building Capital Reserve Fund

This line item funds the Diocesan Capital Reserve to share costs of capital improvements of the Memorial Building (for example, the roof), where the Diocesan Support Center is housed.

Page 7, Line 14g: Diocese Capital Expenditure Reserve Fund

This line item was created from budget surpluses to fund future capital expenditures such as the archives. Since no budget surplus is anticipated for 2023, the budgeted amount for 2024 is zero.

Page 7, Line 14h: Curacy Support Reserve Fund

This line funds a reserve to support Curacies without causing an undue burden on future budgets when the funds are needed. There is currently 1 individual in residential seminary who is anticipated to enter into a curacy in 2025.

Page 7, Line 14i: DSC Staff Sabbatical Reserve Fund

This line funds a reserve to support Diocesan Support Center Staff Sabbatical expenses without causing an undue burden on future budgets when the funds are needed. Two employees are currently eligible for sabbatical.